



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2012
OF THE CONDITION AND AFFAIRS OF THE
ODS Health Plan, Inc.

NAIC Group Code 1313 1313 NAIC Company Code 47098 Employer's ID Number 93-0989307
(Current) (Prior)

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

Country of Domicile United States of America

Licensed as business type: HMDI

Is HMO Federally Qualified? Yes [] No []

Incorporated/Organized 11/03/1988 Commenced Business 12/28/1988

Statutory Home Office 601 SW Second Ave Portland, OR, US 97204
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 601 SW Second Ave
(Street and Number) Portland, OR, US 97204
(City or Town, State, Country and Zip Code) 503-228-6554
(Area Code) (Telephone Number)

Mail Address 601 SW Second Ave Portland, OR, US 97204
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 601 SW Second Ave
(Street and Number) Portland, OR, US 97204
(City or Town, State, Country and Zip Code) 503-228-6554
(Area Code) (Telephone Number)

Internet Website Address www.odscpanies.com

Statutory Statement Contact Brian English 503-265-2980
(Name) (Area Code) (Telephone Number)
englishb@odscpanies.com 503-243-4495
(E-mail Address) (FAX Number)

OFFICERS

President Robert Glenn Gootee Treasurer David Wayne Evans
Secretary Thomas James Bikales

OTHER

DIRECTORS OR TRUSTEES

<u>Tracy Sue Andrus</u>	<u>Michael Edwin Biermann</u>	<u>Molly Hering Bordonaro #</u>
<u>George Jim Darke</u>	<u>Jill Ronne Eberwein</u>	<u>Robert Glenn Gootee</u>
<u>David Wesley Howerton</u>	<u>Mark Edward Jensen</u>	<u>Jay Correll Lamb</u>
<u>Michael Lynn McKeel</u>	<u>Carlton James McLeod</u>	<u>Patrick Michael Nearing</u>
<u>George Joseph Passadore</u>		

State of Oregon SS:
County of Multnomah

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.

Robert Glenn Gootee Thomas James Bikales David Wayne Evans
Robert Glenn Gootee Thomas James Bikales David Wayne Evans
President Secretary Treasurer

Subscribed and sworn to before me this 19th day of Feb 2013 February 2013
Dianne M Warren

- 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 2012 OF THE ODS Health Plan, Inc.

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)	146,148,628		146,148,628	140,768,838
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	59,599,578		59,599,578	49,831,524
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$				
encumbrances)				
4.2 Properties held for the production of income (less				
\$				
encumbrances)				
4.3 Properties held for sale (less \$				
encumbrances)				
5. Cash (\$				
(14,123,259), Schedule E - Part 1), cash equivalents				
(\$				
3,000,000, Schedule E - Part 2) and short-term				
investments (\$				
30,441,168, Schedule DA)	19,317,909		19,317,909	22,349,780
6. Contract loans, (including \$				
premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	12,550,510		12,550,510	14,228,569
9. Receivables for securities				2,075,938
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	237,616,625		237,616,625	229,254,649
13. Title plants less \$				
charged off (for Title insurers				
only)				
14. Investment income due and accrued	921,739		921,739	1,050,266
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	2,066,461	3,158	2,063,303	893,927
15.2 Deferred premiums, agents' balances and installments booked but				
deferred and not yet due (including \$				
earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	1,007,545		1,007,545	546,560
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	18,502,370		18,502,370	16,531,603
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	11,142,850	11,042,135	100,715	
21. Furniture and equipment, including health care delivery assets				
(\$				
)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	22,941,303		22,941,303	8,617,878
24. Health care (\$				
579,002) and other amounts receivable	1,017,200	438,198	579,002	509,601
25. Aggregate write-ins for other than invested assets	717,429	340,599	376,830	258,047
26. Total assets excluding Separate Accounts, Segregated Accounts and				
Protected Cell Accounts (Lines 12 to 25)	295,933,522	11,824,090	284,109,432	257,662,531
27. From Separate Accounts, Segregated Accounts and Protected Cell				
Accounts				
28. Total (Lines 26 and 27)	295,933,522	11,824,090	284,109,432	257,662,531
DETAILS OF WRITE-INS				
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)				
2501. Miscellaneous Prepaids	340,599	340,599		
2502. Other Receivables	376,830		376,830	258,047
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	717,429	340,599	376,830	258,047

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	25,560,100	2,343,900	27,904,000	22,484,000
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	1,278,000	117,200	1,395,200	1,124,200
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act	12,990,483		12,990,483	10,243,541
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	3,996,024		3,996,024	3,380,261
9. General expenses due or accrued	6,424,632		6,424,632	5,973,002
10.1 Current federal and foreign income tax payable and interest thereon (including \$566,517 on realized capital gains (losses))	3,183,695		3,183,695	2,486,203
10.2 Net deferred tax liability	1,248,111		1,248,111	252,889
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	439,096		439,096	211,151
13. Remittance and items not allocated				
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)				
15. Amounts due to parent, subsidiaries and affiliates	699,796		699,796	1,365,515
16. Derivatives				
17. Payable for securities	3,188,438		3,188,438	
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$0 certified reinsurers)				
20. Reinsurance in unauthorized and certified (\$) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	146,548,819		146,548,819	129,121,001
23. Aggregate write-ins for other liabilities (including \$ current)	212,535		212,535	194,745
24. Total liabilities (Lines 1 to 23)	205,769,729	2,461,100	208,230,829	176,836,508
25. Aggregate write-ins for special surplus funds	XXX	XXX		
26. Common capital stock	XXX	XXX	2,500,000	2,500,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	45,578,582	47,934,899
29. Surplus notes	XXX	XXX	10,000,000	23,000,000
30. Aggregate write-ins for other than special surplus funds	XXX	XXX		
31. Unassigned funds (surplus)	XXX	XXX	17,800,021	7,391,124
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	75,878,603	80,826,023
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	284,109,432	257,662,531
DETAILS OF WRITE-INS				
2301. Unclaimed Property	212,535		212,535	194,745
2302.				
2303.				
2308. Summary of remaining write-ins for Line 23 from overflow page				
2309. Totals (Lines 2301 thru 2303 plus 2308)(Line 23 above)	212,535		212,535	194,745
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX		
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX		
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX		
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	849,556	745,171
2. Net premium income (including \$ non-health premium income)	XXX	249,458,626	217,482,119
3. Change in unearned premium reserves and reserve for rate credits	XXX	(26,042)	(40,912)
4. Fee-for-service (net of \$ medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX		
7. Aggregate write-ins for other non-health revenues	XXX		
8. Total revenues (Lines 2 to 7)	XXX	249,432,584	217,441,207
Hospital and Medical:			
9. Hospital/medical benefits		154,938,849	141,140,704
10. Other professional services		15,200,541	10,172,294
11. Outside referrals		9,317,983	9,244,508
12. Emergency room and out-of-area		18,332,238	14,913,984
13. Prescription drugs		22,124,866	21,469,499
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments, and bonus amounts			
16. Subtotal (Lines 9 to 15)		219,914,477	196,940,989
Less:			
17. Net reinsurance recoveries		1,912,700	723,583
18. Total hospital and medical (Lines 16 minus 17)		218,001,777	196,217,406
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$3,498,268 cost containment expenses		11,526,925	8,814,515
21. General administrative expenses		14,711,360	10,279,235
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)		244,240,062	215,311,156
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	5,192,522	2,130,051
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,621,494	5,058,707
26. Net realized capital gains (losses) less capital gains tax of \$566,517		1,099,708	821,527
27. Net investment gains (losses) (Lines 25 plus 26)		2,721,202	5,880,234
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			
29. Aggregate write-ins for other income or expenses		(36,290)	(85,608)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	7,877,434	7,924,677
31. Federal and foreign income taxes incurred	XXX	2,617,178	2,062,992
32. Net income (loss) (Lines 30 minus 31)	XXX	5,260,256	5,861,685
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX		
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX		
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX		
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX		
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)			
2901. Miscellaneous Income		124,361	31,520
2902. Grants & Donations		(160,651)	(117,128)
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)		(36,290)	(85,608)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	80,826,023	76,604,830
34. Net income or (loss) from Line 32.....	5,260,256	5,861,685
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$998,118.....	3,777,761	(1,749,225)
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	2,897	(473,994)
39. Change in nonadmitted assets.....	1,367,983	582,727
40. Change in unauthorized and certified reinsurance.....		
41. Change in treasury stock.....		
42. Change in surplus notes.....	(13,000,000)	
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in.....		
44.2 Transferred from surplus (Stock Dividend).....		
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....	(2,356,317)	
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....		
47. Aggregate write-ins for gains or (losses) in surplus.....		
48. Net change in capital and surplus (Lines 34 to 47).....	(4,947,420)	4,221,193
49. Capital and surplus end of reporting period (Line 33 plus 48)	75,878,603	80,826,023
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page.....		
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)		

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE ODS Health Plan, Inc.

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	251,623,110	218,302,448
2. Net investment income	2,948,097	6,071,303
3. Miscellaneous income		
4. Total (Lines 1 through 3)	254,571,207	224,373,751
5. Benefit and loss related payments	212,956,362	193,982,542
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	10,094,894	(5,093,282)
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	2,486,202	1,567,247
10. Total (Lines 5 through 9)	225,537,458	190,456,507
11. Net cash from operations (Line 4 minus Line 10)	29,033,749	33,917,244
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	97,800,231	119,769,674
12.2 Stocks	912,260	394,970
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	869	947
12.7 Miscellaneous proceeds	5,264,376	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	103,977,736	120,165,591
13. Cost of investments acquired (long-term only):		
13.1 Bonds	103,069,288	116,623,085
13.2 Stocks	6,810,107	10,707,917
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	(2,940,278)	5,703,961
13.6 Miscellaneous applications		6,092,813
13.7 Total investments acquired (Lines 13.1 to 13.6)	106,939,117	139,127,776
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(2,961,381)	(18,962,185)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	(13,000,000)	
16.2 Capital and paid in surplus, less treasury stock	(2,356,317)	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(13,747,922)	(8,331,712)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(29,104,239)	(8,331,712)
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)	(3,031,871)	6,623,347
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	22,349,780	15,726,433
19.2 End of year (Line 18 plus Line 19.1)	19,317,909	22,349,780

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

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ANNUAL STATEMENT FOR THE YEAR 2012 OF THE ODS Health Plan, Inc.

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 Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	249,458,626	233,925,691					10,631,007		4,901,928	
2. Change in unearned premium reserves and reserve for rate credit	(26,042)	(26,042)								
3. Fee-for-service (net of \$ medical expenses)										XXX
4. Risk revenue										XXX
5. Aggregate write-ins for other health care related revenues										XXX
6. Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7. Total revenues (Lines 1 to 6)	249,432,584	233,899,649					10,631,007		4,901,928	
8. Hospital/medical benefits	154,938,849	144,392,087					7,804,640		2,742,122	XXX
9. Other professional services	15,200,541	14,229,728					707,782		263,031	XXX
10. Outside referrals	9,317,983	8,430,025					445,647		442,311	XXX
11. Emergency room and out-of-area	18,332,238	17,131,872					884,117		316,249	XXX
12. Prescription drugs	22,124,866	20,164,980					1,404,060		555,826	XXX
13. Aggregate write-ins for other hospital and medical										XXX
14. Incentive pool, withhold adjustments and bonus amounts										XXX
15. Subtotal (Lines 8 to 14)	219,914,477	204,348,692					11,246,246		4,319,539	XXX
16. Net reinsurance recoveries	1,912,700	1,368,917							543,783	XXX
17. Total medical and hospital (Lines 15 minus 16)	218,001,777	202,979,775					11,246,246		3,775,756	XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ 3,498,268 cost containment expenses	11,526,925	11,018,870					275,132		232,923	
20. General administrative expenses	14,711,360	14,227,195					183,422		300,743	
21. Increase in reserves for accident and health contracts										XXX
22. Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	244,240,062	228,225,840					11,704,800		4,309,422	
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	5,192,522	5,673,809					(1,073,793)		592,506	
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page										XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)										XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page										XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)										XXX

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE ODS Health Plan, Inc.

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)	235,384,060		1,458,369	233,925,691
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan				
6. Title XVIII - Medicare	10,641,463		10,456	10,631,007
7. Title XIX - Medicaid				
8. Other health	5,317,648		415,720	4,901,928
9. Health subtotal (Lines 1 through 8)	251,343,171		1,884,545	249,458,626
10. Life				
11. Property/casualty				
12. Totals (Lines 9 to 11)	251,343,171		1,884,545	249,458,626

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE ODS Health Plan, Inc.

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	214,494,477	199,522,898					11,131,223		3,840,356	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	1,451,715	648,440							803,275	
1.4 Net	213,042,762	198,874,458					11,131,223		3,037,081	
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	27,904,000	25,454,294					1,320,523		1,129,183	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	27,904,000	25,454,294					1,320,523		1,129,183	
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year										
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year	1,007,545	861,259							146,286	
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	22,484,000	20,628,500					1,205,500		650,000	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	22,484,000	20,628,500					1,205,500		650,000	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year	546,560	140,782							405,778	
12. Incurred Benefits:										
12.1 Direct	219,914,477	204,348,692					11,246,246		4,319,539	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	1,912,700	1,368,917							543,783	
12.4 Net	218,001,777	202,979,775					11,246,246		3,775,756	
13. Incurred medical incentive pools and bonuses										

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE ODS Health Plan, Inc.

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	9,762,737	9,227,450					535,287			
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	9,762,737	9,227,450					535,287			
2. Incurred but Unreported:										
2.1 Direct	18,141,263	16,226,844					785,236		1,129,183	
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	18,141,263	16,226,844					785,236		1,129,183	
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS:										
4.1 Direct	27,904,000	25,454,294					1,320,523		1,129,183	
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	27,904,000	25,454,294					1,320,523		1,129,183	

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE ODS Health Plan, Inc.

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)	18,210,013	179,943,968	35,544	25,418,750	18,245,557	20,628,500
2. Medicare Supplement						
3. Dental Only						
4. Vision Only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare	1,557,875	9,573,348	2,868	1,317,655	1,560,743	1,205,500
7. Title XIX - Medicaid						
8. Other health		3,296,573		1,129,183		650,000
9. Health subtotal (Lines 1 to 8)	19,767,888	192,813,889	38,412	27,865,588	19,806,300	22,484,000
10. Healthcare receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	19,767,888	192,813,889	38,412	27,865,588	19,806,300	22,484,000

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE ODS Health Plan, Inc.

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 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	16,502	16,564	16,572	16,572	16,572
2.	2008	127,139	151,147	151,188	151,128	151,128
3.	2009	XXX	171,631	189,938	190,022	190,013
4.	2010	XXX	XXX	173,906	191,249	191,250
5.	2011	XXX	XXX	XXX	158,801	177,019
6.	2012	XXX	XXX	XXX	XXX	179,950

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 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	16,502	16,564	16,572	16,572	16,572
2.	2008	146,109	151,147	151,188	151,128	151,128
3.	2009	XXX	192,831	190,015	190,022	190,013
4.	2010	XXX	XXX	193,179	191,308	191,250
5.	2011	XXX	XXX	XXX	179,370	177,055
6.	2012	XXX	XXX	XXX	XXX	205,723

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. 2008	163,551	151,128	10,270	6.8	161,398	98.7			161,398	98.7
2. 2009	194,173	190,013	8,135	4.3	198,148	102.0			198,148	102.0
3. 2010	205,724	191,250	6,319	3.3	197,569	96.0			197,569	96.0
4. 2011	204,586	177,019	8,345	4.7	185,364	90.6	35	2	185,401	90.6
5. 2012	235,358	179,950	9,512	5.3	189,462	80.5	25,419	1,271	216,152	91.8

UNDERWRITING AND INVESTMENT EXHIBIT

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

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior					
2.	2008	10,035	10,035	10,116	10,116	10,116
3.	2009	XXX	18,106	20,950	20,887	20,885
4.	2010	XXX	XXX	4,359	5,217	5,224
5.	2011	XXX	XXX	XXX	7,111	8,665
6.	2012	XXX	XXX	XXX	XXX	9,573

Section B - Incurred Health Claims - Title XVIII

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 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior					
2.	2008	10,035	10,035	10,116	10,116	10,116
3.	2009	XXX	18,106	20,963	20,887	20,885
4.	2010	XXX	XXX	5,076	5,217	5,224
5.	2011	XXX	XXX	XXX	8,317	8,668
6.	2012	XXX	XXX	XXX	XXX	10,891

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

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. 2008	10,342	10,116	433	4.3	10,549	102.0			10,549	102.0
2. 2009	17,707	20,885	500	2.4	21,385	120.8			21,385	120.8
3. 2010	6,537	5,224	323	6.2	5,547	84.9			5,547	84.9
4. 2011	8,332	8,665	368	4.2	9,033	108.4	3		9,036	108.4
5. 2012	10,641	9,573	232	2.4	9,805	92.1	1,318	66	11,189	105.1

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior					
2.	2008	5,182	5,182	5,182	5,182	5,182
3.	2009	XXX	2,989	2,989	2,989	2,989
4.	2010	XXX	XXX	3,039	3,039	3,039
5.	2011	XXX	XXX	XXX	10,240	10,240
6.	2012	XXX	XXX	XXX	XXX	3,290

Section B - Incurred Health Claims - Other

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 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior					
2.	2008	5,182	5,182	5,182	5,182	5,182
3.	2009	XXX	2,989	2,989	2,989	2,989
4.	2010	XXX	XXX	3,539	3,039	3,039
5.	2011	XXX	XXX	XXX	10,890	10,240
6.	2012	XXX	XXX	XXX	XXX	4,065

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

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. 2008	8,699	5,182	121	2.3	5,303	61.0			5,303	61.0
2. 2009	4,984	2,989	347	11.6	3,336	66.9			3,336	66.9
3. 2010	4,152	3,089	154	5.0	3,243	78.1			3,243	78.1
4. 2011	4,564	10,240	465	4.5	10,705	234.6			10,705	234.6
5. 2012	5,318	3,290	210	6.4	3,500	65.8	1,129	56	4,685	88.1

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ANNUAL STATEMENT FOR THE YEAR 2012 OF THE ODS Health Plan, Inc.

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 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	16,502	16,564	16,572	16,572	16,572
2.	2008	142,356	166,364	166,486	166,426	166,426
3.	2009	XXX	192,726	213,877	213,898	213,887
4.	2010	XXX	XXX	181,304	199,505	199,513
5.	2011	XXX	XXX	XXX	176,152	195,924
6.	2012	XXX	XXX	XXX	XXX	192,813

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 2008	2 2009	3 2010	4 2011	5 2012
1.	Prior	16,502	16,564	16,572	16,572	16,572
2.	2008	161,326	166,364	166,486	166,426	166,426
3.	2009	XXX	213,926	213,967	213,898	213,887
4.	2010	XXX	XXX	201,794	199,564	199,513
5.	2011	XXX	XXX	XXX	198,577	195,963
6.	2012	XXX	XXX	XXX	XXX	220,679

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. 2008	182,592	166,426	10,824	6.5	177,250	97.1			177,250	97.1
2. 2009	216,864	213,887	8,982	4.2	222,869	102.8			222,869	102.8
3. 2010	216,413	199,563	6,796	3.4	206,359	95.4			206,359	95.4
4. 2011	217,482	195,924	9,178	4.7	205,102	94.3	38	2	205,142	94.3
5. 2012	251,317	192,813	9,954	5.2	202,767	80.7	27,866	1,393	232,026	92.3

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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 Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	299,428	299,428							
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$) for investment income	12,691,055	12,691,055							
5. Aggregate write-ins for other policy reserves									
6. Totals (gross)	12,990,483	12,990,483							
7. Reinsurance ceded									
8. Totals (Net)(Page 3, Line 4)	12,990,483	12,990,483							
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)									
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.

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 (\$ for occupancy of own building)	647,494	1,964,646			2,612,140
2. Salary, wages and other benefits	7,685,749	18,594,288	21,370,592		47,650,629
3. Commissions (less \$ ceded plus \$ assumed)			7,152,138		7,152,138
4. Legal fees and expenses			139,723		139,723
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	115,230	374,819	588,333		1,078,382
7. Traveling expenses	92,656	101,818	693,965		888,439
8. Marketing and advertising	19,158	1,379	888,521		909,058
9. Postage, express and telephone	9,591	1,945,970	422,722		2,378,283
10. Printing and office supplies	31,578	372,440	169,859		573,877
11. Occupancy, depreciation and amortization			640,451		640,451
12. Equipment	9,373	214,918	62,711		287,002
13. Cost or depreciation of EDP equipment and software			7,756,595		7,756,595
14. Outsourced services including EDP, claims, and other services		1,024,424	1,623,821		2,648,245
15. Boards, bureaus and association fees	1,153,152	151,276	58,607		1,363,035
16. Insurance, except on real estate			446,360		446,360
17. Collection and bank service charges		94,679	92,444		187,123
18. Group service and administration fees	1,083,382				1,083,382
19. Reimbursements by uninsured plans	(7,978,569)	(18,311,121)	(33,552,497)		(59,842,187)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses	125	1,425	38,331		39,881
22. Real estate taxes			7,729		7,729
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			705,652		705,652
23.2 State premium taxes			2,723,440		2,723,440
23.3 Regulatory authority licenses and fees			958,265		958,265
23.4 Payroll taxes	629,349	1,497,696	1,500,056		3,627,101
23.5 Other (excluding federal income and real estate taxes)			223,542		223,542
24. Investment expenses not included elsewhere				302,195	302,195
25. Aggregate write-ins for expenses					
26. Total expenses incurred (Lines 1 to 25)	3,498,268	8,028,657	14,711,360	302,195	(a) 26,540,480
27. Less expenses unpaid December 31, current year		1,395,200	6,424,632		7,819,832
28. Add expenses unpaid December 31, prior year		1,124,200	5,973,002		7,097,202
29. Amounts receivable relating to uninsured plans, prior year	2,100,421	5,531,294	8,899,888		16,531,603
30. Amounts receivable relating to uninsured plans, current year	2,466,862	5,661,543	10,373,965		18,502,370
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	3,864,709	7,887,906	15,733,807	302,195	27,788,617
DETAILS OF WRITE-INS					
2501.					
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)					

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds	(a) 246,401	179,214
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 3,791,410	3,730,158
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	1,147,691	1,147,691
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract Loans		
6. Cash, cash equivalents and short-term investments	(e) 7,272	7,184
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	5,192,774	5,064,247
11. Investment expenses		(g) 302,195
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 3,087,500
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		53,058
16. Total deductions (Lines 11 through 15)		3,442,753
17. Net investment income (Line 10 minus Line 16)		1,621,494
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)		
1501. Investment income credited to plans		53,058
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		53,058

- (a) Includes \$ 131,307 accrual of discount less \$ 1,329,383 amortization of premium and less \$ 209,574 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ 3,394 accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 3,087,500 interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ 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	264,192		264,192	18,654	
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	961,448		961,448	64,514	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	439,716		439,716	2,569,672	
2.21 Common stocks of affiliates				860,820	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	869		869		
7. Derivative instruments					
8. Other invested assets				1,262,219	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	1,666,225		1,666,225	4,775,879	
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)					

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE ODS Health Plan, Inc.

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)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	3,158	355	(2,803)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	11,042,135	12,248,298	1,206,163
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivable from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable	438,198	593,999	155,801
25. Aggregate write-ins for other than invested assets	340,599	349,421	8,822
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	11,824,090	13,192,073	1,367,983
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	11,824,090	13,192,073	1,367,983
DETAILS OF WRITE-INS			
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)			
2501. Miscellaneous prepaids	340,599	349,421	8,822
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	340,599	349,421	8,822

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						
2. Provider Service Organizations						
3. Preferred Provider Organizations	57,743	61,155	65,931	69,216	71,262	789,199
4. Point of Service	953	966	969	848	865	10,927
5. Indemnity Only	702	680	686	696	700	8,263
6. Aggregate write-ins for other lines of business	4,336	4,150	4,041	2,092	2,092	41,167
7. Total	63,734	66,951	71,627	72,852	74,919	849,556
DETAILS OF WRITE-INS						
0601. Managed Care	4,336	4,150	4,041	2,092	2,092	41,167
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	4,336	4,150	4,041	2,092	2,092	41,167

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements have been prepared in conformity with accounting practices prescribed or permitted by the State of Oregon, Department of Consumer and Business Services, Insurance Division. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, March 2012 version has been adopted as a component of prescribed or permitted practices by the State of Oregon.

B. Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires the use of management's 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

The Company uses the following accounting policies:

- 1) Short-term investments are stated at amortized cost.
- 2) Bonds not backed by other loans are stated at amortized cost.
- 3) Common stocks are stated at market.
- 4) Not applicable.
- 5) Not applicable.
- 6) Loan-backed securities are stated at either the amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities.
- 7) The Company carries Dentists Benefits Insurance Company at statutory equity. BenefitHelp Solutions, Inc., ODS Community Health, Inc., and ODS Plaza, Inc. are carried at GAAP equity. ODS Bend Property LLC is represented in other invested assets as this company is a Limited Liability Corporation.
- 8) The Company has an ownership interest in a limited liability corporation. The Company ownership interest is valued based on the GAAP equity basis as described in SSAP No. 48 and is recorded in other invested assets. Additionally, the Company has an ownership interest in a limited partnership which is stated at market.
- 9) Not applicable.
- 10) Not applicable.
- 11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- 12) The Company has not modified its capitalization policy from the prior period.
- 13) Pharmaceutical rebate receivables are estimated based on contractual rebate terms.

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

Not applicable.

B. Debt Restructuring

Not applicable.

C. Reverse Mortgages

Not applicable.

D. Loan Back Securities

- 1) Prepayment assumptions were obtained from third party market sources.
- 2) Not applicable.
- 3) Not applicable.
- 4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:

1. Less than 12 Months	\$	16
2. 12 Months or Longer	\$	16,210

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	\$	2,711
2. 12 Months or Longer	\$	393,139

- 5) The loan-backed securities in #4 above are in a continuous unrealized loss position due to reasons including, but not limited to, changes in interest rates, changes in economic conditions and changes in market outlook for various industries. The Company does not intend to sell these securities at the reporting date and has the

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE ODS Health Plan, Inc.

NOTES TO FINANCIAL STATEMENTS

ability to retain the securities for a period of time sufficient to recover the amortized cost basis. Therefore, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2012.

- E. Repurchase Agreements and/or Securities Lending Transactions
Not applicable.
 - F. Real Estate
Not applicable.
 - G. Investments in low-income housing tax credits (LIHTC)
Not applicable.
6. Joint Ventures, Partnerships and Limited Liability Companies
- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
 - B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.
7. Investment Income
- A. No investment income earned by the Company has been excluded from the financial presentation of this statement.
 - B. Not applicable.
8. Derivative Instruments
Not applicable.
9. Federal Income Taxes

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1.	12/31/2012			12/31/2011			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ 4,532,138	\$ 45,718	\$ 4,577,856	\$ 4,909,896	\$ 63,659	\$ 4,973,555	\$ (377,758)	\$ (17,941)	\$ (395,699)
(b) Statutory Valuation Allowance Adjustments	-	-	-	-	-	-	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	4,532,138	45,718	4,577,856	4,909,896	63,659	4,973,555	(377,758)	(17,941)	(395,699)
(d) Deferred Tax Assets Nonadmitted	-	-	-	-	-	-	-	-	-
(e) Subtotal Net Admitted Deferred Tax Assets (1c - 1d)	4,532,138	45,718	4,577,856	4,909,896	63,659	4,973,555	(377,758)	(17,941)	(395,699)
(f) Deferred Tax Liabilities	4,331,458	1,494,509	5,825,967	4,666,394	560,050	5,226,444	(334,936)	934,459	599,523
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e - 1f)	\$ 200,680	\$ (1,448,791)	\$ (1,248,111)	\$ 243,502	\$ (496,391)	\$ (252,889)	\$ (42,822)	\$ (952,400)	\$ (995,222)

2.	12/31/2012			12/31/2011			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
Admission Calculation Components SSAP No. 101									
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ 432,991	\$ -	\$ 432,991	\$ 383,813	\$ -	\$ 383,813	\$ 49,178	\$ -	\$ 49,178
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)									
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.									
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	XXX	XXX	11,381,790	XXX	XXX	7,734,208	XXX	XXX	3,647,582
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	4,099,147	45,718	4,144,865	4,526,083	63,659	4,589,742	(426,936)	(17,941)	(444,877)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	\$ 4,532,138	\$ 45,718	\$ 4,577,856	\$ 4,909,896	\$ 63,659	\$ 4,973,555	\$ (377,758)	\$ (17,941)	\$ (395,699)

3.	2012		2011	
	(1)	(2)	(1)	(2)
(a) Not applicable.				
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above	\$ 75,878,603	\$ 80,826,023		

4. Not Applicable.
- B. All deferred tax liabilities are recognized. Deferred tax assets and liabilities are settled in cash at least annually with the filing of the tax return.

NOTES TO FINANCIAL STATEMENTS

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

	(1)	(2)	(3)
	12/31/2012	12/31/2011	(col 1-2) Change
1. Current Income Tax			
a) Federal	\$ 2,626,794	\$ 2,350,910	\$ 275,884
b) Foreign	-	-	-
c) Subtotal	2,626,794	2,350,910	275,884
d) Federal income tax on net capital gain	566,517	423,211	143,306
e) Utilization of capital loss carry-forwards	-	-	-
f) Other	(9,616)	(287,918)	278,302
g) Federal and foreign income taxes incurred	<u>\$ 3,183,695</u>	<u>\$ 2,486,203</u>	<u>\$ 697,492</u>
2. Deferred Tax Assets			
a) Ordinary			
1) Discounting of unpaid losses	\$ 140,900	\$ 135,365	\$ 5,535
2) Unearned premium reserves	292,091	248,448	43,643
7) Fixed Assets	78,956	40,778	38,178
10) Receivables - nonadmitted	150,061	320,884	(170,823)
13) Other (including items <5% of total ordinary tax assets)	3,870,130	4,164,421	(294,291)
99) Subtotal	4,532,138	4,909,896	(377,758)
b) Statutory valuation allowance adjustment	-	-	-
c) Nonadmitted	-	-	-
d) Admitted ordinary deferred tax assets (2a99 - 2b -2c)	4,532,138	4,909,896	(377,758)
e) Capital			
1) Investments	45,718	-	45,718
99) Subtotal	45,718	-	45,718
f) Statutory valuation allowance adjustment	-	-	-
g) Nonadmitted	-	-	-
h) Admitted capital deferred tax assets (2e99 - 2f -2g)	45,718	-	45,718
i) Admitted deferred tax assets (2d + 2h)	<u>\$ 4,577,856</u>	<u>\$ 4,909,896</u>	<u>\$ (332,040)</u>
3. Deferred Tax Liabilities			
a) Ordinary			
1) Investments	40,295	25,096	15,199
2) Fixed assets	3,913,021	4,230,601	(317,580)
5) Other (including items <5% of total ordinary tax liabilities)	378,142	410,697	(32,555)
99) Subtotal	4,331,458	4,666,394	(334,936)
b) Capital			
1) Investments	1,494,509	496,391	998,118
99) Subtotal	1,494,509	496,391	998,118
c) Deferred tax liabilities (3a99 + 3b99)	5,825,967	5,162,785	663,182
4. Net Deferred Tax Assets/Liabilities (2i - 3c)	<u>\$ (1,248,111)</u>	<u>\$ (252,889)</u>	<u>\$ (995,222)</u>

D. The provision for federal income taxes incurred is different from that which would have been obtained by applying the statutory federal income tax rate to income before incomes taxes primarily due to prior period true-ups, changes in nonadmitted assets, and the effect of tax on realized gains and losses.

	12/31/2012	Effective Tax Rate
Provision computed at statutory rate	\$ 2,870,943	34.0%
Dividends received deduction	(67,821)	-0.8%
Proration	10,173	0.1%
Meals & Entertainment	4,977	0.1%
Other	362,526	4.3%
Total	<u>\$ 3,180,798</u>	<u>37.7%</u>
Federal income taxes incurred	\$ 2,617,178	31.0%
Tax on Capital Gains/(Losses)	566,517	6.7%
Change in net deferred income taxes	(2,897)	0.0%
Total statutory income taxes	<u>\$ 3,180,798</u>	<u>37.7%</u>

E. The Company has net capital loss carryforwards which expire as follows: 2011, \$2,764,505; 2012, \$3,193,311.

F. The Company is included in a consolidated federal income tax return with its parent company, Health Services Group, Inc., and other affiliated entities. The Company has a written agreement, approved by the Company's Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each entity which is party to the consolidation. Pursuant to this agreement, the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes. The method of allocation between the companies is subject to a written agreement approved by the Board of Directors whereby

NOTES TO FINANCIAL STATEMENTS

allocations is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A. Not applicable.
- B. Not applicable.
- C. Not applicable.
- D. Receivables for related parties at December 31, 2012:

Dentists Management Corporation	\$ 8,742
Dentists Benefits Corporation	\$ 38,255
BenefitHelp Solutions, Inc.	\$ 4,706
Oregon Dental Service	\$ 1,176,914
Eastern Oregon Coordinated Care Organization, LLC	\$ 77,722
Health Services Group, Inc.	\$ 21,634,964

Payables for related parties at December 31, 2012:

ODS Community Health, Inc.	\$ 699,796
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Amounts due to or from related parties are the result of the entity's allocation portion of the transactions described in Note 10F below as well as amounts due to or from the sweep account.

- E. Not applicable.
- F. Allocation of Corporate Expenses
Health Services Group provides certain administrative services including accounting, data processing, facilities, purchasing, legal and senior executive management. Health Services Group and Oregon Dental Service provide facilities to subsidiaries. The expenses incurred as a result of using the services and facilities, are estimated and allocated to the subsidiaries, including ODS Health Plan, Inc., in a manner which management believes is reasonable.
- G. The Company owns 100% of the outstanding shares of Dentists Benefits Insurance Company (DBIC), a property and casualty insurer. The shares of DBIC are reported at a statutory value of \$12,226,320 on the ODS Health Plan, Inc. financial statements. The Company owns 100% of the outstanding shares of BenefitHelp Solutions, Inc., a third party administrator, and is reported using the equity method for a value of \$715,242 on the ODS Health Plan, Inc. financial statements. The Company owns 100% of the outstanding shares of ODS Community Health, Inc. and is reported using the equity method for a value of \$7,823,978 on the ODS Health Plan, Inc. financial statements. The Company owns 100% of the outstanding shares of ODS Plaza, Inc. and is reported using the equity method for a value of \$2,533,847 on the ODS Health Plan, Inc. financial statements. The Company owns 100% of ODS Bend Property LLC and is reported in Other Invested Assets with a value of \$7,540,427.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. Not applicable.
- L. Not applicable.

11. Debt

Not applicable.

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

- A. Defined Benefit Plan
Not applicable.
- B. Defined Contribution Plans
The Company sponsors a retirement plan qualified under Section 401(k) of the Internal Revenue Code. The retirement plan covers substantially all employees and provides for the company to contribute 3% of eligible employees' salaries and match employee contributions up to 2%, 4%, or 6% of their salaries for years of service less than 5 years, between 5 and 10 years, and more than 10 years, respectively. Employees can contribute up to 70% of their salary. The total amount contributed to the plan by all related companies was \$2,783,712 year to date as of December 31, 2012.
- C. Multiemployer Plans
Not applicable.
- D. Consolidated/Holding Company Plans
Not applicable.
- E. Postemployment Benefits and Compensation Absences
Not applicable.
- F. Impact of Medicare Modernization Act on Postretirement Benefits
Not applicable.

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

- 1) 2,000,000 shares issued and outstanding; par value \$1.25 per share.
- 2) Not applicable.
- 3) Not applicable.
- 4) Not applicable.
- 5) Not applicable.

NOTES TO FINANCIAL STATEMENTS

- 6) Not applicable.
 7) Not applicable.
 8) Not applicable.
 9) Not applicable.
 10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$3,777,761.
 11) Surplus Notes

The Company issued the following surplus debenture or similar obligation in 2012:

Date Issued	Interest Rate	Par Value (Face Amount of Note)	Carrying Value of Note	Interest And/Or Principal Paid Current Year	Total Interest And/Or Principal Paid	Unapproved Interest And/Or Principal	Date of Maturity
7/1/2012	4.500%	10,000,000	10,000,000	225,000	225,000	-	6/30/2017
1311999 Total		10,000,000	10,000,000	225,000	225,000	-	XXX

In December 2009, the Company issued surplus notes to OEA Choice Welfare Benefit Trust (OEA) for \$18 million cash and MedImpact Healthcare Systems, Inc. (MI) for \$5 million cash at an interest rate of 6% maturing June 30, 2012. The MI principal was paid in full in June 2012 plus interest of \$162,500 in the current year (total interest paid is \$750,000). \$8 million principal and \$2.7 million interest was paid on the OEA note and the remaining \$10 million was extended on July 1, 2012 at an interest rate of 4.5% maturing June 30, 2017.

The above extended surplus note has the following repayment conditions and restrictions: Each payment of interest on and principal of the surplus note may be made only with prior approval of the Director of the Department of Consumer and Business Services of the State of Oregon and only to the extent the Company has sufficient surplus earnings to make such payments.

In the event of the liquidation or dissolution of the Company, payment of the principal balance and all accrued interest is subordinated to the claims of: 1) Policyholders; 2) Beneficiaries and other claimants; and 3) The debts and liabilities owed to all creditors of the company other than holders of Other Surplus Notes.

- 12) Not applicable.
 13) Not applicable.
14. Contingencies
- A. Contingency Commitments
Not applicable.
- B. 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
The Company, in common with the Insurance Industry in general, is subject to litigation in the normal course of their business. The Company's management does not believe that such litigation will have a material effect on its statutory basis financial statements.
15. Leases
- A. Lessee Operating Lease
1. The Company leases office space under various noncancelable operating lease agreements that expire through December 2031. Rental expense for the period ended December 31, 2012 and 2011, was approximately \$4,160,604 and \$4,496,429 respectively.
2. At January 1, 2013, the minimum aggregate rental commitments are as follows:
- | Year Ending
December 31 | Operating Leases |
|----------------------------|------------------|
| 2013 | \$ 3,780,147 |
| 2014 | \$ 2,912,342 |
| 2015 | \$ 2,154,454 |
| 2016 | \$ 2,062,132 |
| 2017 | \$ 1,956,930 |
| Total | \$ 21,696,421 |
3. The Company is not involved in any material sales – leaseback transactions.
- B. Lessor Leases
Not applicable.
16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk
Not applicable.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

A. ASO Plans

The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans was as follows during 2012:

	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$ 26,327	\$ -	\$ 26,327
b. Total net other income or expenses (including interest paid to or received from plans)	-	-	-
c. Net gain or (loss) from operations	\$ 26,327	\$ -	\$ 26,327
d. Total claim payment volume	\$ 4,488,740	\$ -	\$ 4,488,740

B. ASC Plans

The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans was as follows during 2012:

	ASC Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASC
a. Gross reimbursement for medical costs incurred	\$ 414,771,973	\$ 638,895,507	\$ 1,053,667,480
b. Gross administrative fees accrued	-	-	-
c. Other income or expenses (including interest paid to or received from plans)	-	-	-
d. Gross expenses incurred (claim and administrative)	\$ 412,783,401	\$ 635,543,449	\$ 1,048,326,850
e. Total net gain or loss from operations	\$ 1,988,572	\$ 3,352,058	\$ 5,340,630

C. Medicare of Similarly Structured Cost Based Reimbursement Contract

Not applicable.

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

Not applicable.

20. Fair Value Measurements

A. 1. Fair Value Measurements at Reporting Date

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Common Stock				
Industrial and Misc	\$ 2,506	\$ -	\$ -	\$ 2,506
Mutual Funds	36,297,685	-	-	36,297,685
Total Common Stock	\$ 36,300,191	\$ -	\$ -	\$ 36,300,191
Other Invested Assets	\$ -	\$ 12,550,510	\$ -	\$ 12,550,510
Total assets at fair value	\$ 36,300,191	\$ 12,550,510	\$ -	\$ 48,850,701

b. Not applicable.

2. Not applicable.

3. Not applicable.

4. The Company has elected to use the practical expedient method for measuring investments in certain entities that calculate net asset value per share. The Company currently has investments in a limited partnership classified as Level 2 equity securities in which the market values of the underlying investments are not readily determinable as of the measurement date. The Company therefore relies on the fair value estimates provided by the general partner, which are based on an amount equal to the sum of the capital accounts or net asset value of the underlying investments held by the partnership. The partnership is audited by an independent public accountant.

5. Not applicable.

B. Not applicable.

NOTES TO FINANCIAL STATEMENTS

C. Aggregate Fair Value of all Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Cash Equivalents	\$ 3,000,000	\$ 3,000,000	\$ -	\$ 3,000,000	\$ -	\$ -
Short-Term Investments	30,441,168	30,441,168	-	30,441,168	-	-
Bonds	152,040,238	146,148,628	-	152,040,238	-	-
Common Stocks	36,300,191	36,300,191	36,300,191	-	-	-
Other Invested Assets	12,550,510	12,550,510	-	12,550,510	-	-
Total	\$ 234,332,107	\$ 228,440,497	\$ 36,300,191	\$ 198,031,916	\$ -	\$ -

D. Not applicable.

21. Other Items

A. Extraordinary Items

Not applicable.

B. Troubled Debt Restructuring: Debtors

Not applicable.

C. Other Disclosures

Not applicable.

D. Uncollectible Premiums

At December 31, 2012 and December 31, 2011, the Company had admitted assets of \$20,565,673 and \$17,425,530, respectively, in accounts receivable for uninsured plans and uncollected premiums. The Company routinely assesses the collectability of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition.

E. Business Interruption Insurance Recoveries

Not applicable.

F. State Transferable Tax Credits

Not applicable.

G. Subprime Mortgage Related Risk Exposure

Not applicable.

H. Retained Assets

Not applicable.

22. Events Subsequent

None

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

1. No

2. No

Section 2 – Ceded Reinsurance Report – Part A

1. No

2. No

Section 3 – Ceded Reinsurance Report – Part B

1. Not applicable.

2. No

B. Uncollectible Reinsurance

Not applicable.

C. Commutation of Ceded Reinsurance

Not applicable.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. Not applicable.

B. Not applicable.

C. Not applicable.

D. As of December 31, 2012, no medical loss ratio rebates were incurred or paid by the Company.

25. Change in Incurred Claims and Claims Adjustment Expenses

Unpaid claims as of December 31, 2011 were \$22.5 million. As of December 31, 2012, approximately \$19.8 million has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior years are now \$38,000 as a result of re-estimation of unpaid claims. Therefore, there has been a \$2.7 million favorable prior-year development since December 31, 2011 to December 31, 2012. The change is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known.

26. Intercompany Pooling Arrangements

Not applicable.

27. Structured Settlements

Not applicable.

NOTES TO FINANCIAL STATEMENTS

28. Health Care Receivables

- A. Pharmaceutical rebate receivables are derived from quarterly pharmacy rebate billings to drug manufacturers and are included in health care and other amounts receivable. Admitted and nonadmitted amounts are recorded in health care and other receivable and are summarized as follows:

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
12/31/2012	282,043				
9/30/2012	296,959	-	-	-	-
6/30/2012	277,729	277,729	-	146,557	-
3/31/2012	282,831	282,831	-	143,976	82,134
12/31/2011	262,125	262,125	-	194,643	47,501
9/30/2011	272,916	272,916	-	199,523	48,808
6/30/2011	250,427	250,427	-	62,794	155,869
3/31/2011	224,352	224,352	-	96,418	118,029
12/31/2010	308,472	308,472	-	213,901	83,430
9/30/2010	356,104	356,104	-	256,726	85,891
6/30/2010	387,035	387,035	-	340,640	39,169
3/31/2010	378,158	378,158	-	198,861	171,974

B. Risk Sharing Receivables

Not applicable.

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 []
- 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? Oregon
- 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. 12/31/2012
- 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. 12/31/2009
- 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). 12/17/2010
- 3.4 By what department or departments?
Oregon Department of Consumer and Business Services, Insurance Division
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A [X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes [] No [X]
4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [] No [X]
4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? 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 | 2 | 3 |
|----------------|-------------------|-------------------|
| Name of Entity | NAIC Company Code | State of Domicile |
| | | |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
7.21 State the percentage of foreign control; %
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1	2
Nationality	Type of Entity

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?
Deloitte & Touche LLP, 111 SW Fifth Ave, Suite 3900, Portland, OR 97204
- 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?
David Thoen, Deloitte Consulting
400 One Financial Plazz 120 6th St Minneapolis, MN 55402
- 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
 - 12.13 Total book/adjusted carrying value \$
- 12.2 If, yes provide explanation:
.....
- 13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 - (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 - (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 - (c) Compliance with applicable governmental laws, rules and regulations;
 - (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 - (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is No, please explain:
.....
- 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
.....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
.....

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 \$
 - 20.12 To stockholders not officers \$
 - 20.13 Trustees, supreme or grand (Fraternal Only) \$
- 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 \$
 - 20.22 To stockholders not officers \$
 - 20.23 Trustees, supreme or grand (Fraternal Only) \$
- 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 \$
 - 21.22 Borrowed from others \$
 - 21.23 Leased from others \$
 - 21.24 Other \$
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [X] No []
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ 4,394,715
 - 22.22 Amount paid as expenses \$
 - 22.23 Other amounts paid \$
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 21,634,964

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]

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 \$
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$
- 24.103 Total payable for securities lending reported on the liability page \$

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 [] No [X]

- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$
 - 25.22 Subject to reverse repurchase agreements \$
 - 25.23 Subject to dollar repurchase agreements \$
 - 25.24 Subject to reverse dollar repurchase agreements \$
 - 25.25 Pledged as collateral \$
 - 25.26 Placed under option agreements \$
 - 25.27 Letter stock or other securities restricted as to sale \$
 - 25.28 On deposit with state or other regulatory body \$
 - 25.29 Other \$

25.3 For category (25.27) 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
U.S. Bank Custodial Services	555 SW Oak Street, Portland, OR 97204

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
18005	R.V. Kuhns & Associates, Inc.	111 SW Naito Parkway, Portland, OR 97204
104559	Pacific Investment Management Company, LLC	840 Newport Center Drive, Newport Beach, CA 92660
107680	Prime Advisors, Inc.	22635 NE Marketplace Drive Ste #160, Redmond, WA 98053

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
- 29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
00764Q-40-5	Champlain Small Co Fd Adv	2,659,341
315912-88-1	Fidelity Str Real Ret	9,588,162
464287-20-0	Ishares S&P 500 Index Fund	5,215,878
464288-24-0	Ishares MSCI ACWI Ex US Indx	8,433,459
722005-62-6	PIMCO All Asset Fund Institu	10,400,845
29.2999 - Total		36,297,685

- 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
Champlain Small Co Fd Adv	Allied World,UMB Fin Corp.,Flowers Foods,West Pharm Serv,Sensient	287,475	12/31/2012
Fidelity Str Real Ret	Cent Invt Port,Garrison Str Tr,USNt 2.5,USNt,USNt 1.25	5,085,561	12/31/2012
Ishares S&P 500 Index Fund	Apple,Exxon,General Electric,Chevron,IBM	623,819	12/31/2012
Ishares MSCI ACWI Ex US Indx	Apple,Exxon,Nestle,IBM,General Electric	447,817	12/31/2012
PIMCO All Asset Fund Institu	PIMCO EMFIPlus, Income,High Yield,EMCI,ELBI	4,435,960	12/31/2012

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	179,589,796	185,481,406	5,891,610
30.2 Preferred stocks			
30.3 Totals	179,589,796	185,481,406	5,891,610

- 30.4 Describe the sources or methods utilized in determining the fair values:
Securities of Valuation Office
- 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
- 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:
.....
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes No
- 32.2 If no, list exceptions:
.....

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$18,400

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
A.M. Best Company, Inc.	18,400

34.1 Amount of payments for legal expenses, if any?\$21,595

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
Stoel Rives, LLP	17,296

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?\$97,375

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
Legislative Advocates, Inc.	67,375
Haglund, Kelley, Jones & Wilde, LLP	30,000

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. \$ _____
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ _____
 1.31 Reason for excluding

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above \$ _____
 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$ _____

- 1.6 Individual policies: Most current three years:
 1.61 Total premium earned \$ _____
 1.62 Total incurred claims \$ _____
 1.63 Number of covered lives
All years prior to most current three years:
 1.64 Total premium earned \$ _____
 1.65 Total incurred claims \$ _____
 1.66 Number of covered lives

- 1.7 Group policies: Most current three years:
 1.71 Total premium earned \$ _____
 1.72 Total incurred claims \$ _____
 1.73 Number of covered lives
All years prior to most current three years:
 1.74 Total premium earned \$ _____
 1.75 Total incurred claims \$ _____
 1.76 Number of covered lives

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	249,458,626	217,482,119
2.2 Premium Denominator	249,458,626	217,482,119
2.3 Premium Ratio (2.1/2.2)	1.000	1.000
2.4 Reserve Numerator	40,894,483	32,727,541
2.5 Reserve Denominator	40,894,483	32,727,541
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 []

- 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 \$750,000
5.32 Medical Only \$
5.33 Medicare Supplement \$
5.34 Dental & Vision \$
5.35 Other Limited Benefit Plan \$
5.36 Other \$

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
 Continuity of care and hold harmless provisions are included in the contracts.

- 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 year20,780
8.2 Number of providers at end of reporting year21,671

- 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..\$
9.22 Business with rate guarantees over 36 months\$

GENERAL INTERROGATORIES

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

10.2 If yes: 10.21 Maximum amount payable bonuses.....\$
10.22 Amount actually paid for year bonuses.....\$
10.23 Maximum amount payable withholds.....\$
10.24 Amount actually paid for year withholds.....\$

11.1 Is the reporting entity organized as:

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

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [X] No []
 11.3 If yes, show the name of the state requiring such net worth. Oregon
 11.4 If yes, show the amount required. \$ 2,500,000
 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [X] No []
 11.6 If the amount is calculated, show the calculation

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

1 Name of Service Area
Oregon
Washington
Alaska
Idaho
.....

13.1 Do you act as a custodian for health savings accounts? Yes [] No [X]

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

13.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

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

ANNUAL STATEMENT FOR THE YEAR 2012 OF THE ODS Health Plan, Inc.

FIVE-YEAR HISTORICAL DATA

	1 2012	2 2011	3 2010	4 2009	5 2008
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	284,109,432	257,662,531	244,136,745	231,701,035	178,792,925
2. Total liabilities (Page 3, Line 24)	208,230,829	176,836,508	167,531,915	160,287,858	138,946,781
3. Statutory surplus	2,500,000	2,500,000	2,500,000	2,500,000	39,846,144
4. Total capital and surplus (Page 3, Line 33)	75,878,603	80,826,023	76,604,830	71,413,177	39,846,144
Income Statement (Page 4)					
5. Total revenues (Line 8)	249,432,584	217,441,207	216,412,855	216,864,121	182,591,544
6. Total medical and hospital expenses (Line 18)	218,001,777	196,217,406	201,964,285	219,027,326	160,649,740
7. Claims adjustment expenses (Line 20)	11,526,925	8,814,515	6,509,104	9,141,109	11,337,926
8. Total administrative expenses (Line 21)	14,711,360	10,279,235	7,874,068	8,918,810	11,631,812
9. Net underwriting gain (loss) (Line 24)	5,192,522	2,130,051	65,398	(20,223,124)	(1,027,934)
10. Net investment gain (loss) (Line 27)	2,721,202	5,880,234	4,818,529	4,844,422	(991,132)
11. Total other income (Lines 28 plus 29)	(36,290)	(85,608)	(75,311)	(87,585)	(71,092)
12. Net income or (loss) (Line 32)	5,260,256	5,861,685	3,580,211	(9,979,067)	1,328,536
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	29,033,749	33,917,244	15,637,439	(3,726,384)	35,953,735
Risk-Based Capital Analysis					
14. Total adjusted capital	75,878,603	80,826,023	76,604,830	71,413,177	39,846,144
15. Authorized control level risk-based capital	11,474,716	10,684,513	10,476,311	10,072,139	7,065,646
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	74,919	63,734	63,478	67,900	60,460
17. Total members months (Column 6, Line 7)	849,556	745,171	759,552	763,209	658,065
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	87.4	90.2	93.3	101.0	88.0
20. Cost containment expenses	1.4	1.1	0.7	1.1	1.5
21. Other claims adjustment expenses	3.2	2.9	2.3	3.1	4.7
22. Total underwriting deductions (Line 23)	97.9	99.0	100.0	109.3	100.6
23. Total underwriting gain (loss) (Line 24)	2.1	1.0		(9.3)	(0.6)
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	19,806,300	18,221,441	21,370,538	24,070,969	16,874,316
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	22,484,000	20,580,000	21,200,000	18,970,000	17,550,335
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	23,299,387	19,938,567	19,733,553	19,759,488	16,880,702
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated	7,540,427	9,501,288	9,380,454	9,868,220	
32. Total of above Lines 26 to 31	30,839,814	29,439,855	29,114,007	29,627,708	16,880,702
33. Total investment in parent included in Lines 26 to 31 above.					

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

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, etc.	1 Active Status	Direct Business Only								
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts	
1. Alabama	AL	N								
2. Alaska	AK	L	13,628,623					13,628,623		
3. Arizona	AZ	N								
4. Arkansas	AR	N								
5. California	CA	N								
6. Colorado	CO	N								
7. Connecticut	CT	N								
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	N								
11. Georgia	GA	N								
12. Hawaii	HI	N								
13. Idaho	ID	L								
14. Illinois	IL	N								
15. Indiana	IN	N								
16. Iowa	IA	N								
17. Kansas	KS	N								
18. Kentucky	KY	N								
19. Louisiana	LA	N								
20. Maine	ME	N								
21. Maryland	MD	N								
22. Massachusetts	MA	N								
23. Michigan	MI	N								
24. Minnesota	MN	N								
25. Mississippi	MS	N								
26. Missouri	MO	N								
27. Montana	MT	N								
28. Nebraska	NE	N								
29. Nevada	NV	N								
30. New Hampshire	NH	N								
31. New Jersey	NJ	N								
32. New Mexico	NM	N								
33. New York	NY	N								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	N								
37. Oklahoma	OK	N								
38. Oregon	OR	L	211,484,007	10,641,463				222,125,470		
39. Pennsylvania	PA	N								
40. Rhode Island	RI	N								
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	N								
44. Texas	TX	N								
45. Utah	UT	N								
46. Vermont	VT	N								
47. Virginia	VA	N								
48. Washington	WA	L	15,589,078					15,589,078		
49. West Virginia	WV	N								
50. Wisconsin	WI	N								
51. Wyoming	WY	N								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CAN	N								
58. Aggregate other alien	OT	XXX								
59. Subtotal	XXX		240,701,708	10,641,463				251,343,171		
60. Reporting entity contributions for Employee Benefit Plans	XXX									
61. Total (Direct Business)	(a) 4		240,701,708	10,641,463				251,343,171		
DETAILS OF WRITE-INS										
58001.	XXX									
58002.	XXX									
58003.	XXX									
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX									
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX									

(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.

Premiums are allocated based on the state of residence of the the group.

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



Oregon Dental Association

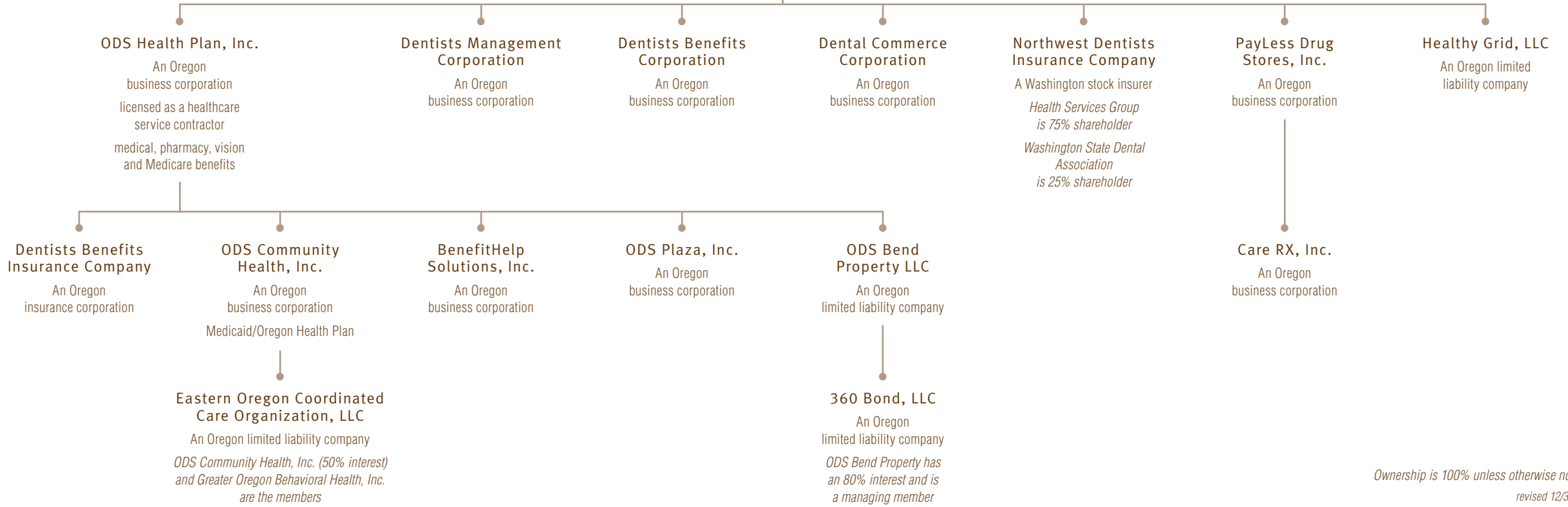
An Oregon non-profit corporation
Appoints Board of Directors for Health Services Group, Inc.

Oregon Dental Service

An Oregon non-profit corporation licensed
as a healthcare service contractor
dental benefits products

Health Services Group, Inc.

An Oregon business corporation



Ownership is 100% unless otherwise noted
revised 12/31/12

OVERFLOW PAGE FOR WRITE-INS

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