**IN THE CIRCUIT COURT OF THE SECOND JUDICIAL CIRCUIT,
IN AND FOR LEON COUNTY, FLORIDA**

State of Florida, ex rel., the
Department of Financial Services of
the State of Florida,

Relator,

v. CASE NO: ________________

Universal Health Care Insurance
Company, Inc.,

Respondent,
______________________________/

THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES' APPLICATION FOR ORDER TO SHOW CAUSE, INJUNCTION, AND NOTICE OF AUTOMATIC STAY FOR PURPOSES OF LIQUIDATION

The Florida Department of Financial Services (hereinafter "Department") hereby applies to this Court pursuant to Sections 631.031 and 631.061, Florida Statutes, for the entry of an Order to Show Cause, Injunction, and Notice of Automatic Stay on the appointment of the Department as Receiver of Universal Health Care Insurance Company, Inc. ("Respondent" or "UHCIC") for purposes of liquidation. In support of its Application, the Department states:

1. This Court has jurisdiction pursuant to Section 631.021(1), Florida Statutes, and venue is proper pursuant to Section 631.021(2), Florida Statutes.

2. Respondent is a corporation authorized pursuant to the Florida Insurance Code to transact business in the State of Florida as a domestic life and health insurer since May 26, 2006. Respondent's principal place of business is located at 100 Central Avenue, Suite 200, St. Petersburg, Florida 33701.

3. Universal Health Care Group, Inc. ("UHCG") is the sole owner of Universal Health Care, Inc. ("UHC"), a Health Maintenance Organization, and Universal Health Care Insurance Company, Inc. ("UHCIC"), an insurance company. UHCG also owns American Managed Care ("AMC") which is the management company and third party administrator for UHC and UHCIC. AMC employs the corporate officers and the majority of the employees of both UHC and UHCIC. UHCG, UHC and UHCIC have identical corporate officers.

4. Section 631.021(3), Florida Statutes, provides that a delinquency proceeding pursuant to Chapter 631, Florida Statutes, constitutes the sole and exclusive method of liquidating, rehabilitating, reorganizing, or conserving a Florida domiciled insurer.

5. Sections 631.031 and 631.061, Florida Statutes, empower the Department to apply to this Court for an order directing it to liquidate a domestic insurer upon the existence of any of the grounds specified in Sections 631.051 and 631.061, Florida Statutes. Further, Section 631.025(2), Florida Statutes, authorizes the Department to initiate delinquency proceedings against any insurer if the statutory grounds are present as to that insurer.

6. Pursuant to Section 631.031(1), Florida Statutes, by letter dated February 1, 2013, Kevin McCarty, Commissioner of the Office of Insurance Regulation, advised Florida's Chief Financial Officer, Jeff Atwater, that the Office of Insurance Regulation (the "Office") concluded grounds existed for the initiation of delinquency proceedings against Respondent. A copy of the letter is attached as Exhibit "A."

7. Based on the documentation received from the Office, the Department has determined that grounds for Respondent's liquidation exist pursuant to Section 631.051(1), Florida Statutes, in that Respondent is impaired or insolvent. The basis for the determination is summarized as follows:

A. On January 15, 2013, Respondent requested that Center for Medicare and Medicaid Services ("CMS") allow the company to implement enrollment capacity limits on Respondent T's Network PFFS (Contract No. H8090), Non-Network PFFS (Contract No. H5820), and PPO (Contract No. H5096). A copy of the letter from Akshay Desai to CMS is attached as Exhibit "B." On January 17, 2013, Respondent again requested that CMS allow the company to implement enrollment capacity limits, and requested that the decision be expedited. By its own admission, Respondent stated that the reason for this request is that the company "has reason to believe that Universal is financially impaired." A copy of the e-mail from Francoise Trotman, Respondent's Chief Compliance Officer, is attached as Exhibit "C."

B. The Office has determined that Respondent is operating in an unsound financial condition.

i. The Office has concerns over the company recording retrospective management fees as receivables from AMC. AMC does not have the ability to pay such receivables. AMC has filed multiple insolvent financial statements, most recently September 30, 2012. A copy of American Managed Care, LLC's Quarterly Report is attached as Exhibit "D." As of December 31, 2012, Respondent shows this asset as non-

admitted. the March 31, 2012, and June 30, 2012, financial statements. A copy of Universal Health Care Insurance Company, Inc.'s Monthly Statement for the month ending December 31, 2012, is attached as Exhibit "E."

ii. Section 624.4095, Florida Statutes, limits an insurer's ratio of annual net written accident and health premium to surplus as to policyholders to a maximum of 4:1 and annual gross written accident and health premium to a maximum of 10:1. Respondent has a history, beginning in 2007, of noncompliance with one or both of the accident and health writing ratios. This ratio measures the insurance company's cushion of capital and surplus available to absorb losses resulting from unexpected variances from expected operating results, and is an important indicator of financial solvency. Respondent's violations of Section 624.4095, Florida Statutes, has resulted in Corrective Action Plans, Consent Orders and a Consent Order For Public Administrative Supervision And Contingent Order Of Liquidation since Respondent s licensure during 2006. Respondent's writing ratios remain out of compliance today.

iii. As of December 31, 2012, by their own admission, Respondent has a deficit of capital and surplus of approximately $4 million. A

copy of Universal Health Care Capital Plan is attached as Exhibit "F."

C. Two other states in which Respondent operates have issued Consent Orders stating that Respondent shall not enroll any new customers in that state, due to Respondent's unsound financial condition.

i. The Georgia Office of Insurance issued a Consent Order dated November 15, 2012, stating that Respondent "shall cease writing new business" in the State of Georgia. A copy of the Consent Order is attached as Exhibit "G."

ii. The Ohio Department of Insurance issued a Consent Order dated December 18, 2012, affirming that Respondent "will not solicit, issue, or otherwise write any new policies or contracts of insurance, nor shall it assume any new risk in the State of Ohio". A copy of the Consent Order is attached as Exhibit "H."

8. In addition, the Department has determined that grounds for Respondent's liquidation exist under Section 631.051(3), Florida Statutes, in that Respondent is found by the Department to be in such condition, as to render its further transaction of insurance hazardous to its policyholders, creditors, stockholders, or the public. The basis for this determination is summarized as follows:

A. Respondent has a pattern of mismanagement, which has resulted in Respondent operating in such a condition as to render its further transaction of

insurance hazardous to its policyholders, creditors, stockholders, and the public. This pattern of mismanagement includes the following:

i. There has been frequent turnover in the position of Chief Financial Officer. Respondent has had five Chief Financial Officers within a period of six years. Respondent was without a Chief Financial Officer between May 2011 and October 2012.

ii. The Report on Significant Deficiencies in Internal Controls that accompanied the 2011 audited financial statements included a list of issues that the auditor considered material weakness involving internal control over financial reporting. A copy of the letter listing the issues is attached as Exhibit "I."

iii. The claim system is compromised and previous attempts to convert to a new claim system have been unsuccessful. A copy of the letter from Jennan Enterprises regarding the conversion of the claims system is attached as Exhibit "J."

B. The Office has determined that Respondent is engaging in methods or practices which render the continuance of business hazardous to the public or insureds.

i. During 2012, UHCG entered into a credit agreement with Bank United for a total of $60 million. On three separate occasions since October 29, 2012, Bank United has notified UHCG of certain events of default. These events include an allegation that the financial statements provided at the time

the Credit Agreement was entered into were incorrect, false, and/or misleading. Copies of the three letters from Bank United to Universal Health Care Group, Inc., are attached collectively as Exhibit "K." UHCG, UHC and Respondent have identical corporate officers.

ii. The Office has concluded that some of UHC's assets, as reported on previously filed financial statements, have been materially overstated, causing UHC to be in worse financial condition than its filed financial statements make it appear.

iii. Respondent has had multiple adverse findings related to the financial condition of Respondent, which includes material financial adjustments made to the 2011 annual statement, the March 31, 2012, and June 30, 2012, financial statements. A copy of Universal Health Care Insurance Company, Inc.'s Annual Statement for the year ending December 31, 2011, is attached as Exhibit "L."

iv. The Office has concluded that several receivables reported on Respondent's previous financial statements will not be able to be collected.

v. Management of Respondent has filed misleading financial statements and has omitted an entry of material amounts on the books of the insurer. See Exhibit "M."

vi. The Office believes that there will be future problems with insurer solvency because of a lack of access to additional capital. A copy of the affidavit of Toma L. Wilkerson, Director of Life & Health Financial Oversight, Office of Insurance Regulation, is attached as Exhibit "N."

vii. Further, although UHCG, the parent company of Respondent, has entered into a Letter Agreement with America's 1st Choice Holdings of Florida, LLC, for the purchase of UHCG and all its affiliated health plans, including Respondent, completion of the transaction detailed within the letter agreement is subject to governmental and regulatory approval. Regulatory Approval is questionable at this time. A copy of the Letter Agreement is attached as Exhibit "O. "

9. Section 631.041(1), Florida Statutes, provides that the Department's Application for an Order to Show Cause operates as an automatic stay of certain actions. Notice of the automatic stay should be contained within the Order to Show Cause. However, the Court order should provide that regulatory actions against Respondent by any regulatory body shall not be stayed. Section 631.041(3) and 63.041(4), Florida Statutes, authorize this Court to enter certain injunctions to preserve the remaining assets of the insurer.

10. It is in the best interest of Respondent, its creditors and insureds that the relief requested in this Application be granted.

WHEREFORE, the Florida Department of Financial Services respectfully

moves this Court for an Order:

A. Directing Respondent to appear before this Court on a short day certain and show good cause, if any, as to why the Department should not be appointed Receiver of Respondent for purposes of liquidation under the provisions of Chapter 631, Florida Statutes.

B. Requiring Respondent to file a written response along with any defenses it may have to the Department's allegations no later than twenty (20) days after the service of any Order to Show Cause issued by this Court and at least fifteen (15) days prior to hearing.

C. Directing that in order to protect the interests of policyholders, creditors, and the public generally, pending the adjudication of this matter and to protect and preserve the assets, books, and records of Respondent pending hearing on the Department's petition pursuant to Section 631.041(3) and 631.041(4), Florida Statutes, all persons, firms, corporations, associations and Respondent's affiliates as defined by Section 631.011, Florida Statutes, all persons, and all other persons or entities within the jurisdiction of this Court, including, but not limited to, Respondent and its officers, directors, stockholders, trustees, members, agents, and employees to be enjoined and restrained from removing, destroying, or otherwise disposing of any documents, books, records, or assets of Respondent (or pertaining to Respondent), from doing, through acts of commission or omission, or permitting to be done any action which might waste or otherwise dispose of the books, records, including but not limited to electronic records, and assets of, or directly or indirectly relating to, the Respondent; from denying the Department access to the books, records, and assets of, or directly or indirectly

relating to, the Respondent; from in any manner interfering with the Department or the conduct of these proceedings, from the removal, concealment or other disposition of the property, books, records, and accounts of, or directly or indirectly relating to, the Respondent; from commencement or prosecution of any actions against the Respondent, or the obtaining of preferences, judgments, writs of attachment or execution against Respondent or its property or assets. However, regulatory actions against Respondent by any regulatory body should not be stayed or enjoined;

D. Directing the Department be given authorization to conduct, at its discretion, either an investigation authorized by Section 631.391, Florida Statutes, of Respondent and its affiliates, as defined above, to uncover and make fully available to the Court the true state of Respondent's financial affairs. In furtherance of this investigation, Respondent and its parent corporation, its subsidiaries and affiliates, should be required to make all books, documents, accounts, records, and affairs, which either belong to or pertain to the Respondent, wherever located, available for full, free and unhindered inspection and examination by the Department during normal business hours (8:00a.m. to 5:00p.m.), Monday through Friday, from the date of this Order. This investigation should include a full and complete examination of any and all reviews, compilations, audits or any other work of whatever nature performed by any accounting firm to include all work papers, on behalf of, related to or in any way connected with Respondent, its affiliates and/or Respondent's corporate structure and affiliations. Respondent and its affiliates should be ordered and enjoined to cooperate with the Department to the fullest extent required by Section 631.391, Florida Statutes. Such cooperation should include, but not be limited to, the taking of oral testimony under oath

of Respondent's officers, directors, managers, trustees, agents, adjusters, employees, or independent contractor of Respondent, its affiliates and any other person who possesses any executive authority over, or who exercises any control over, any segment of the affairs of Respondent in both their official , representative and individual capacities and the production of all documents that are calculated to disclose the true state of Respondent's affairs.

E. Directing that any officer, director, manager, trustee, agent, accountants, adjuster, employee, or independent contractor of Respondent and any other person who possess any executive authority over, or who exercises any control over, any segment of the affairs of Respondent to fully cooperate with the Department as required by Section 631.391, Florida Statutes, and as set out in the preceding paragraph.

F. Directing that the failure of Respondent and its affiliates and all other persons or entities within the jurisdiction of this Court, to cooperate with the Department's investigations as required by Section 631.391, Florida Statutes, and that failure to comply with any Order to Show Cause issued by this Court shall result in the immediate entry of an order of liquidation.

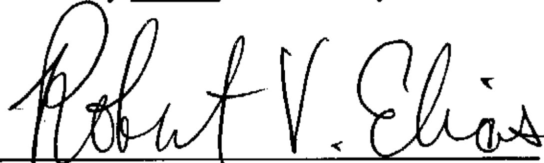
G. Giving notice of the automatic stay provisions of Section 631.041(1), Florida Statutes.

H. Directing the Officers and Directors of Respondent to comply with the provisions of Section 626.9541(1)(w), Florida Statutes; and

I. Granting such other relief as the Court deems appropriate.

AND FURTHER, at hearing or on consent of Respondent, if this Court determines that a receiver should be appointed, the Department moves this Court for entry of its Order of Liquidation that is substantially similar to the one that is attached to this Application as Exhibit "P".

RESPECTFULLY SUBMITTED on this day 4th of February, 2013.



LOURDES M. CALZADILLA
Florida Bar No. 139408
ROBERT V. ELIAS,
CHIEF ATTORNEY
Florida Bar No. 530107
TIMOTHY L. NEWHALL
DEPUTY CHIEF ATTORNEY
Florida Bar No. 391255
JODY E. COLLINS
SENIOR ATTORNEY
Florida Bar No. 500445
Florida Department of Financial Services
Division of Rehabilitation and Liquidation
2020 Capital Circle SE, Suite 310
Tallahassee, Florida 32301
(850) 413-4414 – Telephone
(850) 413-3992 – Facsimile

OFFICE OF INSURANCE REGULATION

FINANCIAL SERVICES COMMISSION

RICK SCOTT
GOVERNOR

JEFF ATWATER
CHIEF FINANCIAL OFFICER

PAM BONDI
ATTORNEY GENERAL

ADAM PUTNAM
COMMISSIONER OF AGRICULTURE

KEVIN M. MCCARTY
COMMISSIONER

February 1, 2013

The Honorable Jeff Atwater
Chief Financial Officer
Department of Financial Services
The Capitol, PL-11
Tallahassee, FL 32399

Via Email

Re: Universal Health Care Insurance Company, Inc.

Dear Chief Financial Officer Atwater:

Please be advised that the Office of Insurance Regulation (hereinafter referred to as the "Office") has determined that one or more grounds exist for the initiation of delinquency proceedings, pursuant to Chapter 631, Florida Statutes, against Universal Health Care Insurance Company, Inc. (hereinafter referred to as "UHCIC"), and that delinquency proceedings must be initiated. UHCIC is a domestic life and health insurer licensed in the State of Florida, and is currently selling Medicare Advantage business. As specified in Section 631.051, Florida Statutes, the grounds that allow for a petition for an order appointing the Department of Financial Services (hereinafter referred to as the "Department") as receiver include:

(1) The company is impaired or insolvent.

The Office finds for the reasons set forth in the attached documents that UHCIC is impaired or insolvent.

(2) The company is found by the Office to be in such condition or is using or has been subject to such methods or practices in the conduct of its business, as to render its further transaction of insurance presently or prospectively hazardous to its policyholders, creditors, stockholders, or the public.

UHCIC's impairment or insolvency poses a serious danger to the financial safety of the policyholders, subscribers, claimants, creditors and citizens of the State of Florida.

KEVIN M. MCCARTY • COMMISSIONER
200 EAST GAINES STREET • TALLAHASSEE, FLORIDA 32399-0305 • (850) 413-5914 • FAX (850) 488-3334
WEBSITE: WWW.FLOIR.COM • EMAIL: KEVIN.MCCARTY@FLOIR.COM

EXHIBIT "A"

(3) The company has been the victim of embezzlement, wrongful sequestration, conversion, diversion, or encumbering of its assets; forgery or fraud affecting it; or other illegal conduct in, by, or with respect to it, which if established would threaten its solvency; or that the Office has reasonable cause to so believe any of the foregoing has occurred or may occur;

The Office has concluded, for the reasons set forth in the attached documents, that UHCIC has filed incorrect, false, and/or misleading financial statements.

The Office has determined that UHCIC is currently impaired, insolvent, or about to become insolvent. As such, I am advising you of that determination so that delinquency proceedings can be initiated by the Division of Rehabilitation and Liquidation. The following documents are attached in support of such determination:

Exhibit 1 – Affidavit of Toma Wilkerson, Director Life & Health Financial Oversight, with Exhibits.

As always, the Office stands ready to provide any additional information or assistance the Department needs in order for this matter to proceed as expeditiously as possible. Thank you for your attention to this matter.

Sincerely,

Kevin M. McCarty
Commissioner

cc: PK Jameson, General Counsel
Department of Financial Services

Sha'Ron James, Division Director
Division of Rehabilitation and Liquidation
Department of Financial Services

100 Central Avenue, Suite 200, St. Petersburg, FL 33701 • *phone* 1-866-690-4842 • *fax* 1-727-822-3556 • *web* www.univhc.com

January 15, 2013

Ms. Shirley Fuquay
Account Manager
Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., Suite 4T20
Atlanta, Georgia 30303-8909

Re: Universal Health Care Insurance Company, Inc.
Contract No: H8098, H5820 and H5096
Universal Health Care, Inc.
Contract No: H5404
Request to Specify Plan Capacity Limit

Dear Ms. Fuquay:

In its letter to the Centers for Medicare and Medicaid ("CMS") dated January 14, 2013, Universal Health Care Group ("Universal") requests to implement plan capacity limits for Universal Insurance Company, Inc. ("UHCIC") and Universal Health Care, Inc. ("UHC") in keeping with the provisions stated at 42 CFR 422.60 (b) (2),(3). Universal expects that this capacity limit will ensure that neither UHCIC nor UHC will accept any new enrollments during the effective period of the capacity limit.

This decision pertains to UHCIC'S Network PFFS (Contract No. H8098), Non-Network PFFS (Contract No. H5820) and PPO (Contract No. H5096) and UHC's HMO contract (Contract No. H5404).
Specifically Universal would like to specify the following capacity limits per contract:
H8098 – 14,106
H5820 – 20,659
H5096 – 2,705
H5404 – 38,193

Please note that specified plan limits are based on the plan's current membership enrolled as of January 15, 2013.

EXHIBIT "B"

Please also note that this decision does NOT affect the subsidiaries of Universal Health Care Group Inc., Universal HMO of Texas, Inc. and Universal Health Care of Nevada, Inc.

If you have any questions or need additional information, please do not hesitate to contact Francoise Trotman, Chief Compliance Officer at 727-456-6585 or at ftrotman@univhc.com.

Sincerely,

Akshay Desai, M.D., MPH
President & CEO

Cc. FL Office of Insurance Regulation
Clarisse Owens Centers for Medicare and Medicaid Services (CMS/CM)

encl

Kennedy, Ray

From: Wilkerson, Toma
Sent: Thursday, January 17, 2013 4:40 PM
To: Schoenecker, Catharine; Threadgill, Dennis; Johns, Paul; Struk, Christopher; Reglat, Valerie; Davis, Heather; Kennedy, Ray; Davis, LaTasha; Davis, Rebecca
Subject: Fw: Universal's Request - Enrollment Capacity Limits

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From: Francoise Trotman [mailto:FTrotman@univhc.com]
Sent: Thursday, January 17, 2013 04:12 PM
To: Fuquay, Shirley (CMS/CMHPO) (SHIRLEY.FUQUAY@cms.hhs.gov) <SHIRLEY.FUQUAY@cms.hhs.gov>
Cc: Wilkerson, Toma; Akshay Desai, M.D., M.P.H. <adesai@univhc.com>; mitchell@sostrategy.com <mitchell@sostrategy.com>
Subject: Re: Universal's Request - Enrollment Capacity Limits

Ms. Fuquay,

On January 15, 2013 Universal Health Care ("UHC") requested that CMS allow the plan to implement enrollment capacity limits on the following contracts: H8090, H5820, H5096 and H5404. The Universal management team is requesting that CMS assist with expediting its decision. The company has assessed its financial acumen and has reason to believe that Universal is financially impaired. We believe that expediting this matter allows the company, CMS and the State to protect our existing members and avoid risk to any new Medicare beneficiaries through continued enrollment.

Thank you,

Francoise Trotman
Chief Compliance Officer

Universal Health Care
100 Central Avenue, Suite 200
St. Petersburg, FL 33701
Office: 727-456-6585
Fax: 727-329-0745
FTrotman@univhc.com
http://www.univhc.com

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EXHIBIT "C"

Company Name: AMERICAN MANAGED CARE, LLC   Period Ending: September 30, 2012

ATTESTATION STATEMENT

Company Name: AMERICAN MANAGED CARE, LLC
Company FEIN: 81-0563552   Florida Company Code: 45271   Period Ending Date: 09/30/2012
State and Date of Incorporation/Organization: (State/Prov): Florida   (Date): 11/16/2012
Date Licensed by the Office of Insurance Regulation: (Date):
Date Commenced Business: (Date):

Address of Home Office:
Street: 100 Central Avenue, Suite 200
City: St. Petersburg   State/Prov: Florida   Zip/Postal Code: 33701
Phone: (727) 822-3446   Ext: Fax:

Address of Main Administrative Office:
Street: 100 Central Avenue, Suite 200
City: St. Petersburg   State/Prov: Florida   Zip/Postal Code: 33701
Phone: (727) 822-3446   Ext: Fax:

Mailing Address:
Street: 100 Central Avenue, Suite 200
City: St. Petersburg   State/Prov: Florida   Zip/Postal Code: 33701
Phone: (727) 822-3446   Ext: Fax:

Records Location (if different than Main Office):
Street:
City: State/Prov: Zip/Postal Code:

Address of Principle Florida Office:
Street: 100 Central Avenue, Suite 200
City: St. Petersburg   State/Prov: Zip/Postal Code: 33701
Phone: (727) 822-3446   Ext: Fax:
Website:

Type of entity (check one)
- [ ] Corporation - For profit
- [ ] Corporation - Not for profit
- [ ] Partnership
- [ ] Sole proprietorship
- [x] Limited liability company
- [ ] Other:

Contact Name: Maria C. Zevallos
Contact Title: Assistant Controller
Phone: (727) 456-6560   Ext: Fax: (727) 329-0936
Email Address: mzevallos@univhc.com

OFFICERS / DIRECTORS / MEMBERS
Show full name (initials not acceptable)

Chief Executive Officer	Akshay M. Desai, M.D.
President	Akshay M. Desai, M.D.
Vice President	
Secretary	Sandip I. Patel, General Counsel, Chief Admin Officer
Treasurer / Chief Financial Officer	Steve Schaefer (Treasurer)
Chairman of the Board	
Directors / Members	Universal Health Care Group, Inc. (Sole Member)

Akshay M. Desai, M.D., President, Sanip I. Patel, Secretary, and Deepak Desai, Chief Strategy Officer, ~~Chief Financial Officer~~ (or corresponding person having charge of the financial records of the licensee), of the American Managed Care, LLC says that they are the above-described officers of the said licensee, and that on the reporting period stated above, all of the herein assets were the absolute property of the said licensee, free and clear from any liens or claims thereon, except as herein stated, and that this report, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all assets and liabilities and of the condition and affairs of the said licensee as of the reporting period stated above, and of its income and deductions for the period reported.

Under penalties of perjury, I declare that I have read the Annual Report of the American Managed Care, LLC (name of licensee) and that the facts stated in it are true.

14 day of November, 2012

[signature] President/Owner

[signature] Secretary

[signature] ~~Treasurer/CFO~~ Chief Strategy Officer

OIR-A3-975Q Rev(12/06)

Click Alt+s to jump to the Save/Submit page

EXHIBIT "D"

Office of Insurance Regulation
Specialty Product Administration

FLORIDA COMPANY CODE:

45271

FEDERAL EMPLOYER IDENTIFICATION NUMBER:

81-0563552

QUARTERLY REPORT OF THE

AMERICAN MANAGED CARE, LLC

(Insurance Administrator)

TO THE OFFICE OF INSURANCE REGULATION OF THE STATE OF FLORIDA

Specialty Product Administration
200 East Gaines Street
Tallahassee, FL 32399 - 0331

FOR THE QUARTER ENDED

September 30, 2012

DUE 45 DAYS AFTER THE END OF EACH QUARTER

Original Submission

OIR-A3-975Q Rev(12/08)

GENERAL INFORMATION AND INSTRUCTIONS

1. Financial statements must be prepared in accordance with generally accepted accounting principles and as prescribed in the Florida Statutes.

2. The Balance Sheet and Statement of Income must be prepared based on year-end amounts.

3. All terms used in this report will have their general meaning except where specific statutory language applies under the applicable provisions of the Florida Insurance Code.

4. This form is submitted electronically. Adobe Reader version 7.0.5 or higher is required. If you do not have that version, please upgrade at http://www.adobe.com prior to downloading any forms.

5. When you downloaded this report, you were assigned a session key. This session key has an expiration date that was also assigned prior to downloading this form. **Please make sure you save or submit prior to this expiration date or all work up until the last save will be lost.**

   This session will expire on: **11/14/2012 11:30:00 PM** Eastern Time

6. To assist you in completing this form click both "Highlight Fields" and "Highlight Required Fields" in the upper right hand corner of the report page. This will highlight the fields where you may enter data.

7. The report form will calculate all totals and pre-populate fields based upon your responses. Data cannot be entered into the total and pre-populated fields.

8. Please enter all numeric fields with numbers only (no commas, dashes, dollar signs, etc.). Unanswered questions and blank lines on schedules will not be accepted. If no answers or entries are to be made, enter "0" on all lines asking for a numeric response and "None" or "N/A" on all lines requesting a non-numeric response. Additionally, certain Schedules and Exhibits provide the option "Check if N/A" if the information requested is not applicable to your company.

9. Line descriptions may not be altered or added. When in doubt where to place an item, show the item in an appropriate "Other" line and include a supplemental schedule describing the items listed in the "Other" category. Any item which is of an extraordinary nature should also be entered on an appropriate "Other" line.

10. "Save" or "Submit" buttons are provided on the last page of this report. Hit the ALT+s keys to go to the last page. By clicking the Save button, all data entered on the form will be saved to our website. **It is strongly recommended that you save your data periodically as you fill in this form.** You will receive a confirmation message once the data is successfully saved.

11. When you either save or submit the form, all data is checked for completeness; you will be notified if errors have occurred. When submitting data, you will be asked to correct these validation errors. Once the form is successfully submitted, the form becomes read-only. **To update information after submission, an amended form must be filed through REFS.**

12. If additional explanations, supporting statements or schedules are added or are necessary, the additions should be properly cross-referenced to the item being answered. This additional information should be in electronic format (i.e. Word, Excel, PDF, etc) or, if in paper format, scanned in as a PDF, and should be attached and uploaded to the filing as a Miscellaneous Document through REFS.

13. When you have completed a form and selected "Submit Final," your report form is uploaded as a "Completed" document to your Component List; this does not submit the report to the Office of Insurance Regulation. Upon completion of all required items, the "Begin Submission Process" button (bottom right of the screen) will activate. You must select and complete the "Begin Submission Process" to successfully submit your entire filing to OIR.

14. Please print, sign and upload a PDF version of the Jurat/Attestation Statement (see next page) under the corresponding component in REFS. If you do not have a component so named, please upload a signed PDF under the Miscellaneous Documents component.

ATTESTATION STATEMENT

Company Name: AMERICAN MANAGED CARE, LLC

Company FEIN: 81-0563552 | Florida Company Code: 45271 | Period Ending Date: 09/30/2012

State and Date of Incorporation/Organization: (State/Prov): Florida (Date): 11/15/2012

Date Licensed by the Office of Insurance Regulation: (Date):

Date Commenced Business: (Date):

Address of Home Office:

Street: 100 Central Avenue, Suite 200

City: St. Petersburg | State/Prov: Florida | Zip/Postal Code: 33701

Phone: (727) 822-3446 | Ext: | Fax:

Address of Main Administrative Office:

Street: 100 Central Avenue, Suite 200

City: St. Petersburg | State/Prov: Florida | Zip/Postal Code: 33701

Phone: (727) 822-3446 | Ext: | Fax:

Mailing Address:

Street: 100 Central Avenue, Suite 200

City: St. Petersburg | State/Prov: Florida | Zip/Postal Code: 33701

Phone: (727) 822-3446 | Ext: | Fax:

Records Location (If different than Main Office):

Street:

City: | State/Prov: | Zip/Postal Code:

Address of Principle Florida Office:

Street: 100 Central Avenue, Suite 200

City: St. Petersburg | State/Prov: | Zip/Postal Code: 33701

Phone: (727) 822-3446 | Ext: | Fax:

Website:

Type of entity (check one)

- ☐ Corporation - For profit
- ☐ Corporation - Not for profit
- ☐ Partnership
- ☐ Sole proprietorship
- ☒ Limited liability company
- ☐ Other:

Contact Name: Maria C. Zevallos

Contact Title: Assistant Controller

Phone: (727) 456-6560 | Ext: | Fax: (727) 329-0036

Email Address: mzevallos@univhc.com

OFFICERS / DIRECTORS / MEMBERS
Show full name (initials not acceptable)

Chief Executive Officer	Akshay M. Desai, M.D.
President	Akshay M. Desai, M.D.
Vice President	
Secretary	Sandip I. Patel, General Counsel, Chief Admin Officer
Treasurer / Chief Financial Officer	Steve Schaefer (Treasurer)
Chairman of the Board	
Directors / Members	Universal Health Care Group, Inc. (Sole Member)

Akshay M. Desai, M.D., President, Sanip I. Patel, Secretary, and Deepak Desai, Chief Strategy Officer, Chief Financial Officer (or corresponding person having charge of the financial records of the licensee), of the American Managed Care, LLC says that they are the above-described officers of the said licensee, and that on the reporting period stated above, all of the herein assets were the absolute property of the said licensee, free and clear from any liens or claims thereon, except as herein stated, and that this report, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all assets and liabilities and of the condition and affairs of the said licensee as of the reporting period stated above, and of its income and deductions for the period reported.

Under penalties of perjury, I declare that I have read the Annual Report of the American Managed Care, LLC (name of licensee) and that the facts stated in it are true.

____ day of November, 2012 ____________________ President/Owner

____________________ Secretary

____________________ Treasurer/CFO

Company Name: AMERICAN MANAGED CARE, LLC   Period Ending: September 30, 2012

BALANCE SHEET

	Current Period
Current Assets:	
1. Cash & Cash Equivalents	$540,905
2. Investments	$100
3. Accounts Receivable - Trade, Net	
4. Notes Receivable	
5. Prepaid Expenses	$3,458,650
6. Deferred Income Taxes	
7. Other (Identify) See Upload Page	$31,529,937
8. **Total Current Assets** (Sum of Lines 1 through 7)	**$35,529,592**
9. **Long-Term Investments**	**$420,475**
Property & Equipment:	
10. Land	
11. Buildings	
12. Furniture, Fixtures, & Equipment	$4,024,680
13. Leasehold Improvements	$8,575
14. Other (Identify) See Upload Page	$18,050,444
15. Total Cost of Property & Equipment (Sum of Lines 10 through 14)	**$22,083,699**
16. Accumulated Depreciation	($10,133,964)
17. **Net Property & Equipment** (Line 15 less Line 16)	**$11,949,735**
Intangible Assets:	
18. Goodwill	
19. Other (Identify)	
20. **Total Intangible Assets** (Sum of Lines 18 and 19)	
Other Assets:	
21. Notes Receivable	
22. Due from Affiliates & Other Related Parties **(Upload Schedule via REFS)**	$85,392
23. Deferred Income Taxes	
24. Other (Identify) Deposits	$27,082
25. **Total Other Assets** (Sum of Lines 21 through 24)	**$112,474**
26. **Total Assets** (Sum of Lines 8, 9, 17, 20 and 25)	**$48,012,276**

BALANCE SHEET
(Continued)

Current Liabilities:	Current Period
27. Notes Payable	
28. Current Portion of Long Term Debt	
29. Accounts Payable	$5,944,472
30. Accrued Expenses	$8,320,142
31. Deferred Revenue	
32. Deferred Income Taxes	
33. Other (Identify) See Upload Page	$34,818,083
34. Total Current Liabilities (Sum of Lines 27 through 33)	**$49,082,897**
Other Liabilities:	
35. Long-Term Debt, Net of Current Portion	
36. Due to Affiliates Or Other Related Parties **(Upload Schedule via REFS)**	
37. Deferred Revenue	
38. Deferred Income Taxes	$117,806
39. Other (Identify) See Upload Page	$972,771
40. Total Other Liabilities (Sum of Lines 35 through 39)	**$1,090,577**
41. Total Liabilities (Sum of Lines 34 and 40)	**$50,173,274**
Equity:	
42. Common Stock	
43. Additional Paid In Capital	$27,206,896
44. Preferred Stock	
45. Retained Earnings (Deficit)	($29,368,201)
46. Less Cost of Treasury Stock	( )
47. Other (Identify) Unrealized gains on Investments, net of tax	$307
48. Total Equity (Sum of Lines 42 through 47. Must be the same as the amounts reported on Page 7, Line 5.)	**($2,160,998)**
49. Total Liabilities and Equity (Sum of Lines 41 and 48)	**$48,012,276**

STATEMENT OF INCOME

Revenues:	Current Period Year-to-Date
1. Commissions & Administrative Fees	$59,452,312
2. Investment Income	($64,207)
3. Other (Identify)	
4. **Total Revenues** (Sum of Lines 1 through 3)	**$59,388,105**
Operating Expenses:	
5. Salaries, Wages, Contract Labor, & Commissions	$36,493,788
6. Payroll Taxes	$3,358,007
7. Employee Benefits	$3,338,371
8. Consulting & Professional Fees	$20,337,720
9. Directors' Fees & Expenses	
10. Advertising, Marketing & Promotion	($70,251)
11. Depreciation & Amortization	$2,749,850
12. Dues & Subscriptions	$99,190
13. Entertainment & Promotion	$260,295
14. Equipment	($1,097)
15. Insurance	$65,505
16. Miscellaneous	
17. Office, Printing & Postage	$4,666,376
18. Rent	$2,366,118
19. Repairs & Maintenance	$196,279
20. Taxes & Licenses	$504,292
21. Telephone & Utilities	$1,967,334
22. Travel	$662,714
23. Other (Upload Schedule via REFS)	($9,530,358)
24. **Total Operating Expenses** (Sum of Lines 5 through 23)	**$67,464,133**
25. Revenues Less Operating Expenses (Line 4 less Line 24)	($8,076,028)
26. Other Income or Gain, (Expense) or (Loss) (Upload Schedule via REFS)	
27. Income before Income Taxes (Sum of Line 25 and Line 26)	($8,076,028)
28. Provision for Income Taxes	$55
29. **Net Income (Loss)** (Line 27 less Line 28) (Enter this amount on Page 7, Line 2)	**($8,076,083)**

STATEMENT OF CHANGES IN OWNERS EQUITY

		Current Period	Last Year
1.	Balance of owners equity, Beginning of Year	($790,925)	$3,016,824
2.	Net income (loss) as reported on Page 6, Line 29	($8,076,083)	($21,420,155)
3.	Other increases (decreases) in equity **(Upload detailed schedule via REFS)**	$6,706,010	$22,612,406
4.	Dividends & other equity distributions to owners	( )	($5,000,000)
5.	**Balance of owners equity, Period End** (Line 1 plus Lines 2 & 3 minus Line 4. Must be the same amount as those reported on Page 5, Line 48.)	**($2,160,998)**	**($790,925)**

SCHEDULE OF INSURERS - SUMMARY

		1 Florida Only	2 Other States
1.	How many insured or self-insured programs, funds, or plans in Florida and in states other than Florida are administered by the administrator?	2	3
2.	How many carriers provide insurance coverage for the programs, funds, or plans referred to in Question 1 above?	2	3
3.	For the year covered by this report, what was the total amount of funds handled by the administrator for the programs, funds, or plans referred to in Question 1 above?	$564,172,406	$474,886,165
4.	How many residents of Florida, and residents of states other than Florida, are insured by insured or self-insured programs, funds, or plans administered by the administrator?	121,883	72,528

SCHEDULE OF INSURERS - FLORIDA ONLY

For each insurer (including any self-insured plan) which, during the period covered by this report, provided or offered to provide insurance coverage to Florida residents and for which the administrator acted as an insurance administrator, list below, with respect to those insurers and insureds, the insurer's complete, unabbreviated name, the number of such insureds, the total premiums collected or collectible, and the total claims paid or payable by the administrator. Upload additional pages as needed (via REFS), and enter the totals from all such pages on Line 13. Enter the totals for all insurers on Line 14.

	Complete, Unabbreviated Name of Insurer or Self-Insured Plan	1 Number of Florida Insureds	2 Total Florida Premiums	3 Total Florida Claims
1	Universal Health Care	118,046	$535,168,341	$446,675,899
2	Universal Health Care Insurance Company	3,837	$29,004,065	$27,733,997
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13	Enter totals from Attached Schedules			
14	TOTAL for all Insurers	121,883	$564,172,406	$474,409,896

LIST OF OFFICERS/DIRECTORS AND KEY PERSONNEL

Complete the following for all officers, directors, partners, members, and facility executive director/administrators. Include shareholders and affiliates holding at least 10% interest in the operations of the provider. State the percentage owned. If such person and/or shareholder has been appointed, elected, nominated, designated or has been added to this list during this report period, place a check in the "New" column provided. If required biographical information has not been previously submitted on those checked, please refer to the instructions provided at http://www.floir.com/siteDocuments/OfficeDirector.pdf.

Name	Position/Title	Residence Address	City	State/ Prov.	Zip/Postal Code	Date of Birth	%	New
Akshay M. Desai, M.D.	President, CEO	1841 Brightwater Blvd NE	St. Petersburg	FL	33704	01/29/1958	0	☐
Sandip I. Patel	Secretary, General Counsel, CAO	1950 Peters Place	Clearwater	FL	33764	11/20/1968	0	☐
Steven J. Schaefer	Treasurer	1809 Tanstone Plac	Brandon	FL	33510	02/02/1957	0	☐
Deepak Desai	Chief Strategy Officer	3943 Bayshore Blvd NE	St. Petersburg	FL	33703	09/27/1958	0	☐
								☐
								☐
								☐
								☐
								☐
								☐
								☐
								☐

LIST OF COMPANIES

Complete the following for all companies and affiliates holding at least 10% interest in the operations of the provider. State the percentage owned. If such company has been added to this list during this report period, place a check in the "New" column provided.

Name	Business Address	City	State/ Prov.	Zip/Postal Code	FEIN	%	New
Universal Health Care Group, Inc.	100 Central Ave, Suite 200	St. Petersburg	FL	33701	20-4816326	100	☐
							☐
							☐
							☐
							☐
							☐
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SAVE/SUBMIT PAGE

Save - Use this button to save your data to our server. **It is strongly recommended that you save your data periodically as you fill in this form.** You can still save your data even if you have validation errors appear below.

Submit Final - Use this button if you have entered all the required information and want to submit this data to our server. If you have validation errors, they must be corrected before being able to submit the form data. **Once you successfully submit the form data, you can no longer make changes.**

The session key will expire on: **11/14/2012 11:30:00 PM** Eastern Time

MONTHLY STATEMENT

OF THE

Universal Health Care Insurance Co., Inc.

2012

OF

St. Petersburg

IN THE STATE OF

Florida

TO THE

INSURANCE DEPARTMENT

OF THE

STATE OF Florida

AS OF

DECEMBER 31, 2012

HEALTH

2012

EXHIBIT "E"

QUARTERLY STATEMENT

AS OF DECEMBER 31, 2012
OF THE CONDITION AND AFFAIRS OF THE

Universal Health Care Insurance Co., Inc.

NAIC Group Code 4091 (Current Period), 4091 (Prior Period) NAIC Company Code 12577 Employer's ID Number 20-4939821

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

Country of Domicile United States

Licensed as business type: Life, Accident & Health [X] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ ]
Dental Service Corporation [ ] Vision Service Corporation [ ] Health Maintenance Organization [ ]
Other [ ] Is HMO, Federally Qualified? Yes [ ] No [X]

Incorporated/Organized 05/25/2006 Commenced Business 05/26/2006

Statutory Home Office 100 Central Avenue, Suite 200 (Street and Number), St. Petersburg, FL 33701 (City or Town, State and Zip Code)

Main Administrative Office 100 Central Avenue, Suite 200 (Street and Number) St. Petersburg, FL 33701 (City or Town, State and Zip Code) 727-822-3446 (Area Code) (Telephone Number)

Mail Address 100 Central Avenue, Suite 200 (Street and Number or P.O. Box), St. Petersburg, FL 33701-3340 (City or Town, State and Zip Code)

Primary Location of Books and Records 100 Central Avenue, Suite 200 (Street and Number) St. Petersburg, FL 33701 (City or Town, State and Zip Code) 727-456-6517 (Area Code) (Telephone Number)

Internet Web Site Address www.univhc.com

Statutory Statement Contact Maria C Zevallos (Name) 727-456-6560 (Area Code) (Telephone Number) (Extension)

mzevallos@univhc.com (E-mail Address) 727-329-0036 (FAX Number)

OFFICERS

Name	Title	Name	Title
Akshay M. Desai MD, MPH	President, CEO	Sandip I. Patel	CAO, General Counsel, Secretary
Deepak Desai	Chief Strategy Officer	Steven J. Schaefer	Treasurer

OTHER OFFICERS

Jeff Ludy	Chief Marketing Officer	Holohan Michael	Chief Operating Officer

DIRECTORS OR TRUSTEES

Akshay M. Desai MD, MPH	Deepak Desai	Seema Desai	Jayendra Choski MD
Sandip I Patel			

State of Florida
County of Pinellas ss

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.

Akshay M. Desai, MD CEO, President	Alec Mahmood Chief Financial Officer	

Subscribed and sworn to before me this 1st day of February, 2013

a. Is this an original filing? Yes [X] No [ ]
b. If no:
1. State the amendment number 0
2. Date filed
3. Number of pages attached 0

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds	40,313,291	0	40,313,291	7,302,115
2. Stocks:				
2.1 Preferred stocks	0	0	0	0
2.2 Common stocks	3,787,961	0	3,787,961	2,030,520
3. Mortgage loans on real estate:				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate:				
4.1 Properties occupied by the company (less $ 0 encumbrances)	0	0	0	0
4.2 Properties held for the production of income (less $ 0 encumbrances)	0	0	0	0
4.3 Properties held for sale (less $ 0 encumbrances)	0	0	0	0
5. Cash ($ 13,227,379), cash equivalents ($ 0) and short-term investments ($ 7,142,925)	20,370,304	0	20,370,304	97,692,669
6. Contract loans (including $ 0 premium notes)	0	0	0	0
7. Derivatives	0	0	0	0
8. Other invested assets	0	0	0	0
9. Receivables for securities	0	0	0	0
10. Securities lending reinvested collateral assets	0	0	0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	64,471,556	0	64,471,556	107,025,304
13. Title plants less $ 0 charged off (for Title insurers only)	0	0	0	0
14. Investment income due and accrued	312,762	0	312,762	25,881
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	0	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)	0	0	0	0
15.3 Accrued retrospective premiums	39,442,351	0	39,442,351	11,537,538
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	0	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0	0
17. Amounts receivable relating to uninsured plans	1,183,310	0	1,183,310	0
18.1 Current federal and foreign income tax recoverable and interest thereon	9,314,886	3,776,237	5,538,649	9,906,053
18.2 Net deferred tax asset	80,503	0	80,503	0
19. Guaranty funds receivable or on deposit	0	0	0	0
20. Electronic data processing equipment and software	0	0	0	0
21. Furniture and equipment, including health care delivery assets ($ 0)	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates	13,546,830	13,205,882	340,947	14,888,053
24. Health care ($ 52,848) and other amounts receivable	2,682,855	2,630,006	52,848	817,222
25. Aggregate write-ins for other than invested assets	400,976	261,728	139,248	56,654
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	131,436,028	19,873,854	111,562,175	144,256,706
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28. Total (Lines 26 and 27)	131,436,028	19,873,854	111,562,175	144,256,706
DETAILS OF WRITE-INS				
1101.	0	0	0	0
1102.	0	0	0	0
1103.	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Prepaid Expense	53,455	53,455	0	0
2502. Accounts Receivable	208,273	208,273	0	0
2503. State Income Tax Receivable	56,654	0	56,654	56,654
2598. Summary of remaining write-ins for Line 25 from overflow page	82,594	0	82,594	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	400,976	261,728	139,248	56,654

LIABILITIES, CAPITAL AND SURPLUS

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $ ......0 reinsurance ceded)	21,924,029	0	21,924,029	26,082,000
2. Accrued medical incentive pool and bonus amounts	0	0	0	0
3. Unpaid claims adjustment expenses	889,620	0	889,620	930,330
4. Aggregate health policy reserves including the liability of $......0 for medical loss ratio rebate per the Public Health Service Act	0	0	0	0
5. Aggregate life policy reserves	0	0	0	0
6. Property/casualty unearned premium reserve	0	0	0	0
7. Aggregate health claim reserves	0	0	0	0
8. Premiums received in advance	486,785	0	486,785	918,977
9. General expenses due or accrued	670,628	0	670,628	2,783,795
10.1 Current federal and foreign income tax payable and interest thereon (including $ ......0 on realized gains (losses))	0	0	0	0
10.2 Net deferred tax liability	0	0	0	0
11. Ceded reinsurance premiums payable	67,084,287	0	67,084,287	74,622,731
12. Amounts withheld or retained for the account of others	1,613,877	0	1,613,877	962,657
13. Remittances and items not allocated	0	0	0	0
14. Borrowed money (including $ ......0 current) and interest thereon $ ......0 (including $ ......0 current)	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates	0	0	0	30,744
16. Derivatives	0	0	0	0
17. Payable for securities	0	0	0	0
18. Payable for securities lending	0	0	0	0
19. Funds held under reinsurance treaties (with $ ......0 authorized reinsurers and $ ......0 unauthorized reinsurers)	0	0	0	0
20. Reinsurance in unauthorized companies	0	0	0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates	0	0	0	0
22. Liability for amounts held under uninsured plans	78,884	0	78,884	291,140
23. Aggregate write-ins for other liabilities (including $ ......0 current)	2,068,181	0	2,068,181	1,055,004
24. Total liabilities (Lines 1 to 23)	94,816,292	0	94,816,292	107,677,378
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	2,500,100	2,500,100
27. Preferred capital stock	XXX	XXX	0	0
28. Gross paid in and contributed surplus	XXX	XXX	23,149,900	12,499,900
29. Surplus notes	XXX	XXX	29,400,209	18,250,000
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	(38,304,326)	3,329,328
32. Less treasury stock, at cost:				
32.1 ......0 shares common (value included in Line 26 $ ......0)	XXX	XXX	0	0
32.2 ......0 shares preferred (value included in Line 27 $ ......0)	XXX	XXX	0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	16,745,883	36,579,328
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	111,562,175	144,256,706
DETAILS OF WRITE-INS				
2301. Accrued Rx	2,068,181	0	2,068,181	1,055,004
2302. Accrued plan to plan reimbursement	0	0	0	0
2303.	0	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	2,068,181	0	2,068,181	1,055,004
2501.	XXX	XXX	0	0
2502.	XXX	XXX	0	0
2503.	XXX	XXX	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX	0	0
3002.	XXX	XXX	0	0
3003.	XXX	XXX	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	XXX	849,543	536,338	726,451
2. Net premium income (including $ 64,969,852 non-health premium income)	XXX	182,335,494	99,925,386	136,570,278
3. Change in unearned premium reserves and reserve for rate credits	XXX	0	0	0
4. Fee-for-service (net of $ 0 medical expenses)	XXX	0	0	0
5. Risk revenue	XXX	0	0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	182,335,494	99,925,386	136,570,278
Hospital and Medical:				
9. Hospital/medical benefits	0	515,609,448	288,585,864	421,465,520
10. Other professional services	0	2,226,223	2,638,272	3,501,416
11. Outside referrals	0	0	0	0
12. Emergency room and out-of-area	0	19,589,887	9,368,754	12,420,304
13. Prescription drugs	0	38,158,840	31,193,752	38,839,958
14. Aggregate write-ins for other hospital and medical	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts	0	0	0	0
16. Subtotal (Lines 9 to 15)	0	575,584,398	331,786,642	476,227,198
Less:				
17. Net reinsurance recoveries	0	424,308,128	268,665,279	361,659,288
18. Total hospital and medical (Lines 16 minus 17)	0	151,276,270	63,121,363	114,567,909
19. Non-health claims (net)	0	0	0	0
20. Claims adjustment expenses, including $ 0 cost containment expenses	0	(40,710)	256,250	655,876
21. General administrative expenses	0	58,441,939	49,250,951	52,614,686
22. Increase in reserves for life and accident and health contracts (including $ 0 increase in reserves for life only)	0	0	0	0
23. Total underwriting deductions (Lines 18 through 22)	0	209,677,500	112,628,564	167,838,471
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(27,342,006)	(12,703,178)	(31,268,193)
25. Net investment income earned	0	394,802	1,147,755	1,199,295
26. Net realized capital gains (losses) less capital gains tax of $ 0	0	315,780	1,902,811	3,040,198
27. Net investment gains (losses) (Lines 25 plus 26)	0	710,582	3,050,566	4,239,493
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $ 0) (amount charged off $ 0)]	0	0	0	0
29. Aggregate write-ins for other income or expenses	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(26,631,425)	(9,652,612)	(27,028,701)
31. Federal and foreign income taxes incurred	XXX	0	(4,441,287)	(11,696,397)
32. Net income (loss) (Lines 30 minus 31)	XXX	(26,631,425)	(5,211,325)	(15,332,304)
DETAILS OF WRITE-INS				
0601.	XXX	0	0	0
0602.	XXX	0	0	0
0603.	XXX	0	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0	0
0701.	XXX	0	0	0
0702.	XXX	0	0	0
0703.	XXX	0	0	0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.	0	0	0	0
1402.	0	0	0	0
1403.	0	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901.	0	0	0	0
2902.	0	0	0	0
2903.	0	0	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
	CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	36,579,328	55,515,958	55,515,958
34.	Net income or (loss) from Line 32	(26,631,425)	(5,211,325)	(15,332,304)
35.	Change in valuation basis of aggregate policy and claim reserves	0	0	0
36.	Change in net unrealized capital gains (losses) less capital gains tax of $ 0	(83,920)	231,337	(195,057)
37.	Change in net unrealized foreign exchange capital gain or (loss)	0	0	(35,969)
38.	Change in net deferred income tax	35,302	0	(2,517,226)
39.	Change in nonadmitted assets	(14,953,611)	2,013	(856,075)
40.	Change in unauthorized reinsurance	0	0	0
41.	Change in treasury stock	0	0	0
42.	Change in surplus notes	11,150,209	0	0
43.	Cumulative effect of changes in accounting principles	0	0	0
44.	Capital Changes:			
	44.1 Paid in	0	0	0
	44.2 Transferred from surplus (Stock Dividend)	0	0	0
	44.3 Transferred to surplus	0	0	0
45.	Surplus adjustments:			
	45.1 Paid in	10,650,000	0	0
	45.2 Transferred to capital (Stock Dividend)	0	0	0
	45.3 Transferred from capital	0	0	0
46.	Dividends to stockholders	0	0	0
47.	Aggregate write-ins for gains or (losses) in surplus	0	0	0
48.	Net change in capital and surplus (Lines 34 to 47)	(19,833,445)	(4,977,975)	(18,936,630)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	16,745,883	50,537,983	36,579,328
	DETAILS OF WRITE-INS			
4701.		0	0	0
4702.		0	0	0
4703.		0	0	0
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799.	Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	146,460,045	186,515,503	205,028,185
2. Net investment income	351,947	1,862,581	2,021,950
3. Miscellaneous income	0	0	0
4. Total (Lines 1 to 3)	146,811,992	188,378,084	207,050,134
5. Benefit and loss related payments	152,562,711	60,232,240	100,288,145
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	61,950,673	46,498,010	46,310,232
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of $ ....0 tax on capital gains (losses)	(545,966)	(4,491,776)	(5,071,324)
10. Total (Lines 5 through 9)	213,967,418	102,238,474	141,527,054
11. Net cash from operations (Line 4 minus Line 10)	(67,155,426)	86,139,610	65,523,080
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	11,450,895	55,449,174	66,891,214
12.2 Stocks	4,869,988	0	0
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	1,957	0	0
12.7 Miscellaneous proceeds	56,196	1,498,436	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	16,379,036	56,947,610	66,891,214
13. Cost of investments acquired (long-term only):			
13.1 Bonds	44,585,284	19,388,010	20,933,441
13.2 Stocks	6,574,536	1,240,145	2,131,382
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	0	0	180,199
13.7 Total investments acquired (Lines 13.1 to 13.6)	51,159,820	20,628,155	23,245,022
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(34,780,784)	36,319,455	43,646,192
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	11,150,209	0	0
16.2 Capital and paid in surplus, less treasury stock	10,650,000	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0	0
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	2,813,637	(597,643)	(16,161,703)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	24,613,846	(597,643)	(16,161,703)
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)	(77,322,364)	121,861,422	93,007,569
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	97,692,669	4,685,099	4,685,099
19.2 End of period (Line 18 plus Line 19.1)	20,370,304	126,546,521	97,692,669

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	63,531	0	0	0	0	0	0	63,531	0	0
2 First Quarter	69,988	0	0	0	0	0	0	69,988	0	0
3 Second Quarter	70,999	0	0	0	0	0	0	70,999	0	0
4. Third Quarter	71,690	0	0	0	0	0	0	71,690	0	0
5. Current Year	70,790	0	0	0	0	0	0	70,790	0	0
6 Current Year Member Months	849,543	0	0	0	0	0	0	849,543	0	0
Total Member Ambulatory Encounters for Period:										
7. Physician	137,784	0	0	0	0	0	0	137,784	0	0
8. Non-Physician	22,527	0	0	0	0	0	0	22,527	0	0
9. Total	160,311	0	0	0	0	0	0	160,311	0	0
10. Hospital Patient Days Incurred	13,656	0	0	0	0	0	0	13,656	0	0
11. Number of Inpatient Admissions	1,268	0	0	0	0	0	0	1,268	0	0
12. Health Premiums Written (a)	615,082,181	0	0	0	0	0	0	615,082,181	0	0
13. Life Premiums Direct	0	0	0	0	0	0	0	0	0	0
14. Property/Casualty Premiums Written	0	0	0	0	0	0	0	0	0	0
15. Health Premiums Earned	615,514,373	0	0	0	0	0	0	615,514,373	0	0
16. Property/Casualty Premiums Earned	0	0	0	0	0	0	0	0	0	0
17. Amount Paid for Provision of Health Care Services	587,309,311	0	0	0	0	0	0	587,309,311	0	0
18. Amount Incurred for Provision of Health Care Services	575,584,398	0	0	0	0	0	0	575,584,398	0	0

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees $ 615,082,181

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	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
		Direct Business Only							
1. Alabama AL	L	0	0	0	0	0	0	0	0
2. Alaska AK		0	0	0	0	0	0	0	0
3. Arizona AZ	L	0	29,400,031	0	0	0	0	29,400,031	0
4. Arkansas AR	L	0	0	0	0	0	0	0	0
5. California CA		0	0	0	0	0	0	0	0
6. Colorado CO		0	0	0	0	0	0	0	0
7. Connecticut CT		0	0	0	0	0	0	0	0
8. Delaware DE		0	0	0	0	0	0	0	0
9. Dist. Columbia DC	L	0	405,452	0	0	0	0	405,452	0
10. Florida FL	L	0	39,326,732	0	0	0	0	39,326,732	0
11. Georgia GA	L	0	218,048,828	0	0	0	0	218,048,828	0
12. Hawaii HI		0	0	0	0	0	0	0	0
13. Idaho ID		0	0	0	0	0	0	0	0
14. Illinois IL	L	0	7,098,756	0	0	0	0	7,098,756	0
15. Indiana IN	L	0	0	0	0	0	0	0	0
16. Iowa IA		0	0	0	0	0	0	0	0
17. Kansas KS		0	0	0	0	0	0	0	0
18. Kentucky KY	L	0	0	0	0	0	0	0	0
19. Louisiana LA	L	0	8,082,100	0	0	0	0	8,082,100	0
20. Maine ME		0	0	0	0	0	0	0	0
21. Maryland MD	L	0	26,443,509	0	0	0	0	26,443,509	0
22. Massachusetts MA		0	0	0	0	0	0	0	0
23. Michigan MI		0	0	0	0	0	0	0	0
24. Minnesota MN		0	0	0	0	0	0	0	0
25. Mississippi MS	L	0	20,333,104	0	0	0	0	20,333,104	0
26. Missouri MO	L	0	773,636	0	0	0	0	773,636	0
27. Montana MT		0	0	0	0	0	0	0	0
28. Nebraska NE		0	0	0	0	0	0	0	0
29. Nevada NV	L	0	17,086,462	0	0	0	0	17,086,462	0
30. New Hampshire NH		0	0	0	0	0	0	0	0
31. New Jersey NJ	L	0	0	0	0	0	0	0	0
32. New Mexico NM		0	0	0	0	0	0	0	0
33. New York NY	L	0	242,465	0	0	0	0	242,465	0
34. North Carolina NC	L	0	68,593,879	0	0	0	0	68,593,879	0
35. North Dakota ND		0	0	0	0	0	0	0	0
36. Ohio OH	L	0	1,182,957	0	0	0	0	1,182,957	0
37. Oklahoma OK	L	0	3,863,028	0	0	0	0	3,863,028	0
38. Oregon OR		0	0	0	0	0	0	0	0
39. Pennsylvania PA	L	0	7,295,654	0	0	0	0	7,295,654	0
40. Rhode Island RI		0	0	0	0	0	0	0	0
41. South Carolina SC	L	0	51,943,929	0	0	0	0	51,943,929	0
42. South Dakota SD	L	0	0	0	0	0	0	0	0
43. Tennessee TN		0	0	0	0	0	0	0	0
44. Texas TX	L	0	42,426,376	0	0	0	0	42,426,376	0
45. Utah UT	L	0	14,464,689	0	0	0	0	14,464,689	0
46. Vermont VT		0	0	0	0	0	0	0	0
47. Virginia VA	L	0	58,070,594	0	0	0	0	58,070,594	0
48. Washington WA		0	0	0	0	0	0	0	0
49. West Virginia WV	L	0	0	0	0	0	0	0	0
50. Wisconsin WI		0	0	0	0	0	0	0	0
51. Wyoming WY		0	0	0	0	0	0	0	0
52. American Samoa AS		0	0	0	0	0	0	0	0
53. Guam GU		0	0	0	0	0	0	0	0
54. Puerto Rico PR		0	0	0	0	0	0	0	0
55. U.S. Virgin Islands VI		0	0	0	0	0	0	0	0
56. Northern Mariana Islands MP		0	0	0	0	0	0	0	0
57. Canada CN		0	0	0	0	0	0	0	0
58. Aggregate other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	0	615,082,181	0	0	0	0	615,082,181	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	0	0	0	0	0	0	0	0
61. Total (Direct Business)	(a) 26	0	615,082,181	0	0	0	0	615,082,181	0
DETAILS OF WRITE-INS									
5801.	XXX	0	0	0	0	0	0	0	0
5802.	XXX	0	0	0	0	0	0	0	0
5803.	XXX	0	0	0	0	0	0	0	0
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

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

OVERFLOW PAGE FOR WRITE-INS

MQ002 Additional Aggregate Lines for Page 02 Line 25.
*ASSETS

	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
2504. Deposit	82,594	0	82,594	0
2505.	0	0	0	0
2597. Summary of remaining write-ins for Line 25 from Page 02	82,594	0	82,594	0

UNIVERSAL HEALTHCARE | *Experience* Hassle-Free Health Care℠

100 Central Avenue, Suite 200, St. Petersburg, FL 33701 • *phone* 1-866-690-4842 • *fax* 1-727-822-3556 • *web* www.univhc.com

February 1, 2013

Re: Universal Health Care Capital Plan

Toma,

As an addendum to the company's December 2012 financial package, we are submitting a brief write-up of our plan to bridge the capital hole.

As you can see from the financials, UHC has a capital deficit of $45,878,854 as of 12/31/12.

We have signed a binding letter of agreement with America's 1st Choice Holdings of Florida, LLC stating that they plan to infuse $30 million dollars of capital into UHC once they acquire the company. The company is attaching a signed copy of the letter of agreement. In addition, the company has signed a term sheet with the Centene Corporation for the sale of our Medicaid and Nursing Home Diversion membership. We expect the sale to generate approximately $15 million dollars in additional capital that would be used to further bridge the capital deficit in UHC. We have attached the term sheet with Centene Corporation. Also, based on our January 2013 revenue, we expect the Minimum Capital and Surplus Requirement in UHC to drop by an additional $4 million. The sum of these pieces will suffice the capital deficiency you see in our December filings. Additionally, we are including a signed letter of interest from iStar Financial Inc. to purchase our corporate office in St. Petersburg, FL for the amount of $21,250,000. We are continuing to work through the details with iStar and will update you on our discussions.

You will also see on the December financials that UHCIC has a capital deficit (at 250% RBC) of $4,354,333 as of 12/31/12.

The binding letter of agreement with America's 1st Choice Holdings states they will infuse $15 million of capital into UHCIC upon closing which will bring us into compliance with our capital requirements.

In addition, to the above capital fixes it is also important to recognize the improvement in the underlying business that has occurred since 2012. We have improved our contract rates with our largest provider, HCA. We started monitoring provider utilization, billing patterns, and rates at a micro level, leading to numerous contract changes, and changes in provider behavior. We expect to see the full impact of these changes in 2013. Also, our 2013 bids and benefits are more financially sound. We are seeing some of the results of this already; UHC and UHCIC plan revenue are up significantly on a PMPM basis when compared to 2012. We have already taken many steps, including the reduction of headcount, reduction in marketing expenses, and reduction in outsourcing to reduce our SG&A costs due to the decrease in membership. We expect the UHC and UHCIC blocks of business to run profitably in 2013.

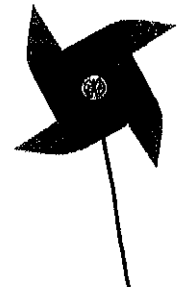


EXHIBIT "F"

I look forward to discussing these exciting activities when we meet next time.

Yours Truly,

Dr. Akshay Desai

Attachments:

1. The Letter of Agreement with America's 1st Choice Holdings
2. Signed Letter of Interest from iStar Financial Inc.
3. Executed Term Sheet from Centene Corporation

OFFICE OF COMMISSIONER OF INSURANCE

STATE OF GEORGIA

IN THE MATTER OF:	)	CASE NUMBER 11010368
	)	
UNIVERSAL HEALTH CARE	)	
INSURANCE COMPANY, INC.	)	

CONSENT ORDER

The Commissioner of Insurance of the State of Georgia (the "Commissioner"), pursuant to the authority of the Georgia Insurance Code, and Universal Health Care Insurance Company, Inc. ("Universal Health Care") hereby agree to the following Findings of Fact and Order:

FINDINGS OF FACT

1.

Universal Health Care is an insurer domiciled in the State of Florida.

2.

On August 28, 2006, the Commissioner and Universal Health Care entered into a consent order which granted Universal Health Care a certificate of authority, number 2006124, to do business as a Life, Accident and Sickness insurer subject to specifically enumerated conditions.

3.

In 2011, Universal Health Care received premiums totaling $513,888,262. $178,104,212 of those premium dollars were received on behalf of Georgia consumers.

4.

For the year ending December 31, 2011, Universal Health Care reported a net loss of $27,028,701.

EXHIBIT "G"

5.

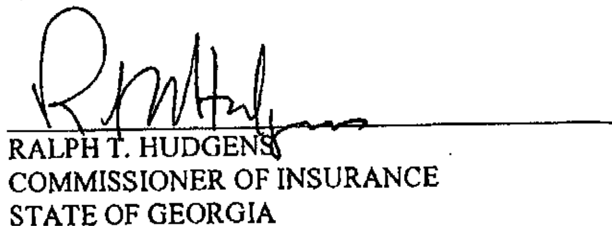
For the six month period ending June 30, 2012, Universal Health Care reported a net loss of $22,131,415.

Order

Based upon the foregoing, IT IS HEREBY ORDERED AND AGREED TO BY UNIVERSAL HEALTH CARE that from the date this Consent Order is signed by the Commissioner, Universal Health Care shall cease writing new business. Universal Health Care may renew business and may cover those customers who have already enrolled in the current open enrollment period, but Universal Health Care shall not enroll any new customers after the date the Commissioner signs this Consent Order. Such restrictions shall remain in effect until such time as the Commissioner, by order, lifts this Consent Order.

IT IS FURTHER ORDERED AND AGREED TO BY UNIVERSAL HEALTH CARE that nothing in this Consent Order precludes the Commissioner from taking further actions as the Commissioner deems appropriate and nothing in this Consent Order shall be deemed to waive any grounds for commencing further legal proceedings against Universal Health Care.

SO ORDERED this 15th day of November, 2012.



RALPH T. HUDGENS
COMMISSIONER OF INSURANCE
STATE OF GEORGIA

Note: If you are an individual with a disability and wish to acquire this document in an alternative format, please contact the Office of the Commissioner of Insurance, Two Martin Luther King, Jr. Drive, Atlanta, Georgia 30334; Telephone No. (404) 656-2082.

CONSENTED TO BY:
Universal Health Care Insurance Company, Inc.

[signature]
President, Universal Health Care Insurance Company, Inc.

Sworn to and subscribed before me
this 14 day of NOVEMBER, 2012.

[signature]
Notary Public – State of FLORIDA
My Commission Expires: 10/27/14

STATE OF OHIO
DEPARTMENT OF INSURANCE
50 W. Town Street, Third Floor, Suite 300
Columbus, Ohio 43215

IN THE MATTER OF	:	
	:	
UNIVERSAL HEALTH CARE INSURANCE COMPANY, INC.	:	CONSENT ORDER
	:	
(NAIC NO. 12577)	:	

Universal Health Care Insurance Company, Inc. ("Company") is a Florida domiciled life insurance company with its main administrative offices located in St. Petersburg, Florida.

On May 13, 2010, the Company obtained a Certificate of Authority ("COA") to conduct the business of life and health insurance in the State of Ohio. The Company's exclusive line of business is Medicare Advantage insurance.

The Company appears to be in violation of Ohio Revised Code ("R.C.") Section 3903.71(E)(3) based on the fact that the Company reported a net loss, including but not limited to net unrealized capital gains or losses, change in non-admitted assets, and the payment of cash dividends, of $28,706,939, which is greater than 50% of its $41,113,362 of surplus for the twelve months ended September 30, 2012, in excess of the $2.5 million minimum capital and surplus required by R.C. Sections 3909.02 and 3907.05, which condition violates Ohio Administrative Code ("O.A.C.") Section 3901-3-04(C)(1)(e), Hazardous Financial Condition Standards.

The Company appears to be in violation of R.C. Section 3903.71(E)(3) based on the fact that the Company reported a net loss excluding net realized capital gains and losses of $25,473,772, which is greater than 20% of its $41,113,362 of surplus for the twelve months ended September 30, 2012, in excess of the $2.5 million minimum capital and surplus required by R.C. Sections 3909.02 and 3907.05, which condition violates O.A.C. Section 3901-3-04(C)(1)(g), Hazardous Financial Condition Standards.

To resolve this matter, the Director and the Company hereby agree to the following:

1. The Company affirms that it will not solicit, issue, or otherwise write any new policies, or contracts of insurance, nor shall it assume any new risk in the State of Ohio after the date of this Consent Order.

2. The Company agrees that it shall continue to file its required financial statements, and pay all applicable fees and taxes that are required to be paid in order to otherwise maintain its COA. The Company also agrees to service any existing policies or contracts of insurance issued to persons

EXHIBIT
EXHIBIT "H"

STATE OF OHIO
DEPARTMENT OF INSURANCE
50 W. Town Street, Third Floor, Suite 300
Columbus, Ohio 43215

IN THE MATTER OF	:	
	:	
UNIVERSAL HEALTH CARE INSURANCE COMPANY, INC.	:	CONSENT ORDER
	:	
(NAIC NO. 12577)	:	

Universal Health Care Insurance Company, Inc. ("Company") is a Florida domiciled life insurance company with its main administrative offices located in St. Petersburg, Florida.

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To resolve this matter, the Director and the Company hereby agree to the following:

1. The Company affirms that it will not solicit, issue, or otherwise write any new policies, or contracts of insurance, nor shall it assume any new risk in the State of Ohio after the date of this Consent Order.

2. The Company agrees that it shall continue to file its required financial statements, and pay all applicable fees and taxes that are required to be paid in order to otherwise maintain its COA. The Company also agrees to service any existing policies or contracts of insurance issued to persons

residing in Ohio and it is specifically authorized to continue to adjust, administer, and pay claims in Ohio.

3. The Company having been advised of its right to a hearing and its right to appeal an Order of the Director pursuant to R.C. Chapter 119, hereby waives its right to a hearing and an appeal of an Order arising from a hearing, and any appeal of this Consent Order.

4. The Company waives any and all causes of action, claims or rights, known or unknown, which it has or may have against the Director or any of her employees, agents, consultants, or officials of the Ohio Department of Insurance in their individual and official capacities as a result of any acts or omissions, in connection with this matter which may have occurred prior to the date of this Consent Order.

5. The Company agrees that if it fails to comply with the terms of this Consent Order, such failure shall constitute an additional and separate ground for the non-renewal, suspension, or revocation of its COA to conduct the business of insurance in the State of Ohio, provided however that such action shall be subject to all the requirements of R.C. Chapter 119. The Director reserves the right to initiate administrative and judicial proceedings, or take any other action permitted by law.

6. If the Company requests to resume writing or assuming any new business in the State of Ohio, the Department will consider releasing the Company from the terms and conditions contained in this Consent Order under terms acceptable to the Department. Any request must be in writing, submitted to the Department and should include, at a minimum, a plan of business operations.

7. The Department shall continue its surveillance and analysis of the financial condition of the Company while this Consent Order is in effect.

8. The Consent Order shall be entered in the Journal of the Ohio Department of Insurance.

UNIVERSAL HEALTH CARE
INSURANCE COMPANY, INC.

By: Andesai

Title: President + CEO

Date: 12/10/12

OHIO DEPARTMENT OF
INSURANCE

By: Mary Taylor
Mary Taylor, Lt. Governor/
Director

Date: 12/18/12

Ernst & Young

Ernst & Young LLP
Suite 1200
401 East Jackson Street
Tampa, FL 33602
Tel: +1 813 225 4800
Fax: +1 813 225 4711
www.ey.com

Audit Committee and Management
Universal Health Care Group, Inc.

In planning and performing our audit of the statutory-basis financial statements of Universal Health Care Insurance Company, Inc. (the Company) as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the statutory-basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

During our audit, we noted the following matter involving internal control over financial reporting and its operation that we consider to be a material weakness as of December 31 2011.

Financial Statement Close Process

The financial statement close process is defined as the process where the results of various transactions are summarized, reviewed, consolidated, edited and created into a variety of management financial reports. The boundaries of this process begin with the preparation of the preliminary trial balance and end with the preparation of the financial statements and related disclosures and analyses. The process includes closing the general ledger and preparing the trial balances and any consolidation entries, accumulating the posting of journal entries, drafting the financial statements and disclosures, and preparing management's discussion and analysis.

Several of the Company's processes that are integral parts of the financial statement close process were found to be deficient during the course of our audit. As a result, approximately forty entries have been proposed by either Company personnel or our audit team. Additionally, we noted that the financial statement close process had not been formally completed when we began our year-end audit fieldwork in late February 2012. We also note that the Company's accrual for medical claims payable was not finalized until the middle of March 2012 and a complete draft of the statutory-basis financial statements was not available until May 2012.

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There should be a formal process in place in order to ensure that financial statements are generated appropriately and timely. This should include, but not be limited to, the following:

- A process to ensure all expenses incurred during the period are accrued as of the month-end date
- A process to ensure that premiums and other health care receivables are recognized correctly as they are earned and that proper cut-off is achieved from period to period
- A process to improve the tracking of claim overpayments
- A process to consider the effects of subsequent claims payments on the liability for medical and pharmacy claims payable
- A formal process to review key financial information by employees that are not responsible for the preparation of such financial information
- A re-evaluation of the information technology and accounting resource capability in response to an increase in the complexity, nature, volume of transactions, and growth of the entity over the past two years

We recommend management review its current procedures for key processes within the financial statement close process and determine the appropriateness for those processes for preventing or detecting and correcting material misstatements, preparing reliable, accurate monthly and annual reporting and ensuring such processes are consistent with leading practices in the industry. The Company should consider computer, computer-dependent and manual controls that affect such processes as well as the adequacy of the Company's current information system to provide the necessary information.

This communication is intended solely for the information and use of the audit committee, board of directors, management, others within the organization and the State of Florida Department of Financial Services Office of Insurance Regulation to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

June 1, 2012

A member firm of Ernst & Young Global Limited

To : Kerby Baden, EIC

From: Jenny L Jeffers IS Specialist

Subject: Documentation of Data Analysis

Date: December 10, 2012

Jennan Enterprises, LLC was contracted with Invotex Group on behalf of the state of Florida Office of Insurance Regulation to review the claims system and integrity of the claims data as a part of a targeted Financial and Market Conduct examination of Universal Health Group. The companies were scheduled to convert the Fortuna System, which has been implemented at the companies since 2006, to the QNXT system by Trizetto.

An initial visit was performed by Lisa Marteney of Jennan Enterprises, LLC and a report generated on October 24, 2012. In this report and associated meeting notes, it was stated that:

- Jason Mitchell stated that during the last year, between 3 and 4 million dollars has been invested in Universal's infrastructure. Changes to the infrastructure include new servers, more storage systems, rebuilt switches, additional fiber optic lines, rebuilt circuits, upgraded internet lines and becoming more virtualized. A tremendous investment in money and resources has been made to upgrade Universal's infrastructure.
- Currently the load percentages are where Universal likes to see them - except for storage, which is currently running at 65% of capacity. Jason stated that additional storage will be added in the near future.
- Jason Mitchell stated that over the last 18 months, IT has grown approximately 35%. Jason, Deby and a lot of the new IT team have had the opportunity to work together at WellCare. Jason also stated that IT is utilizing quite a few contractors. They have added two new positions. Director of IT Security and a Sr. IT Auditor
- Jason stated that the current plan is to have the conversion from the Fortuna claim system to the TriZetto claim system complete by the June/July 2013 time frame.
- Jason stated that anything "relevant" from the Fortuna system will be moved to the new TriZetto system. All data from the Fortuna system will be maintained in the Operational Data Store (ODS). All new data will be held here also. This will allow for easier reporting and auditing. The Fortuna system will also be maintained and running for audit purposes.
- Jason stated that one reason for the change from the current Fortuna claim system to the TriZetto claim system is that TriZetto has the capacity to handle the Company's growth. TriZetto will be hosted in their Denver facility. Jason does not want any critical systems to be run out of the Universal Healthcare facility. Jason stated that Universal does not have the data center layout, environmental controls or the capacity to handle supporting all of the critical systems. It appears from review of the Statement of Work contracts between TriZetto and Universal that the claim capacity issues that Universal has been plagued with in the past should be taken care of by the new TriZetto claim system. The company has entered into a 10 year contract with Trizetto.
- Jason stated that the original target date for completion of the conversion from the Fortuna claim system to the TriZetto claim system was before open enrollment. Open enrollment begins

EXHIBIT

EXHIBIT "J"

on October 15th and runs for 45 days. On the 1st of September, a meeting was held and it was decided that instead of rushing the conversion process, the process would stop for now and resume in the January/February 2013 timeframe. Jason stated that the new date for all testing and the conversion to be complete is the June/July 2013 time frame.

Following the review of Ms. Marteney's report and interview notes from her interview with Jason Mitchell, VP of Technology and Deby McCourt, Director of IT and the processing of the claims data provided by the company for the selection of samples, a discussion was held with the EIC and Jenny Jeffers, IT Lead on the project. Questions were raised regarding:

- The expenditure of funds for upgrade of the systems in spite of the conversion to QNXT and the hosting of all processes by Trizetto
- The curtailment of the conversion project on September 1, 2012 when it was further stated by Jason Mitchell that no surprises were noted during the conversion
- The difficulty experienced in interpreting the claims data to determine fully and partially denied claims as well as the issues noted during the claim sample review
- Difficulty encountered in the attempt to determine the percentages of denied claims for each company and line of business

It was decided that a second onsite visit – this time by Jenny Jeffers, Lead IS Specialist was needed to determine the actual reason for curtailing the conversion as well as to further discuss the quality of the data going into the new system. This visit occurred on November 20, 2012.

Additional interviews were conducted with:

- Jason Mitchell, VP of Technology – overview of conversion project and discussion of project delay
- Shalendra Dhanasar, Sr. Data Analyst – data quality overview
- Bryan Richardson, Sr. Director Provider Services
- Travis Johnson, Sr. Director Enrollment Operations
- Melissa Johnson, Sr. Manager of Claims
- Debra Wingo, Manager of Diversion
- Linda Shoenfelt, VP Operations

The primary discussion for the meetings of the day focused on the data quality prior to the initial conversion attempt and during the period under review as well as the efforts by the company to clean up the data and continue with the conversion. One primary concern was the basis for the decision to curtail the conversion project.

In the discussion with Jason Mitchell, he explained that the conversion was stopped September 1, 2012 when it was discovered that the data from the Fortuna system needed a lot more cleanup before the conversion would work appropriately. This was detected during the UAT (User Acceptance Training). The conversion was not working. IT presented the case to upper management that the data was not converting appropriately due to multiple issues with the source data (the issues are explained in more detail in the discussion with Bryan Richardson). Mr. Mitchell felt that if the conversion was completed and the new system was implemented prior to open enrollment, serious consequences would ensue. Therefore, the decision was made to "beef up" the Fortuna system to accommodate any growth resulting from the open enrollment process. Infrastructure was expanded and changes were made to the Fortuna system, both of which were at near capacity. The contracts with Fortuna (Indus/E4E) were extended more than once (as evidenced by the contracts with Indus provided and reviewed by the IS -

Specialist). New rates were negotiated and the current expectation is to have the new system up and running by summer of 2013 – the dates are specified in the Indus (E4E) contracts – **see Attachment 1.**

The original conversion project was driven by two major company needs:

- The need for sufficient capacity to accommodate the growth of the company
- The end of the service contract with Indus (E4E) for providing both software support and TPA services

The project team (no dedicated team was established, rather all IT personnel and available business personnel were a part of the team) was given a March 30, 2012 deadline for completing the conversion project. The contract with Trizetto was not signed until December of 2011. The contracts provided for review did not include the completed signature blocks and dates signed, however the date stamps were present on the documents. **See Attachments 2a – 2d**. The original negotiations were occurring during October 2011 and that is when the work began on the conversion planning. The size of project and amount of data to be converted made the target date virtually impossible to achieve. Therefore, the project plan was modified to minimize the work required. One of the items that were de-emphasized was the scrubbing of data prior to performing the conversion. Rather, emphasis was on mapping the data from Fortuna to QNXT (Trizetto product). There were field mismatches (fields in Fortuna that were not in QNXT and fields that were in QNXT that were not in Fortuna). These situations were handled utilizing user defined fields in QNXT to accommodate needed information in Fortuna that was not in QNXT and in developing ODS (Operational Data Store) which would contain information from both systems. The project plan for the development of the ODS system was provided and reviewed – **See Attachment 3**. Data that was not in Fortuna was minimal according to the company; but to enhance the data and provide some normalization, a contract was developed with Enclarity to do data improvement on the provider data and signed on 12/2/2011 – **See Attachment 4**. Fees are addressed on page 9 of this document. Discussion with Bryan Richardson indicated that the Enclarity process did not improve the data quality as expected. HHI Consulting was utilized to assist in the Project Charter development and conversion project plan – **See Attachment 5.**

A conversation was held with Linda Shoenfelt, Project Manager of the conversion project. Linda was hired from WellCare and had assisted in the implementation of Facets at that company. She noted that she came in at the contract negotiation stage of the game and assisted with the development of the Statements of Work (SOWs) and Service Level Agreements (SLAs). She further indicated that she worked with the outside Project manager from HHI Consulting – specialized in QNXT conversions. A Gap analysis was performed and it was discovered that ZNXT and MedHOK (Medical House of Knowledge – software for encounters) would provide the needed functionality. QNXT is a medical services admin system that is specifically written for government medical system processing. The concept of groups is not the emphasis, but rather the members. Some issues were noted – for example that encounters were not being loaded. Solutions were developed for gaps as much as possible with the short time frame. **See Attachment 6.** Personnel were working around the clock to attempt to achieve the implementation deadline. The company had grown very fast before the infrastructure was ready for the growth. Finally, after 4 mapping attempts and failed testing, the entire team together decided not to go live. This was not until September 2012.

The result of the conversion not being completed in March, 2012 was the requirement for the management of UHCG to negotiate extensions with Indus (E4E) for maintenance and TPA services to their contract which had been signed initially in October, 2006. The IS Specialist asked if Fortuna was a commercial package or written for UHCG. The response was that it is a commercial package but was

developed with advice from UHCG and they were the primary client. It was stated that one impetus for the short conversion project period was disagreement between UHCG management and Indus management. Thus, the differences had to be worked out to allow the company to continue to process business on the old system. Additionally, the infrastructure had to be enhanced at UHCG to allow for adequate capacity and some changes were required for the Fortuna system to handle increased capacity that may arise from open enrollment. The contract amendments were reviewed and changes in prices and dates of renegotiation – **See Attachment 7.** The amendments show the renegotiations at dates specified in the description of the conversion target and modified target dates and the current contract is scheduled to end in March 31, 2013. This is an issue in light of the current conversion date being July – September 2013. It was noted that the run out charge was significantly greater for the contract amendment in March 2011. This could have been a contributing factor in the disagreement between the two companies.

The initial conversion project failed due to two major issues:

- The time allocated for the project created an unattainable goal, therefore important steps were not carried out.
- The data that has not been in good shape since the inception of the Fortuna system (October 2006) and was not appropriately cleaned up and corrected prior to the conversion.

The company is to be commended for curtailing the implementation and go live with the new product prior to open enrollment for 2013. This avoided what the company called a certain fiasco with the acceptance of new members and new plans.

The IS Specialist requested interviews with Bryan Richardson, Sr. Director of Provider Services and Travis Johnson, Sr. Director of Enrollment Services to discuss issues they are working on with the data. These meetings were to gain a better understanding of the data issues other than the claims data that was provided to the IS Specialist for the selection of samples.

Bryan Richardson came to the company from WellCare and has been with the company since June 2012. He noted large data discrepancies and verified that due to the time restraints, insufficient data cleanup and normalization had been done on the provider data prior to the initial conversion attempt. The mapping efforts did not take into account the differences in data relationships in the two systems such as the Line of Business and Plan relationships. The group is an entity for providers in QNXT and the affiliation concept is used whereas this concept had not been applied in Fortuna. Roles would change of a specific group and changes were not appropriately made. Processors were allowed to enter a new provider record if the appropriate address was not found. There were not checks to make sure that the appropriate record did not exist. This resulted in multiple records for many providers – one provider was found to have 5300 records associated with his provider number – 13 locations were valid for the group. There was no QA or really way to find the errors. Bryan's cleanup efforts began following the Enclarity cleanup work, which he stated was not productive. The data was too bad for the Enclarity process to clean up – they did however add the NPI (National Provider Identifier) numbers to the provider records. This fact indicates that the company did not have NPI numbers (which are required for all providers for Medicare and Medicaid) for all providers prior to this effort. The issues with the provider data could have led to incorrect payment of claims, inability to identify duplicate claims submitted and inappropriate pricing of claims prior to the major cleanup effort that is now being conducted at the company. Bryan Richardson hired temps to manually make corrections to much of the data. IT personnel have looked at the original logic for converting provider data and have redone or reworked it to be correct. Bryan is currently reviewing the mapping for correctness. He has created design templates for each type of provider. QNXT pays claims well according to Bryan but does not do

the best job on providers. Therefore UI fixes had to be added to the scope. MedHOK will be used to fill the gaps between needed functionality and the functionality provided by QNXT. Bryan stated that he hopes to do the final provider conversion in mid to late December. One major concern is being able to provide correct and complete provider directory information. There is currently no Trizetto help but they will need to be re-engaged. The project is over budget for both time and cost – The IS Specialist requested a budget to actual comparison – **not provided**.

A conversation was held with Shalendra Dhansar, Sr. Data Analyst to discuss the issues with the data. He explained that 6 years ago Fortuna was a small package and that the company had little growth for the first few years. In 2007, there was a dramatic increase in PFFS enrollment from 20,000 – 66,000 members in 1 week. Due to CMS compliance requirements, the company had to enter the new members onto the system within a short period of time. Thus these members were entered manually resulting in a "fiasco". PFFS indicates any doctor any time with slack requirements at that time. This was the source of many of the data errors – hand entry and no editing in the system at that time. In 2008 and 2009 CMS began requiring NPI (National Provider Identifier) and clamped down on restrictions. In entering the address for both members and providers, there were no data checks allowing incorrect addresses, cities, counties and states to be entered. Incorrect addresses can result in communications with members being misdirected and incorrect data entry can result in inappropriate denial of claims due to apparent ineligibility. These issues were possible with the data at UHCG. IN 2010 the growth began to slow down and the company began to set up for HEDIS (Healthcare Effectiveness Data and Information Set) and decided to strive for 5 star data. The data has been much improved between 2010 and the present according to Shalendra. The IS Specialist followed up on the member data and asked to speak to the head of enrollment.

A new person has also been brought over on March 26, 2012 from WellCare to handle enrollment. Travis Johnson is very experienced in SQL which is the database that Fortuna utilizes. The cleanup process for the enrollment data is being done outside of the master database. The goal is to clean up 3-6 years of experience in enrollment data. QNXT utilizes AEM (Automated Enrollment Management) to handle enrollment. It was discovered that the interface did not accomplish all of the functionality required by the company. They now have an in house process for eligibility handling. Travis has increased the enrollment team from 25-30 people to 65 currently including 22 phone service team number increase. Roles and responsibilities have been added and assigned. There is a team doing member reconciliation between CMS and the company. When there is a reject from CMS a root cause is found by the Quality Team. This team is also handling complaints. The SOW (Statement of Work) for Trizetto and project plan were re-done to reflect all changes from regulatory agencies. Trizetto is taking over the processing functions that are currently being performed by E4E/Indus/Fortuna. There were no SLAs (Service Level Agreements) in the past but they are being incorporated into the Trizetto contract.

The original observation and one of the reasons for the second on site visit resulted from the difficulty experienced in interpreting the data provided for the selection of denied claim samples. The IS Specialist noted the apparent high occurrence of denied claims. Verification of the method of identifying totally denied claims and partially denied claims resulted in discussions with Shalendra Dhansar, Sr Data Analyst. The answers were not clearly defined and often Melissa Johnson, Sr. Claims Manager was brought into the conversation. The data provided was not consistent. Denials were noted in different ways in different data. Rather than having a relational database with denial reasons in a related table, the data had fields numbered – denial reason 1, 2, etc. The fields were not named to reasonably reflect the data in them and the data was not consistent or complete. Some records were found in the claims header records but there were no detail records matching the header records. Some claims indicated no payment but there were records matching those claim numbers in the check file. No

explanation was available for these occurrences. Another improvement was that prior to 2010 anyone could request a change by E4E which kept thing changing unnecessarily. That has been changed and change requests have a defined path.

A conversation was requested with Melissa Johnson, who came to the company from WellCare the end of May, 2012. She noted that there were no management tools in place as she had expected. Her impression is that the data is there somewhere but is hard to get to. In some cases fields have been used for other things. The IS Specialist had run some queries to determine percentages of denied claims. It was determined that no reliance could be placed on the results due to difficulties with data consistency. Melissa was asked by the EIC to create a denied claim report showing percentages. During the onsite discussion, she was working on perfecting her queries to take all of the differences in the meaning of denied into consideration. IPAs and capitated services which should have been excluded – in the remark field (open text). She was working on the iterations of the query to be able to produce an accurate denial report (a basic management tool) from the current data. When asked about the new system, Melissa stated that the prior managers who have now left the company had seen the system but she has not seen the new system. Most first pass processing is performed in India by Indus (E4E) with some of the reconsiderations being worked at the St Petersburg location. Weekly audit meetings are held with the claims processing units in India and daily inventory is reviewed.

Debra Wingo discussed Diversion claims with the IS Specialist and the EIC. She explained that this is a pilot program in Florida and that the company has put in a bid to provide services for multiple counties. The new program will be called MLTC. The company submitted a bid on 8 of the 11 counties where the LOB will be offered. QNXT does not have the required configuration to handle Diversion. The current Diversion data indicated that 95% of the claims were denied. This was not correct but is an example of the data quality and completeness associated with the claims data for diversion. A system will need to be found or developed to handle Diversion members, providers and claims in the future.

In summary, the following observations have been made:

- The data of the company has been unsatisfactory for several years. An initiative is currently in place to improve the quality and completeness of the data for providers, members and claims. Claims data and processing is dependent on provider and member data. Therefore, claims processing could have been compromised over the last years due to the inadequacy of the provider and member data.
- The company has spent a large amount of money to date on infrastructure upgrades, changes to Fortuna to increase capacity, consultants to improve data and conversion efforts that have not been successful. The comparison of the conversion budget to actual comparison has not been provided so it is not possible to quantify how much over budget and over hours the project is. Additionally, infrastructure will be outsourced for the hosting of QNXT once the conversion is complete.
- There are several functions that cannot be performed in QNXT which are essential for the business to run, for example, provider tracking, enrollment and diversion processing. Additional software has been purchased to accommodate these functions.
- The current contract for claims processing and maintenance of Fortuna is scheduled to be terminated in March of 2013 and the project plan indicates that the conversion will be completed in July – September of 2013. This implies that an additional renewal will probably be required.

- The company has brought in new personnel to perform data cleanup, mapping and conversion. This should bring a more positive result to the new conversion process.
- It was stated that storage is currently at 65% which is high when growth is anticipated, however, the infrastructure will be outsourced to Trizetto once the conversion is complete.

The IS Specialist strongly recommends that the state follow the progress of the conversion and new processing implementation as well as the implementation of the ODS (Operational Data Store).

BankUnited
7765 NW 148th Street
Miami Lakes, FL 33016

Charles J. Klenk
Senior Vice President,
Commercial Banking
Tel (305) 698 4113
E-mail: cklenk@bankunited.com

October 29, 2012

Universal Health Care Group, Inc.
American Managed Care, LLC
100 Central Avenue, Suite 200
Saint Petersburg, FL 33701
Attn: General Counsel
Facsimile: (727)-456-7873
Email: spatel@univhc.com

VIA EMAIL, FEDERAL EXPRESS OVERNIGHT AND FACSIMILE

Re: Notice of Default Under Credit Agreement Among Universal Health Care Group, Inc., as Borrower ("Universal"), American Managed Care, LLC, as Guarantor ("AMC"), BankUnited, N.A., as Administrative Agent, and the Lender Parties Thereto, Dated April 6, 2012 (the "Credit Agreement")

Dear Mr. Patel:

The purpose of this letter is to inform you that the Administrative Agent and all required lenders under the Credit Agreement have determined that Events of Default exist under the Credit Agreement.

At the time the Credit Agreement was entered into, Universal provided BankUnited and the lending parties with the unaudited consolidated and consolidating financial statements of itself and its subsidiaries for the period ending December 31, 2011. Universal then provided its audited financial statements for the year ending December 31, 2011 on July 31, 2012. The audited financial statements differ materially from those provided at the time of closing and indicate a loss from operations of $43,898,539 and a loss before income taxes of $46,168,814. To say the least, this is an extreme and material change to the financial statements provided at the time of closing. At no time were the Administrative Agent or other lenders informed of this change until the audited financial statements were received. In addition, upon requesting an extension to provide the audited financial statements by July 31, 2012, Universal and AMC represented that they were not aware of any Events of Default.

It is the position of the required lenders that Events of Default exist under Section 7.1 of the Credit Agreement, which include without limitation:

1. 7.1(b) Misrepresentations—that the financial statements provided were incorrect at the time of closing, and that Universal and AMC falsely stated under the Waiver Agreement dated May 29, 2012 there were no Events of Default under the Credit Agreement.

EXHIBIT

EXHIBIT "K"

2. 7.1(c) Covenant Default—that Universal breached its affirmative covenant under Section 5.7(i) to promptly inform the Administrative Agent of any development or event which could reasonably be expected to have a material adverse effect.

In furtherance of the foregoing, Section 3.1 of the Credit Agreement provides that the unaudited statements delivered for the period ending 12/31/11 were prepared in accordance with GAAP, fairly presented in all material respects the financial condition of Universal and its subsidiaries, and disclosed all material indebtedness and other liabilities, direct or contingent. Section 3.2 of the Credit Agreement provides that since December 31, 2011 there had been no development or event which has or could reasonably be expected to have a material adverse effect. Section 3.22 of the Credit Agreement provides that all factual information previously furnished or hereinafter furnished on behalf of Universal will be true and accurate in all material respects and not incomplete by omitting to state any material fact necessary to make such information not misleading.

Although the required lenders have determined that one or more Events of Default exist, and are hereby placing you on notice of such defaults, the required lenders have chosen not to exercise their remedies at this time pending further discussions and negotiations among the parties. Nothing contained herein constitutes a waiver of any rights of the required lenders which may be exercised at any time. Notwithstanding the foregoing, you are also hereby notified that the lenders have a perfected security interest in Universal's general intangibles, which include, among other things, the entirety of any tax refund (the "Tax Refund") that is currently due and owing to Universal.

While we are aware that Universal, AMC and their regulated subsidiaries are parties to a Tax Sharing Agreement and file their tax returns on a consolidated basis, the law clearly provides that, under circumstances similar to those at issue here, the filing entity that is entitled to receive the proceeds of a tax refund has an ownership interest in such funds, with all other entities within the enterprise holding a potential claim in their capacity as creditors. See, e.g., BankUnited Financial Services, Inc. v. FDIC (In re Bankunited Financial Corporation), 462 B.R. 885 (Bankr. S.D. Fla. 2011).

In accordance with the foregoing, you are hereby notified that any restructuring proposal presented by Universal and AMC must consider the lenders' secured interest in the Tax Refund and that immediately upon receipt of the Tax Refund, it must be placed in an escrow account at BankUnited and remain there pending the instruction of the required lenders. Further, please be advised that any attempt to place additional debt on the real estate or to compromise the rights of the lenders with respect to the Tax Refund without the prior express consent of the required lenders, including through a transfer of any portion of those funds to any of the regulatory subsidiaries, would constitute a breach of the Credit Agreement and would be met with immediate legal action against Universal, AMC and their respective fiduciaries. Please be further advised that any effort to sell, transfer, lease or otherwise dispose of the real estate, or assets generally, is flatly prohibited under Section 6.4(a) of the Credit Agreement, which, among other things, disallows transfers of property or assets exceeding $500,000 as set forth in Section 6.4(a)(vi) and, further, restricts all transfers during the existence of an Event of Default.

The lenders look forward to receiving your anticipated restructuring proposal.

2. 7.1(c) Covenant Default—that Universal breached its affirmative covenant under Section 5.7(i) to promptly inform the Administrative Agent of any development or event which could reasonably be expected to have a material adverse effect.

In furtherance of the foregoing, Section 3.1 of the Credit Agreement provides that the unaudited statements delivered for the period ending 12/31/11 were prepared in accordance with GAAP, fairly presented in all material respects the financial condition of Universal and its subsidiaries, and disclosed all material indebtedness and other liabilities, direct or contingent. Section 3.2 of the Credit Agreement provides that since December 31, 2011 there had been no development or event which has or could reasonably be expected to have a material adverse effect. Section 3.22 of the Credit Agreement provides that all factual information previously furnished or hereinafter furnished on behalf of Universal will be true and accurate in all material respects and not incomplete by omitting to state any material fact necessary to make such information not misleading.

Although the required lenders have determined that one or more Events of Default exist, and are hereby placing you on notice of such defaults, the required lenders have chosen not to exercise their remedies at this time pending further discussions and negotiations among the parties. Nothing contained herein constitutes a waiver of any rights of the required lenders which may be exercised at any time. Notwithstanding the foregoing, you are also hereby notified that the lenders have a perfected security interest in Universal's general intangibles, which include, among other things, the entirety of any tax refund (the "Tax Refund") that is currently due and owing to Universal.

While we are aware that Universal, AMC and their regulated subsidiaries are parties to a Tax Sharing Agreement and file their tax returns on a consolidated basis, the law clearly provides that, under circumstances similar to those at issue here, the filing entity that is entitled to receive the proceeds of a tax refund has an ownership interest in such funds, with all other entities within the enterprise holding a potential claim in their capacity as creditors. See, e.g., BankUnited Financial Services, Inc. v. FDIC (In re Bankunited Financial Corporation), 462 B.R. 885 (Bankr. S.D. Fla. 2011).

In accordance with the foregoing, you are hereby notified that any restructuring proposal presented by Universal and AMC must consider the lenders' secured interest in the Tax Refund and that immediately upon receipt of the Tax Refund, it must be placed in an escrow account at BankUnited and remain there pending the instruction of the required lenders. Further, please be advised that any attempt to place additional debt on the real estate or to compromise the rights of the lenders with respect to the Tax Refund without the prior express consent of the required lenders, including through a transfer of any portion of those funds to any of the regulatory subsidiaries, would constitute a breach of the Credit Agreement and would be met with immediate legal action against Universal, AMC and their respective fiduciaries. Please be further advised that any effort to sell, transfer, lease or otherwise dispose of the real estate, or assets generally, is flatly prohibited under Section 6.4(a) of the Credit Agreement, which, among other things, disallows transfers of property or assets exceeding $500,000 as set forth in Section 6.4(a)(vi) and, further, restricts all transfers during the existence of an Event of Default.

The lenders look forward to receiving your anticipated restructuring proposal.

Please be advised that the statements set forth in this letter are made without prejudice concerning additional facts which may become known and as to any other remedies possessed by the lenders, all of which are reserved.

Sincerely,

BANKUNITED, N.A.
as Administrative Agent

By:
Charles Klenk, Senior Vice President

BankUnited
7765 NW 148th Street
Miami Lakes, FL 33016

Charles J. Klenk
Senior Vice President,
Commercial Banking
Tel (305) 698 4113
E-mail: cklenk@bankunited.com

November 14, 2012

Universal Health Care Group, Inc.
American Managed Care, LLC
100 Central Avenue, Suite 200
Saint Petersburg, FL 33701
Attn: General Counsel
Facsimile: (727) 456-7873
Email: spatel@univhc.com

VIA EMAIL, FEDERAL EXPRESS OVERNIGHT AND FACSIMILE

Re: Supplemental Notice of Default Under Credit Agreement Among Universal Health Care Group, Inc., as Borrower ("Universal"), American Managed Care, LLC, as Guarantor ("AMC"), BankUnited, N.A., as Administrative Agent, and the Lender Parties Thereto, Dated April 6, 2012 (the "Credit Agreement")

Dear Mr. Patel:

The purpose of this letter is to (i) respond to that certain Notice of Reservation of Rights, dated October 31, 2012 (the "Reservation of Rights"), issued by Universal and AMC to the Administrative Agent;[1] (ii) inform you that the Administrative Agent and all Required Lenders have determined that additional Events of Default exist under the Credit Agreement beyond those previously identified in the Notice of Default, dated October 29, 2012, issued by the Administrative Agent to Universal and AMC (the "Initial Notice of Default"); and (iii) to notify you that the Administrative Agent and all Required Lenders have elected to exercise certain of their remedies under Section 7.2 of the Credit Agreement, including, but not limited to, the immediate termination of all Commitments under the Credit Agreement, as discussed below.

I. THE RESERVATION OF RIGHTS

As you are aware, the Initial Notice of Default provided by the Administrative Agent, which is incorporated herein by reference, states that Events of Default exist under Section 7.1(b) of the Credit Agreement as a result of incorrect, false and/or misleading statements contained (i) in the unaudited consolidated and consolidating financial statement of Universal and its subsidiaries for the period ending December 31, 2011 (the "Unaudited Financial Statements"), which was provided to the Administrative Agent and Lenders prior to (and in furtherance of) the closing of the Credit Agreement, and (ii) in the Waiver Agreement, dated May 29, 2012, which sought an extension for Universal to

[1] Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Credit Agreement.

provide audited financial statements and, in the same document, incorrectly stated that there were no Events of Default under the Credit Agreement. The Initial Notice of Default also explains that an Event of Default exists under Section 7.1(c) of the Credit Agreement as a result of Universal's failure to promptly inform the Administrative Agent of substantial losses and revisions to the Unaudited Financial Statements which could reasonably be expected to have a Material Adverse Effect.

Specifically, as set forth in the Initial Notice of Default, the audited financial statements that were provided by Universal to the Administrative Agent, dated July 31, 2012 (the "Audited Financial Statements"), materially differed from the Unaudited Financial Statements provided in anticipation of closing by, among other things, indicating a *loss* before income taxes of $46,168,814 (as opposed to a *profit* of $16,044,851) and a *net loss* of $29,002,958 (as opposed to *net income* of $10,761,982). Despite the magnitude of the foregoing revisions, *which reflect a downward adjustment to EBITDA of $62 million*, and the request for an extension to provide the Audited Financial Statements, Universal failed to provide the Administrative Agent or the Lenders with *any notice* of the foregoing material changes until the Audited Financial Statements were finalized and, in the interim, affirmatively represented that it was not aware of any Events of Default.

We have reviewed the Reservation of Rights, wherein Universal and AMC conclude that there have been no Events of Default under either Section 7.1(b)(1) or Section 7.1(c)(1) of the Credit Agreement. For the reasons set forth below, the Administrative Agent and the Required Lenders reject the conclusions set forth in the Reservation of Rights and restate that the foregoing Events of Default are ongoing.

A. Misrepresentations

In the Reservation of Rights, you have argued that incorrect statements contained in the Unaudited Financial Statements do not violate Section 7.1(b)(i) of the Credit Agreement for two primary reasons. Each argument is addressed below in turn.

First, you submit that statements contained in the Unaudited Financial Statements were not incorrect, false or misleading "on or as of the date made or deemed made" and, as such, do not technically violate Section 7.1(b)(i) of the Credit Agreement. In response, the Administrative Agent and Required Lenders state that the sheer scope and extent of the material changes reflected in the delayed Audited Financial Statements irrefutably establish that the results initially reflected in the Unaudited Financial Statements—which, among other things, overstated EBITDA by more than $62 million—and, by extension, the representations and warranties provided under Sections 3.1(a) of the Credit Agreement (Financial Condition), were incorrect, false and misleading as of the date made. In declaring an Event of Default, Section 7.1(b)(i) of the Credit Agreement does not require an opinion as to whether misrepresentations are the result of negligence, gross negligence, or intentional fraud and, accordingly, no such qualification is provided here. However, if the misrepresentations are intentional and were made for the purpose of inducing the Lenders to enter into the Credit Agreement there is the potential for additional and/or personal liability that will have to be evaluated. We are specifically reserving our rights in that regard upon completion of such further determination.

In addition to the foregoing, however, it is important to also stress that Section 3.2 of the Credit Agreement independently provides an added basis for default, as it explicitly

represents and warrants that there shall be "no development or event which has had or could reasonably be expected to have a Material Adverse Effect," including as may be shown from the *date of the delivery* of the Audited Financial Statements. This representation, which is ongoing, is "deemed made" as of the date of the Audited Financial Statements, and is also incorrect, false and misleading as the Audited Financial Statements clearly reflect the existence of a Material Adverse Effect and, thus, constitute an additional Event of Default under Section 7.1(b) of the Credit Agreement.

Second, you have argued that the changes reflected in the Audited Financial Statements do not constitute a default because they reflect revisions that you submit are "generally considered immaterial" pursuant to Generally Accepted Auditing Standards, because they are less than 5% in certain selected categories. This argument is also unpersuasive. As an initial matter, the statement that, "as a matter of custom and practice in the accounting industry, revisions of less than 5% are generally considered immaterial" is misleading and inapplicable here. While a "rule of thumb" regarding adjustments of less than 5% *to net income* (a category that is not discussed anywhere in your Reservation of Rights) is used within the accounting industry as one of many indicators of materiality, commentators, including the Securities and Exchange Commission and the Financial Accounting Standards Board have stressed that "exclusive reliance on this or any percentage or numerical threshold *has no basis in the accounting literature or the law.*" SEC Staff Accounting Bulletin: No. 99, 64 Fed. Reg. 45150 (1999) (emphasis added). Thus, the proper measure of materiality, as stated by the Financial Accounting Standards Board and echoed by the SEC is as follows:

> "The omission or misstatement of an item in a financial report is material if, in the light of surrounding circumstances, the magnitude of the item is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of the item."

See id. (quoting FASB, Statement of Financial Accounting Concepts No. 2, Qualitative Characteristics of Accounting Information, 132 (1980)).

Based on the foregoing, the Administrative Agent and Required Lenders have concluded that the misstatements contained in the Unaudited Financial Statement were material and would have changed or influenced their judgment, including as a result of the following:

- Change in Claims Incurred but Not Reported ("IBNR"): The Audited Financial Statements reflect an increase of more than $51 million in IBNR. This change represents a 40.2% increase to the amount previously reported in the Unaudited Financial Statements, i.e., $128,354,077.

- Change in EBITDA: As noted above, EBITDA was decreased from a ***profit*** of $16,044,851 to a ***loss of*** $46,168,814.

- Change in Net Income: Similarly, as a result of corrections reflected in the Audited Financial Statements, previously disclosed ***net income*** of $10,761,982 was revised to reflect a ***net loss*** of $29,002,958. Taken together or independently, both the changes to EBITDA and Net Income easily surpass

the miniscule 5% threshold identified in the Reservation of Rights as being indicative of materiality, both as a result of the sheer size of the adjustments and the resulting shifts from profits to deep losses.

- Change in Cash: In your reservation of rights you note that the reduction of net cash and cash equivalents, which went from $169.3 million (unaudited) compared to $167.3 million (audited) was less than 2% and, thus, presumably immaterial. Your analysis fails to note, however—consistent with the FASB's insistence on considering "surrounding circumstances"—that, as revised, the company's cash, which was previously sufficient to cover IBNR of $128,354,077 (unaudited) and provide stability to its regulated businesses and HMO members, is now no longer sufficient to cover its actually disclosed IBNR of $180,008,155 (audited).

The essence of the Credit Agreement is that it is a credit facility secured by the ongoing operational returns of the underlying business. As such, misrepresentations regarding available cash flow, net income and Minimum Statutory Capital Requirements drastically misrepresent the ongoing business value that is the essential security for repayment of the loans. Given these surrounding circumstances the misrepresentations and the delay in disclosing the true financial condition of the companies was extremely material

B. Covenant Defaults

In the Initial Notice of Default, we stated that an Event of Default existed under Section 7.1(c)(i) of the Credit Agreement for failure to "promptly" give notice to the Administrative Agent of any "development or event which could reasonably be expected to have a Material Adverse Effect" as required under the affirmative covenant set forth in Section 5.7(i) of the Credit Agreement. Specifically, Universal and AMC not only failed to provide notice of the material adverse effects reflected in the Audited Financial Statements prior to the submission of such statements, and despite an extension to the reporting deadline set forth in the Credit Agreement, but affirmatively represented that no Event of Default existed in connection with their request for an extension to the reporting requirement in the Waiver Agreement. You have raised three arguments to suggest that the foregoing does not constitute an Event of Default. We will address each in turn.

First, you have argued that the changes captured in the Audited Financial Statements are not material. For all of the reasons already set forth above, including, among other things, (i) the $62 million downward revision to EBITDA, (ii) the change from profit to loss, and (iii) the lack of sufficient cash to meet the needs of the Regulated Subsidiaries' HMO members, the Administrative Agent and the Required Lenders reject your conclusion regarding the immaterial nature of the changes reflected in the Audited Financial Statements.

Second, you have stated that the Audited Financial Statements were provided in accordance with the deadline set forth in the Waiver Agreement. This position, however, ignores the plain language of Section 5.7(i), which imposes a disclosure obligation "promptly" after the discovery of any development "which could" (not "would") "reasonably be expected to have a Material Adverse Effect." It is our position that, when the possibility of a Material Adverse Effect exists— such as the lack of sufficient cash to meet regulatory requirements or the needs of HMO members—Section 5.7(i) requires

more than disclosure at the very last possible day for the submission of a financial statement with no prior warning of its ominous contents.

Third, you have stated that any potential failure to disclose a Material Adverse Effect was "cured" upon the disclosure of the Audited Financial Statements. This statement ignores the fact that Section 7.1(c)(i) of the Credit Agreement, which governs failures to disclose Material Adverse Effects under Section 5.7(i), is not subject to cure and allows for an immediate Event of Default to be declared upon discovery. As such, a violation of Section 7.1(c)(i) requires express waiver by the Administrative Agent with the approval of the Required Lenders.

For all of the reasons set forth above, we reaffirm that the Events of Default identified in the Initial Notice of Default continue to exist.

II. ADDITIONAL EVENTS OF DEFAULT

The Administrative Agent and the Required Lenders have determined that the following Events of Default, including as previously identified in the Initial Notice of Default, are currently ongoing under the Credit Agreement:

- Misrepresentation under Section 7.1(b): As previously noted in the Initial Notice of Default and further discussed herein, the Credit Parties have made representations and warranties under the Credit Agreement that were incorrect, false and/or misleading as prohibited under the Credit Agreement. Specifically, as clarified by the corrections set forth in the Audited Financial Statements, the following representations and warranties under the Credit Agreement were incorrect, false and/or misleading: Section 3.1(a) (Financial Condition); Section 3.2 (No Material Adverse Effect); Section 3.17(c) (Solvency); Section 3.22 (Accuracy and Completeness of Information); Section 3.32(a) (Compliance with Health Care Laws and Insurance Regulations). Additionally, the Solvency Certificate required under Section 4.1(f), as supplied in connection with closing, has also proven to be incorrect, false and/or misleading.

- Misrepresentation under Section 7.1(b): In the Initial Notice of Default, we clearly stated that the Tax Refund (as defined in the Initial Notice of Default) is a general intangible that constitutes the Lenders' Collateral and should be placed in escrow pending instructions from the Administrative Agent and the Required Lenders. In the Reservation of Rights, you have expressly and anticipatorily repudiated the obligation to preserve this Collateral and stated that you intend to use the Tax Refund to satisfy minimum statutory capital requirements. As a result of the foregoing, you have also rendered the representation contained in Section 9.1 incorrect, false and misleading, as that provision prohibits the release of Collateral without, among other things, the written consent of all of the Lenders.

- Misrepresentation under Section 7.1(b): As reflected in the revised disclosures provided on October 10, 2012, it is clear that the amount of Combined Minimum Statutory Capital calculated as of the last day of the fiscal quarter ending June 30, 2012 for Universal Health Care Insurance Company, Inc.

("UHCIC") was actually less than 1.30 times the Minimum Statutory Capital and did not comply with the requirements of Section 5.9(d) of the Credit Agreement. Accordingly, the report provided for June 30, 2012, together with the covenant compliance certificate that accompanied that report, was incorrect, false and misleading.

- Covenant Default under Section 7.1(c)(i): As previously noted in the Initial Notice of Default and further discussed herein, the Credit Parties have failed to comply with the affirmative covenant set forth in Section 5.7(i) of the Credit Agreement, which requires "prompt" notice of any event "development or event which could reasonably be expected to have a Material Adverse Effect."

- Covenant Default under Section 7.1(c)(i): Combined Minimum Statutory Capital calculated as of the last day of the fiscal quarter ending June 30, 2012 (as reflected in the revised disclosures provided on October 10, 2012) for UHCIC is less than 1.30 times the Minimum Statutory Capital and, thus, does not comply with the requirements of Section 5.9(d) of the Credit Agreement.

While all of the foregoing is troubling, it bears stressing that the failure to comply with the Combined Minimum Statutory Capital requirement is of particular concern for additional reasons. Specifically, it is our understanding that the existence of minimum statutory capital requirements (as imposed on the Regulated Subsidiaries and reflected in the Credit Agreement)—and the failure and/or inability to abide by those requirements—creates the potential for events that will have a direct and adverse effect on patients, particularly when providers believe that they will not be paid for services rendered. Given the nature of the Credit Parties' business, there is significant concern that the lack of adequate capital at UHCIC will not only adversely impact that entity in the near term, but will ultimately impact the more than 180,000 Medicare and Medicaid members of United Health Care, Inc. ("UHC").

III. ELECTION OF REMEDIES

Based on all of the Events of Default identified herein and in the Initial Notice of Default, and in accordance with the terms of Section 7.2 of the Credit Agreement, the Administrative Agent and the Required Lenders declare that the Commitments are hereby immediately terminated. Additionally, pursuant to and in accordance with Section 2.7(b) of the Credit Agreement, the Administrative Agent and the Required Lenders declare that the principal of and, to the extent permitted by law, interest on the Loans and any other amounts owing under the Credit Agreement or under the other Credit Documents shall automatically bear interest, at a per annum rate which is equal to the Default Rate.

The Administrative Agent and the Lenders reserve the right to exercise such other rights and remedies as provided under the Credit Agreement, the Credit Documents and under applicable law, including the right of acceleration.

Please govern yourself accordingly.

Sincerely,

BANKUNITED, N.A.
as Administrative Agent

By: [signature]
Charles J. Klenk, SVP

BankUnited
7765 NW 148th Street
Miami Lakes, FL 33016

Charles J. Klenk
Senior Vice President,
Commercial Banking
Tel (305) 698 4113
E-mail: cklenk@bankunited.com

December 3, 2012

VIA EMAIL, FEDERAL EXPRESS OVERNIGHT AND FACSIMILE

Universal Health Care Group, Inc.
American Managed Care, LLC
100 Central Avenue, Suite 200
Saint Petersburg, FL 33701
Attn: Deepak Desai, Chief Strategy Officer
Facsimile: (727) 497-5737
Email: *ddesai@univhc.com*

Universal Health Care Group, Inc.
American Managed Care, LLC
100 Central Avenue, Suite 200
Saint Petersburg, FL 33701
Attn: Alec Mahmood, CFO
Email: *amahmood@univhc.com*

Re: <u>Second Supplemental Notice of Default Under Credit Agreement Among Universal Health Care Group, Inc., as Borrower ("Universal"), American Managed Care, LLC, as Guarantor ("AMC"), BankUnited, N.A., as Administrative Agent, and the Lender Parties Thereto, Dated April 6, 2012 (the "Credit Agreement")</u>

Dear Messrs. Desai and Mahmood:

The purpose of this letter is to inform you that the Administrative Agent[1] and all Required Lenders have determined that additional Events of Default exist under the Credit Agreement beyond those previously identified in the (i) Notice of Default (the "<u>Initial Notice of Default</u>") and (ii) Supplemental Notice of Default (the "<u>Supplemental Notice of Default</u>"), which were issued by the Administrative Agent to Universal and AMC on October 29, 2012 and November 14, 2012, respectively.

I. ADDITIONAL EVENTS OF DEFAULT

On November 20, 2012, the Administrative Agent received Universal's Officer's Compliance Certificate (the "<u>Compliance Certificate</u>"), which reflects certain financial information for the fiscal quarter ended September 30, 2012, as contemplated under the Credit Agreement. In the Compliance Certificate, Universal specifically acknowledges that it is currently not in compliance with the following financial covenants contained in Section 5.9 of the Credit Agreement: Fixed Charge Coverage Ratio (Section 5.9(b)), Consolidated Combined Ratio (Section 5.9(c)), Combined Minimum Statutory Capital (Section 5.9(d)), and Tangible Net Worth (Section 5.9(e)). As you know, the failure to comply with any one of the foregoing financial covenants constitutes an Event of Default

[1] Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Credit Agreement.

under Section 7.1(c)(i) of the Credit Agreement, which can only be cured by express waiver from the Administrative Agent with the approval of the Required Lenders.

In addition to the foregoing, the Compliance Certificate also states that Universal is in compliance with the Total Leverage Ratio imposed under Section 5.9(a) of the Credit Agreement. This is inaccurate. The calculation of Total Leverage Ratio, as such term is defined in the Credit Agreement, is the ratio of Consolidated Funded Debt to Consolidated EBITDA and, pursuant to Section 1.3(a) of the Credit Agreement, must be calculated in accordance with GAAP. In the Compliance Certificate, the denominator in the calculation, which is Consolidated EBITDA, was calculated without regard for the fact that the number was negative. Thus, Universal's Total Leverage Ratio calculation treats a loss of $37 million as indistinguishable from a profit of $37 million to conclude that the ratio is compliant despite the fact that it is stated as a negative number. Universal does not have negative debt, which is what is implied by this calculation. Any such conclusion is contradicted by both logic and the rules of GAAP, which prohibit the use of a negative Total Leverage Ratio. The most obvious reason for this, as exemplified by Universal's calculation, is that the ratio you have stated as a negative 1.08 is far better (i.e., closer to zero, at a loss of $37 million) than the ratio that would have resulted if the company had positive Consolidated EBITDA of even one dollar (i.e., 40,878,242 to 1.00). Based on the foregoing and the disclosures in the Compliance Certificate, the Administrative Agent and the Required Lenders have additionally determined that Universal is not in compliance with the Total Leverage Ratio requirement set forth in Section 5.9(a) of the Credit Agreement, which constitutes an additional Event of Default under Sections 7.1(b) and 7.1(c)(i) of the Credit Agreement, which require express waiver by the Administrative Agent with the approval of the Required Lenders.

In addition to the Events of Default reflected in the Compliance Certificate, the Administrative Agent and Required Lenders have determined that Universal has also breached the negative covenant contained in Section 6.4(a) of the Credit Agreement—which generally prohibits the transfer of certain assets—by down streaming a tax refund of approximately $11 million (the "Tax Refund") to its affiliate Universal Health Care Insurance Company, Inc. ("UHCIC"). Although Universal was repeatedly warned (including in both the Initial and Supplemental Notice of Default) that any transfer of the Tax Refund would violate the Credit Agreement, the transfer was nevertheless purposefully and improperly effectuated. Accordingly, the transfer of the Tax Refund to UHCIC constitutes an intentional breach of the Credit Agreement, violates Section 6.4(a), and results in an additional Event of Default under Section 7.1(c)(i) of the Credit Agreement.

Notwithstanding the foregoing, it is our understanding that the Tax Refund was transferred to UHCIC in exchange for a note to Universal from UHCIC (the "UHCIC Note"). Please be advised that the Lenders have received a pledge of all "Statutory Notes" under the Credit Agreement, which include the UHCIC Note as a "subordinated surplus promissory note issued by a Regulated Subsidiary to a Credit Party." Accordingly, the UHCIC Note constitutes the Lenders' collateral and must be immediately alloneed to the Administrative Agent.

II. ELECTION OF REMEDIES

The Administrative Agent and the Lenders have not elected to pursue additional remedies beyond those already set forth in the Supplemental Notice of Default and those referred to above, but reserve the right to exercise such other rights and remedies as provided under the Credit Agreement, the Credit Documents and under applicable law, including the right of acceleration.

Please be further advised that upon information and belief, the Credit Parties have suggested that the real property owned by Universal might be transferred to UHCIC to make up statutory capital shortfalls. Such a transfer would be in direct violation of Section 6.4 of the Credit Agreement without the express written consent of the Administrative Agent and the Required Lenders and such consent is not granted at this time.

Please govern yourself accordingly.

Sincerely,

BANKUNITED, N.A.
as Administrative Agent

By:
Charles Klenk, SVP

ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2011

OF THE CONDITION AND AFFAIRS OF THE

Universal Health Care Insurance Co., Inc.

NAIC Group Code 4091 (Current Period), 4091 (Prior Period) NAIC Company Code 12577 Employer's ID Number 20-4939821

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

Country of Domicile United States

Licensed as business type: Life, Accident & Health [X] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ ]
Dental Service Corporation [ ] Vision Service Corporation [ ] Health Maintenance Organization [ ]
Other [ ] Is HMO, Federally Qualified? Yes [ ] No [X]

Incorporated/Organized 05/26/2006 Commenced Business 05/26/2006

Statutory Home Office 100 Central Avenue, Suite 200 (Street and Number), St. Petersburg, FL 33701 (City, State and Zip Code)

Main Administrative Office 100 Central Avenue, Suite 200 (Street and Number)
St. Petersburg, FL 33701 (City, State and Zip Code) 727-822-3446 (Area Code) (Telephone Number)

Mail Address 100 Central Avenue, Suite 200 (Street and Number or P.O. Box), St. Petersburg, FL 33701-3340 (City, State and Zip Code)

Primary Location of Books and Records 100 Central Avenue, Suite 200 (Street and Number)
St. Petersburg, FL 33701 (City, State and Zip Code), 727-456-6517 (Area Code) (Telephone Number) (Extension)

Internet Web Site Address www.univhc.com

Statutory Statement Contact Lynn Phelps (Name), 727-456-6517 (Area Code) (Telephone Number) (Extension)
lphelps@univhc.com (E-Mail Address) 727-329-0036 (Fax Number)

OFFICERS

Name	Title	Name	Title
Akshay M. Desai MD, MPH	President, CEO	Sandip I. Patel	CAO, General Counsel, Secretary
Deepak Desai	CSO, Interim CFO	Steven J. Schaefer	Treasurer

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Akshay M. Desai MD, MPH	Deepak Desai	Seema Desai	Jayendra Choski MD
Sandip I. Patel			

State of Florida
ss
County of Pinellas

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.

Akshay M. Desai MD, MPH President, CEO	Sandip I. Patel CAO, General Counsel, Secretary	Deepak Desai CSO, Interim CFO

Subscribed and sworn to before me this
____ day of ____,

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

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)	7,302,115		7,302,115	49,143,349
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	2,030,520		2,030,520	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ ______ encumbrances)			0	0
4.2 Properties held for the production of income (less $ ______ encumbrances)			0	0
4.3 Properties held for sale (less $ ______ encumbrances)			0	0
5. Cash ($ 7,765,183 , Schedule E-Part 1), cash equivalents ($ 0 , Schedule E-Part 2) and short-term investments ($ 89,926,486 , Schedule DA)	97,692,669		97,692,669	4,685,099
6. Contract loans (including $ ______ premium notes)			0	0
7. Derivatives (Schedule DB)			0	0
8. Other invested assets (Schedule BA)	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL)			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	107,025,304	0	107,025,304	53,828,448
13. Title plants less $ ______ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	25,881		25,881	418,011
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ______ earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums	11,537,538		11,537,538	5,044,227
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	134,934	134,934	0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	3,778,706
17. Amounts receivable relating to uninsured plans			0	498,858
18.1 Current federal and foreign income tax recoverable and interest thereon	5,879,729		5,879,729	4,737,810
18.2 Net deferred tax asset			0	2,517,228
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets ($ ______)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	25,153		25,153	0
24. Health care ($ 57,222) and other amounts receivable	3,944,115	3,876,894	57,222	97,548
25. Aggregate write-ins for other than invested assets	219,049	183,080	35,969	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	128,791,703	4,194,908	124,598,795	70,890,924
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	128,791,703	4,194,908	124,598,795	70,890,924
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Prepaid Expense	57,194	57,194	0	0
2502. Accounts Receivable	125,887	125,887	0	0
2503. DTA Unrealized Gain/Loss Equity Inv.	35,969		35,969	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	219,049	183,080	35,969	0

EXHIBIT "L"

LIABILITIES, CAPITAL AND SURPLUS

	Current Year 1 Covered	Current Year 2 Uncovered	Current Year 3 Total	Prior Year 4 Total
1. Claims unpaid (less $ 80,716,448 reinsurance ceded)	10,542,372		10,542,372	10,139,809
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	930,330		930,330	274,454
4. Aggregate health policy reserves, including the liability of $ ______ for medical loss ratio rebate per the Public Health Service Act			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	918,977		918,977	590,490
9. General expenses due or accrued	2,493,095		2,493,095	1,048,136
10.1 Current federal and foreign income tax payable and interest thereon (including $ ______ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	62,802,365		62,802,365	0
12. Amounts withheld or retained for the account of others	962,657		962,657	977,443
13. Remittances and items not allocated			0	0
14. Borrowed money (including $ ______ current) and interest thereon $ ______ (including $ ______ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	30,744		30,744	2,070,769
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with $ ______ authorized reinsurers and $ ______ unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	291,140		291,140	0
23. Aggregate write-ins for other liabilities (including $ ______ current)	565,900	0	565,900	273,865
24. Total liabilities (Lines 1 to 23)	79,537,600	0	79,537,600	15,374,986
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	2,500,100	2,500,100
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	12,499,900	12,499,900
29. Surplus notes	XXX	XXX	18,250,000	18,250,000
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	11,809,198	22,265,958
32. Less treasury stock, at cost:				
32.1 ______ shares common (value included in Line 26 $ ______)	XXX	XXX		0
32.2 ______ shares preferred (value included in Line 27 $ ______)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	45,059,198	55,515,958
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	124,596,798	70,890,924
DETAILS OF WRITE-INS				
2301. Accrued Rx	565,900		565,900	273,865
2302. Accrued plan to plan reimbursement			0	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	565,900	0	565,900	273,865
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	XXX	726,451	289,981
2. Net premium income (including $ 0 non-health premium income)	XXX	136,570,278	122,847,586
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of $ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	136,570,278	122,847,586
Hospital and Medical:			
9. Hospital/medical benefits		395,580,881	177,944,756
10. Other professional services		3,501,416	2,181,856
11. Outside referrals			0
12. Emergency room and out-of-area		12,420,304	6,443,098
13. Prescription drugs		39,410,000	18,747,906
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts			0
16. Subtotal (Lines 9 to 15)	0	450,912,601	205,317,616
Less:			
17. Net reinsurance recoveries		361,659,288	121,248,754
18. Total hospital and medical (Lines 16 minus 17)	0	89,253,313	84,068,862
19. Non-health claims (net)			0
20. Claims adjustment expenses, including $ 0 cost containment expenses		655,876	(189,929)
21. General administrative expenses		66,136,932	44,193,987
22. Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	156,046,121	128,092,900
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(19,475,843)	(5,245,314)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,199,295	1,278,516
26. Net realized capital gains (losses) less capital gains tax of $ 1,637,030		3,040,198	162,854
27. Net investment gains (losses) (Lines 25 plus 26)	0	4,239,493	1,441,370
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $)]		0	0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(15,236,350)	(3,803,943)
31. Federal and foreign income taxes incurred	XXX	(7,622,611)	(652,321)
32. Net income (loss) (Lines 30 minus 31)	XXX	(7,613,740)	(3,151,622)
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year	2 Prior Year
	CAPITAL & SURPLUS ACCOUNT		
33.	Capital and surplus prior reporting year	55,515,958	63,464,208
34.	Net income or (loss) from Line 32	(7,613,740)	(3,151,623)
35.	Change in valuation basis of aggregate policy and claim reserves		0
36.	Change in net unrealized capital gains (losses) less capital gains tax of $ (216,166)	(195,057)	77,504
37.	Change in net unrealized foreign exchange capital gain or (loss)		0
38.	Change in net deferred income tax	(2,517,226)	1,008,143
39.	Change in nonadmitted assets	(130,740)	(382,274)
40.	Change in unauthorized reinsurance	0	0
41.	Change in treasury stock	0	0
42.	Change in surplus notes	0	(5,500,000)
43.	Cumulative effect of changes in accounting principles		0
44.	Capital Changes:		
	44.1 Paid in	0	0
	44.2 Transferred from surplus (Stock Dividend)		0
	44.3 Transferred to surplus		0
45.	Surplus adjustments:		
	45.1 Paid in	0	0
	45.2 Transferred to capital (Stock Dividend)	0	0
	45.3 Transferred from capital		0
46.	Dividends to stockholders		0
47.	Aggregate write-ins for gains or (losses) in surplus	0	0
48.	Net change in capital & surplus (Lines 34 to 47)	(10,456,763)	(7,948,250)
49.	Capital and surplus end of reporting year (Line 33 plus 48)	45,059,195	55,515,958
	DETAILS OF WRITE-INS		
4701.			
4702.			
4703.			
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0
4799.	Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	193,207,839	125,705,702
2. Net investment income	2,021,950	1,561,722
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	195,229,788	127,267,424
5. Benefit and loss related payments	88,791,520	83,108,218
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	60,123,179	42,871,049
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of $ .... tax on capital gains (losses)	(5,059,830)	5,770,799
10. Total (Lines 5 through 9)	143,854,869	131,750,066
11. Net cash from operations (Line 4 minus Line 10)	51,374,920	(4,482,642)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	66,891,213	27,594,458
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	(1,727)
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	66,891,213	27,592,731
13. Cost of investments acquired (long-term only):		
13.1 Bonds	20,933,441	25,060,050
13.2 Stocks	2,131,381	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	180,199	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	23,245,021	25,060,050
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	43,646,192	2,532,681
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	(5,500,000)
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	(2,013,543)	(262,324)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(2,013,543)	(5,762,324)
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)	93,007,569	(7,712,285)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	4,685,099	12,397,384
19.2 End of year (Line 18 plus Line 19.1)	97,692,668	4,685,099

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	136,570,278	0	0	0	0	0	136,570,278	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of $ ______ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	136,570,278	0	0	0	0	0	136,570,278	0	0	0
8. Hospital/medical benefits	395,580,881						395,580,881			XXX
9. Other professional services	3,501,416						3,501,416			XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	12,420,304						12,420,304			XXX
12. Prescription drugs	39,410,000						39,410,000			XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0									XXX
15. Subtotal (Lines 8 to 14)	450,912,601	0	0	0	0	0	450,912,601	0	0	XXX
16. Net reinsurance recoveries	361,659,288						361,659,288			XXX
17. Total hospital and medical (Lines 15 minus 16)	89,253,313	0	0	0	0	0	89,253,313	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including $ ______ cost containment expenses	655,876						655,876			
20. General administrative expenses	66,136,932						66,136,932			
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	156,046,121	0	0	0	0	0	156,046,121	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(19,475,843)	0	0	0	0	0	(19,475,843)	0	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	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	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

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)				0
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan				0
6. Title XVIII - Medicare	513,888,262		377,317,984	136,570,278
7. Title XIX - Medicaid				0
8. Other health				0
9. Health subtotal (Lines 1 through 8)	513,888,262	0	377,317,984	136,570,278
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	513,888,262	0	377,317,984	136,570,278

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Universal Health Care Insurance Co., Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	402,375,781						402,375,781			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	313,525,031						313,525,031			
1.4 Net	88,850,750	0	0	0	0	0	88,850,750	0	0	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	71,258,820	0	0	0	0	0	71,258,820	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	60,716,448	0	0	0	0	0	60,716,448	0	0	0
3.4 Net	10,542,372	0	0	0	0	0	10,542,372	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0									
6. Net healthcare receivables (a)	0									
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	22,722,000	0	0	0	0	0	22,722,000	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	12,582,191	0	0	0	0	0	12,582,191	0	0	0
8.4 Net	10,139,809	0	0	0	0	0	10,139,809	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct	450,912,601	0	0	0	0	0	450,912,601	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	361,659,288	0	0	0	0	0	361,659,288	0	0	0
12.4 Net	89,253,313	0	0	0	0	0	89,253,313	0	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct	57,903,199						57,903,199			
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	14,475,800						14,475,800			
1.4. Net	43,427,399	0	0	0	0	0	43,427,399	0	0	0
2. Incurred but Unreported:										
2.1. Direct	13,355,621						13,355,621			
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	46,240,648						46,240,648			
2.4. Net	(32,885,027)	0	0	0	0	0	(32,885,027)	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct	0									
3.2. Reinsurance assumed	0									
3.3. Reinsurance ceded	0									
3.4. Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1. Direct	71,258,820	0	0	0	0	0	71,258,820	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	60,716,448	0	0	0	0	0	60,716,448	0	0	0
4.4. Net	10,542,372	0	0	0	0	0	10,542,372	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5	6
	1	2	3	4		
Line of Business	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	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	13,742,577	75,108,172	(10,776,444)	21,318,816	2,966,133	10,139,809
7. Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	13,742,577	75,108,172	(10,776,444)	21,318,816	2,966,133	10,139,809
10. Healthcare receivables (a)					0	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts					0	0
13. Totals (Lines 9-10+11+12)	13,742,577	75,108,172	(10,776,444)	21,318,816	2,966,133	10,139,809

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	0	0	0	0	
2. 2007	397,694	449,468	449,082	447,234	446,817
3. 2008	XXX	88,776	101,134	101,398	101,309
4. 2009	XXX	XXX	38,806	45,787	46,530
5. 2010	XXX	XXX	XXX	77,437	90,943
6. 2011	XXX	XXX	XXX	XXX	75,108

Section B - Incurred Health Claims - Medicare

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 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007	462,564	451,864	448,512	446,716	446,817
3. 2008	XXX	111,020	100,254	100,420	101,330
4. 2009	XXX	XXX	49,161	44,840	38,212
5. 2010	XXX	XXX	XXX	90,020	88,464
6. 2011	XXX	XXX	XXX	XXX	98,427

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007	562,212	446,817		0.0	446,817	79.5			446,817	79.5
2. 2008	149,350	101,309		0.0	101,309	72.2	21		101,330	72.2
3. 2009	82,395	46,530		0.0	46,530	56.5	(8,318)		38,212	46.4
4. 2010	122,847	90,943		0.0	90,943	74.0	(2,479)		88,464	72.0
5. 2011	136,570	75,108	656	0.9	75,764	55.5	21,319	930	98,013	71.8

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 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	0	0	0	0	0
2. 2007	397,694	449,469	449,002	447,234	446,817
3. 2008	XXX	88,776	101,134	101,398	101,309
4. 2009	XXX	XXX	38,806	45,787	46,530
5. 2010	XXX	XXX	XXX	77,437	90,943
6. 2011	XXX	XXX	XXX	XXX	75,108

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 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	0	0	0	0	0
2. 2007	462,564	451,864	448,512	446,716	446,817
3. 2008	XXX	111,620	106,254	100,420	101,330
4. 2009	XXX	XXX	49,161	44,840	38,212
5. 2010	XXX	XXX	XXX	90,020	88,464
6. 2011	XXX	XXX	XXX	XXX	96,427

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 Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007	562,212	446,817	0	0.0	446,817	79.5	0	0	446,817	79.5
2. 2008	140,350	101,309	0	0.0	101,309	72.2	21	0	101,330	72.2
3. 2009	82,395	46,530	0	0.0	46,530	56.5	(8,318)	0	38,212	46.4
4. 2010	122,847	90,943	0	0.0	90,943	74.0	(2,479)	0	88,464	72.0
5. 2011	135,576	75,108	656	0.9	75,764	55.5	21,319	930	98,013	71.8

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

	Cumulative Net Amounts Paid				
Year in Which Losses Were Incurred	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	0	0	0	0	0
2. 2007	397,694	449,469	449,082	447,234	446,817
3. 2008	XXX	88,776	101,134	101,398	101,309
4. 2009	XXX	XXX	38,806	45,787	46,530
5. 2010	XXX	XXX	XXX	77,437	90,943
6. 2011	XXX	XXX	XXX	XXX	75,108

Section B - Incurred Health Claims - Grand Total

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
Year in Which Losses Were Incurred	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	0	0	0	0	0
2. 2007	462,564	451,864	448,512	446,716	446,817
3. 2008	XXX	111,020	100,254	100,420	101,330
4. 2009	XXX	XXX	49,161	44,840	38,212
5. 2010	XXX	XXX	XXX	90,020	88,464
6. 2011	XXX	XXX	XXX	XXX	96,487

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 Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007	562,212	446,817	0	0.0	446,817	79.5	0	0	446,817	79.5
2. 2008	140,350	101,309	0	0.0	101,309	72.2	21	0	101,330	72.2
3. 2009	82,395	46,530	0	0.0	46,530	56.5	(8,318)	0	38,212	46.4
4. 2010	122,847	90,943	0	0.0	90,943	74.0	(2,479)	0	88,464	72.0
5. 2011	136,570	75,108	656	0.9	75,764	55.5	21,319	930	98,013	71.8

UNDERWRITING AND INVESTMENT EXHIBIT

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

NONE

	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	0								
2. Additional policy reserves (a)	0								
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including $ ______ for investment income)	0								
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	0	0	0	0	0	0	0	0	0
7. Reinsurance ceded	0								
8. Totals (Net) (Page 3, Line 4)	0	0	0	0	0	0	0	0	0
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	0								
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes $ ______ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($ ....for occupancy of own building)			1,392,476		1,392,476
2. Salaries, wages and other benefits			26,173,297		26,173,297
3. Commissions (less $ ....ceded plus $ ....assumed)			21,719,300		21,719,300
4. Legal fees and expenses			358,715		358,715
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services			7,631,164	120,689	7,751,853
7. Traveling expenses			630,592		630,592
8. Marketing and advertising			348,380		348,380
9. Postage, express and telephone			3,304,801		3,304,801
10. Printing and office supplies			786,266		786,266
11. Occupancy, depreciation and amortization			1,903,648		1,903,648
12. Equipment			4,251		4,251
13. Cost or depreciation of EDP equipment and software			584,885		584,885
14. Outsourced services including EDP, claims, and other services			2,560,977		2,560,977
15. Boards, bureaus and association fees			92,009		92,009
16. Insurance, except on real estate			102,909		102,909
17. Collection and bank service charges			224,191		224,191
18. Group service and administration fees					0
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes			47,931		47,931
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			170,537		170,537
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees			241,089		241,089
23.4 Payroll taxes			1,948,361		1,948,361
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	0	655,876	(6,069,044)	0	(5,413,168)
26. Total expenses incurred (Lines 1 to 25)	0	655,876	66,136,932	120,689	(a) 66,913,498
27. Less expenses unpaid December 31, current year		930,330	2,493,095		3,423,425
28. Add expenses unpaid December 31, prior year	0	274,454	1,048,136	0	1,322,590
29. Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	0	64,691,973	120,689	64,812,663
DETAILS OF WRITE-INS					
2501. Loss adjustment expense		655,876			655,876
2502. Penalties and fines			10,259		10,259
2503. Contributions			224,062		224,062
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	(6,303,365)	0	(6,303,365)
2599. Totals (Line 2501 through 2503 + 2598) (Line 25 above)	0	655,876	(6,069,044)	0	(5,413,168)

(a) Includes management fees of $ ....35,213,888 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) 350,501	244,719
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 1,281,181	970,036
1.3	Bonds of affiliates	(a) 0	
2.1	Preferred stocks (unaffiliated)	(b) 0	
2.11	Preferred stocks of affiliates	(b) 0	
2.2	Common stocks (unaffiliated)	2,956	2,956
2.21	Common stocks of affiliates	0	
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 96,985	101,798
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	477
10.	Total gross investment income	1,711,622	1,319,984
11.	Investment expenses		(g) 120,689
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		120,689
17.	Net investment income (Line 10 minus Line 16)		1,199,295
	DETAILS OF WRITE-INS		
0901.	Texas Comptroller of Public Accounts (Interest based from the tax overpayment)		416
0902.	State of Utah (Interest based from the tax overpayment)		60
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	477
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		0

(a) Includes $ (10,301) accrual of discount less $ 420,224 amortization of premium and less $ 84,668 paid for accrued interest on purchases.
(b) Includes $ ______ accrual of discount less $ ______ amortization of premium and less $ 0 paid for accrued dividends on purchases.
(c) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ ______ paid for accrued interest on purchases.
(d) Includes $ ______ for company's occupancy of its own buildings; and excludes $ ______ interest on encumbrances.
(e) Includes $ ______ 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 $ ______ 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 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	2,313,843		2,313,843	(310,363)	
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	2,363,384		2,363,384		
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	0	0	0	(100,862)	0
2.21	Common stocks of affiliates	0	0	0	0	0
3.	Mortgage loans	0	0	0	0	0
4.	Real estate	0	0	0		0
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0	0	0
7.	Derivative instruments			0		
8.	Other invested assets	0	0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	4,677,228	0	4,677,228	(411,225)	0
	DETAILS OF WRITE-INS					
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB)	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL)	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
15.3 Accrued retrospective premiums	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	134,934	194,164	59,230
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software	0	0	0
21. Furniture and equipment, including health care delivery assets	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable	3,878,894	3,630,246	(248,648)
25. Aggregate write-ins for other than invested assets	183,080	239,758	56,678
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	4,194,908	4,064,168	(130,740)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
28. Total (Lines 26 and 27)	4,194,908	4,064,168	(130,740)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Expenses	57,194	208,807	151,613
2502. Accounts Receivable	125,887	30,951	(94,936)
2503.	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	183,080	239,758	56,678

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	0					
2. Provider Service Organizations	0					
3. Preferred Provider Organizations	0					
4. Point of Service	0					
5. Indemnity Only	22,774	57,874	60,419	62,625	63,531	726,451
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	22,774	57,874	60,419	62,625	63,531	726,451
DETAILS OF WRITE-INS						
0601.	0					
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

Universal Health Care Insurance Company Inc.

Notes to Financial Statements for the year ended December 31, 2011

1A. Summary of Significant Accounting Policies.

The accompanying statutory-basis financial statements have been prepared in conformity with the statutory accounting practices prescribed or permitted by the State of Florida Department of Financial Services, Office of Insurance Regulation (OIR), which practices differ from U.S. generally accepted accounting principles (GAAP).

Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners (NAIC), as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Company has no permitted statutory accounting practices. The more significant variances from GAAP are as follows:

Investments: Investments in bonds are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (NAIC) rating. For GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading, or available for sale. Hold-to-maturity fixed investments would be reported at amortized cost, and trading and available-for-sale fixed-maturity investments would be reported at fair value with unrealized gains and losses reported in operations for those designated as trading and as a separate component of other comprehensive income for those designated as available-for-sale. Fair value for statutory purposes is based on the prices published by the Securities Valuation Office of the NAIC (SVO), if available, whereas fair value for GAAP is based on quoted market prices.

All single-class and multi-class mortgage-backed and asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, CBO, CDO, CLO, MBS, and ABS securities), other than high-quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to fair value. If high-credit-quality securities are adjusted, the retrospective method is used.

Nonadmitted assets: Certain assets designated as "nonadmitted," principally furniture and equipment, certain amounts receivable, and other assets not specifically identified as an admitted asset with the NAIC Accounting Practices and Procedures Manual, are excluded from the accompanying statutory-basis balance sheets and are charged directly to unassigned surplus. Under GAAP, such assets would be included in the balance sheets to the extent that those assets are not impaired. The balances of nonadmitted assets are as follows:

Non Admitted Assets	December 31, 2011	December 31, 2010
Pharmacy Rebate Receivable	$ 2,446,514	$ 2,122,947
Accounts Receivable	1,556,266	1,449,517
Reinsurance Receivable	134,934	59,230
Prepaid Receivable	57,194	208,807
Total Non Admitted Assets	$ 4,194,908	$ 3,840,501

Reinsurance: Any reinsurance balances deemed to be uncollectible are written off through a charge to operations. Under GAAP, an allowance for amounts deemed uncollectible would be established through a charge to operations. Claims liabilities ceded to reinsurers have been reported as reductions of the related reserves rather than as assets, as would be required under GAAP.

Surplus notes payable: Notes payable issued by the Company to related parties are classified as capital and surplus on a statutory-basis, if approved by the OIR. Under GAAP, such notes payable are recorded as liabilities (see Note 13).

Deferred income taxes: Deferred tax assets are limited to: (1) the amount of federal income taxes paid in prior years that can be recovered through loss carry backs for existing temporary differences that reverse by the end of the subsequent calendar year, plus (2) the lesser of the remaining gross deferred tax assets expected to be realized within one year of the balance sheet date or 10% of net worth excluding any net deferred tax assets, electronic data processing (EDP) equipment and operating software, and any net positive goodwill, plus (3) the amount of remaining gross deferred tax assets that can be offset against existing gross deferred tax liabilities. Any remaining deferred tax assets are nonadmitted. Deferred taxes do not include amounts for state taxes. Pursuant to Statement of Statutory Accounting Principles (SSAP) No. 10R, paragraph 10.e, the Company may elect to admit additional deferred tax assets. The election is subject to certain capital and surplus requirements. If elected, the above is modified as follows: (a) the carry back period for (1) above is modified to reflect available loss carry backs for both ordinary and capital losses to be the carry back time frame corresponding with the IRS tax loss carry back provisions, not to exceed three years; (b) the period of realization and the percentage of capital and surplus mentioned in (2) above, are increased to three years and 15%, respectively. Under GAAP, state income taxes are included in the computation of deferred taxes, a deferred tax asset is recorded for the amount of gross deferred tax assets expected to be realized in all future years, and a valuation allowance is established for deferred tax assets not realizable.

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

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements have not been determined, but are presumed to be material.

NOTES TO FINANCIAL STATEMENTS

B. Use of Estimates
The presentation of the financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Significant accounts that are largely determined based on management's estimates and assumptions include IBNR claims payable, accrued pharmacy reimbursement due CMS, premiums receivable due from CMS related to retro-premium adjustments and risk-sharing adjustments; and unallocated premiums received from CMS included in unearned premium. Actual results could differ from those estimates, and those differences could be material. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported herein.

C. Significant Accounting Policies

Universal Health Care Insurance Company, Inc. ("UHCIC" or "the Company") is a Florida domiciled insurance company and a wholly owned subsidiary of Universal Health Care Group, Inc. ("Group"). The Company was incorporated on May 25, 2006 and formed as a health insurance company that operates a Medicare Advantage Private Fee for Service plan. The Company commenced revenue generating activities in January 2007.

The Company has a contract with the Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS) to provide health care services to Medicare enrollees in the states of Alabama, Arizona, Arkansas, Florida, Georgia, Illinois, Indiana, Louisiana, Maryland, Mississippi, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Texas, Utah and Virginia, as well as the District of Columbia. This contract accounted for 100% of the Company's revenues in 2011. CMS awarded the Company the contract for the period beginning January 1, 2007 and ending December 31, 2007 and has renewed the contract through December 31, 2011. The contract provides for annual extensions subject to agreement and approval by both parties.

Investments
Investments in bonds, cash, cash equivalents, and short-term investments are stated at values prescribed by the NAIC, as follows:

Investments are reported at amortized cost or fair value based on their NAIC rating. Bonds not backed by other loans are principally stated at amortized cost using the interest method.

Single-class and multi-class mortgage-backed and asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys or internal or third-party estimates and are based on the current interest rate and economic environment. The prospective adjustment method is used to value all such securities.

Cash, cash equivalents, and short-term investments include cash balances and investments which are liquid and mature in one year or less when purchased, including funds maintained under statutory requirements (deposits), and consist of money market and certificates of deposit funds registered with the NAIC.

Investments in common stocks are designated as available for sale and are reported at fair value with unrealized gains or losses reported net of taxes in other charges in capital and surplus.

Realized capital gains and losses are determined using the specific identification basis. Changes in the admitted asset carrying amounts of bonds are credited or charged directly to unassigned surplus.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation settlement.

Fair values are based on quoted market prices when available. When quoted market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment, which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

Financial assets carried at fair value are classified, for disclosure purposes, based on a hierarchy defined by the Fair Value Measurements Disclosure Topic of the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC). The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement.
The levels of the fair value hierarchy are as follows:

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

NOTES TO FINANCIAL STATEMENTS

At December 31, 2011 the Company's investments are all classified as Level 2 instruments.

Minimum Capital and Surplus Requirements
Pursuant to Section 624.408(1a) of Florida Statutes, the Company is required to maintain a minimum surplus not less than the greater of $1,500,000, or 4% of total liabilities plus 6% of liabilities relative to health insurance. Pursuant to Section 624.4095(1) and 4(c) of Florida Statutes, the Company is also required to maintain a ratio of actual or projected annual premiums, as defined, to current or projected surplus as to policy holders, as defined, of not more than 10:1 for gross written premiums or 4:1 for net written premiums. For purposes of this requirement, annual or projected premiums are limited to 80% for health insurance companies such as the Company. By Consent Order filed January 5, 2011, the FL OIR granted permission for the Company to operate at a ratio of gross actual or projected annual premiums to current surplus as to policy holders of not more than 16:1, exceeding the required ratios pursuant to Section 624.4095(1) and 4(c) of Florida Statutes. As a condition to this approval, the Company agreed to (1) maintain at all times compliance with the ratio limitation of net actual or projected annual premiums to current surplus as to policy holders of 4:1 and RBC of 250% of the authorized control level; (2) maintain compliance with minimum capital and surplus requirements defined by Section 624.408, Florida Statutes; (3) elect a 75% attachment point quota-share reinsurance for 2011; (4) limit Medicare enrollees for the 2011 plan year; and (5) defer any request to pay dividends until after the September 30, 2011 quarterly statement is filed with the OIR. Additionally, according to the State of Georgia Consent Order dated August 28, 2006, the Company must also maintain capital and surplus of not less than 250% of the authorized control level risk based capital. As of December 31, 2011, the Company's capital and surplus of $45,059,196 met the respective levels prescribed by the statutes and regulatory requirements described above.

Recognition of Premium Revenue and Medical Expenses

The Company generally receives premiums in advance of providing services, and recognizes premium revenue during the period in which the Company is obligated to provide services to its members. Premiums are billed monthly for coverage in the following month and are recognized as revenue in the month for which insurance coverage is provided. Accordingly, the portion of premiums applicable to future periods is included in the accompanying statutory-basis balance sheets as premiums received in advanced and in accounts payable and accrued expenses.

The Company reconciles the membership in its administrative system to the enrollment data provided by CMS. There are timing differences between the addition of a member to the Company's administrative system and the approval, or accretion, of the member by CMS. Additionally, the monthly payments from CMS include adjustments to reflect changes in membership as a result of retroactive terminations, additions or other changes. Current period membership, net premiums, and claims expense are adjusted to reflect retroactive changes in membership.

Premium and other health care receivables consist of premiums due from federal agencies and members based on enrolled membership and other related health care plan receivables. On an ongoing basis, management estimates the amount of premium billings that may not be fully collectible based on historical trends and other factors. Amounts deemed uncollectible are written off against premium revenue in the period the determination is made.

CMS uses risk-adjusted rates per member to determine the monthly payments to the Company. CMS has implemented a risk adjustment model, which apportions premiums paid according to health diagnoses. The risk adjustment model uses health status indicators, or risk scores, to improve the accuracy of payment. The CMS risk adjustment model pays more for members with increasing health severity. Under this risk adjustment methodology, diagnosis data from inpatient and ambulatory treatment settings are used by CMS to calculate the risk-adjusted premium payment to the Company. The monthly risk-adjusted premium per member is determined by CMS based on normalized risk scores of each member from the prior year. Annually, CMS provides the updated risk scores to the Company and revises premium rates prospectively, beginning with the July remittance for current plan year members. CMS will also calculate the retroactive adjustments to premium related to the revised risk scores for the current year for current plan year members and for the prior year for prior plan year members.

All health benefit organizations must capture, collect, and submit the necessary diagnosis code information to CMS within prescribed deadlines. Accordingly, the Company collects, captures, and submits the necessary and available diagnosis data to CMS within prescribed deadlines for its HMO plan. The Company estimates changes in CMS premiums related to revenue adjustments based upon the diagnosis data submitted to CMS and ultimately accepted by CMS. Risk scores are updated annually by CMS, and the Company reconciles the data to estimated amounts recorded by the Company with any adjustments recorded in premium revenue.

Medical expenses consist of claim payments, capitation payments, and pharmacy costs, net of rebates, as well as estimates of future payments of claims provided for services rendered prior to the end of the reporting period. Capitation payments represent monthly contractual fees disbursed to physicians and other providers who are responsible for providing medical care to members. Pharmacy costs (including Medicare Part D costs) represent payments for members' prescription drug benefits, net of rebates from drug manufacturers. Rebates are recognized when the rebates are earned according to the contractual arrangements with the respective vendors.

Premiums the Company pays to reinsurers are reported as medical expenses and related reinsurance recoveries are reported as reductions of medical expenses.

Medical claims liability represents the Company's payment responsibility for services that have been rendered by medical service providers to members. These costs have not been settled as of the balance sheet dates. The liability consists of medical claims reported by the medical service providers as well as an actuarially determined estimate of claims that have been incurred but not yet reported (IBNR) by the medical service providers.

Due to the numerous factors influencing this liability, the Company develops an estimate based upon generally accepted actuarial projection methodologies using claim submission and payment patterns and cost trends. Deviations, whether positive or negative, between actual experience and estimates used to establish the liability are recorded in the period of claim payment on a consistent

NOTES TO FINANCIAL STATEMENTS

basis. The Company continually monitors the reasonableness of the assumptions used in prior estimates by comparison with actual claim patterns and considers this information in future estimates.

Medical and other benefits paid can also be significantly impacted by outcomes from court decisions, interpretations by regulatory authorities, and legislative changes involving health care matters. As a result, amounts ultimately paid may differ from initial estimates that did not consider such outcomes, interpretations, and changes.

Medicare Part D

The Company's Medicare Advantage plan offers prescription drug benefits under Part D of the Medicare federal health insurance program to individuals eligible for benefits under Part A or Part B. As such, the Company receives additional premium and cost reimbursement components.

For qualifying low-income status (LIS), members, CMS pays the Company for some or all of the LIS member's monthly premium. The CMS payment is dependent upon a member's income level, which is determined by the Social Security Administration. Low-income premium is recognized over the contract period and reported as premium revenue. Additionally, for qualifying LIS members, CMS will reimburse the Company for all or a portion of the LIS member's deductible, coinsurance, and co-payment amounts above the out-of-pocket threshold for low-income beneficiaries. Low-income cost-sharing subsidies are paid by CMS prospectively as a fixed amount per member per month, and are determined based upon the plan year bid submitted to CMS. After the close of the annual plan year, CMS reconciles actual experience to low-income cost sharing subsidies paid to the plan and any differences are settled between CMS and the Company.

The Company also receives payments from CMS for catastrophic reinsurance for members of its Medicare Advantage plan. CMS makes prospective monthly catastrophic reinsurance payments to the Company based on estimated average reinsurance payments to other Medicare Advantage-Prescription Drug plans that provide Part D benefits. After the close of the annual plan year, CMS reconciles actual experience compared to catastrophic reinsurance subsidies paid to the Company and any differences are settled between CMS and the Company.

Low-income cost sharing and catastrophic reinsurance subsidies represent funding from CMS for which the Company assumes no risk and amounts received from CMS are reported net of payments of the actual prescription drug costs related to the low-income cost sharing and catastrophic reinsurance in the accompanying statutory-basis balance sheets. The Company does not recognize premium revenue or medical claims expense for this activity.

Medicare Part D activity resulted in a payable from CMS of $291,140 at December 31, 2011, which is included in amounts receivable relating to uninsured plans in the accompanying statutory-basis balance sheets. Actual amounts of Medicare Part D related assets and liabilities could differ materially from amounts recorded.

Accrued Loss Adjustment Expense

Claim processing expenses for unpaid claims, including claims IBNR, are accrued based on estimated expenses necessary to process such claims.

Advertising Expense

Marketing and advertising costs are expensed as incurred. For the year ended December 31, 2011, the Company incurred $348,380 of advertising expense.

Income Taxes

On September 27, 2007, the Company elected to memorialize its tax-sharing arrangement by participating in an Intercompany Tax Sharing Agreement (the Agreement) with Group, Universal Health Care, Inc. (UHC), and American Managed Care, LLC (AMC). UHC and AMC are entities owned 100% by Group. Beginning with the 2007 tax year, Group has filed a consolidated federal tax return that includes the operations of the Company, Group, UHC, and AMC. On May 27, 2009, the Agreement was amended to include participation by Universal HMO of Texas, Inc. (UHMOT). UHMOT was incorporated during the year ended December 31, 2009 and is wholly owned by Group. The Company obtained final approval of the amended Agreement from the OIR in October 2009. On July 27, 2010, the Agreement was amended to include participation by Universal Health Care of Nevada, Inc. (UHCNV). UHCNV was incorporated during the year ended December 31, 2010, and is wholly owned by Group. The Company obtained final approval of the amended Agreement from the OIR in March 2011.

Under terms of the Agreement, each company shall be responsible for and shall reimburse Group for its separately calculated share of the consolidated tax benefit or expense. Further, per the Agreement, each company shall pay promptly to, or be reimbursed from, Group, on a quarterly basis not later than the due date for the estimated quarterly payment of taxes, its share of such payment, estimated in the same manner as specified above. Any final adjustments to payments shall be made following the preparation of the consolidated federal income tax return.

2. Accounting Changes and Corrections of Errors

N/A

3. Business Combinations and Goodwill

N/A

4. Discontinued Operations

N/A

NOTES TO FINANCIAL STATEMENTS

5. Investments

A - D. N/A

E. Repurchase Agreements and/or Securities Lending Transactions:

The Company entered into a sweep repurchase agreement with a financial services institution to increase its return on invested assets. The transactions involve the transfer of excess cash to a regulated financial institution that is collateralized by securities. On the next business day, the transferred cash, along with any interest thereon, is transferred back to the Company and the collateralized securities are returned. The arrangement meets the requirement to be accounted for as secured borrowings. The Company requires that at all times, securities obtained as collateral are sufficient to fund substantially all of the cost of purchasing replacement assets. As of December 31, 2011, amounts outstanding under repurchase agreements of $8,285,087 are classified as cash in the accompanying statement of assets. As of December 31, 2011, securities with a fair market value of approximately $8,450,800 were held as collateral under this agreement.

F - G. N/A

6. Joint Ventures, Partnerships and Limited Liability Companies

N/A

7. Investment Income

N/A

8. Derivative Instruments

N/A

9. Income Taxes

		12/31/2011			12/31/2010			Change		
9A		1	2	3	4	5	6	7	8	9
9A01		Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
09A01a	Gross Deferred Tax Assets	1,548,534	-	1,548,534	2,517,226	-	2,517,226	(968,692)	-	(968,692)
09A01b	Statutory Valuation Allowance Adjustment	1,548,534	-	1,548,534	-	-	-	1,548,534	-	1,548,534
09A01c	Adjusted Gross Deferred Tax Assets (1a - 1b)	-	-	-	2,517,226	-	2,517,226	(2,517,226)	-	(2,517,226)
09A01d	Deferred Tax Liabilities	-	-	-	-	-	-	-	-	-
09A01e	Subtotal (Net Deferred Tax Assets) (1c - 1d)	-	-	-	2,517,226	-	2,517,226	(2,517,226)	-	(2,517,226)
09A01f	Deferred Tax Assets Nonadmitted	-	-	-	-	-	-	-	-	-
09A01g	Net Admitted Deferred Tax Assets (1e - 1f)	-	-	-	2,517,226	-	2,517,226	(2,517,226)	-	(2,517,226)
09A02	SSAP No. 10R, Income Taxes - A Temporary Replacement of of SSAP No. 10									
09A03	The increased amount by tax character, and the change in such, of admitted adjusted gross DTAs as the result of 10e SSAP No. 10R									

		12/31/2011			12/31/2010			Change		
09A04	Admission Calculation Components:	1	11	12	13	14	15	14	17	9
	SSAP No. 10R, Paragraphs 10a., 10b., and 10c.	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
09A04a	SSAP No. 10R, Paragraph 10a.	-	-	-	2,517,226	-	2,517,226	(2,517,226)	-	(2,517,226)
09A04b	SSAP No. 10R, Paragraph 10.b.	-	-	-	-	-	-	-	-	-
	(the lesser of paragraph 10.b.i. and 10.b.ii. below)									
09A04c	SSAP No. 10R, Paragraph 10.b.i.	-	-	-	-	-	-	-	-	-
09A04d	SSAP No. 10R, Paragraph 10.b.ii.	XXX	XXX	4,905,930	XXX	XXX	[illegible]	XXX	XXX	(793,950)
09A04e	SSAP No. 10R, Paragraph 10.c.	-	-	-	-	-	-	-	-	-
09A04f	Total (4a + 4b + 4e)	-	-	-	2,517,226	-	2,517,226	(2,517,226)	-	(2,517,226)
	Admission Calculation Components SSAP No. 10R, Paragraph 10e.									
09A04g	SSAP No. 10R, Paragraph 10.e.i.	-	-	-	-	-	-	-	-	-
09A04h	SSAP No. 10R, Paragraph 10.e.ii.	-	-	-	-	-	-	-	-	-
	(the lesser of paragraph 10.e.ii.a. and 10.e.ii.b below)									
09A04i	SSAP No. 10R, Paragraph 10.e.ii.a.	-	-	-	-	-	-	-	-	-
09A04j	SSAP No. 10R, Paragraph 10.e.ii.b.	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-
09A04k	SSAP No. 10R, Paragraph 10.e.iii.	-	-	-	-	-	-	-	-	-
09A04l	Total (4g + 4h + 4k)	-	-	-	-	-	-	-	-	-
	Used in SSAP No. 10R, Paragraph 10.d.									
09A04m	Total Adjusted Capital	XXX	XXX	45,060,196	XXX	XXX	55,516,956	XXX	XXX	(10,456,760)
09A04n	Authorized Control Level	XXX	XXX	4,666,050	XXX	XXX	4,653,302	XXX	XXX	12,748

		12/31/2011			12/31/2010			Change		
9A05		1	2	3	4	5	6	7	8	9
		Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
	Impact of Tax Planning Strategies									
09A05a	Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	-	-	-	-	-	-	-	-	-
09A05b	Net Admitted Adjusted Gross DTAs	XXX	XXX	-	XXX	XXX	0	XXX	XXX	-
	(% of Total Net Admitted Adjusted Gross DTAs)									

		12/31/2011			12/31/2010			Change		
9A06		1	2	3	4	5	6	7	8	9
	SSAP No. 10R, Paragraphs 10.a., 10.b., and 10.c.:	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
09A06a	Admitted Deferred Tax Assets	-	-	-	2,517,226	-	2,517,226	(2,517,226)	-	(2,517,226)
09A06b	Admitted Assets	XXX	XXX	121,589,795	XXX	XXX	78,880,824	XXX	XXX	42,708,971
09A06c	Adjusted Statutory Surplus*	XXX	XXX	45,060,196	XXX	XXX	52,898,735	XXX	XXX	(7,838,539)
09A06d	Total Adjusted Capital from DTAs	XXX	XXX	-	XXX	XXX	2,517,226	XXX	XXX	(2,517,226)
	Increases due to SSAP No. 10R, Paragraph 10.e.									
09A06e	Admitted Deferred Tax Assets	-	-	-	-	-	-	-	-	-
09A06f	Admitted Assets	-	-	-	-	-	-	-	-	-
09A06g	Statutory Surplus	-	-	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

		1	2	3
09B	Regarding deferred tax liabilities that are not recognized:			
	N/A			
09C		12/31/2011	12/31/2010	Change
09C1	Current Income Tax			
09C1a	Federal	(7,632,412)	(662,021)	(6,970,391)
09C1b	Foreign	-	-	-
09C1c	Subtotal	(7,632,412)	(662,021)	(6,970,391)
09C1d	Federal income tax on net capital gains	1,637,021	97,601	1,540,[illegible]
09C1e	Utilization of capital loss carry-forwards	-	-	-
09C1f	Other	-	-	-
09C1g	Federal and foreign income taxes incurred	(5,995,391)	(564,420)	(5,430,971)
09C2	Deferred Tax Assets			
(a)	Ordinary			
09C2A01	Discounting of unpaid losses	-	67,513	(67,513)
09C2A02	Unearned premium reserve	64,930	41,336	23,594
09C2A03	Policyholder reserves	-	-	-
09C2A04	Investments	-	-	-
09C2A05	Deferred acquisition costs	-	-	-
09C2A06	Policyholder dividends accrual	-	-	-
09C2A07	Fixed Assets	-	-	-
09C2A08	Compensation and benefits accrual	2,172	3,036	(864)
09C2A09	Pension accrual	-	-	-
09C2A10	Receivables - nonadmitted	1,440,199	1,349,378	90,821
09C2A11	Net operating loss carry-forward	-	-	-
09C2A12	Tax credit carry-forward	-	-	-
09C2A13	Other (including items <5% of total ordinary tax assets)	36,[illegible]	1,065,944	(1,029,[illegible])
	09C2A99 Subtotal	1,549,334	2,517,336	(968,[illegible])
09C2b	Statutory valuation allowance adjustment	1,549,334	-	1,549,334
09C2c	Nonadmitted	-	-	-
09C2d	Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	-	2,517,336	(2,517,336)
09C2e	Capital:			
09C2E1	Investments	-	-	-
09C2E2	Net capital loss carry-forward	-	-	-
09C2E3	Real estate	-	-	-
09C2E4	Other (including items <5% of total capital tax assets)	-	-	-
	09C2E99 Subtotal	-	-	-
09C2f	Statutory valuation allowance adjustment	-	-	-
09C2g	Nonadmitted	-	-	-
09C2h	Admitted capital deferred tax assets (2e99 - 2f - 2g)	-	-	-
09C2i	Admitted deferred tax assets (2d + 2h)	-	2,517,336	(2,517,336)
09C3	Deferred Tax Liabilities			
(a)	Ordinary:			
09C3A1	Investments	-	-	-
09C3A2	Fixed assets	-	-	-
09C3A3	Deferred and uncollected premium	-	-	-
09C3A4	Policyholder reserves	-	-	-
09C3A5	Other (including items <5% of total ordinary tax liabilities)	-	-	-
	09C3A99 Subtotal	-	-	-
(b)	Capital:			
09C3B1	Investments	-	-	-
09C3B2	Real estate	-	-	-
09C3B3	Other (including items <5% of total capital tax liabilities)	-	-	-
	09C3B99 Subtotal	-	-	-
09C3C	Deferred tax liabilities (3a99 + 3b99)	-	-	-
09C4	Net deferred tax assets/liabilities (2i - 3c)	-	2,517,336	(2,517,336)

09D		12/31/2011	Effective Tax Rate (%)
	Provision computed at statutory rate	(4,700,074)	35.00%
	Change in nonadmitted assets	(45,799)	0.30%
	Tax-exempt investment income	(140,789)	1.10%
	Nondeductible expenses	2,149	-0.10%
	State taxes	(62,399)	0.50%
	Other	1,509,509	-11.30%
	Total	(3,468,335)	25.80%
	Federal and foreign income taxes incurred	(7,632,412)	56.70%
	Realized capital gains (losses) tax	1,637,021	-12.20%
	Change in deferred income taxes	2,517,336	-18.70%
	Total	(3,468,335)	25.80%

09E Capital loss carry-forwards

09E1 The Company has no operating loss carryforwards

09E2 The following is income tax expense that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2010	-	-	-
2011	-	-	-
Total	-	-	-

09E3 The aggregate amount of deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code was $0 as of December 31, 2011.

09F Consolidated tax filing:

Company is included in a consolidated tax filing with the following entities:

Universal Health Care Group, Inc.
American Managed Care, LLC
Universal Health Care, Inc.
Universal HMO of Texas, Inc.
Universal Health Care of Nevada, Inc.
Universal Health Care of Georgia, Inc.

10. <u>Information Concerning Parent, Subsidiaries and Affiliates</u>

A - C. All outstanding shares of the Company are owned by Group, an insurance holding company incorporated in the State of Delaware with operations based in Florida. On February 14, 2011, Group entered into a $37,500,000 term-loan and a $2,500,000 unfunded revolving credit agreement which placed additional minimum statutory capital requirements on its subsidiaries, including UHCIC. Under the credit agreement, the Company must maintain surplus and capital equal to or greater than 125% of the Statutory minimum. Group pledged 100% of its equity interest in UHCIC as security under the credit agreement.

Surplus notes payable, related party:

The Company has recorded $18,250,000 in surplus notes payable to its parent, Group, at December 31, 2011 (see note 13). The terms of the surplus notes payable specify that principal and interest is payable only upon the prior approval of FL OIR. The notes payable #1, #2 and #3 will bear interest at 5% per annum upon FL OIR approval. Surplus note #4 bore interest at 9% per annum and received FL OIR approval for payment of interest. As of the year ended December 31, 2010, Note #4's principal and interest of $66,000,000 and $4,295,202, respectively had been paid in full. The Company paid down Note #3 in the total amount of

NOTES TO FINANCIAL STATEMENTS

$2,750,000 on July 14, 2010. During the period from May 25, 2006 (date of inception) through December 31, 2011, UHCIC did not obtain approval from FL OIR for the Surplus Notes #1, #2 and #3; therefore UHCIC has not recorded accrued interest and interest expense of $4,963,230 related to those notes.

Dividend payment
N/A

Other relationships:
The Company has a management agreement with American Managed Care, LLC (AMC), effective through May 31, 2012 and automatically renewed in one year terms, whereby AMC provides supervisory and management services, performs specific functions and contract services to and performs certain payroll functions for the Company. AMC is owned 100% by Group. Effective December 1, 2010, fees pursuant to this agreement were set at 9.0% of the total collected premiums on a monthly basis as approved by FL OIR on November 5, 2010. Effective January 1, 2011, for compensation for services rendered, the Company shall pay AMC a percentage of total collected premiums on a monthly basis. The amount shall vary, as mutually agreed between AMC and the Company, but under no circumstance shall the percentage of collected premiums paid to AMC exceed 9%, without obtaining prior approval from the FL OIR. Further, no amounts paid by the Company shall result in the Company being out of compliance with the minimum statutory requirements of the Florida Statutes. Expenses incurred under this agreement totaled $35,213,868 for the period from January 1, 2011 through December 31, 2011.

D. In addition to the above-referenced management agreement, certain expenditures for the Company are paid by and reimbursed to Universal Health Care, Inc. (UHC), Universal HMO of Texas, Inc. (UHMOT), Universal Health Care of Nevada, Inc. (UHCNV) and AMC, companies under common control by Group, as well as Group itself. The Company also pays for and is reimbursed by UHC, UHMOT, UHCNV and AMC for certain expenditures. At December 31, 2011, the Company owed UHC $30,747 and was owed $25,153 from AMC. All amounts will be settled per terms of the Company's intercompany transactions policy which requires the payment to be made within 30 days.

E. N/A.

F. The Company has a management agreement with AMC, effective through May 31, 2012 and automatically renewed, whereby AMC provides supervisory and management services, performs specific functions and contract services to and performs certain payroll functions for the Company. AMC is owned 100% by Group.

In addition, the Company maintains a provider agreement with American Family & Geriatric Care (AFGC), which is owned 100% by a majority shareholder of Group. Amounts paid to AFGC under the provider agreement for the year ended December 31, 2011 were $2,271,190.

G. - L. N/A

Under the Company's tax sharing agreement, $5,879,729, included in current federal and foreign income tax recoverable in the accompanying Statement of Assets, Liabilities, Capital and Surplus, is due to the Company from Group and will be settled per terms of the intercompany transactions policy.

11. Debt
    N/A

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

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations
    1. UHCIC has 10,000,000 shares of $1.00 par value common stock authorized, 2,500,100 shares issued and outstanding as of December 31, 2011.
    2. N/A
    3. Prior approval is needed by Florida OIR for dividend payments to Group and may not be presented for approval until after the June 30, 2011 quarterly statements are filed.
    4. N/A
    5. Within the limitations of (3) above, there are no restrictions placed on the portion of company profits that may be paid as ordinary dividends to stockholders.
    6. N/A
    7. N/A
    8. N/A
    9. N/A
    10. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses is $-64,893.
    11. Please see table as follows:

	Date Issued	Interest Rate	Par Value (Face Amount of Note)	Carrying Value of Note	Principal and/or Interest Paid Current year	Total Principal and/or Interest paid	Unapproved Principal and/or interest	Date of Maturity
Surplus Note #1	12/29/2006	5.0%	$8,000,000	$8,000,000	0	0	$2,003,333	N/A
Surplus Note #2	01/13/2007	5.0%	$2,000,000	$2,000,000	0	0	$491,944	N/A
Surplus Note #3	02/22/2007	5.0%	$11,000,000	$8,250,000	0	$2,750,000	$2,467,952	N/A

    12. N/A
    13. N/A

NOTES TO FINANCIAL STATEMENTS

14. Contingencies
N/A

15. Losses
N/A

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk
N/A

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

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

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

20. Fair Value Measurements
N/A

21. Other Items
N/A

22. Events Subsequent
N/A

23. Reinsurance
A. Section 1. 1. No
2. No
Section 2 1. No
2. No
Section 3 1. N/A
2. Yes. Effective January 1, 2011, the Company terminated its ceded reinsurance agreement with Hannover Life Re and entered into a ceded reinsurance agreement with RGA Reinsurance Company (Barbados) Limited (RGA) for indemnity reinsurance. This agreement does not relieve the Company from its obligations to its members. Failure on the part of RGA to honor its obligations could result in losses to the Company. Under terms of the agreement, the Company ceded to RGA, and RGA reinsured, a 75% quota share of the reinsured risks subject to annual maximum reinsurance premium and net of any existing reinsurance for the year ended December 31, 2011. There are no amounts of reinsurance credits.

B. N/A
C. N/A

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination
N/A

25. Change in Incurred Claims and Claim Adjustment Expenses
N/A

26. Intercompany Pooling Arrangements
N/A

27. Structured Settlements
N/A

28. Health Care Receivables

Quarter	Estimated Rx Rebates as Reported on Financial Statements	Rx 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
3/31/2009	$929,951	$929,951	$ -	$ -	$929,951
6/30/2009	977,292	977,292	-	-	977,292
9/30/2009	1,015,385	1,015,385	-	899,703	115,682
12/31/2009	887,585	887,585	-	-	887,585
3/31/2010	653,467	653,467	-	56,875	596,592
6/30/2010	1,319,378	1,319,378	-	1,319,378	-
9/30/2010	1,021,724	1,021,724	144,746	876,978	-

NOTES TO FINANCIAL STATEMENTS

12/31/2010	1,248,839	1,248,839	92,048	921,625	235,166
3/31/2011	1,685,901	1,685,901	-	1,685,901	-
6/30/2011	2,148,552	2,148,552	354,189	1,545,081	249,282
9/30/2011	1,873,665	1,873,665	-	1,601,843	-
12/31/2011	2,174,692	2,174,692	-	-	-

29. Participating Policies
N/A

30. Premium Deficiency Reserves

N/A

31. Anticipated Salvage and Subrogation
N/A

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? Florida

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. 12/31/2009

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). 03/08/2011

3.4 By what department or departments? FL OIR

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [ ] N/A [ ]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

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

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

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

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

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

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

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 the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), 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 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, 401 East Jackson Street, Suite 1200, Tampa, FL 33602

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?
Milliman, 3000 Bayport Drive, Suite 880, Tampa, FL 33607

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 with a NAIC rating of 3 or below? 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 or is likely to conflict with the official duties of such person? Yes [X] No [ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers $ 0
- 20.12 To stockholders not officers $ 0
- 20.13 Trustees, supreme or grand (Fraternal only) $ 0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers $ 0
- 20.22 To stockholders not officers $ 0
- 20.23 Trustees, supreme or grand (Fraternal only) $ 0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others $
- 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 [ ] No [X]

22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment $
- 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: $ 25,153

INVESTMENT

24.1 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 24.3) Yes [X] No [ ]

24.2 If no, give full and complete information, relating thereto

24.3 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)

24.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] NA [X]

24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. $

24.6 If answer to 24.4 is no, report amount of collateral for other programs. $

24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] NA [X]

24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] NA [X]

24.9 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 [ ] NA [X]

GENERAL INTERROGATORIES

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 24.3). Yes [X] No [ ]

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

25.21	Subject to repurchase agreements	$ 8,285,087
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 securities restricted as to sale	$
25.28	On deposit with state or other regulatory body	$ 4,554,869
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 [ ]
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
Wells Fargo Bank, NA	100 S Ashley Drive, MAC: Z0307-092, Tampa, FL 33602

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 [X] No [ ]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Fifth Third Bank	Wells Fargo Bank	09/01/2011	Economic Benefit

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

1 Central Registration Depository Number(s)	2 Name	3 Address
104973	Wells Capital Management, Inc	525 Market St 10th Floor, San Francisco, CA 94105

GENERAL INTERROGATORIES

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 TOTAL		0

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	97,228,602	97,241,219	12,617
30.2 Preferred Stocks	0		0
30.3 Totals	97,228,602	97,241,219	12,617

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

SVO/NAIC (Security Valuation Office) if not priced through the SVO then we use IDC download feed

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

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

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

All price were obtained through SVO/NAIC or IDC download - with the exception of the Money market Funds

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

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any? $ 0

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
	$
	$
	$

34.1 Amount of payments for legal expenses, if any? $ 80,453

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
Nicholas & Bell PA	$ 73,450

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

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
	$
	$
	$

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U. S. business only $ 0

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

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. $ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 136,570,278	$ 122,847,588
2.2	Premium Denominator	$ 136,570,278	$ 122,847,588
2.3	Premium Ratio (2.1/2.2)	1.000	1.000
2.4	Reserve Numerator	$ 10,842,372	$ 10,139,609
2.5	Reserve Denominator	$ 10,842,372	$ 10,139,609
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 $

5.32 Medical Only $ 300,000

5.33 Medicare Supplement $

5.34 Dental and Vision $

5.35 Other Limited Benefit Plan $

5.36 Other $

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

Physician hereby agrees that in no event shall physician bill, charge, collect a deposit from, seek comp., remuneration, or reimb. from, or have any recourse against members or persons other than Company, physician or persons acting on member's behalf for svcs provided pursuant to this Agreement.

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No [ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 33,842

8.2 Number of providers at end of reporting year 37,123

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

FIVE - YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	124,596,795	70,890,924	79,354,654	103,598,274	196,730,140
2. Total liabilities (Page 3, Line 24)	79,537,600	15,374,968	15,890,446	34,402,012	75,637,792
3. Statutory surplus	27,314,049	24,569,517	28,076,863	28,069,965	112,442,494
4. Total capital and surplus (Page 3, Line 33)	45,059,196	55,515,958	63,464,208	69,196,262	121,092,348
Income Statement (Page 4)					
5. Total revenues (Line 8)	136,570,278	122,847,588	81,859,120	140,349,827	562,212,471
6. Total medical and hospital expenses (Line 18)	89,253,313	84,088,862	35,142,869	100,319,455	462,564,374
7. Claims adjustment expenses (Line 20)	655,876	(169,929)	(38,993)	(172,578)	808,379
8. Total administrative expenses (Line 21)	66,136,932	44,193,987	35,802,248	37,892,986	61,795,818
9. Net underwriting gain (loss) (Line 24)	(19,475,843)	(5,246,314)	10,952,996	2,309,964	37,163,900
10. Net investment gain (loss) (Line 27)	4,239,493	1,441,370	1,115,498	3,138,474	8,349,359
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income or (loss) (Line 32)	(7,613,740)	(3,151,823)	8,188,088	4,343,918	30,264,079
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	51,374,920	(4,482,842)	(19,546,525)	(41,055,241)	90,733,847
Risk-Based Capital Analysis					
14. Total adjusted capital	45,059,196	55,515,958	63,464,208	69,196,262	121,092,348
15. Authorized control level risk-based capital	4,655,098	4,621,045	1,994,687	5,101,144	24,182,022
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	63,531	22,774	35,268	32,200	59,910
17. Total members months (Column 6, Line 7)	726,451	269,981	420,804	404,757	801,891
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)	65.4	68.4	42.9	71.5	82.3
20. Cost containment expenses	0.0	0.0	0.0	0.0	0.0
21. Other claims adjustment expenses	0.5	(0.1)	0.0	(0.1)	0.1
22. Total underwriting deductions (Line 23)	114.3	104.3	86.6	98.4	93.4
23. Total underwriting gain (loss) (Line 24)	(14.3)	(4.3)	13.4	1.6	6.6
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	2,968,133	3,033,837	10,520,771	54,169,159	0
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	10,139,609	8,965,001	24,636,600	64,670,000	0
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate		0	0	0	0
31. All other affiliated		0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0

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

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1 Active Status	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
		Direct Business Only							
1. Alabama AL	L							0	0
2. Alaska AK								0	0
3. Arizona AZ	L		22,865,351					22,865,351	0
4. Arkansas AR	L							0	0
5. California CA								0	0
6. Colorado CO								0	0
7. Connecticut CT								0	0
8. Delaware DE								0	0
9. District of Columbia DC	L							0	0
10. Florida FL	L		40,395,591					40,395,591	0
11. Georgia GA	L		178,104,212					178,104,212	0
12. Hawaii HI								0	0
13. Idaho ID								0	0
14. Illinois IL	L							0	0
15. Indiana IN	L							0	0
16. Iowa IA								0	0
17. Kansas KS								0	0
18. Kentucky KY	L							0	0
19. Louisiana LA	L		9,501,686					9,501,686	0
20. Maine ME								0	0
21. Maryland MD	L		14,494,387					14,494,387	0
22. Massachusetts MA								0	0
23. Michigan MI								0	0
24. Minnesota MN								0	0
25. Mississippi MS	L		12,323,155					12,323,155	0
26. Missouri MO	L							0	0
27. Montana MT								0	0
28. Nebraska NE								0	0
29. Nevada NV	L		12,108,754					12,108,754	0
30. New Hampshire NH								0	0
31. New Jersey NJ	L							0	0
32. New Mexico NM								0	0
33. New York NY	L							0	0
34. North Carolina NC	L		73,224,705					73,224,705	0
35. North Dakota ND								0	0
36. Ohio OH	L							0	0
37. Oklahoma OK	L							0	0
38. Oregon OR								0	0
39. Pennsylvania PA	L		5,220,228					5,220,228	0
40. Rhode Island RI								0	0
41. South Carolina SC	L		51,631,519					51,631,519	0
42. South Dakota SD	L							0	0
43. Tennessee TN								0	0
44. Texas TX	L		43,548,047					43,548,047	0
45. Utah UT	L		14,486,634					14,486,634	0
46. Vermont VT								0	0
47. Virginia VA	L		35,983,993					35,983,993	0
48. Washington WA								0	0
49. West Virginia WV								0	0
50. Wisconsin WI								0	0
51. Wyoming WY								0	0
52. American Samoa AS								0	0
53. Guam GU								0	0
54. Puerto Rico PR								0	0
55. U.S. Virgin Islands VI								0	0
56. Northern Mariana Islands MP								0	0
57. Canada CN								0	0
58. Aggregate Other Alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	0	513,888,262	0	0	0	0	513,888,262	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 25	0	513,888,262	0	0	0	0	513,888,262	0
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	

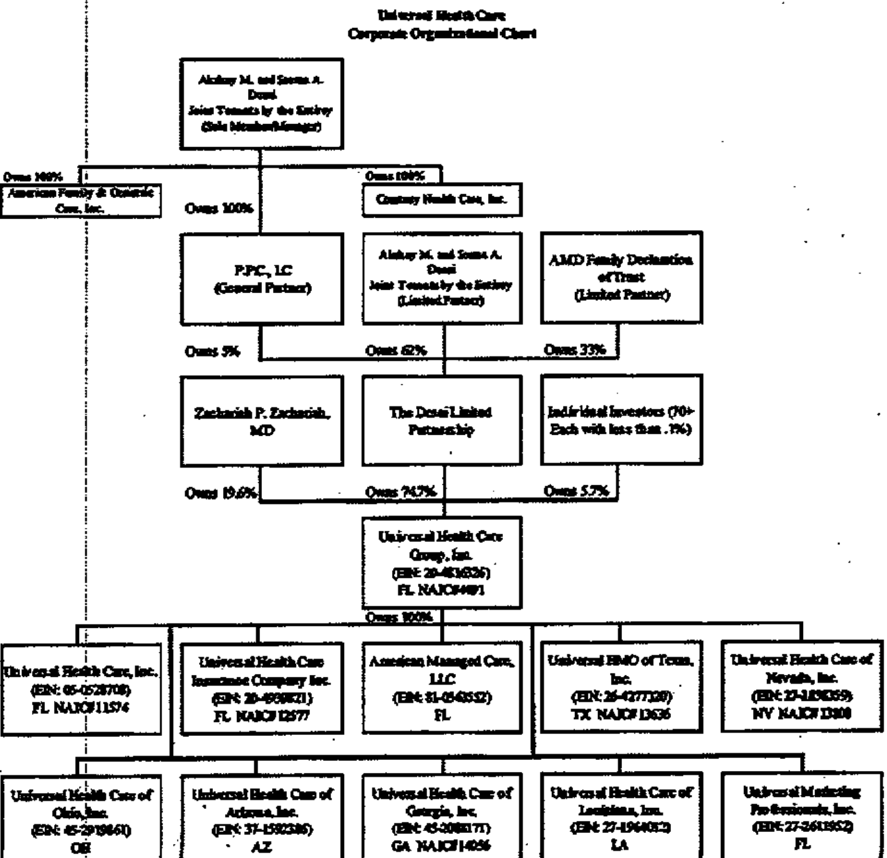
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

Explanation of basis of allocation by states, premiums by state, etc.: Allocation of state premium is based on actual premium received from CMS. Out of Area premiums are allocated to the domicile state of Florida.

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 – Enrollment By Product Type for Health Business Only	17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18
Exhibit 3 – Health Care Receivables	19
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	20
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	21
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	22
Exhibit 7 – Part 1 – Summary of Transactions With Providers	23
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	23
Exhibit 8 – Furniture, Equipment and Supplies Owned	24
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	29
Five-Year Historical Data	28
General Interrogatories	26
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	25
Overflow Page For Write-ins	42
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	SI02
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Part 3	E06
Schedule B – Verification Between Years	SI02
Schedule BA – Part 1	E07
Schedule BA – Part 2	E08
Schedule BA – Part 3	E09
Schedule BA – Verification Between Years	SI03
Schedule D – Part 1	E10

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule D – Part 1A – Section 1	SI05
Schedule D – Part 1A – Section 2	SI08
Schedule D – Part 2 – Section 1	E11
Schedule D – Part 2 – Section 2	E12
Schedule D – Part 3	E13
Schedule D – Part 4	E14
Schedule D – Part 5	E15
Schedule D – Part 6 – Section 1	E16
Schedule D – Part 6 – Section 2	E16
Schedule D – Summary By Country	SI04
Schedule D – Verification Between Years	SI03
Schedule DA – Part 1	E17
Schedule DA –Verification Between Years	SI10
Schedule DB – Part A – Section 1	E16
Schedule DB – Part A – Section 2	E19
Schedule DB – Part A – Verification Between Years	SI11
Schedule DB – Part B – Section 1	E20
Schedule DB – Part B – Section 2	E21
Schedule DB – Part B – Verification Between Years	SI11
Schedule DB – Part C – Section 1	SI12
Schedule DB – Part C – Section 2	SI13
Schedule DB – Part D	E22
Schedule DB – Verification	SI14
Schedule DL – Part 1	E23
Schedule DL – Part 2	E24
Schedule E – Part 1 – Cash	E25
Schedule E – Part 2 – Cash Equivalents	E26
Schedule E – Part 3 – Special Deposits	E27
Schedule E – Verification Between Years	SI15
Schedule S – Part 1 – Section 2	30
Schedule S – Part 2	31
Schedule S – Part 3 – Section 2	32
Schedule S – Part 4	33
Schedule S – Part 5	34
Schedule S – Part 6	35
Schedule T – Part 2 – Interstate Compact	37
Schedule T – Premiums and Other Considerations	36
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	38
Schedule Y– Part 1A – Detail of Insurance Holding Company System	39
Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	40
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Supplemental Exhibits and Schedules Interrogatories	41
Underwriting and Investment Exhibit – Part 1	8
Underwriting and Investment Exhibit – Part 2	9
Underwriting and Investment Exhibit – Part 2A	10
Underwriting and Investment Exhibit – Part 2B	11
Underwriting and Investment Exhibit – Part 2C	12
Underwriting and Investment Exhibit – Part 2D	13
Underwriting and Investment Exhibit – Part 3	14

A retroactive adjustment for 2011 was made to reduce overcharging of management fees charged from American Managed Care, LLC. from $35M to $20M.

ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2011
OF THE CONDITION AND AFFAIRS OF THE

Universal Health Care Insurance Co., Inc.

NAIC Group Code 4091 (Current Period), 4091 (Prior Period) NAIC Company Code 12577 Employer's ID Number 20-4939621

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

Country of Domicile United States

Licensed as business type: Life, Accident & Health [X] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ ]
Dental Service Corporation [ ] Vision Service Corporation [ ] Health Maintenance Organization [ ]
Other [ ] Is HMO, Federally Qualified? Yes [ ] No [X]

Incorporated/Organized 05/25/2006 Commenced Business 05/26/2006

Statutory Home Office 100 Central Avenue, Suite 200 (Street and Number), St. Petersburg, FL 33701 (City, State and Zip Code)

Main Administrative Office 100 Central Avenue, Suite 200 (Street and Number)
St. Petersburg, FL 33701 (City, State and Zip Code) 727-822-3446 (Area Code) (Telephone Number)

Mail Address 100 Central Avenue, Suite 200 (Street and Number or P.O. Box), St. Petersburg, FL 33701-3340 (City, State and Zip Code)

Primary Location of Books and Records 100 Central Avenue, Suite 200 (Street and Number)
St. Petersburg, FL 33701 (City, State and Zip Code), 727-456-6517 (Area Code) (Telephone Number) (Extension)

Internet Web Site Address www.univhc.com

Statutory Statement Contact Lynn Phelps (Name), 727-456-6517 (Area Code) (Telephone Number) (Extension)
lphelps@univhc.com (E-Mail Address) 727-329-0036 (Fax Number)

OFFICERS

Name	Title	Name	Title
Akshay M. Desai MD, MPH	President, CEO	Sandip I. Patel	CAO, General Counsel, Secretary
Deepak Desai	CSO, Interim CFO	Steven J. Schaefer	Treasurer

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Akshay M. Desai MD, MPH — Deepak Desai — Seema Desai — Jayendra Choski MD
Sandip I. Patel

State of Florida
County of Pinellas ss

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.

Akshay M. Desai MD, MPH	Sandip I. Patel	Deepak Desai
President, CEO	CAO, General Counsel, Secretary	CSO, Interim CFO

Subscribed and sworn to before me this ____ day of ____,

a. Is this an original filing? Yes [ ] No [X]
b. If no:
1. State the amendment number 1
2. Date filed 03/14/2012
3. Number of pages attached

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	7,302,115		7,302,115	49,143,349
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	2,030,520		2,030,520	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ .... encumbrances)			0	0
4.2 Properties held for the production of income (less $ .... encumbrances)			0	0
4.3 Properties held for sale (less $ .... encumbrances)			0	0
5. Cash ($ 7,766,183 , Schedule E-Part 1), cash equivalents ($ 0 , Schedule E-Part 2) and short-term investments ($ 89,926,486 , Schedule DA)	97,692,669		97,692,669	4,685,099
6. Contract loans (including $ .... premium notes)			0	0
7. Derivatives (Schedule DB)			0	0
8. Other invested assets (Schedule BA)	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL)			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	107,025,304	0	107,025,304	53,828,448
13. Title plants less $ .... charged off (for Title insurers only)			0	0
14. Investment income due and accrued	25,881		25,881	418,011
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ .... earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums	11,537,538		11,537,538	5,044,227
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	134,934	134,934	0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	3,778,796
17. Amounts receivable relating to uninsured plans			0	498,858
18.1 Current federal and foreign income tax recoverable and interest thereon	546,550		546,550	4,737,810
18.2 Net deferred tax asset	0		0	2,517,226
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets ($ ....)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	14,888,053		14,888,053	0
24. Health care ($ 67,222) and other amounts receivable	3,944,115	3,876,894	67,222	67,548
25. Aggregate write-ins for other than invested assets	183,080	183,080	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	138,285,456	4,194,908	134,090,548	70,890,924
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	138,285,456	4,194,908	134,090,548	70,890,924
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Prepaid Expense	57,194	57,194	0	0
2502. Accounts Receivable	125,887	125,887	0	0
2503.			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	183,080	183,080	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $ 60,716,448 reinsurance ceded)	10,542,372		10,542,372	10,139,809
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	930,330		930,330	274,454
4. Aggregate health policy reserves, including the liability of $ .... for medical loss ratio rebate per the Public Health Service Act			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	918,977		918,977	590,490
9. General expenses due or accrued	2,493,095		2,493,095	1,048,136
10.1 Current federal and foreign income tax payable and interest thereon (including $ .... on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	62,802,385		62,802,385	0
12. Amounts withheld or retained for the account of others	962,657		962,657	977,443
13. Remittances and items not allocated			0	0
14. Borrowed money (including $ .... current) and interest thereon $ .... (including $ .... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	30,744		30,744	2,070,789
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with $ .... authorized reinsurers and $ .... unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	291,140		291,140	0
23. Aggregate write-ins for other liabilities (including $ .... current)	565,900	0	565,900	273,865
24. Total liabilities (Lines 1 to 23)	79,537,600	0	79,537,600	15,374,966
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	2,500,100	2,500,100
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	12,499,900	12,499,900
29. Surplus notes	XXX	XXX	18,250,000	18,250,000
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	11,809,196	22,265,958
32. Less treasury stock, at cost				
32.1 .... shares common (value included in Line 26 $ ....)	XXX	XXX		0
32.2 .... shares preferred (value included in Line 27 $ ....)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	45,059,196	55,515,958
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	124,596,796	70,890,924
DETAILS OF WRITE-INS				
2301. Accrued Rx	565,900		565,900	273,865
2302. Accrued plan to plan reimbursement			0	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	565,900	0	565,900	273,865
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	XXX	726,451	269,981
2. Net premium income (including $ 0 non-health premium income)	XXX	136,570,278	122,847,586
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of $ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	136,570,278	122,847,586
Hospital and Medical:			
9. Hospital/medical benefits		395,580,881	177,944,756
10. Other professional services		3,501,418	2,181,856
11. Outside referrals			0
12. Emergency room and out-of-area		12,420,304	6,443,098
13. Prescription drugs		39,410,000	18,747,906
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts			0
16. Subtotal (Lines 9 to 15)	0	450,912,601	205,317,616
Less:			
17. Net reinsurance recoveries		361,659,288	121,248,754
18. Total hospital and medical (Lines 16 minus 17)	0	89,253,313	84,068,862
19. Non-health claims (net)			0
20. Claims adjustment expenses, including $ 0 cost containment expenses		655,876	(189,929)
21. General administrative expenses		51,366,789	44,193,967
22. Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	141,275,978	128,072,900
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(4,705,700)	(5,245,314)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,199,295	1,278,516
26. Net realized capital gains (losses) less capital gains tax of $ 1,637,030		3,040,198	162,854
27. Net investment gains (losses) (Lines 25 plus 26)	0	4,239,493	1,441,370
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $)]		0	0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(466,207)	(3,803,943)
31. Federal and foreign income taxes incurred	XXX	(2,453,061)	(652,321)
32. Net income (loss) (Lines 30 minus 31)	XXX	1,986,854	(3,151,622)
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year	2 Prior Year
	CAPITAL & SURPLUS ACCOUNT		
33.	Capital and surplus prior reporting year	55,515,958	63,464,208
34.	Net income or (loss) from Line 32	1,986,854	(3,151,623)
35.	Change in valuation basis of aggregate policy and claim reserves		0
36.	Change in net unrealized capital gains (losses) less capital gains tax of $ (218,168)	(195,057)	77,504
37.	Change in net unrealized foreign exchange capital gain or (loss)	(35,989)	0
38.	Change in net deferred income tax	(2,517,226)	1,008,143
39.	Change in nonadmitted assets	(130,740)	(382,274)
40.	Change in unauthorized reinsurance	0	0
41.	Change in treasury stock	0	0
42.	Change in surplus notes	0	(5,500,000)
43.	Cumulative effect of changes in accounting principles		0
44.	Capital Changes:		
	44.1 Paid in	0	0
	44.2 Transferred from surplus (Stock Dividend)		0
	44.3 Transferred to surplus		0
45.	Surplus adjustments:		
	45.1 Paid in	0	0
	45.2 Transferred to capital (Stock Dividend)	0	0
	45.3 Transferred from capital		0
46.	Dividends to stockholders		0
47.	Aggregate write-ins for gains or (losses) in surplus	0	0
48.	Net change in capital & surplus (Lines 34 to 47)	(892,138)	(7,948,250)
49.	Capital and surplus end of reporting year (Line 33 plus 48)	54,623,820	55,515,958
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0
4799.	Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

Cash from Operations	1 Current Year	2 Prior Year
1. Premiums collected net of reinsurance	193,207,838	125,705,702
2. Net investment income	2,021,950	1,561,722
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	195,229,788	127,267,424
5. Benefit and loss related payments	88,791,520	83,108,218
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	45,423,906	42,871,049
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of $ .... tax on capital gains (losses)	(5,223,460)	5,770,799
10. Total (Lines 5 through 9)	128,991,967	131,750,066
11. Net cash from operations (Line 4 minus Line 10)	66,237,821	(4,482,642)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	66,891,213	27,594,458
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	(1,727)
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	66,891,213	27,592,731
13. Cost of investments acquired (long-term only):		
13.1 Bonds	20,933,441	25,060,050
13.2 Stocks	2,131,381	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	180,199	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	23,245,021	25,060,050
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	43,646,192	2,532,681
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	(5,500,000)
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	(16,876,443)	(262,324)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(16,876,443)	(5,762,324)
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)	93,007,570	(7,712,285)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	4,685,099	12,397,384
19.2 End of year (Line 18 plus Line 19.1)	97,692,669	4,685,099

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Universal Health Care Insurance Co., Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	136,570,278	0	0	0	0	0	136,570,278	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of $ ____ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	136,570,278	0	0	0	0	0	136,570,278	0	0	0
8. Hospital/medical benefits	395,580,881						395,580,881			XXX
9. Other professional services	3,501,416						3,501,416			XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	12,420,304						12,420,304			XXX
12. Prescription drugs	39,410,000						39,410,000			XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0									XXX
15. Subtotal (Lines 8 to 14)	450,912,601	0	0	0	0	0	450,912,601	0	0	XXX
16. Net reinsurance recoveries	361,659,288						361,659,288			XXX
17. Total hospital and medical (Lines 15 minus 16)	89,253,313	0	0	0	0	0	89,253,313	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including $ ____ 0 cost containment expenses	655,876						655,876			
20. General administrative expenses	51,366,789						51,366,789			
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	141,275,978	0	0	0	0	0	141,275,978	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(4,705,700)	0	0	0	0	0	(4,705,700)	0	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	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	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($ ....for occupancy of own building)			948,536		948,536
2. Salaries, wages and other benefits			20,013,829		20,013,829
3. Commissions (less $ ....ceded plus $ ....assumed)			21,719,300		21,719,300
4. Legal fees and expenses			269,205		269,205
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services			5,413,452	120,689	5,534,141
7. Traveling expenses			432,643		432,643
8. Marketing and advertising			348,380		348,380
9. Postage, express and telephone			2,261,528		2,261,528
10. Printing and office supplies			535,608		535,608
11. Occupancy, depreciation and amortization			1,298,876		1,298,876
12. Equipment			2,898		2,898
13. Cost or depreciation of EDP equipment and software			384,792		384,792
14. Outsourced services including EDP, claims, and other services			1,744,504		1,744,504
15. Boards, bureaus and association fees			62,676		62,676
16. Insurance, except on real estate			88,674		88,674
17. Collection and bank service charges			220,702		220,702
18. Group service and administration fees					0
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes			32,650		32,650
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			263,294		263,294
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees			194,712		194,712
23.4 Payroll taxes			1,345,527		1,345,527
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	0	655,876	(6,212,994)	0	(5,557,118)
26. Total expenses incurred (Lines 1 to 25)	0	655,876	51,366,789	120,689	(a) 52,143,354
27. Less expenses unpaid December 31, current year		930,330	2,422,223		3,352,553
28. Add expenses unpaid December 31, prior year	0	274,454	1,048,136	0	1,322,590
29. Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	0	49,992,702	120,689	50,113,391
DETAILS OF WRITE-INS					
2501. Loss adjustment expense		655,876			655,876
2502. Penalties and fines			9,611		9,611
2503. Contributions			154,083		154,083
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	(6,376,688)	0	(6,376,688)
2599. Totals (Line 2501 through 2503 + 2598) (Line 25 above)	0	655,876	(6,212,994)	0	(5,557,118)

(a) Includes management fees of $ ....20,350,957 to affiliates and $ .... to non-affiliates.

NOTES TO FINANCIAL STATEMENTS

Universal Health Care Insurance Company Inc.

Notes to Financial Statements for the year ended December 31, 2011

1A. Summary of Significant Accounting Policies.

The accompanying statutory-basis financial statements have been prepared in conformity with the statutory accounting practices prescribed or permitted by the State of Florida Department of Financial Services, Office of Insurance Regulation (OIR), which practices differ from U.S. generally accepted accounting principles (GAAP).

Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners (NAIC), as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Company has no permitted statutory accounting practices. The more significant variances from GAAP are as follows:

Investments: Investments in bonds are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (NAIC) rating. For GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading, or available for sale. Held-to-maturity fixed investments would be reported at amortized cost, and trading and available-for-sale fixed-maturity investments would be reported at fair value with unrealized gains and losses reported in operations for those designated as trading and as a separate component of other comprehensive income for those designated as available-for-sale. Fair value for statutory purposes is based on the prices published by the Securities Valuation Office of the NAIC (SVO), if available, whereas fair value for GAAP is based on quoted market prices.

All single-class and multi-class mortgage-backed and asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, CBO, CDO, CLO, MBS, and ABS securities), other than high-quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to fair value. If high-credit-quality securities are adjusted, the retrospective method is used.

Nonadmitted assets: Certain assets designated as "nonadmitted," principally furniture and equipment, certain amounts receivable, and other assets not specifically identified as an admitted asset with the NAIC Accounting Practices and Procedures Manual, are excluded from the accompanying statutory-basis balance sheets and are charged directly to unassigned surplus. Under GAAP, such assets would be included in the balance sheets to the extent that those assets are not impaired. The balances of nonadmitted assets are as follows:

Non Admitted Assets	December 31, 2011	December 31, 2010
Pharmacy Rebate Receivable	$ 2,446,514	$ 2,122,947
Accounts Receivable	1,556,266	1,449,517
Reinsurance Receivable	134,934	59,230
Prepaid Receivable	57,194	208,807
Total Non Admitted Assets	$ 4,194,908	$ 3,840,501

Reinsurance: Any reinsurance balances deemed to be uncollectible are written off through a charge to operations. Under GAAP, an allowance for amounts deemed uncollectible would be established through a charge to operations. Claims liabilities ceded to reinsurers have been reported as reductions of the related reserves rather than as assets, as would be required under GAAP.

Surplus notes payable: Notes payable issued by the Company to related parties are classified as capital and surplus on a statutory-basis, if approved by the OIR. Under GAAP, such notes payable are recorded as liabilities (see Note 13).

Deferred income taxes: Deferred tax assets are limited to: (1) the amount of federal income taxes paid in prior years that can be recovered through loss carry backs for existing temporary differences that reverse by the end of the subsequent calendar year, plus (2) the lesser of the remaining gross deferred tax assets expected to be realized within one year of the balance sheet date or 10% of net worth excluding any net deferred tax assets, electronic data processing (EDP) equipment and operating software, and any net positive goodwill, plus (3) the amount of remaining gross deferred tax assets that can be offset against existing gross deferred tax liabilities. Any remaining deferred tax assets are nonadmitted. Deferred taxes do not include amounts for state taxes. Pursuant to Statement of Statutory Accounting Principles (SSAP) No. 10R, paragraph 10.e, the Company may elect to admit additional deferred tax assets. The election is subject to certain capital and surplus requirements. If elected, the above is modified as follows: (a) the carry back period for (1) above is modified to reflect available loss carry backs for both ordinary and capital losses to be the carry back time frame corresponding with the IRS tax loss carry back provisions, not to exceed three years; (b) the period of realization and the percentage of capital and surplus mentioned in (2) above, are increased to three years and 15%, respectively. Under GAAP, state income taxes are included in the computation of deferred taxes, a deferred tax asset is recorded for the amount of gross deferred tax assets expected to be realized in all future years, and a valuation allowance is established for deferred tax assets not realizable.

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

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements have not been determined, but are presumed to be material.

NOTES TO FINANCIAL STATEMENTS

B. Use of Estimates

The presentation of the financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Significant accounts that are largely determined based on management's estimates and assumptions include IBNR claims payable, accrued pharmacy reimbursement due CMS, premiums receivable due from CMS related to retro-premium adjustments and risk-sharing adjustments; and unallocated premiums received from CMS included in unearned premium. Actual results could differ from those estimates, and those differences could be material. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported herein.

C. Significant Accounting Policies

Universal Health Care Insurance Company, Inc. ("UHCIC" or "the Company") is a Florida domiciled insurance company and a wholly owned subsidiary of Universal Health Care Group, Inc. ("Group"). The Company was incorporated on May 25, 2006 and formed as a health insurance company that operates a Medicare Advantage Private Fee for Service plan. The Company commenced revenue generating activities in January 2007.

The Company has a contract with the Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS) to provide health care services to Medicare enrollees in the states of Alabama, Arizona, Arkansas, Florida, Georgia, Illinois, Indiana, Louisiana, Maryland, Mississippi, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Texas, Utah and Virginia, as well as the District of Columbia. This contract accounted for 100% of the Company's revenues in 2011. CMS awarded the Company the contract for the period beginning January 1, 2007 and ending December 31, 2007 and has renewed the contract through December 31, 2011. The contract provides for annual extensions subject to agreement and approval by both parties.

Investments

Investments in bonds, cash, cash equivalents, and short-term investments are stated at values prescribed by the NAIC, as follows:

> Investments are reported at amortized cost or fair value based on their NAIC rating. Bonds not backed by other loans are principally stated at amortized cost using the interest method.
>
> Single-class and multi-class mortgage-backed and asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys or internal or third-party estimates and are based on the current interest rate and economic environment. The prospective adjustment method is used to value all such securities.
>
> Cash, cash equivalents, and short-term investments include cash balances and investments which are liquid and mature in one year or less when purchased, including funds maintained under statutory requirements (deposits), and consist of money market and certificates of deposit funds registered with the NAIC.

Investments in common stocks are designated as available for sale and are reported at fair value with unrealized gains or losses reported net of taxes in other charges in capital and surplus.

Realized capital gains and losses are determined using the specific identification basis. Changes in the admitted asset carrying amounts of bonds are credited or charged directly to unassigned surplus.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation settlement.

Fair values are based on quoted market prices when available. When quoted market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment, which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

Financial assets carried at fair value are classified, for disclosure purposes, based on a hierarchy defined by the Fair Value Measurements Disclosure Topic of the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC). The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement.
The levels of the fair value hierarchy are as follows:

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

NOTES TO FINANCIAL STATEMENTS

At December 31, 2011 the Company's investments are all classified as Level 2 instruments.

Minimum Capital and Surplus Requirements
Pursuant to Section 624.408(1a) of Florida Statutes, the Company is required to maintain a minimum surplus not less than the greater of $1,500,000, or 4% of total liabilities plus 6% of liabilities relative to health insurance. Pursuant to Section 624.4095(1) and 4(c) of Florida Statutes, the Company is also required to maintain a ratio of actual or projected annual premiums, as defined, to current or projected surplus as to policy holders, as defined, of not more than 10:1 for gross written premiums or 4:1 for net written premiums. For purposes of this requirement, annual or projected premiums are limited to 80% for health insurance companies such as the Company. By Consent Order filed January 5, 2011, the FL OIR granted permission for the Company to operate at a ratio of gross actual or projected annual premiums to current surplus as to policy holders of not more than 16:1, exceeding the required ratios pursuant to Section 624.4095(1) and 4(c) of Florida Statutes. As a condition to this approval, the Company agreed to (1) maintain at all times compliance with the ratio limitation of net actual or projected annual premiums to current surplus as to policy holders of 4:1 and RBC of 250% of the authorized control level; (2) maintain compliance with minimum capital and surplus requirements defined by Section 624.408, Florida Statutes; (3) elect a 75% attachment point quota-share reinsurance for 2011; (4) limit Medicare enrollees for the 2011 plan year; and (5) defer any request to pay dividends until after the September 30, 2011 quarterly statement is filed with the OIR. Additionally, according to the State of Georgia Consent Order dated August 28, 2006, the Company must also maintain capital and surplus of not less than 250% of the authorized control level risk based capital. As of December 31, 2011, the Company's capital and surplus of $54,623,820 met the respective levels prescribed by the statutes and regulatory requirements described above.

Recognition of Premium Revenue and Medical Expenses

The Company generally receives premiums in advance of providing services, and recognizes premium revenue during the period in which the Company is obligated to provide services to its members. Premiums are billed monthly for coverage in the following month and are recognized as revenue in the month for which insurance coverage is provided. Accordingly, the portion of premiums applicable to future periods is included in the accompanying statutory-basis balance sheets as premiums received in advanced and in accounts payable and accrued expenses.

The Company reconciles the membership in its administrative system to the enrollment data provided by CMS. There are timing differences between the addition of a member to the Company's administrative system and the approval, or accretion, of the member by CMS. Additionally, the monthly payments from CMS include adjustments to reflect changes in membership as a result of retroactive terminations, additions or other changes. Current period membership, net premiums, and claims expense are adjusted to reflect retroactive changes in membership.

Premium and other health care receivables consist of premiums due from federal agencies and members based on enrolled membership and other related health care plan receivables. On an ongoing basis, management estimates the amount of premium billings that may not be fully collectible based on historical trends and other factors. Amounts deemed uncollectible are written off against premium revenue in the period the determination is made.

CMS uses risk-adjusted rates per member to determine the monthly payments to the Company. CMS has implemented a risk adjustment model, which apportions premiums paid according to health diagnoses. The risk adjustment model uses health status indicators, or risk scores, to improve the accuracy of payment. The CMS risk adjustment model pays more for members with increasing health severity. Under this risk adjustment methodology, diagnosis data from inpatient and ambulatory treatment settings are used by CMS to calculate the risk-adjusted premium payment to the Company. The monthly risk-adjusted premium per member is determined by CMS based on normalized risk scores of each member from the prior year. Annually, CMS provides the updated risk scores to the Company and revises premium rates prospectively, beginning with the July remittance for current plan year members. CMS will also calculate the retroactive adjustments to premium related to the revised risk scores for the current year for current plan year members and for the prior year for prior plan year members.

All health benefit organizations must capture, collect, and submit the necessary diagnosis code information to CMS within prescribed deadlines. Accordingly, the Company collects, captures, and submits the necessary and available diagnosis data to CMS within prescribed deadlines for its HMO plan. The Company estimates changes in CMS premiums related to revenue adjustments based upon the diagnosis data submitted to CMS and ultimately accepted by CMS. Risk scores are updated annually by CMS, and the Company reconciles the data to estimated amounts recorded by the Company with any adjustments recorded in premium revenue.

Medical expenses consist of claim payments, capitation payments, and pharmacy costs, net of rebates, as well as estimates of future payments of claims provided for services rendered prior to the end of the reporting period. Capitation payments represent monthly contractual fees disbursed to physicians and other providers who are responsible for providing medical care to members. Pharmacy costs (including Medicare Part D costs) represent payments for members' prescription drug benefits, net of rebates from drug manufacturers. Rebates are recognized when the rebates are earned according to the contractual arrangements with the respective vendors.

Premiums the Company pays to reinsurers are reported as medical expenses and related reinsurance recoveries are reported as reductions of medical expenses.

Medical claims liability represents the Company's payment responsibility for services that have been rendered by medical service providers to members. These costs have not been settled as of the balance sheet dates. The liability consists of medical claims reported by the medical service providers as well as an actuarially determined estimate of claims that have been incurred but not yet reported (IBNR) by the medical service providers.

Due to the numerous factors influencing this liability, the Company develops an estimate based upon generally accepted actuarial projection methodologies using claim submission and payment patterns and cost trends. Deviations, whether positive or negative, between actual experience and estimates used to establish the liability are recorded in the period of claim payment on a consistent

NOTES TO FINANCIAL STATEMENTS

basis. The Company continually monitors the reasonableness of the assumptions used in prior estimates by comparison with actual claim patterns and considers this information in future estimates.

Medical and other benefits paid can also be significantly impacted by outcomes from court decisions, interpretations by regulatory authorities, and legislative changes involving health care matters. As a result, amounts ultimately paid may differ from initial estimates that did not consider such outcomes, interpretations, and changes.

Medicare Part D

The Company's Medicare Advantage plan offers prescription drug benefits under Part D of the Medicare federal health insurance program to individuals eligible for benefits under Part A or Part B. As such, the Company receives additional premium and cost reimbursement components.

For qualifying low-income status (LIS), members, CMS pays the Company for some or all of the LIS member's monthly premium. The CMS payment is dependent upon a member's income level, which is determined by the Social Security Administration. Low-income premium is recognized over the contract period and reported as premium revenue. Additionally, for qualifying LIS members, CMS will reimburse the Company for all or a portion of the LIS member's deductible, coinsurance, and co-payment amounts above the out-of-pocket threshold for low-income beneficiaries. Low-income cost-sharing subsidies are paid by CMS prospectively as a fixed amount per member per month, and are determined based upon the plan year bid submitted to CMS. After the close of the annual plan year, CMS reconciles actual experience to low-income cost sharing subsidies paid to the plan and any differences are settled between CMS and the Company.

The Company also receives payments from CMS for catastrophic reinsurance for members of its Medicare Advantage plan. CMS makes prospective monthly catastrophic reinsurance payments to the Company based on estimated average reinsurance payments to other Medicare Advantage-Prescription Drug plans that provide Part D benefits. After the close of the annual plan year, CMS reconciles actual experience compared to catastrophic reinsurance subsidies paid to the Company and any differences are settled between CMS and the Company.

Low-income cost sharing and catastrophic reinsurance subsidies represent funding from CMS for which the Company assumes no risk and amounts received from CMS are reported net of payments of the actual prescription drug costs related to the low-income cost sharing and catastrophic reinsurance in the accompanying statutory-basis balance sheets. The Company does not recognize premium revenue or medical claims expense for this activity.

Medicare Part D activity resulted in a payable from CMS of $291,140 at December 31, 2011, which is included in amounts receivable relating to uninsured plans in the accompanying statutory-basis balance sheets. Actual amounts of Medicare Part D related assets and liabilities could differ materially from amounts recorded.

Accrued Loss Adjustment Expense

Claim processing expenses for unpaid claims, including claims IBNR, are accrued based on estimated expenses necessary to process such claims.

Advertising Expense

Marketing and advertising costs are expensed as incurred. For the year ended December 31, 2011, the Company incurred $348,380 of advertising expense.

Income Taxes

On September 27, 2007, the Company elected to memorialize its tax-sharing arrangement by participating in an Intercompany Tax Sharing Agreement (the Agreement) with Group, Universal Health Care, Inc. (UHC), and American Managed Care, LLC (AMC). UHC and AMC are entities owned 100% by Group. Beginning with the 2007 tax year, Group has filed a consolidated federal tax return that includes the operations of the Company, Group, UHC, and AMC. On May 27, 2009, the Agreement was amended to include participation by Universal HMO of Texas, Inc. (UHMOT). UHMOT was incorporated during the year ended December 31, 2009 and is wholly owned by Group. The Company obtained final approval of the amended Agreement from the OIR in October 2009. On July 27, 2010, the Agreement was amended to include participation by Universal Health Care of Nevada, Inc. (UHCNV). UHCNV was incorporated during the year ended December 31, 2010, and is wholly owned by Group. The Company obtained final approval of the amended Agreement from the OIR in March 2011.

Under terms of the Agreement, each company shall be responsible for and shall reimburse Group for its separately calculated share of the consolidated tax benefit or expense. Further, per the Agreement, each company shall pay promptly to, or be reimbursed from, Group, on a quarterly basis not later than the due date for the estimated quarterly payment of taxes, its share of such payment, estimated in the same manner as specified above. Any final adjustments to payments shall be made following the preparation of the consolidated federal income tax return.

2. Accounting Changes and Corrections of Errors

N/A

3. Business Combinations and Goodwill

N/A

4. Discontinued Operations

N/A

NOTES TO FINANCIAL STATEMENTS

5. Investments

A - D. N/A

E. Repurchase Agreements and/or Securities Lending Transactions:

The Company entered into a sweep repurchase agreement with a financial services institution to increase its return on invested assets. The transactions involve the transfer of excess cash to a regulated financial institution that is collateralized by securities. On the next business day, the transferred cash, along with any interest thereon, is transferred back to the Company and the collateralized securities are returned. The arrangement meets the requirement to be accounted for as secured borrowings. The Company requires that at all times, securities obtained as collateral are sufficient to fund substantially all of the cost of purchasing replacement assets. As of December 31, 2011, amounts outstanding under repurchase agreements of $8,285,087 are classified as cash in the accompanying statement of assets. As of December 31, 2011, securities with a fair market value of approximately $8,450,800 were held as collateral under this agreement.

F - G. N/A

6. Joint Ventures, Partnerships and Limited Liability Companies

N/A

7. Investment Income

N/A

8. Derivative Instruments

N/A

9. Income Taxes

9A 9A01		12/31/2011 1 Ordinary	12/31/2011 2 Capital	12/31/2011 3 Total	12/31/2010 4 Ordinary	12/31/2010 5 Capital	12/31/2010 6 Total	Change 7 Ordinary	Change 8 Capital	Change 9 Total
09A01a	Gross Deferred Tax Assets	[illegible]	85,000	1,594,503	2,517,226	-	2,517,226	[illegible]	85,000	(922,723)
09A01b	Statutory Valuation Allowance Adjustment	[illegible]	85,000	1,594,503	-	-	-	[illegible]	85,000	1,594,503
09A01c	Adjusted Gross Deferred Tax Assets (1a - 1b)	-	-	-	2,517,226	-	2,517,226	(2,517,226)	-	(2,517,226)
09A01d	Deferred Tax Liabilities	-	-	-	-	-	-	-	-	-
09A01e	Subtotal (Net Deferred Tax Assets) (1c - 1d)	-	-	-	2,517,226	-	2,517,226	(2,517,226)	-	(2,517,226)
09A01f	Deferred Tax Assets Nonadmitted	-	-	-	-	-	-	-	-	-
09A01g	Net Admitted Deferred Tax Assets (1e - 1f)	-	-	-	2,517,226	-	2,517,226	(2,517,226)	-	(2,517,226)
09A02	SSAP No. 10R, Income Taxes - A Temporary Replacement of of SSAP No. 10									
09A03	The increased amount by tax character, and the change in such, of admitted adj gross dta as the result of 10e SSAP No. 10R									
9A04	Admission Calculation Components SSAP No. 10R, Paragraphs 10a., 10b., and 10c	12/31/2011 1 Ordinary	12/31/2011 11 Capital	12/31/2011 12 Total	12/31/2010 13 Ordinary	12/31/2010 14 Capital	12/31/2010 15 Total	Change 16 Ordinary	Change 17 Capital	Change 9 Total
09A04a	SSAP No. 10R, Paragraph 10a.	-	-	-	2,517,226	-	2,517,226	(2,517,226)	-	(2,517,226)
09A04b	SSAP No. 10R, Paragraph 10.b.	-	-	-	-	-	-	-	-	-
	(the lesser of paragraph 10.b.i. and 10.b.ii. below)									
09A04c	SSAP No. 10R, Paragraph 10.b.i.	-	-	-	-	-	-	-	-	-
09A04d	SSAP No. 10R, Paragraph 10.b.ii.	XXX	XXX	3,463,582	XXX	XXX	3,299,872	XXX	XXX	164,580
09A04e	SSAP No. 10R, Paragraph 10.c.	-	-	-	-	-	-	-	-	-
09A04f	Total (4a + 4b + 4e)	-	-	-	2,517,226	-	2,517,226	(2,517,226)	-	(2,517,226)
	Admission Calculation Components									
	SSAP No. 10R, Paragraph 10e.i.									
09A04g	SSAP No. 10R, Paragraph 10.e.i.	-	-	-	-	-	-	-	-	-
09A04h	SSAP No. 10R, Paragraph 10.e.ii.	-	-	-	-	-	-	-	-	-
	(the lesser paragraph 10.e.ii.a. and 10.e.ii.b below)									
09A04i	SSAP No. 10R, Paragraph 10. e.ii.a.	-	-	-	-	-	-	-	-	-
09A04j	SSAP No. 10R, Paragraph 10. e.ii.b.	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-
09A04k	SSAP No. 10R, Paragraph 10.e.iii.	-	-	-	-	-	-	-	-	-
09A04l	Total (4g + 4h + 4k)	-	-	-	-	-	-	-	-	-
	Used in SSAP No. 10R, Paragraph 10.d.									
09A04m	Total Adjusted Capital	XXX	XXX	54,630,820	XXX	XXX	55,515,958	XXX	XXX	(882,138)
09A04n	Authorized Control Level	XXX	XXX	4,636,848	XXX	XXX	4,632,502	XXX	XXX	4,346
9A05		12/31/2011 1 Ordinary	12/31/2011 2 Capital	12/31/2011 3 Total	12/31/2010 4 Ordinary	12/31/2010 5 Capital	12/31/2010 6 Total	Change 7 Ordinary	Change 8 Capital	Change 9 Total
	Impact of Tax Planning Strategies									
09A05a	Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	-	-	-	-	-	-	-	-	-
09A05b	Net Admitted Adjusted Gross DTAs	XXX	XXX	-	XXX	XXX	0	XXX	XXX	-
	(% of Total Net Admitted Adjusted Gross DTAs)									
9A06	SSAP No. 10R, Paragraphs 10.a., 10.b., and 10.c.	12/31/2011 1 Ordinary	12/31/2011 2 Capital	12/31/2011 3 Total	12/31/2010 4 Ordinary	12/31/2010 5 Capital	12/31/2010 6 Total	Change 7 Ordinary	Change 8 Capital	Change 9 Total
09A06a	Admitted Deferred Tax Assets	-	-	-	2,517,226	-	2,517,226	(2,517,226)	-	(2,517,226)
09A06b	Admitted Assets	XXX	XXX	124,083,548	XXX	XXX	70,893,030	XXX	XXX	53,190,518
09A06c	Adjusted Statutory Surplus*	XXX	XXX	54,623,819	XXX	XXX	51,990,732	XXX	XXX	2,633,087
09A06d	Total Adjusted Capital from DTAs	XXX	XXX	-	XXX	XXX	2,517,226	XXX	XXX	(2,517,226)
	Increases due to SSAP No. 10R, Paragraph 10.e.									
09A06e	Admitted Deferred Tax Assets	-	-	-	-	-	-	-	-	-
09A06f	Admitted Assets	-	-	-	-	-	-	-	-	-
09A06g	Statutory Surplus	-	-	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

		1 12/31/2011	2 12/31/2010	3 Change
09B	Regarding deferred tax liabilities that are not recognized: N/A			
09C				
09C1	Current Income Tax			
09C1a	Federal	(2,464,093)	(682,329)	(1,800,740)
09C1b	Foreign	-	-	-
09C1c	Subtotal	(2,482,069)	(682,329)	(1,799,740)
09C1d	Federal income tax on net capital gains	2,037,080	37,691	1,999,389
09C1e	Utilization of capital loss carry-forwards	-	-	-
09C1f	Other	-	-	-
09C1g	Federal and foreign income taxes incurred	(416,031)	(644,638)	(231,405)
09C2	Deferred Tax Assets			
(a)	Ordinary			
09C2A01	Discounting of unpaid losses	-	47,518	(47,518)
09C2A02	Unearned premium reserve	64,338	41,334	23,004
09C2A03	Policyholder reserves	-	-	-
09C2A04	Investments	-	-	-
09C2A05	Deferred acquisition costs	-	-	-
09C2A06	Policyholder dividends accrued	-	-	-
09C2A07	Fixed Assets	-	-	-
09C2A08	Compensation and benefits accrued	2,175	3,059	(884)
09C2A09	Pension accrued	-	-	-
09C2A10	Receivables - nonadmitted	1,448,189	1,348,376	99,813
09C2A11	Net operating loss carry-forward	-	-	-
09C2A12	Tax credit carry-forward	-	-	-
09C2A13	Other (including items <5% of total ordinary tax assets)	35,802	1,086,944	(1,051,142)
	09C2A99 Subtotal	1,548,304	2,517,226	(968,922)
09C2b	Statutory valuation allowance adjustment	1,548,304	-	1,548,304
09C2c	Nonadmitted	-	-	-
09C2d	Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	-	2,517,226	(2,517,226)
09C2e	Capital:			
09C2E1	Investments	-	-	-
09C2E2	Net capital loss carry-forward	-	-	-
09C2E3	Real estate	-	-	-
09C2E4	Other (including items <5% of total capital tax assets)	35,960	-	35,960
	09C2E99 Subtotal	35,960	-	35,960
09C2f	Statutory valuation allowance adjustment	35,960	-	35,960
09C2g	Nonadmitted	-	-	-
09C2h	Admitted capital deferred tax assets (2e99 - 2f - 2g)	-	-	-
09C2i	Admitted deferred tax assets (2d + 2h)	-	2,517,226	(2,517,226)
09C3	Deferred Tax Liabilities:			
(a)	Ordinary:			
09C3A1	Investments	-	-	-
09C3A2	Fixed assets	-	-	-
09C3A3	Deferred and uncollected premium	-	-	-
09C3A4	Policyholder reserves	-	-	-
09C3A5	Other (including items <5% of total ordinary tax liabilities)	-	-	-
	09C3A99 Subtotal	-	-	-
(b)	Capital:			
09C3B1	Investments	-	-	-
09C3B2	Real estate	-	-	-
09C3B3	Other (including items <5% of total capital tax liabilities)	-	-	-
	09C3B99 Subtotal	-	-	-
09C3C	Deferred tax liabilities (3a99 + 3b99)	-	-	-
09C4	Net deferred tax assets/liabilities (2i - 3c)	-	2,517,226	(2,517,226)

09D		12/31/2011	Effective Tax Rate (%)
	Provision computed at statutory rate	301,841	35.00%
	Change in nonadmitted assets	(44,730)	0.90%
	Nontaxable investment income	(148,788)	1.30%
	Nondeductible expense	7,141	-0.10%
	State taxes	(94,890)	0.50%
	Other	1,601,308	-11.30%
	Total	1,701,195	25.10%
	Federal and foreign income taxes incurred	(2,453,061)	36.70%
	Realized capital gains (losses) tax	1,637,030	-23.30%
	Change in deferred income taxes	2,517,226	-18.20%
	Total	1,701,195	25.60%

09E Capital Loss carry forwards

09E1 The Company has no operating loss carryforwards

09E2 The following is income tax expense that is available for recoupment in the event of future net losses

Year	Ordinary	Capital	Total
2010	-	-	-
2011	-	-	-
Total	-	-	-

09E3 The aggregate amount of deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code was $0 as of December 31, 2011.

09F Consolidated tax filing:

Company is included in a consolidated tax filing with the following entities:

Universal Health Care Group, Inc.
American Managed Care, LLC
Universal Health Care, Inc.
Universal HMO of Texas, Inc.
Universal Health Care of Nevada, Inc.
Universal Health Care of Georgia, Inc.

10. Information Concerning Parent, Subsidiaries and Affiliates

A - C. All outstanding shares of the Company are owned by Group, an insurance holding company incorporated in the State of Delaware with operations based in Florida. On February 14, 2011, Group entered into a $37,500,000 term-loan and a $2,500,000 unfunded revolving credit agreement which placed additional minimum statutory capital requirements on its subsidiaries, including UHCIC. Under the credit agreement, the Company must maintain surplus and capital equal to or greater than 125% of the Statutory minimum. Group pledged 100% of its equity interest in UHCIC as security under the credit agreement.

Surplus notes payable, related party:

The Company has recorded $18,250,000 in surplus notes payable to its parent, Group, at December 31, 2011 (see note 13). The terms of the surplus notes payable specify that principal and interest is payable only upon the prior approval of FL OIR. The notes payable #1, #2 and #3 will bear interest at 5% per annum upon FL OIR approval. Surplus note #4 bore interest at 9% per annum and received FL OIR approval for payment of interest. As of the year ended December 31, 2010, Note #4's principal and interest of $66,000,000 and $4,295,202, respectively had been paid in full. The Company paid down Note #3 in the total amount of

NOTES TO FINANCIAL STATEMENTS

$2,750,000 on July 14, 2010. During the period from May 25, 2006 (date of inception) through December 31, 2011, UHCIC did not obtain approval from FL OIR for the Surplus Notes #1, #2 and #3; therefore UHCIC has not recorded accrued interest and interest expense of $4,963,230 related to those notes.

Dividend payment
N/A

Other relationships:
The Company has a management agreement with American Managed Care, LLC (AMC), effective through May 31, 2012 and automatically renewed in one year terms, whereby AMC provides supervisory and management services, performs specific functions and contract services to and performs certain payroll functions for the Company. AMC is owned 100% by Group. Effective December 1, 2010, fees pursuant to this agreement were set at 9.0% of the total collected premiums on a monthly basis as approved by FL OIR on November 5, 2010. Effective January 1, 2011, for compensation for services rendered, the Company shall pay AMC a percentage of total collected premiums on a monthly basis. The amount shall vary, as mutually agreed between AMC and the Company, but under no circumstance shall the percentage of collected premiums paid to AMC exceed 9%, without obtaining prior approval from the FL OIR. Further, no amounts paid by the Company shall result in the Company being out of compliance with the minimum statutory requirements of the Florida Statutes. Expenses incurred under this agreement totaled $20,350,967 for the period from January 1, 2011 through December 31, 2011.

D. In addition to the above-referenced management agreement, certain expenditures for the Company are paid by and reimbursed to Universal Health Care, Inc. (UHC), Universal HMO of Texas, Inc. (UHMOT), Universal Health Care of Nevada, Inc. (UHCNV) and AMC, companies under common control by Group, as well as Group itself. The Company also pays for and is reimbursed by UHC, UHMOT, UHCNV and AMC for certain expenditures. At December 31, 2011, the Company owed UHC $30,747 and was owed $14,888,053 from AMC. All amounts will be settled per terms of the Company's intercompany transactions policy which requires the payment to be made within 30 days.

E. N/A

F. The Company has a management agreement with AMC, effective through May 31, 2012 and automatically renewed, whereby AMC provides supervisory and management services, performs specific functions and contract services to and performs certain payroll functions for the Company. AMC is owned 100% by Group.

In addition, the Company maintains a provider agreement with American Family & Geriatric Care (AFGC), which is owned 100% by a majority shareholder of Group. Amounts paid to AFGC under the provider agreement for the year ended December 31, 2011 were $2,271,190.

G. - L. N/A

Under the Company's tax sharing agreement, $546,550, included in current federal and foreign income tax recoverable in the accompanying Statement of Assets, Liabilities, Capital and Surplus, is due to the Company from Group and will be settled per terms of the intercompany transactions policy.

11. Debt
    N/A

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

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations
    1. UHCIC has 10,000,000 shares of $1.00 par value common stock authorized, 2,500,100 shares issued and outstanding as of December 31, 2011.
    2. N/A
    3. Prior approval is needed by Florida OIR for dividend payments to Group and may not be presented for approval until after the June 30, 2011 quarterly statements are filed.
    4. N/A
    5. Within the limitations of (3) above, there are no restrictions placed on the portion of company profits that may be paid as ordinary dividends to stockholders.
    6. N/A
    7. N/A
    8. N/A
    9. N/A
    10. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses is $-100,862.
    11. Please see table as follows:

	Date Issued	Interest Rate	Par Value (Face Amount of Note)	Carrying Value of Note	Principal and/or Interest Paid Current year	Total Principal and/or Interest paid	Unapproved Principal and/or interest	Date of Maturity
Surplus Note #1	12/29/2006	5.0%	$8,000,000	$8,000,000	0	0	$2,003,333	N/A
Surplus Note #2	01/13/2007	5.0%	$2,000,000	$2,000,000	0	0	$491,944	N/A
Surplus Note #3	02/22/2007	5.0%	$11,000,000	$8,250,000	0	$2,750,000	$2,467,952	N/A

    12. N/A
    13. N/A

NOTES TO FINANCIAL STATEMENTS

14. Contingencies
N/A

15. Leases
N/A

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk
N/A

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

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

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

20. Fair Value Measurements
N/A

21. Other Items
N/A

22. Events Subsequent
N/A

23. Reinsurance
A. Section 1 1. No
2. No
Section 2 1. No
2. No
Section 3 1. N/A
2. Yes, Effective January 1, 2011, the Company terminated its ceded reinsurance agreement with Hannover Life Re and entered into a ceded reinsurance agreement with RGA Reinsurance Company (Barbados) Limited (RGA) for indemnity reinsurance. This agreement does not relieve the Company from its obligations to its members. Failure on the part of RGA to honor its obligations could result in losses to the Company. Under terms of the agreement, the Company ceded to RGA, and RGA reinsured, a 75% quota share of the reinsured risks subject to annual maximum reinsurance premium and net of any existing reinsurance for the year ended December 31, 2011. There are no amounts of reinsurance credits.

B. N/A
C. N/A

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination
N/A

25. Change in Incurred Claims and Claim Adjustment Expenses
N/A

26. Intercompany Pooling Arrangements
N/A

27. Structured Settlements
N/A

28. Health Care Receivables

Quarter	Estimated Rx Rebates as Reported on Financial Statements	Rx 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
3/31/2009	$929,951	$929,951	$ -	$ -	$929,951
6/30/2009	977,292	977,292	-	-	977,292
9/30/2009	1,015,385	1,015,385	-	899,703	115,682
12/31/2009	887,585	887,585	-	-	887,585
3/31/2010	653,467	653,467	-	56,875	596,592
6/30/2010	1,319,378	1,319,378	-	1,319,378	-
9/30/2010	1,021,724	1,021,724	144,746	876,978	-

NOTES TO FINANCIAL STATEMENTS

12/31/2010	1,248,839	1,248,839	92,048	921,625	235,166
3/31/2011	1,685,901	1,685,901	-	1,685,901	-
6/30/2011	2,148,552	2,148,552	354,189	1,545,081	249,282
9/30/2011	1,873,665	1,873,665	-	1,601,843	-
12/31/2011	2,174,692	2,174,692	-	-	-

29. Participating Policies
N/A

30. Premium Deficiency Reserves

N/A

31. Anticipated Salvage and Subrogation
N/A

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? Florida

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. 12/31/2009

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). 03/08/2011

3.4 By what department or departments? FL OIR

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [ ] N/A [ ]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

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

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

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

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

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

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

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 the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), 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 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, 401 East Jackson Street, Suite 1200, Tampa, FL 33602

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?
Milliman, 3000 Bayfront Drive, Suite 880, Tampa, FL 33607

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 with a NAIC rating of 3 or below? 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 or is likely to conflict with the official duties of such person? Yes [X] No [ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers $ 0
- 20.12 To stockholders not officers $ 0
- 20.13 Trustees, supreme or grand (Fraternal only) $ 0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers $ 0
- 20.22 To stockholders not officers $ 0
- 20.23 Trustees, supreme or grand (Fraternal only) $ 0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others $
- 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 [ ] No [X]

22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment $
- 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: $ 14,888,050

INVESTMENT

24.1 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 24.3) Yes [X] No [ ]

24.2 If no, give full and complete information, relating thereto

24.3 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)

24.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] NA [X]

24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. $

24.6 If answer to 24.4 is no, report amount of collateral for other programs. $

24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] NA [X]

24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] NA [X]

24.9 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 [ ] NA [X]

GENERAL INTERROGATORIES

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 24.3). Yes [X] No [ ]

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

25.21	Subject to repurchase agreements	$ 5,285,067
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 securities restricted as to sale	$
25.28	On deposit with state or other regulatory body	$ 4,554,869
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 [ ]
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
Wells Fargo Bank, NA	100 S Ashley Drive, MAC: Z0307-092, Tampa, FL 33602

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 [X] No [ ]
28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Fifth Third Bank	Wells Fargo Bank	09/01/2011	Economic Benefit

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

1 Central Registration Depository Number(s)	2 Name	3 Address
104973	Wells Capital Management, Inc	525 Market St 10th Floor, San Francisco, CA 94105

GENERAL INTERROGATORIES

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 TOTAL		0

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	97,228,602	97,241,219	12,617
30.2 Preferred Stocks	0		0
30.3 Totals	97,228,602	97,241,219	12,617

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

SVO/NAIC (Security Valuation Office) if not priced through the SVO then we use IDC download feed.

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

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

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

All price were obtained through SVO/NAIC or IDC download - with the exception of the Money market Funds.

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

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any? $ 0

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
	$
	$
	$

34.1 Amount of payments for legal expenses, if any? $ 80,453

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
Nicholas & Bell PA	$ 73,450

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

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
	$
	$
	$

FIVE - YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	134,090,548	70,890,924	79,354,654	103,598,274	196,730,140
2. Total liabilities (Page 3, Line 24)	79,466,728	15,374,966	15,890,446	34,402,012	75,637,792
3. Statutory surplus	27,314,049	24,569,517	28,078,863	28,069,965	112,442,494
4. Total capital and surplus (Page 3, Line 33)	54,623,820	55,515,958	63,464,208	69,196,262	121,092,348
Income Statement (Page 4)					
5. Total revenues (Line 8)	158,570,278	122,847,586	81,859,120	140,349,827	562,212,471
6. Total medical and hospital expenses (Line 18)	89,253,313	84,088,862	35,142,869	100,319,455	462,564,374
7. Claims adjustment expenses (Line 20)	655,878	(169,929)	(36,993)	(172,578)	668,379
8. Total administrative expenses (Line 21)	51,386,789	44,193,967	35,802,248	37,892,986	61,795,818
9. Net underwriting gain (loss) (Line 24)	(4,705,700)	(5,245,314)	10,952,996	2,309,984	37,183,900
10. Net investment gain (loss) (Line 27)	4,239,493	1,441,370	1,115,498	3,138,474	8,349,359
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income or (loss) (Line 32)	1,986,854	(3,151,823)	8,188,088	4,343,918	30,264,079
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	66,237,821	(4,482,842)	(19,548,525)	(41,055,241)	90,733,847
Risk-Based Capital Analysis					
14. Total adjusted capital	54,623,820	55,515,958	63,464,208	69,196,262	121,092,348
15. Authorized control level risk-based capital	4,628,648	4,821,045	1,994,687	5,101,144	24,182,022
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	63,531	22,774	35,268	32,200	59,910
17. Total members months (Column 6, Line 7)	728,451	269,981	420,804	404,737	801,891
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)	65.4	68.4	42.9	71.5	82.3
20. Cost containment expenses	0.0	0.0	0.0	0.0	0.0
21. Other claims adjustment expenses	0.5	(0.1)	0.0	(0.1)	0.1
22. Total underwriting deductions (Line 23)	103.4	104.3	86.6	98.4	93.4
23. Total underwriting gain (loss) (Line 24)	(3.4)	(4.3)	13.4	1.6	6.6
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	2,988,133	3,033,837	10,520,771	54,169,159	0
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	10,139,809	8,985,001	24,858,800	64,870,000	0
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate		0	0	0	0
31. All other affiliated		0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0

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

If no, please explain:

Adjusted to 2011 Audited Financial Statements

ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2011
OF THE CONDITION AND AFFAIRS OF THE

Universal Health Care Insurance Co., Inc.

NAIC Group Code 4091 (Current Period), 4091 (Prior Period) NAIC Company Code 12577 Employer's ID Number 20-4939821

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

Country of Domicile United States

Licensed as business type: Life, Accident & Health [X] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ ]
Dental Service Corporation [ ] Vision Service Corporation [ ] Health Maintenance Organization [ ]
Other [ ] Is HMO, Federally Qualified? Yes [ ] No [X]

Incorporated/Organized 05/25/2006 Commenced Business 05/26/2006

Statutory Home Office 100 Central Avenue, Suite 200 (Street and Number), St. Petersburg, FL 33701 (City, State and Zip Code)

Main Administrative Office 100 Central Avenue, Suite 200 (Street and Number)
St. Petersburg, FL 33701 (City, State and Zip Code) 727-822-3446 (Area Code) (Telephone Number)

Mail Address 100 Central Avenue, Suite 200 (Street and Number or P.O. Box), St. Petersburg, FL 33701-3340 (City, State and Zip Code)

Primary Location of Books and Records 100 Central Avenue, Suite 200 (Street and Number)
St. Petersburg, FL 33701 (City, State and Zip Code) 727-456-6517 (Area Code) (Telephone Number) (Extension)

Internet Web Site Address www.univhc.com

Statutory Statement Contact Lynn Phelps (Name), 727-456-6517 (Area Code) (Telephone Number) (Extension)
lphelps@univhc.com (E-Mail Address) 727-329-0036 (Fax Number)

OFFICERS

Name	Title	Name	Title
Akshay M. Desai MD, MPH	President, CEO	Sandip I. Patel	CAO, General Counsel, Secretary
Deepak Desai	CSO, Interim CFO	Steven J. Schaefer	Treasurer

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Akshay M. Desai MD, MPH	Deepak Desai	Seema Desai	Jayendra Choski MD
Sandip I. Patel			

State of Florida
County of Pinellas ss

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.

Akshay M. Desai MD, MPH President, CEO	Sandip I. Patel CAO, General Counsel, Secretary	Deepak Desai CSO, Interim CFO

Subscribed and sworn to before me this
____ day of ____,

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

EXHIBIT "M"

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	7,302,115		7,302,115	49,143,349
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	2,030,520		2,030,520	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ .... encumbrances)			0	0
4.2 Properties held for the production of income (less $ .... encumbrances)			0	0
4.3 Properties held for sale (less $ .... encumbrances)			0	0
5. Cash ($ 7,766,183 , Schedule E-Part 1), cash equivalents ($ 0 , Schedule E-Part 2) and short-term investments ($ 89,926,486 , Schedule DA)	97,692,669		97,692,669	4,685,099
6. Contract loans (including $ .... premium notes)			0	0
7. Derivatives (Schedule DB)			0	0
8. Other invested assets (Schedule BA)	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL)			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	107,025,304	0	107,025,304	53,828,448
13. Title plants less $ .... charged off (for Title insurers only)			0	0
14. Investment income due and accrued	25,881		25,881	418,011
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ .... earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums	11,537,538		11,537,538	5,044,227
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	134,934	134,934	0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	3,778,796
17. Amounts receivable relating to uninsured plans			0	498,858
18.1 Current federal and foreign income tax recoverable and interest thereon	9,906,053		9,906,053	4,737,810
18.2 Net deferred tax asset			0	2,517,226
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets ($ ....)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	14,868,053		14,868,053	0
24. Health care ($ 817,222) and other amounts receivable	5,419,451	4,602,229	817,222	67,548
25. Aggregate write-ins for other than invested assets	239,734	183,080	56,654	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	149,178,949	4,920,243	144,258,706	70,890,924
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	149,178,949	4,920,243	144,258,706	70,890,924
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Prepaid Expense	57,194	57,194	0	0
2502. Accounts Receivable	125,887	125,887	0	0
2503. State Income Tax Receivable	56,654		56,654	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	239,734	183,080	56,654	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $ 72,536,794 reinsurance ceded)	26,082,000		26,082,000	10,139,809
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	930,330		930,330	274,454
4. Aggregate health policy reserves, including the liability of $ ______ for medical loss ratio rebate per the Public Health Service Act			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	918,977		918,977	590,490
9. General expenses due or accrued	2,783,795		2,783,795	1,048,138
10.1 Current federal and foreign income tax payable and interest thereon (including $ ______ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	74,622,731		74,622,731	0
12. Amounts withheld or retained for the account of others	962,657		962,657	977,443
13. Remittances and items not allocated			0	0
14. Borrowed money (including $ ______ current) and interest thereon $ ______ (including $ ______ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	30,744		30,744	2,070,769
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with $ ______ authorized reinsurers and $ ______ unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	291,140		291,140	0
23. Aggregate write-ins for other liabilities (including $ ______ current)	1,055,004	0	1,055,004	273,865
24 Total liabilities (Lines 1 to 23)	107,677,378	0	107,677,378	15,374,968
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	2,500,100	2,500,100
27 Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	12,499,900	12,499,900
29. Surplus notes	XXX	XXX	18,250,000	18,250,000
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	3,329,328	22,265,958
32. Less treasury stock, at cost:				
32.1 ______ shares common (value included in Line 26 $ ______)	XXX	XXX		0
32.2 ______ shares preferred (value included in Line 27 $ ______)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	36,579,328	55,515,958
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	144,256,706	70,890,924
DETAILS OF WRITE-INS				
2301. Accrued Rx	1,055,004		1,055,004	273,865
2302. Accrued plan to plan reimbursement			0	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,055,004	0	1,055,004	273,865
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	XXX	728,451	289,981
2. Net premium income (including $ ....0 non-health premium income)	XXX	136,570,278	122,847,586
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of $ .... medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	136,570,278	122,847,586
Hospital and Medical:			
9. Hospital/medical benefits		421,465,520	177,944,758
10. Other professional services		3,501,416	2,181,856
11. Outside referrals			0
12. Emergency room and out-of-area		12,420,304	8,443,096
13. Prescription drugs		40,839,958	16,747,906
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts			0
16. Subtotal (Lines 9 to 15)	0	478,227,198	205,317,616
Less:			
17. Net reinsurance recoveries		363,659,289	121,248,754
18. Total hospital and medical (Lines 16 minus 17)	0	114,567,909	84,068,862
19. Non-health claims (net)			0
20. Claims adjustment expenses, including $ ....0 cost containment expenses		655,876	(169,929)
21. General administrative expenses		52,614,686	44,193,967
22. Increase in reserves for life and accident and health contracts (including $ .... increase in reserves for life only)		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	167,838,471	128,092,900
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(31,268,193)	(5,245,314)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,199,295	1,278,516
26. Net realized capital gains (losses) less capital gains tax of $ 1,637,030		3,040,198	162,854
27. Net investment gains (losses) (Lines 25 plus 26)	0	4,239,493	1,441,370
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $ ....) (amount charged off $ ....)]		0	0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(27,028,701)	(3,803,943)
31. Federal and foreign income taxes incurred	XXX	(11,696,397)	(652,321)
32. Net income (loss) (Lines 30 minus 31)	XXX	(15,332,304)	(3,151,622)
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	55,515,958	63,464,208
34. Net income or (loss) from Line 32	(15,332,304)	(3,151,623)
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of $ (218,168)	(195,057)	77,504
37. Change in net unrealized foreign exchange capital gain or (loss)	(35,969)	0
38. Change in net deferred income tax	(2,517,228)	1,008,143
39. Change in nonadmitted assets	(858,075)	(382,274)
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	(5,500,000)
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	(18,936,630)	(7,948,250)
49. Capital and surplus end of reporting year (Line 33 plus 48)	36,579,328	55,515,958
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

Cash from Operations	1 Current Year	2 Prior Year
1. Premiums collected net of reinsurance	205,028,184	125,705,702
2. Net investment income	2,021,950	1,561,722
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	207,050,134	127,267,424
5. Benefit and loss related payments	100,288,146	83,308,218
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	46,310,232	42,671,049
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of $ ______ tax on capital gains (losses)	(5,071,324)	5,770,799
10. Total (Lines 5 through 9)	141,527,054	131,750,066
11. Net cash from operations (Line 4 minus Line 10)	65,523,080	(4,482,642)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	66,891,214	27,594,458
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	(1,727)
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	66,891,214	27,592,731
13. Cost of investments acquired (long-term only):		
13.1 Bonds	20,933,441	25,060,050
13.2 Stocks	2,131,382	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	180,199	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	23,245,022	25,060,050
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	43,646,192	2,532,681
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	(5,500,000)
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	(16,161,703)	(262,324)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(16,161,703)	(5,762,324)
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)	93,007,569	(7,712,285)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	4,685,099	12,397,384
19.2 End of year (Line 18 plus Line 19.1)	97,692,668	4,685,099

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	136,570,278	0	0	0	0	0	136,570,278	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of $ ______ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	136,570,278	0	0	0	0	0	136,570,278	0	0	0
8. Hospital/medical benefits	421,465,520						421,465,520			XXX
9. Other professional services	3,501,416						3,501,416			XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	12,420,304						12,420,304			XXX
12. Prescription drugs	38,839,958						38,839,958			XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0									XXX
15. Subtotal (Lines 8 to 14)	476,227,198	0	0	0	0	0	476,227,198	0	0	XXX
16. Net reinsurance recoveries	361,659,288						361,659,288			XXX
17. Total hospital and medical (Lines 15 minus 16)	114,567,909	0	0	0	0	0	114,567,909	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including $ ______0 cost containment expenses	655,876						655,876			
20. General administrative expenses	52,694,952						52,694,952			
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	167,918,737	0	0	0	0	0	167,918,737	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(31,348,459)	0	0	0	0	0	(31,348,459)	0	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	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	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

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)				0
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan				0
6. Title XVIII - Medicare	513,888,262		377,317,984	136,570,278
7. Title XIX - Medicaid				0
8. Other health				0
9. Health subtotal (Lines 1 through 8)	513,888,262	0	377,317,984	136,570,278
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	513,888,262	0	377,317,984	136,570,278

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	400,330,404						400,330,404			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	301,704,685						301,704,685			
1.4 Net	98,625,718	0	0	0	0	0	98,625,718	0	0	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	98,618,794	0	0	0	0	0	98,618,794	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	72,536,794	0	0	0	0	0	72,536,794	0	0	0
3.4 Net	26,082,000	0	0	0	0	0	26,082,000	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0									
6. Net healthcare receivables (a)	0									
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	22,722,000	0	0	0	0	0	22,722,000	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	12,582,191	0	0	0	0	0	12,582,191	0	0	0
8.4 Net	10,139,809	0	0	0	0	0	10,139,809	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct	476,227,198	0	0	0	0	0	476,227,198	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	361,659,288	0	0	0	0	0	361,659,288	0	0	0
12.4 Net	114,567,909	0	0	0	0	0	114,567,909	0	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct	57,903,199						57,903,199			
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	14,475,800						14,475,800			
1.4. Net	43,427,399	0	0	0	0	0	43,427,399	0	0	0
2. Incurred but Unreported:										
2.1. Direct	40,715,595						40,715,595			
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	58,060,994						58,060,994			
2.4. Net	(17,345,399)	0	0	0	0	0	(17,345,399)	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct	0									
3.2. Reinsurance assumed	0									
3.3. Reinsurance ceded	0									
3.4. Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1. Direct	98,618,794	0	0	0	0	0	98,618,794	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	72,536,794	0	0	0	0	0	72,536,794	0	0	0
4.4. Net	26,082,000	0	0	0	0	0	26,082,000	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5	6
Line of Business	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	13,742,577	84,883,141	700,000	25,382,000	14,442,577	10,139,809
7. Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	13,742,577	84,883,141	700,000	25,382,000	14,442,577	10,139,809
10. Healthcare receivables (a)					0	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts					0	0
13. Totals (Lines 9-10+11+12)	13,742,577	84,883,141	700,000	25,382,000	14,442,577	10,139,809

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

ANNUAL STATEMENT FOR THE YEAR 2011 OF THE Universal Health Care Insurance Co., Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	0	0	0	0	
2. 2007	397,694	449,489	449,002	447,234	446,817
3. 2008	XXX	88,776	101,134	101,396	101,309
4. 2009	XXX	XXX	38,806	45,787	46,530
5. 2010	XXX	XXX	XXX	77,437	90,943
6. 2011	XXX	XXX	XXX	XXX	84,883

Section B - Incurred Health Claims - Medicare

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 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007	462,564	451,864	448,512	446,716	446,817
3. 2008	XXX	111,020	100,254	100,420	101,329
4. 2009	XXX	XXX	49,161	44,840	46,530
5. 2010	XXX	XXX	XXX	96,028	90,944
6. 2011	XXX	XXX	XXX	XXX	110,265

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007	562,212	446,817		0.0	446,817	79.5			446,817	79.5
2. 2008	140,350	101,309		0.0	101,309	72.2	20		101,329	72.2
3. 2009	82,385	46,530		0.0	46,530	56.5	0		46,530	56.5
4. 2010	122,847	90,943		0.0	90,943	74.0	680		91,623	74.6
5. 2011	136,570	84,883	656	0.8	85,539	62.6	25,382	930	111,851	81.9

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 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	0	0	0	0	0
2. 2007	397,694	449,469	449,002	447,234	446,817
3. 2008	XXX	88,776	101,134	101,398	101,309
4. 2009	XXX	XXX	38,806	45,787	46,530
5. 2010	XXX	XXX	XXX	77,437	90,943
6. 2011	XXX	XXX	XXX	XXX	84,883

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 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	0	0	0	0	0
2. 2007	482,564	451,864	448,512	446,716	446,817
3. 2008	XXX	111,028	100,254	108,420	101,329
4. 2009	XXX	XXX	49,161	44,840	46,530
5. 2010	XXX	XXX	XXX	90,620	90,944
6. 2011	XXX	XXX	XXX	XXX	110,265

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 Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2007	562,212	446,817	0	0.0	446,817	79.5	0	0	446,817	79.5
2. 2008	140,350	101,309	0	0.0	101,309	72.2	20	0	101,329	72.2
3. 2009	82,395	46,530	0	0.0	46,530	56.5	0	0	46,530	56.5
4. 2010	122,947	90,943	0	0.0	90,943	74.0	680	0	91,623	74.6
5. 2011	136,570	84,883	656	0.8	85,539	62.6	25,382	930	111,851	81.9

UNDERWRITING AND INVESTMENT EXHIBIT

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

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

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($ .... for occupancy of own building)			948,536		948,536
2. Salaries, wages and other benefits			20,013,829		20,013,829
3. Commissions (less $ .... ceded plus $ .... assumed)			23,319,300		23,319,300
4. Legal fees and expenses			269,205		269,205
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services			5,413,452	120,689	5,534,141
7. Traveling expenses			432,643		432,643
8. Marketing and advertising			348,360		348,360
9. Postage, express and telephone			2,261,528		2,261,528
10. Printing and office supplies			535,808		535,808
11. Occupancy, depreciation and amortization			1,298,676		1,298,676
12. Equipment			2,896		2,896
13. Cost or depreciation of EDP equipment and software			384,792		384,792
14. Outsourced services including EDP, claims, and other services			1,744,504		1,744,504
15. Boards, bureaus and association fees			62,678		62,678
16. Insurance, except on real estate			88,674		88,674
17. Collection and bank service charges			220,702		220,702
18. Group service and administration fees					0
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes			32,650		32,650
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			(88,809)		(88,809)
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees			194,712		194,712
23.4 Payroll taxes			1,345,527		1,345,527
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	0	655,876	(6,212,994)	0	(5,557,118)
26. Total expenses incurred (Lines 1 to 25)	0	655,876	52,614,686	120,689	(a) 53,391,251
27. Less expenses unpaid December 31, current year		930,330	2,783,795		3,714,125
28. Add expenses unpaid December 31, prior year	0	274,454	1,048,136	0	1,322,590
29. Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	0	50,879,027	120,689	50,999,716
DETAILS OF WRITE-INS					
2501. Loss adjustment expense		655,876			655,876
2502. Penalties and fines			9,611		9,611
2503. Contributions			154,063		154,063
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	(6,376,668)	0	(6,376,668)
2599. Totals (Line 2501 through 2503 + 2598) (Line 25 above)	0	655,876	(6,212,994)	0	(5,557,118)

(a) Includes management fees of $ 20,350,907 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) 350,501	244,719
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 1,261,181	970,036
1.3	Bonds of affiliates	(a) 0	
2.1	Preferred stocks (unaffiliated)	(b) 0	
2.11	Preferred stocks of affiliates	(b) 0	
2.2	Common stocks (unaffiliated)	2,958	2,958
2.21	Common stocks of affiliates	0	
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 96,985	101,796
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	477
10.	Total gross investment income	1,711,622	1,319,984
11.	Investment expenses		(g) 120,689
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		120,689
17.	Net investment income (Line 10 minus Line 16)		1,199,295
	DETAILS OF WRITE-INS		
0901.	Texas Comptroller of Public Accounts (Interest based from the tax overpayment)		416
0902.	State of Utah (Interest based from the tax overpayment)		60
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	477
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		0

(a) Includes $ (10,301) accrual of discount less $ 420,224 amortization of premium and less $ 84,668 paid for accrued interest on purchases.
(b) Includes $ .... accrual of discount less $ .... amortization of premium and less $ 0 paid for accrued dividends on purchases.
(c) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ .... paid for accrued interest on purchases.
(d) Includes $ .... for company's occupancy of its own buildings; and excludes $ .... interest on encumbrances.
(e) Includes $ .... 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 $ .... 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 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	2,313,843		2,313,843	(310,363)	
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	2,363,384		2,363,384		
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	0	0	0	(100,862)	0
2.21	Common stocks of affiliates	0	0	0	0	0
3.	Mortgage loans	0	0	0	0	0
4.	Real estate	0	0	0		0
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0	0	0
7.	Derivative instruments			0		
8.	Other invested assets	0	0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	4,677,228	0	4,677,228	(411,225)	0
	DETAILS OF WRITE-INS					
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0	0	0	0

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 350,501	244,719
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 1,261,181	970,036
1.3	Bonds of affiliates	(a) 0	
2.1	Preferred stocks (unaffiliated)	(b) 0	
2.11	Preferred stocks of affiliates	(b) 0	
2.2	Common stocks (unaffiliated)	2,956	2,956
2.21	Common stocks of affiliates	0	
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 96,965	101,796
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	477
10.	Total gross investment income	1,711,022	1,319,984
11.	Investment expenses		(g) 120,689
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		120,689
17.	Net investment income (Line 10 minus Line 16)		1,199,295
DETAILS OF WRITE-INS			
0901.	Taxes Comptroller of Public Accounts (Interest based from the tax overpayment)		416
0902.	State of Utah (Interest based from the tax overpayment)		60
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	477
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		0

(a) Includes $ (10,301) accrual of discount less $ 420,224 amortization of premium and less $ 84,666 paid for accrued interest on purchases.
(b) Includes $ .... accrual of discount less $ .... amortization of premium and less $ 0 paid for accrued dividends on purchases.
(c) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ .... paid for accrued interest on purchases.
(d) Includes $ .... for company's occupancy of its own buildings; and excludes $ .... interest on encumbrances.
(e) Includes $ .... 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 $ .... 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 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	2,313,843		2,313,843	(310,363)	
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	2,363,384		2,363,384		
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	0	0	0	(100,862)	0
2.21	Common stocks of affiliates	0	0	0	0	0
3.	Mortgage loans	0	0	0	0	0
4.	Real estate	0	0	0		0
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0	0	0
7.	Derivative instruments			0		
8.	Other invested assets	0	0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	4,677,228	0	4,677,228	(411,225)	0
DETAILS OF WRITE-INS						
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB)	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL)	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
15.3 Accrued retrospective premiums	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	134,934	194,164	59,230
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software	0	0	0
21. Furniture and equipment, including health care delivery assets	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable	4,602,229	3,630,246	(971,983)
25. Aggregate write-ins for other than invested assets	183,080	239,758	56,678
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	4,920,243	4,064,168	(856,075)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
28. Total (Lines 26 and 27)	4,920,243	4,064,168	(856,075)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Expenses	57,194	208,807	151,613
2502. Accounts Receivable	125,887	30,951	(94,936)
2503.	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	183,080	239,758	56,678

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	0					
2. Provider Service Organizations	0					
3. Preferred Provider Organizations	0					
4. Point of Service	0					
5. Indemnity Only	22,774	57,874	60,419	62,625	63,531	726,451
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	22,774	57,874	60,419	62,625	63,531	726,451
DETAILS OF WRITE-INS						
0601.	0					
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

Universal Health Care Insurance Company Inc.

Notes to Financial Statements for the year ended December 31, 2011

1A. Summary of Significant Accounting Policies.

The accompanying statutory-basis financial statements have been prepared in conformity with the statutory accounting practices prescribed or permitted by the State of Florida Department of Financial Services, Office of Insurance Regulation (OIR), which practices differ from U.S. generally accepted accounting principles (GAAP).

Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners (NAIC), as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Company has no permitted statutory accounting practices. The more significant variances from GAAP are as follows:

Investments: Investments in bonds are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (NAIC) rating. For GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading, or available for sale. Held-to-maturity fixed investments would be reported at amortized cost, and trading and available-for-sale fixed-maturity investments would be reported at fair value with unrealized gains and losses reported in operations for those designated as trading and as a separate component of other comprehensive income for those designated as available-for-sale. Fair value for statutory purposes is based on the prices published by the Securities Valuation Office of the NAIC (SVO), if available, whereas fair value for GAAP is based on quoted market prices.

All single-class and multi-class mortgage-backed and asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, CBO, CDO, CLO, MBS, and ABS securities), other than high-quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to fair value. If high-credit-quality securities are adjusted, the retrospective method is used.

Nonadmitted assets: Certain assets designated as "nonadmitted," principally furniture and equipment, certain amounts receivable, and other assets not specifically identified as an admitted asset with the NAIC Accounting Practices and Procedures Manual, are excluded from the accompanying statutory-basis balance sheets and are charged directly to unassigned surplus. Under GAAP, such assets would be included in the balance sheets to the extent that those assets are not impaired. The balances of nonadmitted assets are as follows:

Non Admitted Assets	December 31, 2011		December 31, 2010	
Pharmacy Rebate Receivable	$	2,446,514	$	2,122,947
Accounts Receivable		2,281,601		1,449,517
Reinsurance Receivable		134,934		59,230
Prepaid Receivable		57,194		208,807
Total Non Admitted Assets	$	4,920,243	$	3,840,501

Reinsurance: Any reinsurance balances deemed to be uncollectible are written off through a charge to operations. Under GAAP, an allowance for amounts deemed uncollectible would be established through a charge to operations. Claims liabilities ceded to reinsurers have been reported as reductions of the related reserves rather than as assets, as would be required under GAAP.

Surplus notes payable: Notes payable issued by the Company to related parties are classified as capital and surplus on a statutory-basis, if approved by the OIR. Under GAAP, such notes payable are recorded as liabilities (see Note 13).

Deferred income taxes: Deferred tax assets are limited to: (1) the amount of federal income taxes paid in prior years that can be recovered through loss carry backs for existing temporary differences that reverse by the end of the subsequent calendar year, plus (2) the lesser of the remaining gross deferred tax assets expected to be realized within one year of the balance sheet date or 10% of net worth excluding any net deferred tax assets, electronic data processing (EDP) equipment and operating software, and any net positive goodwill, plus (3) the amount of remaining gross deferred tax assets that can be offset against existing gross deferred tax liabilities. Any remaining deferred tax assets are nonadmitted. Deferred taxes do not include amounts for state taxes. Pursuant to Statement of Statutory Accounting Principles (SSAP) No. 10R, paragraph 10.e, the Company may elect to admit additional deferred tax assets. The election is subject to certain capital and surplus requirements. If elected, the above is modified as follows: (a) the carry back period for (1) above is modified to reflect available loss carry backs for both ordinary and capital losses to be the carry back time frame corresponding with the IRS tax loss carry back provisions, not to exceed three years; (b) the period of realization and the percentage of capital and surplus mentioned in (2) above, are increased to three years and 15%, respectively. Under GAAP, state income taxes are included in the computation of deferred taxes, a deferred tax asset is recorded for the amount of gross deferred tax assets expected to be realized in all future years, and a valuation allowance is established for deferred tax assets not realizable.

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

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements have not been determined, but are presumed to be material.

NOTES TO FINANCIAL STATEMENTS

B. Use of Estimates

The presentation of the financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Significant accounts that are largely determined based on management's estimates and assumptions include IBNR claims payable, accrued pharmacy reimbursement due CMS, premiums receivable due from CMS related to retro-premium adjustments and risk-sharing adjustments; and unallocated premiums received from CMS included in unearned premium. Actual results could differ from those estimates, and those differences could be material. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported herein.

C. Significant Accounting Policies

Universal Health Care Insurance Company, Inc. ("UHCIC" or "the Company") is a Florida domiciled insurance company and a wholly owned subsidiary of Universal Health Care Group, Inc. ("Group"). The Company was incorporated on May 25, 2006 and formed as a health insurance company that operates a Medicare Advantage Private Fee for Service plan. The Company commenced revenue generating activities in January 2007.

The Company has a contract with the Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS) to provide health care services to Medicare enrollees in the states of Alabama, Arizona, Arkansas, Florida, Georgia, Illinois, Indiana, Louisiana, Maryland, Mississippi, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Texas, Utah and Virginia, as well as the District of Columbia. This contract accounted for 100% of the Company's revenues in 2011. CMS awarded the Company the contract for the period beginning January 1, 2007 and ending December 31, 2007 and has renewed the contract through December 31, 2011. The contract provides for annual extensions subject to agreement and approval by both parties.

Investments

Investments in bonds, cash, cash equivalents, and short-term investments are stated at values prescribed by the NAIC, as follows:

Investments are reported at amortized cost or fair value based on their NAIC rating. Bonds not backed by other loans are principally stated at amortized cost using the interest method.

Single-class and multi-class mortgage-backed and asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys or internal or third-party estimates and are based on the current interest rate and economic environment. The prospective adjustment method is used to value all such securities.

Cash, cash equivalents, and short-term investments include cash balances and investments which are liquid and mature in one year or less when purchased, including funds maintained under statutory requirements (deposits), and consist of money market and certificates of deposit funds registered with the NAIC.

Investments in common stocks are designated as available for sale and are reported at fair value with unrealized gains or losses reported net of taxes in other charges in capital and surplus.

Realized capital gains and losses are determined using the specific identification basis. Changes in the admitted asset carrying amounts of bonds are credited or charged directly to unassigned surplus.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation settlement.

Fair values are based on quoted market prices when available. When quoted market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment, which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

Financial assets carried at fair value are classified, for disclosure purposes, based on a hierarchy defined by the Fair Value Measurements Disclosure Topic of the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC). The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. The levels of the fair value hierarchy are as follows:

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

NOTES TO FINANCIAL STATEMENTS

At December 31, 2011 the Company's investments are all classified as Level 2 instruments.

Minimum Capital and Surplus Requirements

Pursuant to Section 624.408(1a) of Florida Statutes, the Company is required to maintain a minimum surplus not less than the greater of $1,500,000, or 4% of total liabilities plus 6% of liabilities relative to health insurance. Pursuant to Section 624.4095(1) and 4(c) of Florida Statutes, the Company is also required to maintain a ratio of actual or projected annual premiums, as defined, to current or projected surplus as to policy holders, as defined, of not more than 10:1 for gross written premiums or 4:1 for net written premiums. For purposes of this requirement, annual or projected premiums are limited to 80% for health insurance companies such as the Company. By Consent Order filed January 5, 2011, the FL OIR granted permission for the Company to operate at a ratio of gross actual or projected annual premiums to current surplus as to policy holders of not more than 16:1, exceeding the required ratios pursuant to Section 624.4095(1) and 4(c) of Florida Statutes. As a condition to this approval, the Company agreed to (1) maintain at all times compliance with the ratio limitation of net actual or projected annual premiums to current surplus as to policy holders of 4:1 and RBC of 250% of the authorized control level; (2) maintain compliance with minimum capital and surplus requirements defined by Section 624.408, Florida Statutes; (3) elect a 75% attachment point quota-share reinsurance for 2011; (4) limit Medicare enrollees for the 2011 plan year; and (5) defer any request to pay dividends until after the September 30, 2011 quarterly statement is filed with the OIR. Additionally, according to the State of Georgia Consent Order dated August 28, 2006, the Company must also maintain capital and surplus of not less than 250% of the authorized control level risk based capital. As of December 31, 2011, the Company's capital and surplus of $36,579,328 met the respective levels prescribed by the statutes andregulatory requirements described above.

Recognition of Premium Revenue and Medical Expenses

The Company generally receives premiums in advance of providing services, and recognizes premium revenue during the period in which the Company is obligated to provide services to its members. Premiums are billed monthly for coverage in the following month and are recognized as revenue in the month for which insurance coverage is provided. Accordingly, the portion of premiums applicable to future periods is included in the accompanying statutory-basis balance sheets as premiums received in advanced and in accounts payable and accrued expenses.

The Company reconciles the membership in its administrative system to the enrollment data provided by CMS. There are timing differences between the addition of a member to the Company's administrative system and the approval, or accretion, of the member by CMS. Additionally, the monthly payments from CMS include adjustments to reflect changes in membership as a result of retroactive terminations, additions or other changes. Current period membership, net premiums, and claims expense are adjusted to reflect retroactive changes in membership.

Premium and other health care receivables consist of premiums due from federal agencies and members based on enrolled membership and other related health care plan receivables. On an ongoing basis, management estimates the amount of premium billings that may not be fully collectible based on historical trends and other factors. Amounts deemed uncollectible are written off against premium revenue in the period the determination is made.

CMS uses risk-adjusted rates per member to determine the monthly payments to the Company. CMS has implemented a risk adjustment model, which apportions premiums paid according to health diagnoses. The risk adjustment model uses health status indicators, or risk scores, to improve the accuracy of payment. The CMS risk adjustment model pays more for members with increasing health severity. Under this risk adjustment methodology, diagnosis data from inpatient and ambulatory treatment settings are used by CMS to calculate the risk-adjusted premium payment to the Company. The monthly risk-adjusted premium per member is determined by CMS based on normalized risk scores of each member from the prior year. Annually, CMS provides the updated risk scores to the Company and revises premium rates prospectively, beginning with the July remittance for current plan year members. CMS will also calculate the retroactive adjustments to premium related to the revised risk scores for the current year for current plan year members and for the prior year for prior plan year members.

All health benefit organizations must capture, collect, and submit the necessary diagnosis code information to CMS within prescribed deadlines. Accordingly, the Company collects, captures, and submits the necessary and available diagnosis data to CMS within prescribed deadlines for its HMO plan. The Company estimates changes in CMS premiums related to revenue adjustments based upon the diagnosis data submitted to CMS and ultimately accepted by CMS. Risk scores are updated annually by CMS, and the Company reconciles the data to estimated amounts recorded by the Company with any adjustments recorded in premium revenue.

Medical expenses consist of claim payments, capitation payments, and pharmacy costs, net of rebates, as well as estimates of future payments of claims provided for services rendered prior to the end of the reporting period. Capitation payments represent monthly contractual fees disbursed to physicians and other providers who are responsible for providing medical care to members. Pharmacy costs (including Medicare Part D costs) represent payments for members' prescription drug benefits, net of rebates from drug manufacturers. Rebates are recognized when the rebates are earned according to the contractual arrangements with the respective vendors.

Premiums the Company pays to reinsurers are reported as medical expenses and related reinsurance recoveries are reported as reductions of medical expenses.

Medical claims liability represents the Company's payment responsibility for services that have been rendered by medical service providers to members. These costs have not been settled as of the balance sheet dates. The liability consists of medical claims reported by the medical service providers as well as an actuarially determined estimate of claims that have been incurred but not yet reported (IBNR) by the medical service providers.

Due to the numerous factors influencing this liability, the Company develops an estimate based upon generally accepted actuarial projection methodologies using claim submission and payment patterns and cost trends. Deviations, whether positive or negative, between actual experience and estimates used to establish the liability are recorded in the period of claim payment on a consistent

NOTES TO FINANCIAL STATEMENTS

basis. The Company continually monitors the reasonableness of the assumptions used in prior estimates by comparison with actual claim patterns and considers this information in future estimates.

Medical and other benefits paid can also be significantly impacted by outcomes from court decisions, interpretations by regulatory authorities, and legislative changes involving health care matters. As a result, amounts ultimately paid may differ from initial estimates that did not consider such outcomes, interpretations, and changes.

Medicare Part D

The Company's Medicare Advantage plan offers prescription drug benefits under Part D of the Medicare federal health insurance program to individuals eligible for benefits under Part A or Part B. As such, the Company receives additional premium and cost reimbursement components.

For qualifying low-income status (LIS), members, CMS pays the Company for some or all of the LIS member's monthly premium. The CMS payment is dependent upon a member's income level, which is determined by the Social Security Administration. Low-income premium is recognized over the contract period and reported as premium revenue. Additionally, for qualifying LIS members, CMS will reimburse the Company for all or a portion of the LIS member's deductible, coinsurance, and co-payment amounts above the out-of-pocket threshold for low-income beneficiaries. Low-income cost-sharing subsidies are paid by CMS prospectively as a fixed amount per member per month, and are determined based upon the plan year bid submitted to CMS. After the close of the annual plan year, CMS reconciles actual experience to low-income cost sharing subsidies paid to the plan and any differences are settled between CMS and the Company.

The Company also receives payments from CMS for catastrophic reinsurance for members of its Medicare Advantage plan. CMS makes prospective monthly catastrophic reinsurance payments to the Company based on estimated average reinsurance payments to other Medicare Advantage-Prescription Drug plans that provide Part D benefits. After the close of the annual plan year, CMS reconciles actual experience compared to catastrophic reinsurance subsidies paid to the Company and any differences are settled between CMS and the Company.

Low-income cost sharing and catastrophic reinsurance subsidies represent funding from CMS for which the Company assumes no risk and amounts received from CMS are reported net of payments of the actual prescription drug costs related to the low-income cost sharing and catastrophic reinsurance in the accompanying statutory-basis balance sheets. The Company does not recognize premium revenue or medical claims expense for this activity.

Medicare Part D activity resulted in a payable from CMS of $291,140 at December 31, 2011, which is included in amounts receivable relating to uninsured plans in the accompanying statutory-basis balance sheets. Actual amounts of Medicare Part D related assets and liabilities could differ materially from amounts recorded.

Accrued Loss Adjustment Expense

Claim processing expenses for unpaid claims, including claims IBNR, are accrued based on estimated expenses necessary to process such claims.

Advertising Expense

Marketing and advertising costs are expensed as incurred. For the year ended December 31, 2011, the Company incurred $348,380 of advertising expense.

Income Taxes

On September 27, 2007, the Company elected to memorialize its tax-sharing arrangement by participating in an Intercompany Tax Sharing Agreement (the Agreement) with Group, Universal Health Care, Inc. (UHC), and American Managed Care, LLC (AMC). UHC and AMC are entities owned 100% by Group. Beginning with the 2007 tax year, Group has filed a consolidated federal tax return that includes the operations of the Company, Group, UHC, and AMC. On May 27, 2009, the Agreement was amended to include participation by Universal HMO of Texas, Inc. (UHMOT). UHMOT was incorporated during the year ended December 31, 2009 and is wholly owned by Group. The Company obtained final approval of the amended Agreement from the OIR in October 2009. On July 27, 2010, the Agreement was amended to include participation by Universal Health Care of Nevada, Inc. (UHCNV). UHCNV was incorporated during the year ended December 31, 2010, and is wholly owned by Group. The Company obtained final approval of the amended Agreement from the OIR in March 2011.

Under terms of the Agreement, each company shall be responsible for and shall reimburse Group for its separately calculated share of the consolidated tax benefit or expense. Further, per the Agreement, each company shall pay promptly to, or be reimbursed from, Group, on a quarterly basis not later than the due date for the estimated quarterly payment of taxes, its share of such payment, estimated in the same manner as specified above. Any final adjustments to payments shall be made following the preparation of the consolidated federal income tax return.

2. Accounting Changes and Corrections of Errors

Annual Statement for the Year 2011 of the Universal Health Care Insurance Company, Inc.
Reconciliation of Original Annual Financial Filing to Amended Financial Filing

Description	Assets	Non-Admitted Assets	Net Admitted Assets	Liabilities	Equity	Revenue and Expenses
Ending Balances Original 3/1/12 Filing	$ 128,791,703	$ 4,194,908	$ 124,596,795	$ 79,537,600	$ 45,059,196	$ (7,613,740)

NOTES TO FINANCIAL STATEMENTS

Reduction of Management fee to AMC	14,862,900		14,862,900		14,862,900	14,862,900
Tax Adjustments	(5,333,179)		(5,333,179)		(5,205,519)	(5,169,550)
General & Administrative (State Tax)				(70,872)	(92,757)	(92,757)
DTA Unrealized Gain/Loss Equity Inv.	(35,969)					
Ending Balances Amended 3/15/12 Filing	$ 138,285,455	$ 4,194,908	$ 134,126,516	$ 79,466,728	$ 54,623,820	$ 1,986,853
Claims overpayment receivable	1,475,335	725,335	750,001	16,567,680	(15,817,679)	(15,092,345)
Coverage Gap Discount				(153,616)	153,616	153,616
Accrued Pharmacy Adjustment				(416,426)	416,426	416,426
IBNR Adjustment				10,792,294	(6,984,661)	(10,792,294)
Accrued Commissions				1,600,000	(477,924)	(1,600,000)
Tax Adjustments	9,359,504		9,323,535	(235,936)	4,363,405	9,241,535
General & Administrative (State Tax)	56,654		56,654	56,654	300,326	353,905
Ending Balances Amended 6/1/12 Filing	$ 149,176,949	$ 4,920,243	$ 144,256,706	$ 107,677,378	$ 36,379,328	$ (15,332,304)

3. Business Combinations and Goodwill

N/A

4. Discontinued Operations

N/A

5. Investments

A - D. N/A

E. Repurchase Agreements and/or Securities Lending Transactions:

The Company entered into a sweep repurchase agreement with a financial services institution to increase its return on invested assets. The transactions involve the transfer of excess cash to a regulated financial institution that is collateralized by securities. On the next business day, the transferred cash, along with any interest thereon, is transferred back to the Company and the collateralized securities are returned. The arrangement meets the requirement to be accounted for as secured borrowings. The Company requires that at all times, securities obtained as collateral are sufficient to fund substantially all of the cost of purchasing replacement assets. As of December 31, 2011, amounts outstanding under repurchase agreements of $8,285,087 are classified as cash in the accompanying statement of assets. As of December 31, 2011, securities with a fair market value of approximately $8,450,800 were held as collateral under this agreement.

F - G. N/A

6. Joint Ventures, Partnerships and Limited Liability Companies

N/A

7. Investment Income

N/A

8. Derivative Instruments

N/A

9. Income Taxes

NOTES TO FINANCIAL STATEMENTS

		12/31/2011			12/31/2010			Change		
9A		1	2	3	4	5	6	7	8	9
09A01		Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
09A01a	Gross Deferred Tax Assets	[illegible]	[illegible]	[illegible]	2,317,226	-	2,317,226	[illegible]	[illegible]	[illegible]
09A01b	Statutory Valuation Allowance Adjustment	[illegible]	[illegible]	[illegible]	-	-	-	[illegible]	[illegible]	[illegible]
09A01c	Adjusted Gross Deferred Tax Assets (1a - 1b)	-	-	-	2,317,226	-	2,317,226	(2,317,226)	-	(2,317,226)
09A01d	Deferred Tax Liabilities	-	-	-	-	-	-	-	-	-
09A01e	Subtotal (Net Deferred Tax Asset) (1c - 1d)	-	-	-	2,317,226	-	2,317,226	(2,317,226)	-	(2,317,226)
09A01f	Deferred Tax Assets Nonadmitted	-	-	-	-	-	-	-	-	-
09A01g	Net Admitted Deferred Tax Assets (1e - 1f)	-	-	-	2,317,226	-	2,317,226	(2,317,226)	-	(2,317,226)
09A02	SSAP No. 10R, Income Taxes - A Temporary Replacement of SSAP No. 10									
09A03	The increased amount by tax character, and the change in such, of admitted adjusted gross dta as the result of the SSAP No. 10R.									

		12/31/2011			12/31/2010			Change		
9A04	Admission Calculation Components: SSAP No. 10R, Paragraphs 10a, 10b, and 10c	10 Ordinary	11 Capital	12 Total	13 Ordinary	14 Capital	15 Total	16 Ordinary	17 Capital	9 Total
09A04a	SSAP No. 10R, Paragraph 10a	-	-	-	2,317,226	-	2,317,226	(2,317,226)	-	(2,317,226)
09A04b	SSAP No. 10R, Paragraph 10b (the lesser of paragraph 10.b.i and 10.b.ii below)	-	-	-	-	-	-	-	-	-
09A04c	SSAP No. 10R, Paragraph 10.b.i	-	-	-	-	-	-	-	-	-
09A04d	SSAP No. 10R, Paragraph 10.b.ii	XXX	XXX	[illegible]	XXX	XXX	[illegible]	XXX	XXX	[illegible]
09A04e	SSAP No. 10R, Paragraph 10c	-	-	-	-	-	-	-	-	-
09A04f	Total (4a + 4b + 4e)	-	-	-	2,317,226	-	2,317,226	(2,317,226)	-	(2,317,226)
	Admission Calculation Components SSAP No. 10R, Paragraph 10e:									
09A04g	SSAP No. 10R, Paragraph 10.e.i	-	-	-	-	-	-	-	-	-
09A04h	SSAP No. 10R, Paragraph 10.e.ii (the lesser of paragraph 10.e.ii.a and 10.e.ii.b below)	-	-	-	-	-	-	-	-	-
09A04i	SSAP No. 10R, Paragraph 10.e.ii.a	-	-	-	-	-	-	-	-	-
09A04j	SSAP No. 10R, Paragraph 10.e.ii.b	XXX	XXX	-	XXX	XXX	-	XXX	XXX	-
09A04k	SSAP No. 10R, Paragraph 10.e.iii	-	-	-	-	-	-	-	-	-
09A04l	Total (4g + 4h + 4k)	-	-	-	-	-	-	-	-	-
	Used in SSAP No. 10R, Paragraph 10d									
09A04m	Total Adjusted Capital	XXX	XXX	[illegible]	XXX	XXX	[illegible]	XXX	XXX	[illegible]
09A04n	Authorized Control Level	XXX	XXX	[illegible]	XXX	XXX	[illegible]	XXX	XXX	1,291,050

		12/31/2011			12/31/2010			Change		
9A05		1 Ordinary	2 Capital	3 Total	4 Ordinary	5 Capital	6 Total	7 Ordinary	8 Capital	9 Total
	Impact of Tax Planning Strategies									
09A05a	Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	-	-	-	-	-	-	-	-	-
09A05b	Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	XXX	XXX	-	XXX	XXX	0	XXX	XXX	-

		12/31/2011			12/31/2010			Change		
9A06	SSAP No. 10R, Paragraphs 10a., 10b., and 10c:	1 Ordinary	2 Capital	3 Total	4 Ordinary	5 Capital	6 Total	7 Ordinary	8 Capital	9 Total
09A06a	Admitted Deferred Tax Assets	-	-	-	2,317,226	-	2,317,226	(2,317,226)	-	(2,317,226)
09A06b	Admitted Assets	XXX	XXX	[illegible]	XXX	XXX	[illegible]	XXX	XXX	[illegible]
09A06c	Adjusted Statutory Surplus*	XXX	XXX	[illegible]	XXX	XXX	[illegible]	XXX	XXX	[illegible]
09A06d	Total Adjusted Capital from DTAs	XXX	XXX	-	XXX	XXX	2,317,226	XXX	XXX	(2,317,226)
	Increases due to SSAP No. 10R, Paragraph 10e.									
09A06e	Admitted Deferred Tax Assets	-	-	-	-	-	-	-	-	-
09A06f	Admitted Assets	-	-	-	-	-	-	-	-	-
09A06g	Statutory Surplus	-	-	-	-	-	-	-	-	-
09B	Regarding deferred tax liabilities that are not recognized: N/A									

NOTES TO FINANCIAL STATEMENTS

		1 12/31/2011	2 12/31/2010	3 Change
9C				
9C1	Current Income Tax			
9C1a	Federal	(11,494,307)	(853,321)	(11,644,696)
9C1b	Foreign	-	-	-
9C1c	Subtotal	(11,494,307)	(853,321)	(11,644,696)
9C1d	Federal income tax on net capital gains	1,257,000	32,001	1,340,339
9C1e	Utilization of capital loss carry-forwards	-	-	-
9C1f	Other	-	-	-
9C1g	Federal and foreign income taxes incurred	(10,050,307)	(944,696)	(9,494,737)
9C2	Deferred Tax Assets			
(a)	Ordinary:			
9C2A01	Discounting of unpaid losses	-	87,512	(87,512)
9C2A02	Unearned premium reserve	64,328	41,334	22,994
9C2A03	Policyholder reserves	-	-	-
9C2A04	Investments	-	-	-
9C2A05	Deferred acquisition costs	-	-	-
9C2A06	Policyholder dividends accrual	-	-	-
9C2A07	Fixed Assets	-	-	-
9C2A08	Compensation and benefits accrual	2,175	3,059	(884)
9C2A09	Pension accrual	-	-	-
9C2A10	Receivables - nonadmitted	1,702,007	1,348,176	353,831
9C2A11	Net operating loss carry-forward	-	-	-
9C2A12	Tax credit carry-forward	-	-	-
9C2A13	Other (including items <5% of total ordinary tax assets)	49,741	1,055,590	(1,006,280)
	9C2A99 Subtotal	1,818,311	2,517,226	(698,915)
9C2b	Statutory valuation allowance adjustment	1,818,311	-	1,818,311
9C2c	Nonadmitted	-	-	-
9C2d	Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	-	2,517,226	(2,517,226)
(2e)	Capital:			
9C2E1	Investments	33,280	-	33,280
9C2E2	Net capital loss carry-forward	-	-	-
9C2E3	Real estate	-	-	-
9C2E4	Other (including items <5% of total capital tax assets)	-	-	-
	9C2E99 Subtotal	33,280	-	33,280
9C2f	Statutory valuation allowance adjustment	33,280	-	33,280
9C2g	Nonadmitted	-	-	-
9C2h	Admitted capital deferred tax assets (2e99 - 2f - 2g)	-	-	-
9C2i	Admitted deferred tax assets (2d + 2h)	-	2,517,226	(2,517,226)
9C3	Deferred Tax Liabilities			
(a)	Ordinary:			
9C3A1	Investments	-	-	-
9C3A2	Fixed assets	-	-	-
9C3A3	Deferred and uncollected premium	-	-	-
9C3A4	Policyholder reserves	-	-	-
9C3A5	Other (including items <5% of total ordinary tax liabilities)	-	-	-
	9C3A99 Subtotal	-	-	-
(b)	Capital:			
9C3B1	Investments	-	-	-
9C3B2	Real estate	-	-	-
9C3B3	Other (including items <5% of total capital tax liabilities)	-	-	-
	9C3B99 Subtotal	-	-	-
9C3C	Deferred tax liabilities (3a99 + 3b99)	-	-	-
9C4	Net deferred tax assets/liabilities (2i - 3c)	-	2,517,226	(2,517,226)

9D		12/31/2011	Effective Tax Rate (%)
	Provision computed at statutory rate	(8,918,160)	35.00%
	Change in nonadmitted assets	(398,430)	1.30%
	Nontaxable investment income	(149,780)	0.70%
	Nondeductible expenses	2,141	0.00%
	State taxes	30,106	-0.10%
	Other	1,808,812	-7.10%
	Total	(7,541,141)	28.70%
	Federal and foreign income taxes incurred	(11,494,307)	44.10%
	Realized capital gains (losses) tax	1,437,039	-4.50%
	Change in deferred income taxes	2,517,226	-9.80%
	Total	(7,540,141)	28.70%

9E Capital Loss carry forwards

9E1 The Company has no operating loss carryforwards.

9E2 The following is income tax expense that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2010	-	-	-
2011	-	-	-
Total	-	-	-

9E3 The aggregate amount of deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code was $0 as of December 31, 2011.

9F Consolidated tax filing:

Company is included in a consolidated tax filing with the following entities:

Universal Health Care Group, Inc.
American Managed Care, LLC
Universal Health Care, Inc.
Universal HMO of Texas, Inc.
Universal Health Care of Nevada, Inc.
Universal Health Care of Georgia, Inc.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries and Affiliates

A - C. All outstanding shares of the Company are owned by Group, an insurance holding company incorporated in the State of Delaware with operations based in Florida. On February 14, 2011, Group entered into a $37,500,000 term-loan and a $2,500,000 unfunded revolving credit agreement which placed additional minimum statutory capital requirements on its subsidiaries, including UHCIC. Under the credit agreement, the Company must maintain surplus and capital equal to or greater than 125% of the Statutory minimum. Group pledged 100% of its equity interest in UHCIC as security under the credit agreement.

Surplus notes payable, related party:
The Company has recorded $18,250,000 in surplus notes payable to its parent, Group, at December 31, 2011 (see note 13). The terms of the surplus notes payable specify that principal and interest is payable only upon the prior approval of FL OIR. The notes payable #1, #2 and #3 will bear interest at 5% per annum upon FL OIR approval. Surplus note #4 bore interest at 9% per annum and received FL OIR approval for payment of interest. As of the year ended December 31, 2010, Note #4's principal and interest of $66,000,000 and $4,295,202, respectively had been paid in full. The Company paid down Note #3 in the total amount of $2,750,000 on July 14, 2010. During the period from May 25, 2006 (date of inception) through December 31, 2011, UHCIC did not obtain approval from FL OIR for the Surplus Notes #1, #2 and #3; therefore UHCIC has not recorded accrued interest and interest expense of $4,963,230 related to those notes.

Dividend payment
N/A

Other relationships:
The Company has a management agreement with American Managed Care, LLC (AMC), effective through May 31, 2012 and automatically renewed in one year terms, whereby AMC provides supervisory and management services, performs specific functions and contract services to and performs certain payroll functions for the Company. AMC is owned 100% by Group. Effective December 1, 2010, fees pursuant to this agreement were set at 9.0% of the total collected premiums on a monthly basis as approved by FL OIR on November 5, 2010. Effective January 1, 2011, for compensation for services rendered, the Company shall pay AMC a percentage of total collected premiums on a monthly basis. The amount shall vary, as mutually agreed between AMC and the Company, but under no circumstance shall the percentage of collected premiums paid to AMC exceed 9%, without obtaining prior approval from the FL OIR. Further, no amounts paid by the Company shall result in the Company being out of compliance with the minimum statutory requirements of the Florida Statutes. Expenses incurred under this agreement totaled $20,350,967 for the period from January 1, 2011 through December 31, 2011.

D. In addition to the above-referenced management agreement, certain expenditures for the Company are paid by and reimbursed to Universal Health Care, Inc. (UHC), Universal HMO of Texas, Inc. (UHMOT), Universal Health Care of Nevada, Inc. (UHCNV) and AMC, companies under common control by Group, as well as Group itself. The Company also pays for and is reimbursed by UHC, UHMOT, UHCNV and AMC for certain expenditures. At December 31, 2011, the Company owed UHC $30,747 and was owed $14,888,053 from AMC. All amounts will be settled per terms of the Company's intercompany transactions policy which requires the payment to be made within 30 days.

E. N/A

F. The Company has a management agreement with AMC, effective through May 31, 2012 and automatically renewed, whereby AMC provides supervisory and management services, performs specific functions and contract services to and performs certain payroll functions for the Company. AMC is owned 100% by Group.

In addition, the Company maintains a provider agreement with American Family & Geriatric Care (AFGC), which is owned 100% by a majority shareholder of Group. Amounts paid to AFGC under the provider agreement for the year ended December 31, 2011 were $2,271,190.

G. - L. N/A

Under the Company's tax sharing agreement, $9,906,053, included in current federal and foreign income tax recoverable in the accompanying Statement of Assets, Liabilities, Capital and Surplus, is due to the Company from Group and will be settled per terms of the intercompany transactions policy.

11. Debt
N/A

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

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations
1. UHCIC has 10,000,000 shares of $1.00 par value common stock authorized, 2,500,100 shares issued and outstanding as of December 31, 2011.
2. N/A
3. Prior approval is needed by Florida OIR for dividend payments to Group and may not be presented for approval until after the June 30, 2011 quarterly statements are filed.
4. N/A
5. Within the limitations of (3) above, there are no restrictions placed on the portion of company profits that may be paid as ordinary dividends to stockholders.
6. N/A
7. N/A
8. N/A

NOTES TO FINANCIAL STATEMENTS

9. N/A
10. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses is $-100,862.
11. Please see table as follows:

	Date Issued	Interest Rate	Par Value (Face Amount of Note)	Carrying Value of Note	Principal and/or Interest Paid Current year	Total Principal and/or Interest paid	Unapproved Principal and/or interest	Date of Maturity
Surplus Note #1	12/29/2006	5.0%	$8,000,000	$8,000,000	0	0	$2,003,333	N/A
Surplus Note #2	01/13/2007	5.0%	$2,000,000	$2,000,000	0	0	$491,944	N/A
Surplus Note #3	02/22/2007	5.0%	$11,000,000	$8,250,000	0	$2,750,000	$2,467,952	N/A

12. N/A
13. N/A

14. Contingencies
N/A

15. Leases
N/A

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk
N/A

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

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

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

20. Fair Value Measurements
N/A

21. Other Items
N/A

22. Events Subsequent
N/A

23. Reinsurance

A. Section 1 — 1. No
2. No

Section 2 — 1. No
2. No

Section 3 — 1. N/A
2. Yes, Effective January 1, 2011, the Company terminated its ceded reinsurance agreement with Hannover Life Re and entered into a ceded reinsurance agreement with RGA Reinsurance Company (Barbados) Limited (RGA) for indemnity reinsurance. This agreement does not relieve the Company from its obligations to its members. Failure on the part of RGA to honor its obligations could result in losses to the Company. Under terms of the agreement, the Company ceded to RGA, and RGA reinsured, a 75% quota share of the reinsured risks subject to annual maximum reinsurance premium and net of any existing reinsurance for the year ended December 31, 2011. There are no amounts of reinsurance credits.

B. N/A
C. N/A

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination
N/A

25. Change in Incurred Claims and Claim Adjustment Expenses
N/A

26. Intercompany Pooling Arrangements
N/A

27. Structured Settlements
N/A

28. Health Care Receivables

Quarter	Estimated Rx Rebates as	Rx Rebates as Billed or	Actual Rebates	Actual Rebates Received	Actual Rebates
			25.8		

NOTES TO FINANCIAL STATEMENTS

	Reported on Financial Statements	Otherwise Confirmed	Received within 90 days of Billing	within 91 to 180 Days of billing	Received More Than 180 Days After Billing
3/31/2009	$929,951	$929,951	$ -	$ -	$929,951
6/30/2009	977,292	977,292	-	-	977,292
9/30/2009	1,015,385	1,015,385	-	899,703	115,682
12/31/2009	887,585	887,585	-	-	887,585
3/31/2010	653,467	653,467	-	56,875	596,592
6/30/2010	1,319,378	1,319,378	-	1,319,378	-
9/30/2010	1,021,724	1,021,724	144,746	876,978	-
12/31/2010	1,248,839	1,248,839	92,048	921,625	235,166
3/31/2011	1,685,901	1,685,901	-	1,685,901	-
6/30/2011	2,148,552	2,148,552	354,189	1,545,081	249,282
9/30/2011	1,873,665	1,873,665	-	1,601,843	-
12/31/2011	2,174,692	2,174,692	-	-	-

29. Participating Policies
N/A

30. Premium Deficiency Reserves

N/A

31. Anticipated Salvage and Subrogation
N/A

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? Florida

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. 12/31/2009

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). 03/08/2011

3.4 By what department or departments? FL OIR

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [ ] N/A [ ]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

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

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

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

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

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

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

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 the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), 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 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, 401 East Jackson Street, Suite 1200, Tampa, FL 33602

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?
Milliman, 3000 Bayfront Drive, Suite 860, Tampa, FL 33607

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 with a NAIC rating of 3 or below? 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 or is likely to conflict with the official duties of such person? Yes [X] No [ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

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

- 20.11 To directors or other officers $ 0
- 20.12 To stockholders not officers $ 0
- 20.13 Trustees, supreme or grand (Fraternal only) $ 0

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

- 20.21 To directors or other officers $ 0
- 20.22 To stockholders not officers $ 0
- 20.23 Trustees, supreme or grand (Fraternal only) $ 0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

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

- 21.21 Rented from others $
- 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 [ ] No [X]

22.2 If answer is yes:

- 22.21 Amount paid as losses or risk adjustment $
- 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: $ 14,868,053

INVESTMENT

24.1 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 24.3) Yes [X] No [ ]

24.2 If no, give full and complete information, relating thereto

24.3 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)

24.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] NA [X]

24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. $

24.6 If answer to 24.4 is no, report amount of collateral for other programs. $

24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] NA [X]

24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] NA [X]

24.9 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 [ ] NA [X]

GENERAL INTERROGATORIES

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 24.3). Yes [X] No [ ]

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

25.21	Subject to repurchase agreements	$ 8,265,087
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 securities restricted as to sale	$
25.28	On deposit with state or other regulatory body	$ 4,554,869
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 [ ]
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
Wells Fargo Bank, NA	100 S Ashley Drive, MAC: Z0307-032, Tampa, FL 33602

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 [X] No [ ]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Fifth Third Bank	Wells Fargo Bank	09/01/2011	Economic Benefit

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

1 Central Registration Depository Number(s)	2 Name	3 Address
104973	Wells Capital Management, Inc	525 Market St 10th Floor, San Francisco, CA 94105

GENERAL INTERROGATORIES

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 TOTAL		0

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	97,228,602	97,241,219	12,617
30.2 Preferred Stocks	0		0
30.3 Totals	97,228,602	97,241,219	12,617

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

SVO/NAIC (Security Valuation Office) if not priced through the SVO then we use IDC download feed

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

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

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

All price were obtained through SVO/NAIC or IDC download - with the exception of the Money market Funds

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

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any? $ 0

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
	$
	$
	$

34.1 Amount of payments for legal expenses, if any? $ 80,453

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
Nicholas & Ball PA	$ 73,450

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

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
	$
	$
	$

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U. S. business only $ 0

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

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. $ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 136,570,278	$ 122,847,586
2.2	Premium Denominator	$ 136,570,278	$ 122,847,586
2.3	Premium Ratio (2.1/2.2)	1.000	1.000
2.4	Reserve Numerator	$ 26,082,000	$ 10,139,809
2.5	Reserve Denominator	$ 26,082,000	$ 10,139,809
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 $

5.32 Medical Only $ 300,000

5.33 Medicare Supplement $

5.34 Dental and Vision $

5.35 Other Limited Benefit Plan $

5.36 Other $

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

Physician hereby agrees that in no event shall physician bill, charge, collect a deposit from, seek comp., remuneration, or reimb. from, or have any recourse against members or persons other than Company, physician or persons acting on member's behalf for svcs provided pursuant to this Agreement.

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No [ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 83,842

8.2 Number of providers at end of reporting year 37,123

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

PART 2 - HEALTH 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. Florida

11.4 If yes, show the amount required. $ 27,314,049

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ] No [X]

11.6 If the amount is calculated, show the calculation.

Greater of 4:1 Ratio of net premium, limited to 80% of premium for healthcare companies. 16:1 ratio of gross premiums, limited to 80% of premium for health care companies, 250% of RBC or $1,500,000

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

1 Name of Service Area
Alabama
Arizona
Arkansas
District of Columbia
Florida
Georgia
Illinois
Indiana
Kentucky
Louisiana
Maryland
Mississippi
Missouri
Nevada
New Jersey
New York
North Carolina
Pennsylvania
South Carolina
South Dakota
Texas
Utah
Virginia

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 the funds administered as of the reporting date. $

FIVE - YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	144,258,706	70,890,924	79,354,654	103,598,274	196,730,140
2. Total liabilities (Page 3, Line 24)	107,677,378	15,374,966	15,890,446	14,402,012	75,637,792
3. Statutory surplus	27,314,056	24,569,517	28,076,863	28,089,965	112,442,494
4. Total capital and surplus (Page 3, Line 33)	36,579,326	55,515,958	63,464,208	89,196,262	121,092,348
Income Statement (Page 4)					
5. Total revenues (Line 8)	136,570,278	122,847,588	81,859,120	140,349,827	562,212,471
6. Total medical and hospital expenses (Line 18)	114,587,909	84,088,862	35,142,869	100,319,455	462,584,374
7. Claims adjustment expenses (Line 20)	655,876	(169,929)	(38,993)	(172,578)	668,379
8. Total administrative expenses (Line 21)	52,614,688	44,193,987	35,802,248	37,892,988	81,795,818
9. Net underwriting gain (loss) (Line 24)	(31,268,193)	(5,245,314)	10,952,996	2,309,964	37,163,900
10. Net investment gain (loss) (Line 27)	4,239,493	1,441,370	1,115,498	3,130,474	8,349,359
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income or (loss) (Line 32)	(15,332,304)	(3,151,823)	9,188,068	4,343,918	30,284,079
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	65,523,080	(4,482,842)	(19,546,525)	(41,055,241)	90,733,847
Risk-Based Capital Analysis					
14. Total adjusted capital	36,579,326	55,515,958	63,464,208	89,196,262	121,092,348
15. Authorized control level risk-based capital	5,903,352	4,621,045	1,994,687	5,101,144	24,182,022
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	63,531	22,774	35,268	32,200	59,910
17. Total members months (Column 6, Line 7)	726,451	289,981	420,804	404,737	801,891
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)	83.9	68.4	42.9	71.5	82.3
20. Cost containment expenses	0.0	0.0	0.0	0.0	0.0
21. Other claims adjustment expenses	0.5	(0.1)	0.0	(0.1)	0.1
22. Total underwriting deductions (Line 23)	122.9	104.3	86.6	98.4	93.4
23. Total underwriting gain (loss) (Line 24)	(22.9)	(4.3)	13.4	1.6	6.6
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	14,442,577	3,033,637	10,520,771	54,169,159	0
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	10,139,808	8,985,001	24,638,600	54,870,000	0
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate		0	0	0	0
31. All other affiliated		0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0

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

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1 Active Status	Direct Business Only: 2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits 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	L							0	0
2. Alaska AK								0	0
3. Arizona AZ	L		22,865,351					22,865,351	0
4. Arkansas AR	L							0	0
5. California CA								0	0
6. Colorado CO								0	0
7. Connecticut CT								0	0
8. Delaware DE								0	0
9. District of Columbia DC	L							0	0
10. Florida FL	L		40,395,591					40,395,591	0
11. Georgia GA	L		178,104,212					178,104,212	0
12. Hawaii HI								0	0
13. Idaho ID								0	0
14. Illinois IL	L							0	0
15. Indiana IN	L							0	0
16. Iowa IA								0	0
17. Kansas KS								0	0
18. Kentucky KY	L							0	0
19. Louisiana LA	L		9,501,686					9,501,686	0
20. Maine ME								0	0
21. Maryland MD	L		14,494,387					14,494,387	0
22. Massachusetts MA								0	0
23. Michigan MI								0	0
24. Minnesota MN								0	0
25. Mississippi MS	L		12,323,155					12,323,155	0
26. Missouri MO	L							0	0
27. Montana MT								0	0
28. Nebraska NE								0	0
29. Nevada NV	L		12,108,754					12,108,754	0
30. New Hampshire NH								0	0
31. New Jersey NJ	L							0	0
32. New Mexico NM								0	0
33. New York NY	L							0	0
34. North Carolina NC	L		73,224,705					73,224,705	0
35. North Dakota ND								0	0
36. Ohio OH	L							0	0
37. Oklahoma OK	L							0	0
38. Oregon OR								0	0
39. Pennsylvania PA	L		5,220,226					5,220,226	0
40. Rhode Island RI								0	0
41. South Carolina SC	L		51,631,519					51,631,519	0
42. South Dakota SD	L							0	0
43. Tennessee TN								0	0
44. Texas TX	L		43,548,047					43,548,047	0
45. Utah UT	L		14,488,634					14,488,634	0
46. Vermont VT								0	0
47. Virginia VA	L		35,983,993					35,983,993	0
48. Washington WA								0	0
49. West Virginia WV								0	0
50. Wisconsin WI								0	0
51. Wyoming WY								0	0
52. American Samoa AS								0	0
53. Guam GU								0	0
54. Puerto Rico PR								0	0
55. U.S. Virgin Islands VI								0	0
56. Northern Mariana Islands MP								0	0
57. Canada CN								0	0
58. Aggregate Other Alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	0	513,888,262	0	0	0	0	513,888,262	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 25	0	513,888,262	0	0	0	0	513,888,262	0
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	

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

Explanation of basis of allocation by states, premiums by state, etc.: Allocation of state premium is based on actual premium received from CMS. Out of Area premiums are allocated to the domicile state of Florida.

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

Universal Health Care
Corporate Organizational Chart

Akshay M. and Seema A. Desai
Joint Tenants by the Entirety
(Sole Member/Manager)

Owns 100% — American Family & Geriatric Care, Inc.
Owns 100% — P.P.C., LC (General Partner)
Owns 100% — Courtesy Health Care, Inc.

P.P.C., LC (General Partner) — Owns 5%
Akshay M. and Seema A. Desai, Joint Tenants by the Entirety (Limited Partner) — Owns 62%
AMD Family Declaration of Trust (Limited Partner) — Owns 33%

The Desai Limited Partnership

Zachariah P. Zachariah, MD — Owns 19.6%
The Desai Limited Partnership — Owns 74.7%
Individual Investors (70+ Each with less than .1%) — Owns 5.7%

Universal Health Care Group, Inc.
(EIN: 20-4816326)
FL NAIC#4091

Owns 100%

- Universal Health Care, Inc. (EIN: 05-0528708) FL NAIC#11574
- Universal Health Care Insurance Company Inc. (EIN: 30-4930821) FL NAIC# 12577
- American Managed Care, LLC (EIN: 81-0563552) FL
- Universal HMO of Texas, Inc. (EIN: 26-4277320) TX NAIC# 13636
- Universal Health Care of Nevada, Inc. (EIN: 27-1838359) NV NAIC# 13808
- Universal Health Care of Ohio, Inc. (EIN: 45-2919061) OH
- Universal Health Care of Arizona, Inc. (EIN: 33-1592586) AZ
- Universal Health Care of Georgia, Inc. (EIN: 45-2008171) GA NAIC#14056
- Universal Health Care of Louisiana, Inc. (EIN: 27-1964012) LA
- Universal Marketing Professionals, Inc. (EIN: 27-2611952) FL

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 – Enrollment By Product Type for Health Business Only	17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18
Exhibit 3 – Health Care Receivables	19
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	20
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	21
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	22
Exhibit 7 – Part 1 – Summary of Transactions With Providers	23
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	23
Exhibit 8 – Furniture, Equipment and Supplies Owned	24
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	29
Five-Year Historical Data	28
General Interrogatories	26
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	25
Overflow Page For Write-ins	42
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	SI02
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Part 3	E06
Schedule B – Verification Between Years	SI02
Schedule BA – Part 1	E07
Schedule BA – Part 2	E08
Schedule BA – Part 3	E09
Schedule BA – Verification Between Years	SI03
Schedule D – Part 1	E10

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule D – Part 1A – Section 1	SI05
Schedule D – Part 1A – Section 2	SI08
Schedule D – Part 2 – Section 1	E11
Schedule D – Part 2 – Section 2	E12
Schedule D – Part 3	E13
Schedule D – Part 4	E14
Schedule D – Part 5	E15
Schedule D – Part 6 – Section 1	E16
Schedule D – Part 6 – Section 2	E16
Schedule D – Summary By Country	SI04
Schedule D – Verification Between Years	SI03
Schedule DA – Part 1	E17
Schedule DA –Verification Between Years	SI10
Schedule DB – Part A – Section 1	E18
Schedule DB – Part A – Section 2	E19
Schedule DB – Part A – Verification Between Years	SI11
Schedule DB – Part B – Section 1	E20
Schedule DB – Part B – Section 2	E21
Schedule DB – Part B – Verification Between Years	SI11
Schedule DB – Part C – Section 1	SI12
Schedule DB – Part C – Section 2	SI13
Schedule DB – Part D	E22
Schedule DB – Verification	SI14
Schedule DL – Part 1	E23
Schedule DL – Part 2	E24
Schedule E – Part 1 – Cash	E25
Schedule E – Part 2 – Cash Equivalents	E26
Schedule E – Part 3 – Special Deposits	E27
Schedule E – Verification Between Years	SI15
Schedule S – Part 1 – Section 2	30
Schedule S – Part 2	31
Schedule S – Part 3 – Section 2	32
Schedule S – Part 4	33
Schedule S – Part 5	34
Schedule S – Part 6	35
Schedule T – Part 2 – Interstate Compact	37
Schedule T – Premiums and Other Considerations	36
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	38
Schedule Y– Part 1A – Detail of Insurance Holding Company System	39
Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	40
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Supplemental Exhibits and Schedules Interrogatories	41
Underwriting and Investment Exhibit – Part 1	8
Underwriting and Investment Exhibit – Part 2	9
Underwriting and Investment Exhibit – Part 2A	10
Underwriting and Investment Exhibit – Part 2B	11
Underwriting and Investment Exhibit – Part 2C	12
Underwriting and Investment Exhibit – Part 2D	13
Underwriting and Investment Exhibit – Part 3	14

Financial Statements – Statutory-Basis

Universal Health Care Insurance Company, Inc.
Years Ended December 31, 2011 and 2010
With Report of Independent Certified Public Accountants

Ernst & Young LLP

Universal Health Care Insurance Company, Inc.

Financial Statements – Statutory-Basis

Years Ended December 31, 2011 and 2010

Contents

Report of Independent Certified Public Accountants 1

Financial Statements – Statutory-Basis

Balance Sheets – Statutory-Basis 3
Statements of Operations – Statutory-Basis 4
Statements of Changes in Capital and Surplus – Statutory-Basis 5
Statements of Cash Flows – Statutory-Basis 6
Notes to Financial Statements – Statutory-Basis 7

Supplementary Information

Report of Independent Certified Public Accountants on Supplementary Information 38
Supplemental Schedule of Investment Risk Interrogatories 39
Summary Investment Schedule 42
Note to Supplementary Information 44

Ernst & Young

Ernst & Young LLP
Suite 1200
401 East Jackson Street
Tampa, FL 33602
Tel: +1 813 225 4800
Fax: +1 813 225 4711
www.ey.com

Report of Independent Certified Public Accountants

The Board of Directors
Universal Health Care Group, Inc.

We have audited the accompanying statutory-basis balance sheets of Universal Health Care Insurance Company, Inc. (the Company), a wholly owned subsidiary of Universal Health Care Group, Inc., as of December 31, 2011 and 2010, and the related statutory-basis statements of operations, changes in capital and surplus, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the Company presents its financial statements in conformity with accounting practices prescribed or permitted by the State of Florida Department of Financial Services, Office of Insurance Regulation, which practices differ from U.S. generally accepted accounting principles. The variances between such practices and U.S. generally accepted accounting principles also are described in Note 1. The effects on the financial statements of these variances are not reasonably determinable but are presumed to be material.

In our opinion, because of the effects of the matter described in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of Universal Health Care Insurance Company, Inc. at December 31, 2011 and 2010, or the results of its operations or its cash flows for the years then ended.

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ERNST & YOUNG

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Universal Health Care Insurance Company, Inc. at December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with accounting practices prescribed or permitted by the Florida Department of Financial Services, Office of Insurance Regulation.

Ernst + Young LLP

June 1, 2012

A member firm of Ernst & Young Global Limited

Universal Health Care Insurance Company, Inc.

Balance Sheets – Statutory-Basis

	December 31	
	2011	2010
Admitted assets		
Admitted assets:		
Cash, cash equivalents, and short-term investments	$ 89,407,582	$ –
Due from financial services institution	8,285,087	9,110,604
Investments in bonds	7,302,115	49,143,349
Investments in equity securities	2,030,520	–
Premiums and other health care receivables	11,604,760	9,389,429
Other current assets	832,535	494,448
Due from affiliates	24,794,107	4,661,373
Deferred tax assets	–	2,517,226
Total admitted assets	$ 144,256,706	$ 75,316,429
Liabilities and capital and surplus		
Liabilities:		
Checks drawn in excess of bank balance	$ –	$ 4,425,505
Medical claims payable	26,082,000	10,139,809
Accounts payable and accrued expenses	80,634,304	2,889,934
Accrued loss-adjustment expense	930,330	274,454
Due to affiliates	30,744	2,070,769
Total liabilities	107,677,378	19,800,471
Capital and surplus:		
Common stock, $1.00 par value; 10,000,000 shares authorized, 2,500,100 shares issued and outstanding	2,500,100	2,500,100
Gross paid-in and contributed surplus	12,499,900	12,499,900
Unassigned surplus	3,329,328	22,265,958
Surplus note payable, related party	18,250,000	18,250,000
Total capital and surplus	36,579,328	55,515,958
Total liabilities and capital and surplus	$ 144,256,706	$ 75,316,429

See accompanying notes.

Universal Health Care Insurance Company, Inc.

Balance Sheets – Statutory-Basis

	December 31	
	2011	2010
Admitted assets		
Admitted assets:		
Cash, cash equivalents, and short-term investments	$ 89,407,582	$ –
Due from financial services institution	8,285,087	9,110,604
Investments in bonds	7,302,115	49,143,349
Investments in equity securities	2,030,520	–
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Medical claims payable	26,082,000	10,139,809
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Total liabilities	107,677,378	19,800,471
Capital and surplus:		
Common stock, $1.00 par value; 10,000,000 shares authorized, 2,500,100 shares issued and outstanding	2,500,100	2,500,100
Gross paid-in and contributed surplus	12,499,900	12,499,900
Unassigned surplus	3,329,328	22,265,958
Surplus note payable, related party	18,250,000	18,250,000
Total capital and surplus	36,579,328	55,515,958
Total liabilities and capital and surplus	$ 144,256,706	$ 75,316,429

See accompanying notes.

Universal Health Care Insurance Company, Inc.

Statements of Operations – Statutory-Basis

	Year Ended December 31	
	2011	**2010**
Revenues:		
Medicare – Title XVIII, net of Part B reimbursement	**$ 136,570,278**	$ 122,847,586
Net investment income	**1,199,295**	1,278,516
Total revenues	**137,769,573**	124,126,102
Operating expenses:		
Medical expenses	**59,785,761**	64,166,148
Pharmacy expenses	**38,839,958**	18,747,906
Change in medical claims payable	**15,942,191**	1,154,808
Total medical services	**114,567,910**	84,068,862
General and administrative expenses	**53,270,562**	44,024,038
Total operating expenses	**167,838,472**	128,092,900
Loss before income taxes and net realized capital gains	**(30,068,899)**	(3,966,798)
Income tax benefit	**(11,696,397)**	(652,321)
Net loss before net realized capital gains	**(18,372,502)**	(3,314,477)
Realized capital gains, net of taxes of $1,637,030 and $87,691 in 2011 and 2010, respectively	**3,040,198**	162,854
Net loss	**$ (15,332,304)**	$ (3,151,623)

See accompanying notes.

Universal Health Care Insurance Company, Inc.

Statements of Changes in Capital and Surplus – Statutory-Basis

	Common Stock		Gross Paid-In and Contributed Surplus	Unassigned Surplus	Surplus Note Payable, Related Party	Total
	Shares	Amount				
Capital and surplus at January 1, 2010	2,500,100	$ 2,500,100	$ 12,499,900	$ 24,714,208	$ 23,750,000	$ 63,464,208
Change in surplus notes	–	–	–	–	(5,500,000)	(5,500,000)
Net loss	–	–	–	(3,151,623)	–	(3,151,623)
Change in deferred income tax	–	–	–	1,008,143	–	1,008,143
Change in nonadmitted assets	–	–	–	(382,274)	–	(382,274)
Change in unrealized gains and losses	–	–	–	77,504	–	77,504
Capital and surplus at December 31, 2010	2,500,100	2,500,100	12,499,900	22,265,958	18,250,000	55,515,958
Net loss	–	–	–	(15,332,304)	–	(15,332,304)
Change in deferred income tax	–	–	–	(2,517,226)	–	(2,517,226)
Change in nonadmitted assets	–	–	–	(856,074)	–	(856,074)
Change in unrealized gains and losses	–	–	–	(231,026)	–	(231,026)
Capital and surplus at December 31, 2011	2,500,100	$ 2,500,100	$ 12,499,900	$ 3,329,328	$ 18,250,000	$ 36,579,328

See accompanying notes.

Universal Health Care Insurance Company, Inc.

Statements of Cash Flows – Statutory-Basis

	Year Ended December 31	
	2011	2010
Operating activities		
Premiums and revenues collected, net of Part B reimbursement and reinsurance	$ 205,930,505	$ 128,244,544
Claims and loss-adjustment expenses paid, net of reinsurance	(99,093,684)	(82,914,054)
General and administrative expenses	(32,827,606)	(46,381,798)
Net investment income	2,021,951	1,484,216
Net cash flows provided by operating activities	76,031,166	432,908
Investing activities		
Cost of investments purchased	(20,933,441)	(25,462,533)
Costs of investments in common stock purchased	(2,131,382)	–
Proceeds from the sale of investments	62,213,985	28,072,718
Change in due from financial services institution	825,517	992,536
Net cash flows provided by investing activities	39,974,679	3,602,721
Financing activities		
Change in checks drawn in excess of bank balance	(4,425,505)	4,425,505
Net amounts paid and received on deposit-type contracts	–	(752,318)
Payment on surplus notes	–	(5,500,000)
Change in due to affiliates	(22,172,758)	(4,503,060)
Net cash flows used in financing activities	(26,598,263)	(6,329,873)
Net change in cash, cash equivalents, and short-term investments	89,407,582	(2,294,244)
Cash, cash equivalents, and short-term investments at beginning of year	–	2,294,244
Cash, cash equivalents, and short-term investments at end of year	$ 89,407,582	$ –

See accompanying notes.

1. Organization and Basis of Presentation

Organization

Universal Health Care Insurance Company, Inc. (the Company) is a Florida domiciled insurance company and a wholly owned subsidiary of Universal Health Care Group, Inc. (Group). The Company was incorporated on May 25, 2006, and formed to operate a Medicare Advantage private fee-for-service plan. The Company commenced revenue-generating activities in January 2007.

The Company has a contract with the Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) to provide health care services to Medicare enrollees in the states of Arizona, Florida, Georgia, Louisiana, Maryland, Mississippi, Nevada, Pennsylvania, South Carolina, Texas, and Utah. CMS initially awarded the Company the contract for the period beginning January 1, 2007 and ending December 31, 2007, and has renewed the contract through December 31, 2012. The contract provides for annual extensions, subject to agreement and approval by both parties. In 2012, the Company was approved to provide health care services to Medicare enrollees in the states of Alabama, North Carolina, Ohio, and Virginia, as well as the District of Columbia.

Basis of Presentation

The accompanying statutory-basis financial statements have been prepared in conformity with the statutory accounting practices prescribed or permitted by the State of Florida Department of Financial Services, Office of Insurance Regulation (OIR), which practices differ from U.S. generally accepted accounting principles (GAAP). The more significant variances from GAAP are as follows:

Investments: Investments in bonds are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (NAIC) rating. For GAAP, such fixed-maturity investments would be designated at purchase as held-to-maturity, trading, or available for sale. Held-to-maturity fixed investments would be reported at amortized cost, and trading and available-for-sale fixed-maturity investments would be reported at fair value with unrealized gains and losses reported in operations for those designated as trading and as a separate component of other comprehensive income for those designated as available-for-sale.

1. Organization and Basis of Presentation (continued)

Fair value for statutory purposes is based on the prices published by the Securities Valuation Office of the NAIC (SVO), if available, whereas fair value for GAAP is based on quoted market prices.

All single-class and multi-class mortgage-backed and asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, CBO, CDO, CLO, MBS, and ABS securities), other than high-quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to fair value. If high-credit-quality securities are adjusted, the retrospective method is used.

Nonadmitted assets: Certain assets designated as "nonadmitted," principally furniture and equipment, certain amounts receivable, and other assets not specifically identified as an admitted asset with the NAIC *Accounting Practices and Procedures Manual*, are excluded from the accompanying statutory-basis balance sheets and are charged directly to unassigned surplus. Under GAAP, such assets would be included in the balance sheets to the extent that those assets are not impaired. The balances of nonadmitted assets are as follows:

	December 31	
	2011	**2010**
Pharmacy rebates receivable	$ 2,446,514	$ 1,156,791
Prepaid expenses	57,194	208,807
Accounts receivable	2,416,534	2,698,570
Total	$ 4,920,242	$ 4,064,168

Reinsurance: Any reinsurance balances deemed to be uncollectible are written off through a charge to operations. Under GAAP, an allowance for amounts deemed uncollectible would be established through a charge to operations. Claims liabilities ceded to reinsurers have been reported as reductions of the related reserves rather than as assets, as would be required under GAAP.

1. Organization and Basis of Presentation (continued)

Surplus notes payable: Notes payable issued by the Company to related parties are classified as capital and surplus on a statutory-basis, if approved by the OIR. Under GAAP, such notes payable are recorded as liabilities (see Note 7).

Deferred income taxes: Deferred tax assets are limited to: (1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse by the end of the subsequent calendar year, plus (2) the lesser of the remaining gross deferred tax assets expected to be realized within one year of the balance sheet date or 10% of net worth, excluding any net deferred tax assets, electronic data processing (EDP) equipment and operating software, and any net positive goodwill, plus (3) the amount of remaining gross deferred tax assets that can be offset against existing gross deferred tax liabilities. Any remaining deferred tax assets are nonadmitted. Deferred taxes do not include amounts for state taxes. Pursuant to Statement of Statutory Accounting Principles (SSAP) No. 10R, paragraph 10.e, the Company may elect to admit additional deferred tax assets. The election is subject to certain capital and surplus requirements. If elected, the above is modified as follows: (a) the carryback period for (1) above is modified to reflect available loss carrybacks for both ordinary and capital losses to be the carryback time frame corresponding with the IRS tax loss carryback provisions, not to exceed three years; (b) the period of realization and the percentage of capital and surplus mentioned in (2) above, are increased to three years and 15%, respectively. Under GAAP, state income taxes are included in the computation of deferred taxes, a deferred tax asset is recorded for the amount of gross deferred tax assets expected to be realized in all future years, and a valuation allowance is established for deferred tax assets not realizable.

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

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements have not been determined, but are presumed to be material.

2. Significant Accounting Policies

Significant accounting practices are as follows:

Investments in Bonds and Securities

Investments in bonds, securities, cash, cash equivalents, and short-term investments are stated at values prescribed by the NAIC, as follows:

Investments are reported at amortized cost or fair value based on their NAIC rating. Bonds not backed by other loans are principally stated at amortized cost using the interest method. Investments in equity securities are stated at fair value.

Single-class and multi-class mortgage-backed and asset-backed securities are valued at amortized cost using the interest method, including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys or internal or third-party estimates and are based on the current interest rate and economic environment. The prospective adjustment method is used to value all such securities.

Cash, cash equivalents, and short-term investments include cash balances and investments that are liquid and mature in one year or less when purchased, including funds maintained under statutory requirements (deposits), and consist of money market funds and bank bonds registered with the NAIC.

Realized capital gains and losses are determined using the specific-identification basis. Changes in the admitted asset carrying amounts of bonds and securities are credited or charged directly to unassigned surplus.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be settled in a current transaction between willing parties, that is, other than in a forced or liquidation settlement.

2. Significant Accounting Policies (continued)

Fair values are based on quoted market prices when available. When quoted market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models, and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment, which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model, or input used.

Financial assets carried at fair value are classified, for disclosure purposes, based on a hierarchy defined by the *Fair Value Measurements Disclosure* Topic of the Financial Accounting Standards Board's Accounting Standards Codification. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement.

The levels of the fair value hierarchy are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

At December 31, 2011, the Company's investments in equity securities are classified as Level 1 instruments. At December 31, 2011 and 2010, the Company's investments in bonds are classified as Level 2 instruments.

2. Significant Accounting Policies (continued)

Minimum Capital and Surplus Requirements

Pursuant to Section 624.4095(1) and 4(c) of Florida Statutes, the Company is required to maintain a ratio of actual or projected annual premiums, as defined, to current or projected surplus as to policy holders, as defined, of not more than 16:1 for gross written premiums. As a condition to this approval, the Company agreed to (1) maintain at all times compliance with the ratio limitation of net actual or projected annual premiums to current surplus as to policy holders of 4:1 and RBC of 250% of the authorized control level; (2) maintain compliance with minimum capital and surplus requirements defined by Section 624.408, Florida Statutes; (3) elect a 75% attachment point quota-share reinsurance for 2011; (4) limit Medicare enrollees for the 2011 plan year; and (5) defer any request to pay dividends until after the June 30, 2011 quarterly statement is filed with the OIR. Pursuant to Section 624.408(1a) of Florida Statutes, the Company is also required to maintain surplus as to policyholders not less than the greater of $1,500,000 or 4% of total liabilities plus 6% of the liabilities relative to health insurance. Additionally, according to the State of Georgia Consent Order dated August 28, 2006, the Company must also maintain capital and surplus of not less than 250% of the authorized control level risk-based capital (RBC).

As of December 31, 2011, the Company's capital and surplus of $36,579,328 exceeded the $27,314,049 minimum level prescribed by the statutes, NAIC guidelines, and the regulatory requirements described above by $9,265,279 (hereinafter referred to as the "excess minimum capital and surplus level").

The Company may receive premiums in advance of providing services. However, the Company recognizes premium revenue during the period in which the Company is obligated to provide services to its members. Premiums are billed monthly for coverage in the following month and are recognized as revenue in the month for which insurance coverage is provided. Accordingly, the portion of premiums applicable to future periods is recorded as unearned premiums in accounts payable and accrued expenses.

The Company reconciles the membership in its administrative system to the enrollment data provided by CMS. There are timing differences between the addition of a member to the Company's administrative system and the approval, or accretion, of the member by CMS. Additionally, the monthly payments from CMS include adjustments to reflect changes in membership as a result of retroactive terminations, additions, or other changes. Current period membership, net premiums, and claims expense are adjusted to reflect retroactive changes in membership.

2. Significant Accounting Policies (continued)

Recognition of Premium Revenue and Medical Expenses

Premium and other health care receivables consist of premiums due from federal agencies and members, based on enrolled membership and other related health care plan receivables. On an ongoing basis, management estimates the amount of premium billings that may not be fully collectible, based on historical trends and other factors. Amounts deemed uncollectible are written off against premium revenue in the period the determination is made.

CMS uses risk-adjusted rates per member to determine the monthly payments to the Company. CMS has implemented a risk-adjustment model, which apportions premiums paid according to health diagnoses. The risk-adjustment model uses health-status indicators, or risk scores, to improve the accuracy of payment. The CMS risk-adjustment model pays more for members with increasing health severity. Under this risk-adjustment methodology, diagnosis data from inpatient and ambulatory treatment settings are used by CMS to calculate the risk-adjusted premium payment to the Company. The monthly risk-adjusted premium per member is determined by CMS based on normalized risk scores of each member from the prior year. Annually, CMS provides the updated risk scores to the Company and revises premium rates prospectively, beginning with the July remittance for current plan-year members. CMS will also calculate the retroactive adjustments to premium related to the revised risk scores for the current year for current plan-year members and for the prior year for prior plan-year members.

All health benefit organizations must capture, collect, and submit the necessary diagnosis code information to CMS within prescribed deadlines. Accordingly, the Company collects, captures, and submits the necessary and available diagnosis data to CMS within prescribed deadlines for its HMO plan. The Company estimates changes in CMS premiums related to revenue adjustments based upon the diagnosis data submitted to CMS and ultimately accepted by CMS. Risk scores are updated annually by CMS, and the Company reconciles the data to estimated amounts recorded by the Company with any adjustments recorded in premium revenue.

Medical expenses consist of claim payments, capitation payments, and pharmacy costs, net of rebates, as well as estimates of future payments of claims provided for services rendered prior to the end of the reporting period. Capitation payments represent monthly contractual fees disbursed to physicians and other providers who are responsible for providing medical care to members. Pharmacy costs (including Medicare Part D costs) represent payments for members' prescription drug benefits, net of rebates from drug manufacturers. Rebates are recognized when the rebates are earned according to the contractual arrangements with the respective vendors.

2. Significant Accounting Policies (continued)

Premiums the Company pays to reinsurers are reported as medical expenses and related reinsurance recoveries are reported as reductions of medical expenses.

Medical claims liability represents the Company's payment responsibility for services that have been rendered by medical service providers to members. These costs have not been settled as of the balance sheet dates. The liability consists of medical claims reported by the medical service providers, as well as an actuarially determined estimate of claims that have been incurred but not yet reported (IBNR) by the medical service providers.

Due to the numerous factors influencing this liability, the Company develops an estimate based upon generally accepted actuarial projection methodologies using claim submission and payment patterns and cost trends. Deviations, whether positive or negative, between actual experience and estimates used to establish the liability are recorded in the period of claim payment on a consistent basis. The Company continually monitors the reasonableness of the assumptions used in prior estimates by comparison with actual claim patterns and considers this information in future estimates.

Medical and other benefits paid can also be significantly impacted by outcomes from court decisions, interpretations by regulatory authorities, and legislative changes involving health care matters. As a result, amounts ultimately paid may differ from initial estimates that did not consider such outcomes, interpretations, and changes.

Medicare Part D

The Company's Medicare Advantage plan offers prescription drug benefits under Part D of the Medicare federal health insurance program to individuals eligible for benefits under Part A or Part B. As such, the Company receives additional premium and cost-reimbursement components as described below.

For qualifying low-income status (LIS), members, CMS pays the Company for some or all of the LIS member's monthly premium. The CMS payment is dependent upon a member's income level, which is determined by the Social Security Administration. Low-income premium is recognized over the contract period and reported as premium revenue. Additionally, for qualifying LIS members, CMS will reimburse the Company for all or a portion of the LIS member's deductible, coinsurance, and co-payment amounts above the out-of-pocket threshold

2. Significant Accounting Policies (continued)

for low-income beneficiaries. Low-income cost-sharing subsidies are paid by CMS prospectively as a fixed amount per member per month, and are determined based upon the plan-year bid submitted to CMS. After the close of the annual plan year, CMS reconciles actual experience to low-income cost-sharing subsidies paid to the plan, and any differences are settled between CMS and the Company.

The Company also receives payments from CMS for catastrophic reinsurance for members of its Medicare Advantage plan. CMS makes prospective monthly catastrophic reinsurance payments to the Company based on estimated average reinsurance payments to other Medicare Advantage—Prescription Drug plans that provide Part D benefits. After the close of the annual plan year, CMS reconciles actual experience compared to catastrophic reinsurance subsidies paid to the Company, and any differences are settled between CMS and the Company.

Effective January 1, 2011, CMS began providing the Medicare Coverage Gap Discount Program, where CMS provides monthly prospective payments for pharmaceutical manufacturer discounts made available to members. The prospective discount payments are determined based upon the plan-year bid submitted by plan sponsors to CMS and current plan enrollment. Following the plan-year, CMS performs an annual reconciliation of the prospective discount payments received by the plan sponsor to the cost of actual manufacturer discounts made available to each plan sponsor's enrollees under the program..

Low-income cost-sharing, catastrophic reinsurance subsidies and coverage gap discount subsidies represent funding from CMS for which the Company assumes no risk and amounts received from CMS are reported net of payments of the actual prescription drug costs related to the low-income cost-sharing, catastrophic reinsurance and coverage gap discounts in the accompanying statutory-basis balance sheets. The Company does not recognize premium revenue or medical claims expense for these activities.

Medicare Part D activity resulted in a payable to CMS of $291,140 at December 31, 2011, which is included in accounts payable and accrued expenses in the accompanying statutory-basis balance sheets. Such activity resulted in a receivable from CMS of $498,858 at December 31, 2010, which is included in premiums and other health care receivables in the accompanying statutory-basis balance sheets. Actual amounts of Medicare Part D related assets and liabilities could differ materially from amounts recorded.

2. Significant Accounting Policies (continued)

Accrued Loss-Adjustment Expense

Claim processing expenses for unpaid claims, including claims IBNR, are accrued based on estimated expenses necessary to process such claims. Claims processing expenses are included in general and administrative expenses in the accompanying statutory-basis statements of operations.

Advertising Expense

Advertising costs are expensed as incurred. For the years ended December 31, 2011 and 2010, the Company incurred $959,801 and $47,219, respectively, of advertising expense.

Reinsurance

Certain premiums and medical benefits are ceded to other insurance companies under various reinsurance agreements. The ceded reinsurance agreements provide the Company with increased capacity to write larger risks and maintain exposure to loss within capital resources. The Company is contingently liable in the event that the reinsurers do not meet their contractual obligations and, thus, evaluates the financial condition of these reinsurers on a regular basis. The reinsurers are well-known and are well-established, as indicated by their strong financial ratings.

Reinsurance premiums and medical expense recoveries are accounted for consistently with the accounting for the underlying contract and other terms of the reinsurance contracts (see Note 10).

Income Taxes

On September 27, 2007, the Company elected to memorialize its tax-sharing arrangement by participating in an Intercompany Tax-Sharing Agreement (the Agreement) with Group, Universal Health Care, Inc. (UHC), and American Managed Care, LLC (AMC). UHC and AMC are entities wholly owned by Group. Beginning with the 2007 tax year, Group has filed a consolidated federal tax return that includes the operations of the Company, Group, UHC, and AMC. On May 27, 2009, the Agreement was amended to include participation by Universal HMO of Texas, Inc. (UHMOT). UHMOT was incorporated during the year ended December 31, 2009, and is wholly owned by Group. The Company obtained final approval of the amended

2. Significant Accounting Policies (continued)

Agreement from the OIR in October 2009. On July 27, 2010, the Agreement was amended to include participation by Universal Health Care of Nevada, Inc. (UHCNV). UHCNV was incorporated during the year ended December 31, 2010, and is wholly owned by Group. The Company obtained final approval of the amended Agreement from the OIR in March 2011.

Under terms of the Agreement, each company shall be responsible for and shall reimburse Group for its separately calculated share of the consolidated tax benefit or expense. Further, per the Agreement, each company shall pay promptly to, or be reimbursed from, Group, on a quarterly basis not later than the due date for the estimated quarterly payment of taxes, its share of such payment, estimated in the same manner as specified above. Any final adjustments to payments shall be made following the preparation of the consolidated federal income tax return.

Use of Estimates

The presentation of the financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Significant accounts that are largely determined based on management's estimates and assumptions include IBNR claims payable, accrued pharmacy reimbursement due CMS, premiums receivable due from CMS related to retro-premium adjustments and risk-sharing adjustments, and unallocated premiums received from CMS included in unearned premium. Actual results could differ from those estimates, and those differences could be material. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported herein.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation. Such reclassifications had no effect on capital and surplus or net loss.

3. Invested Assets

Included in cash, cash equivalents, and short-term investments at December 31, 2011 and 2010, is $1,100,000 of minimum deposits required to be maintained under statutory requirements. At December 31, 2011 and 2010, investments with an admitted asset value of $3,454,869 and $2,593,025, respectively, were required to be maintained to satisfy regulatory requirements.

The Company entered into a sweep repurchase agreement with a financial services institution to increase its return on invested assets. The transactions involve the transfer of excess cash to a regulated financial institution that is collateralized by securities. On the next business day, the transferred cash, along with any interest thereon, is transferred back to the Company and the collateralized securities are returned. The arrangements meet the requirements to be accounted for as secured borrowings under SSAP No. 91R. The Company requires that, at all times, securities obtained as collateral are sufficient to fund substantially all of the cost of purchasing replacement assets.

As of December 31, 2011 and 2010, the amounts outstanding under repurchase agreement of $8,285,087 and $9,110,604, respectively, are classified as due from financial services institution in the accompanying statutory-basis balance sheets. At December 31, 2011 and 2010, securities with a fair market value of approximately $8,450,789 and $9,292,816, respectively, were held as collateral under this agreement.

The carrying value and fair value of investments in bonds and securities at December 31, 2011, are summarized as follows:

	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government and agencies	$ 4,598,348	$ 6,315	$ 1,661	$ 4,603,002
States, territories, and possessions and political subdivisions	848,800	4,832	–	853,632
Mortgage-backed and asset-backed securities	1,134,967	7,116	3,411	1,138,672
Bank bonds	720,000	3	576	719,427
Equity securities	2,131,382	635	101,497	2,030,520
Total bonds and securities	$ 9,433,497	$ 18,901	$ 107,145	$ 9,345,253

3. Invested Assets (continued)

The carrying value and fair value of investments in bonds at December 31, 2010, are summarized as follows:

	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government and agencies	$ 15,766,987	$ 623,641	$ 1,329	$ 16,389,299
States, territories, and possessions and political subdivisions	16,915,636	120,990	349,608	16,687,018
Mortgage-backed and asset-backed securities	10,485,436	383,676	153	10,868,959
Corporate debt securities	5,015,290	153,624	4,908	5,164,006
Bank bonds	960,000	220	172	960,048
Total bonds	$ 49,143,349	$ 1,282,151	$ 356,170	$ 50,069,330

The following table shows gross unrealized losses and fair values of bonds and securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2011.

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. government and agencies	$ 2,583,108	$ 1,661	$ –	$ –	$ 2,583,108	$ 1,661
Mortgage-backed and asset-backed securities	441,326	3,411	–	–	441,326	3,411
Bank bonds	479,424	576	–	–	479,424	576
Equity securities	1,985,270	101,497	–	–	1,985,270	101,497
	$ 5,489,128	$ 107,145	$ –	$ –	$ 5,489,128	$ 107,145

3. Invested Assets (continued)

The Company reviews its investment securities at least quarterly to determine if an other-than-temporary impairment is present, based on certain quantitative and qualitative factors. The primary factors considered in evaluating whether a decline in value is other-than-temporary include (a) the length of time and the extent to which the fair value has been or is expected to be less than cost or amortized cost, (b) the financial condition, credit rating, and near-term prospects of the issuer, (c) whether the debtor is current on contractually obligated interest and principal payments, and (d) the intent and ability of the Company to retain the investment for a period of time sufficient to allow for recovery. In addition, the Company compares the carrying amount of securities with potential other-than-temporary impairment with undiscounted anticipated cash flows on the security. There is no impairment unless the undiscounted anticipated cash flows are less than the carrying amount.

Each quarter, during this analysis, the Company asserts its intent and ability to retain until recovery those securities judged to be temporarily impaired. Once identified, the Company will only authorize the sale of these securities based on criteria that relate to events that could not have been foreseen. Examples of the criteria include, but are not limited to, the deterioration in the issuer's creditworthiness, a change in regulatory requirements, or a major business combination or major disposition.

Based on that analysis, management makes a judgment as to whether the loss is other-than-temporary. If the loss is other-than-temporary, an impairment charge is recorded within net realized investment gains (losses) in the statutory-basis statements of operations in the period the determination is made. The Company has reviewed its investment portfolio and there were no other-than-temporary impairments during the years ended December 31, 2011 and 2010.

3. Invested Assets (continued)

A summary of the amortized cost and fair value of the Company's investments in bonds and securities at December 31, 2011, by contractual maturity, is as follows:

	Carrying Value	Fair Value
Years to maturity:		
One or less	$ 1,304,212	$ 1,305,879
After one through five	4,014,136	4,016,550
After five through ten	–	–
After ten	848,800	853,632
Mortgage-backed and asset-backed securities	1,134,967	1,138,672
Equity securities	2,131,382	2,030,520
Total	$ 9,433,497	$ 9,345,253

The expected maturities in the foregoing table may differ from the contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

At December 31, 2011 and 2010, there were no bonds or securities carried at market value because their NAIC rating required a reduction in carrying value (market value lower than amortized cost).

Major categories of net investment income are summarized as follows:

	Year Ended December 31	
	2011	**2010**
Income:		
Cash, cash equivalents, and short-term investments	**$ 102,273**	$ 70,875
Bonds	**1,217,711**	1,310,707
Total investment income	**1,319,984**	1,381,582
Investment expenses	**(120,689)**	(103,066)
Net investment income	**$ 1,199,295**	$ 1,278,516

All accrued investment income was included in admitted assets at December 31, 2011 and 2010.

3. Invested Assets (continued)

Gross gains of $4,682,548 and $274,473 were realized on sales of investments during the years ended December 31, 2011 and 2010, respectively. Gross losses of $5,320 and $23,928 were realized on sales of investments during the years ended December 31, 2011 and 2010.

4. Fair Values

The following methods and assumptions were used by the Company in estimating the fair value of financial instruments in the accompanying statutory-basis financial statements and notes thereto:

Cash, cash equivalents, and short-term investments: The carrying amounts reported in the accompanying statutory-basis balance sheets for these financial instruments approximate their fair values.

Investments: Fair values for investment securities are based on unit prices published by the SVO or, in the absence of SVO published unit prices or when amortized cost is used by the SVO as the unit price, quoted market prices by other third-party organizations, where available. For certain mortgage-backed and asset-backed securities, inputs used in the determination of fair value include, but are not limited to, reported trades, benchmark yields, issuer spreads, bids, offers, and/or estimated cash flows and prepayments speeds. Based on the typical trading volumes and the lack of quoted market prices for certain fixed-maturities, third-party pricing services will normally derive the security prices through recent reported trades for identical or similar securities, making adjustments through the reporting date based upon available market observable information as outlined above. If there are no recent reported trades, the third-party pricing services may use matrix or model processes to develop a security price where future cash flow expectations are developed based upon collateral performance and discounted at an estimated market rate. Included in the pricing for mortgage-backed and asset-backed securities are estimates of the rate of future prepayments of principal over the remaining life of the securities. Such estimates are derived based on the characteristics of the underlying structure and prepayment speeds previously experienced at the interest rate levels projected for the underlying collateral. Actual prepayment experience may vary from these estimates.

4. Fair Values (continued)

Financial Assets Measured at Fair Value on a Recurring Basis: Financial assets measured at fair value on a recurring basis would include actively traded public and private equity securities. Fair values of equity securities reported in this category are provided by external sources. The fair value of equity securities held by the Company at December 31, 2011, was $2,030,520. The Company did not have any equity securities recorded at fair value on a recurring basis at December 31, 2010.

Financial Assets Measured at Fair Value on a Nonrecurring Basis: Certain financial assets are measured at fair value on a nonrecurring basis, such as certain fixed-income securities valued at cost, that are other-than-temporarily impaired or designated as an NAIC Level 6 security by the SVO during the reporting period and recorded at fair value on the accompanying statutory-basis balance sheets. The Company does not have any financial assets measured at fair value on a nonrecurring basis at December 31, 2011 and 2010.

Due from affiliates and due to affiliates: The carrying amounts reported in the accompanying statutory-basis balance sheets approximate the fair value of amounts due to and due from affiliates due to the short-term settlement of those amounts.

The carrying amounts and fair values of the Company's admitted financial instruments are as follows:

	December 31, 2011		December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash, cash equivalents, and short-term investments	$ 89,407,582	$ 89,407,582	$ –	$ –
Due from financial services institution	8,285,087	8,285,087	9,110,604	9,110,604
Investments in bonds	7,302,115	7,314,733	49,143,349	50,069,330
Investments in equity securities	2,131,382	2,030,520	–	–
Due from affiliates	24,794,107	24,794,107	4,661,373	4,661,373
Financial liabilities:				
Due to affiliates	30,744	30,744	2,070,769	2,070,769

5. Medical Claims Payable and Accrued Loss-Adjustment Expense

The liability for medical claims payable as of December 31, 2011 and 2010, was $26,082,000 and $10,139,809, respectively, net of ceded medical claims payable of $72,536,794 and $12,582,192, respectively (see Note 10). The liabilities include claims received and in process, as well as management's estimate of the cost of claims incurred but not reported, totaling $14,475,800 and $11,606,200, respectively, for 2011 and totaling $3,545,342 and $6,594,467, respectively, for 2010. The liabilities for accrued loss-adjustment expense as of December 31, 2011 and 2010, were $930,330 and $274,454, respectively.

The following table provides a reconciliation of the beginning and ending balances of medical claims payable:

	Year Ended December 31	
	2011	2010
Medical claims payable at beginning of year	$ 10,139,809	$ 8,985,001
Add provision for claims related to:		
The current year	110,265,141	90,020,226
Prior years	4,302,768	(5,951,364)
Total benefits paid or provided during the current year	114,567,909	84,068,862
Deduct payments for claims related to:		
The current year	84,883,141	77,437,417
Prior years	13,742,577	5,476,637
Total benefits paid	98,625,718	82,914,054
Medical claims payable at end of year	$ 26,082,000	$ 10,139,809

The provision for claims incurred but not yet reported is actuarially determined based on historical claims payment experience, current enrollment, member statistics, and other statistics. This liability is subject to the impact of changes in claim severity and frequency, as well as numerous other factors. The liability for medical claims payable also includes management's best estimate for amounts due to providers for disputed and denied claims. These accruals are continually monitored and reviewed, and, as settlements are made or accruals adjusted, differences are reflected in current operations. Management believes that the recorded liability is adequate, but the variance between the estimate and the ultimate net cost of settling this liability could be material.

6. Income Taxes

The Company adopted SSAP No. 10R, *Income Taxes*, which was effective beginning January 1, 2009. The application of SSAP No. 10R requires the Company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance, if necessary, to reduce the deferred tax asset to an amount that is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary and, if so, the amount of such valuation allowance. In evaluating the need for valuation allowance, the Company considers many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) the timing of their reversal; (4) taxable income in prior carryback years as well as projected taxable earnings exclusive of reversing temporary differences and carryforwards; (5) the length of time that carryovers can be utilized; (6) unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Company would employ to prevent a tax benefit from expiring unused.

Management has determined that recorded deferred tax assets may not be realizable and has recorded a valuation allowance at December 31, 2011. No valuation allowance was recorded at December 31, 2010.

The components of deferred tax assets are as follows:

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3) (Col 1 + 2)	(4)	(5)	(6) (Col 4 + 5)	(7) (Col 1 – 4)	(8) (Col 2 – 5)	(9) (Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	$ 1,818,311	$ 35,202	$ 1,853,513	$ 2,517,226	$ –	$ 2,517,226	$ (698,915)	$ 35,202	$ (663,713)
(b) Statutory valuation allowance adjustment	1,818,311	35,202	1,853,513	–	–	–	1,818,311	35,202	1,853,513
(c) Adjusted gross deferred tax assets (a-b)	–	–	–	2,517,226	–	2,517,226	(2,517,226)	–	(2,517,226)
(d) Deferred tax liabilities	–	–	–	–	–	–	–	–	–
(e) Subtotal (net deferred tax assets) (c-d)	–	–	–	2,517,226	–	2,517,226	(2,517,226)	–	(2,517,226)
(f) Deferred tax assets nonadmitted	–	–	–	–	–	–	–	–	–
(g) Net admitted deferred tax assets (e-f)	$ –	$ –	$ –	$ 2,517,226	$ –	$ 2,517,226	$(2,517,226)	$ –	$(2,517,226)

6. Income Taxes (continued)

The amount of admitted gross deferred tax assets under each component of SSAP No. 10R is as follows:

	December 31, 2011			December 31, 2010			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 10R, paragraphs 10.a., 10.b., and 10.c.:									
(a) Paragraph 10.a.	$ –	$ –	$ –	$ 2,517,226	$ –	$ 2,517,226	$ (2,517,226)	$	$ (2,517,226)
(b) Paragraph 10.b. (the lesser paragraph of 10.b.i. and 10.b.ii. below)	–	–	–	–	–	–	–	–	–
(c) Paragraph 10.b.i.	–	–	–	–	–	–	–	–	–
(d) Paragraph 10.b.ii.	N/A	N/A	3,657,933	N/A	N/A	5,299,873	N/A	N/A	(1,641,940)
(e) Paragraph 10.c.	–	–	–	–	–	–	–	–	–
(f) Total (a + b + c)	–	–	–	2,517,226	–	2,517,226	(2,517,226)	–	(2,517,226)
Admission calculation components – SSAP 10R, paragraphs 10.e.:									
(g) Paragraph 10.e.i.	–	–	–	–	–	–	–	–	–
(h) Paragraph 10.e.ii. (the lesser paragraph of 20.e.ii.a and 10.e.ii.b. below)	–	–	–	–	–	–	–	–	–
(i) Paragraph 10.e.ii.a	–	–	–	–	–	–	–	–	–
(j) Paragraph 10.e.ii.b.	–	–	–	–	–	–	–	–	–
(k) Paragraph 10.e.iii.	–	–	–	–	–	–	–	–	–
(l) Total (g + h +k)	–	–	–	–	–	–	–	–	–
Used SSAP 10R, paragraphs 10.d.:									
(m) Total adjusted capital	N/A	N/A	36,579,328	N/A	N/A	55,515,958	N/A	N/A	(18,936,630)
(n) Authorized control level	N/A	N/A	5,903,352	N/A	N/A	4,622,302	N/A	N/A	1,281,050
SSAP 10R, paragraphs 10.a., 10.b., and 10.c.:									
(a) Admitted deferred tax assets	–	–	–	2,517,226	–	2,517,226	(2,517,226)	–	(2,517,226)
(b) Admitted assets	N/A	N/A	144,256,206	N/A	N/A	70,890,924	N/A	N/A	73,365,782
(c) Adjusted statutory surplus*	N/A	N/A	36,579,328	N/A	N/A	52,998,732	N/A	N/A	(16,419,404)
(d) Total adjusted capital from DTAs	–	–	–	2,517,226	–	2,517,226	(2,517,226)	–	(2,517,226)
Increases due to SSAP 10R, paragraphs 10.e.:									
(e) Admitted deferred tax assets	–	–	–	–	–	–	–	–	–
(f) Admitted assets	–	–	–	–	–	–	–	–	–
(g) Statutory surplus	–	–	–	–	–	–	–	–	–

*As reported on the statutory balance sheet for the most recently filed statement with the domiciliary state commissioner adjusted in accordance with SSAP No. 10R, paragraph 10.b.ii.

The Company had no admitted deferred tax assets resulting from tax planning strategies.

6. Income Taxes (continued)

The components of incurred income taxes are as follows:

	(1)	(2)	(3)
	Year Ended December 31		(Col 1-2)
	2011	2010	Change
(a) Federal	$(11,696,397)	$ (652,321)	$(11,044,076)
(b) Foreign	–	–	–
(c) Subtotal	(11,696,397)	(652,321)	(11,044,076)
(d) Federal income tax on net capital gains	1,637,030	87,691	1,549,339
(e) Utilization of capital loss carryforwards	–	–	–
(f) Other	–	–	–
(g) Federal and foreign income taxes incurred	$(10,059,367)	$ (564,630)	$ (9,494,737)

6. Income Taxes (continued)

The components of deferred tax assets are as follows:

	(1) December 31 2011	(2) 2010	(3) (Col 1-2) Change
(a) Ordinary:			
1. Discounting of unpaid losses	$ –	$ 67,513	$ (67,513)
2. Unearned premium reserve	64,328	41,334	22,994
3. Compensation and benefits accrual	2,175	3,059	(884)
4. Nonadmitted assets – receivables	1,702,067	1,349,376	352,691
5. Allowance for uncollectible accounts	31,306	1,057,280	(1,025,974)
6. Prepaid expenses	20,018	29,567	(9,549)
7. Net operating loss carryforward	–	–	–
8. Tax credit carryforward	–	–	–
9. Other (including items <5% of total ordinary tax assets)	(1,583)	(30,903)	29,320
10. Subtotal	1,818,311	2,517,226	(698,915)
(b) Statutory valuation allowance adjustment	1,818,311	–	1,818,311
(c) Nonadmitted	–	–	–
(d) Admitted ordinary deferred tax assets (a10-b-c)	–	2,517,226	(2,517,226)
(e) Capital	–	–	–
(f) Statutory valuation allowance adjustment	–	–	–
(g) Nonadmitted	–	–	–
Subtotal	–	–	–
(h) Admitted capital deferred tax assets (e-f-g)	–	–	–
(i) Admitted deferred tax assets (d+h)	$ –	$ 2,517,226	$ (2,517,226)

6. Income Taxes (continued)

At December 31, 2011 and 2010, the Company had no deferred tax liabilities.

The Company's federal income taxes incurred differs from the amount that would be obtained by applying the statutory federal income tax rate of 35% to pretax net income for the year ended December 31, 2011, for the following reasons:

	Amount	Effective Tax Rate (%)
Provision computed at statutory rate	$ (8,918,168)	35.0%
Change in nonadmitted assets	(299,626)	1.2
Nontaxable investment income	(169,786)	0.7
Nondeductible expense	7,141	(0.0)
State taxes	28,386	(0.1)
Change in deferred tax valuation allowance	1,818,311	(7.1)
Other	(8,399)	0.0
	$ (7,542,141)	29.7%
Federal and foreign income taxes incurred	$ (11,696,397)	46.1%
Realized capital gains (losses) tax	1,637,030	(6.5)
Change in deferred income taxes	2,517,226	(9.9)
	$ (7,542,141)	29.7%

6. Income Taxes (continued)

At December 31, 2011 and 2010, no operating loss or tax credit carryforwards were available for tax purposes.

At December 31, 2011 and 2010, the Company had no federal income taxes that were available for recoupment in the event of future net losses.

The Company has an intercompany tax balance due from Group of $9,906,054 and $4,661,373 as of December 31, 2011 and 2010, respectively (see Note 7).

At December 31, 2011 and 2010, the Company did not record any gross unrecognized tax benefits. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense when incurred. No interest and penalties related to unrecognized tax benefits were incurred for the years ended December 31, 2011 and 2010, or accrued as of those dates.

In the normal course of business, the Company is subject to examination by federal and state income tax authorities. During 2010, an amended 2008 consolidated federal income tax return was filed requesting a federal tax refund of $2,250,855. This request prompted an audit by the Internal Revenue Service which was concluded in 2011 and a refund of $2,250,855 was issued. The consolidated federal income tax returns for the years ended December 31, 2010 and 2009, are still open for federal income tax examination. The Company is not currently under any federal or state income tax examinations. Although the statute of limitations can vary by state, in general, years prior to 2008 are closed for state income tax examination.

7. Related-Party and Affiliated Transactions

A summary of transactions between the Company and affiliated companies is as follows:

Surplus Note Payable, Related Party

On December 31, 2007, the Company received cash proceeds for a surplus note payable issued to Group, amounting to $66,000,000. During the years ended December 31, 2010, 2009, and 2008, the Company made principal and interest payments to Group of $2,750,000, $3,250,000, and $60,000,000 and $215,202, $540,000, and $3,540,000, respectively, upon approval by the OIR. This surplus note and all related interest were fully paid as of December 31, 2010.

7. Related-Party and Affiliated Transactions (continued)

On February 22, 2007, the Company received cash proceeds for a surplus note payable issued to Group amounting to $11,000,000. The terms of the note payable specify that principal and interest on the note are payable only upon the prior approval from OIR. The note payable bears interest at 5% per annum upon OIR approval. Any repayment of the principal or of any interest accrued is subordinate to the prior payment in full of all other liabilities of the Company, and no payment of any kind shall be made until all claims of subscribers or general creditors of the Company have been paid or otherwise discharged. The Company has not pledged any assets or other collateral to support the repayment of the note. The liquidation preference to the Company's common shareholders is paid in accordance with Florida Statute 631.271. During the year ended December 31, 2010, the Company made $2,750,000 in principal payments to Group upon approval by the OIR. During the period covered by these financial statements, the Company has not received approval from the OIR to pay interest. As of December 31, 2011 and 2010, unpaid interest related to this surplus note totaled $2,467,952 and $2,055,452, respectively.

On January 31, 2007, the Company received cash proceeds for a surplus note payable issued to Group, amounting to $2,000,000. The terms of the note payable specify that principal and interest on the note are payable only upon the prior approval from OIR. The note payable bears interest at 5% per annum upon OIR approval. Any repayment of the principal or of any interest accrued is subordinate to the prior payment in full of all other liabilities of the Company, and no payment of any kind shall be made until all claims of subscribers or general creditors of the Company have been paid or otherwise discharged. The Company has not pledged any assets or other collateral to support the repayment of the note. The liquidation preference to the Company's common shareholders is paid in accordance with Florida Statute 631.271. During the period covered by these financial statements, the Company has not received approval from the OIR to pay interest. As of December 31, 2011 and 2010, unpaid interest related to this surplus note totaled $491,944 and $391,944, respectively.

7. Related-Party and Affiliated Transactions (continued)

On December 29, 2006, the Company received cash proceeds for a surplus note payable issued to Group, amounting to $8,000,000. The terms of the note payable specify that principal and interest on the note are payable only upon the prior approval from OIR. The note payable bears interest at 5% per annum upon OIR approval. Any repayment of the principal or of any interest accrued is subordinate to the prior payment in full of all other liabilities of the Company, and no payment of any kind shall be made until all claims of subscribers or general creditors of the Company have been paid or otherwise discharged. The Company has not pledged any assets or other collateral to support the repayment of the note. The liquidation preference to the Company's common shareholders is paid in accordance with Florida Statute 631.271. During the period covered by these financial statements, the Company has not received approval from the OIR to pay interest. As of December 31, 2011 and 2010, unpaid interest related to this surplus note totaled $2,033,333 and $1,603,333, respectively.

Other Relationships

The Company has a management agreement with AMC, which automatically renews on an annual basis, whereby AMC provides supervisory and management services, performs specific functions, and contract services to and performs certain payroll functions for the Company. Effective December 1, 2010, as compensation for services rendered, the Company shall pay AMC a percentage of total collected premiums on a monthly basis. The amount shall vary, as mutually agreed between AMC and the Company, but under no circumstance shall the percentage of collected premiums paid to AMC exceed 9.0%, without obtaining prior approval from the FL OIR. Fee percentages incurred under this agreement approximated 4.0% and 8.1% for the years ended December 31, 2011 and 2010, respectively. Expenses incurred under this agreement totaled $20,350,967 and $20,963,454, for the years ended December 31, 2011 and 2010, respectively. Additionally, AMC allocated certain expenses directly to the Company. Allocated expenses include selling and marketing, telesales, grievance and appeals, compliance, Medicare risk-adjustment, and executive costs. Allocated costs totaled $13,392,791 and $4,434,340 for the years ended December 31, 2011 and 2010, respectively.

7. Related-Party and Affiliated Transactions (continued)

The Company also pays and is reimbursed for certain expenditures by AMC, UHC, UHMOT, UHCNV, and Group. The Company adopted an intercompany transactions policy on November 1, 2009, which establishes prompt cash settlement of intercompany balances that meet the criteria for admitted assets (see Note 1). At December 31, 2011, in addition to the intercompany tax balance due from Group of $9,906,054, amounts unreimbursed from AMC totaled $14,888,053. At December 31, 2010, all amounts were reimbursed by such affiliates. These amounts, along with any intercompany tax balance due from Group (see Note 6), are included in due from affiliates in admitted assets in the accompanying statutory-basis balance sheets.

In addition to the above-referenced management agreement, certain expenditures for the Company are paid by and reimbursed to AMC, UHC, UHMOT, UHCNV, and Group. At December 31, 2011 and 2010, these transactions resulted in a net payable to affiliates as follows:

	December 31	
	2011	**2010**
AMC	$ –	$ 1,557,039
UHC	30,744	476,230
UHMOT	–	25,000
UHCNV	–	12,500
Group	–	–
	$ 30,744	$ 2,070,769

The December 31, 2011 and 2010, amounts above were included in due to affiliates in the accompanying statutory-basis balance sheets.

During March 2011, the Company entered into a management services agreement with American Family & Geriatric Care (AFGC), which is owned 100% by a majority shareholder of Group. Amounts paid to AFGC under this agreement totaled $2,271,190 for the year ended December 31, 2011.

8. Concentrations of Credit Risk and Revenues

Cash, Cash Equivalents, and Short-Term Investments

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, money market accounts, and short-term investments. The Company maintains its cash and money market accounts in several different financial institutions, each of which is insured by the Federal Deposit Insurance Corporation up to $250,000. The Company has deposits of more than $250,000 in certain financial institutions with which it maintains depository relationships.

Revenue

The Company received 99% of its revenue from the Medicare program for the years ended December 31, 2011 and 2010, under a contract that has been renewed through December 31, 2012. The loss of this contract or significant changes in the program as a result of legislative action, including reduction of premium payments to the Company, or increases in member benefits without corresponding increases in premiums to the Company, may have a material adverse effect on the Company's financial position, results of operations, and cash flows.

9. Employee Benefit Plan

The Company's employees are eligible to participate in the American Family and Geriatric Care (AFGC) Savings Plan (the Plan), a 401(k) plan sponsored by AFGC. The Plan was established for the benefit of substantially all employees (and the employees of related companies) who have completed one year of service. The Company matches up to 4% of employees' contributions as follows: 100% of the first 3% of gross earnings and 50% of the next 2% of gross earnings. The Company's matching contributions to the Plan were $833 and $6,665 for the years ended December 31, 2011 and 2010, respectively.

10. Commitments and Contingencies

Regulatory

The Company is subject to extensive federal and state health care and insurance regulations designed primarily to protect enrollees, particularly with respect to government-sponsored enrollees. Such regulations govern many aspects of the Company's business affairs and typically empower state agencies to review management agreements with health care plans for, among other things, reasonableness of charges. Among the other areas regulated by federal and state law are licensure requirements, premium rate increases, new product offerings, procedures for quality assurance, and the financial condition, including cash reserve requirements. Legislation mandating managed care for Medicare recipients is often subject to change and may not initially be accompanied by administrative rules and guidelines. Changes in federal or state governmental regulation could affect the Company's operations, cash flows, and business prospects. There can be no assurances that the Company will maintain federal qualifications or state licensure.

By Consent Order filed with the OIR on December 21, 2007 (Consent Order), the Company agreed to take the corrective actions set forth therein. Under the terms of the Consent Order, the Company agreed to file monthly financial statements until further notice from the OIR, correct any significant deficiencies or material weaknesses within 45 days of receipt of notice of such deficiencies, and reimburse the State for its examination expenses. Effective October 7, 2010, the OIR notified the Company that it was no longer required to file monthly financial statements but must report enrollment, including pending enrollments, on a monthly basis. Currently, the Company remains in full compliance with the Consent Order and has no restrictions on its ability to market new business. There can be no assurances that the Company will maintain compliance with the Consent Order.

Reinsurance

Effective January 1, 2011, the Company entered into a reinsurance agreement with HCC Life Insurance Company (HCC Life) to reduce the risk of loss that may arise from excessive medical claims. These agreements do not relieve the Company from its obligations to its members. Failure on the part of HCC Life to honor its obligations could result in losses to the Company. Under terms of the agreement to reinsure Medicare private fee-for-service members, HCC Life reinsures a percentage of eligible expenses, as defined, that exceeds the applicable attachment point, as defined, limited to a lifetime maximum reimbursement per individual. For the year ended December 31, 2011, the per-member per-month factor, attachment point, and lifetime maximum reimbursement per individual were $1.39, $250,000, and $2,000,000, respectively.

10. Commitments and Contingencies (continued)

Under terms of the previous reinsurance agreement to reinsure Medicare private fee-for-service members, with HCC Life, effective January 1, 2008 through December 31, 2010, HCC Life reinsures a percentage of eligible expenses, as defined, that exceeds the applicable attachment point, as defined, limited to a lifetime maximum reimbursement per individual. Additionally, the agreement includes a minimum aggregate specific deductible that is the greater of the amount calculated using a formula based on the number of members enrolled and a per-member per-month factor or the defined minimum aggregate specific deductible. For the year ended December 31, 2010, the per-member per-month factor, minimum aggregate specific deductible, and lifetime maximum reimbursement per individual were $1.21, $250,000, and $2,000,000, respectively.

During the years ended December 31, 2011 and 2010, premiums paid to HCC Life for reinsurance amounted to $1,009,162 and $350,380, respectively.

Effective January 1, 2011, the Company entered into a ceded reinsurance agreement with RGA Reinsurance Company LTD (RGA) for indemnity reinsurance. This agreement does not relieve the Company from its obligations to its members. Failure on the part of RGA to honor its obligations could result in losses to the Company. Under terms of the agreement, the Company ceded to RGA, and RGA reinsured, a 75% quota share of the reinsured risks, subject to annual maximum reinsurance premium and net of any existing reinsurance for the year ended December 31, 2011. RGA is not an authorized reinsurer; accordingly the ultimate responsibility for payment of claims remains with the Company. At December 31, 2011, reserves of $72,536,794 and amounts payable to RGA of $2,085,938 are included in accounts payable and accrued expenses in the accompanying statutory-basis balance sheets. Net amounts paid to RGA were $6,026,399 during the year ended December 31, 2011.

Effective January 1, 2010, the Company entered into a ceded reinsurance agreement with Hannover Life Reassurance Company of America (HLR) for indemnity reinsurance. This agreement does not relieve the Company from its obligations to its members. Failure on the part of HLR to honor its obligations could result in losses to the Company. Under terms of the agreement, the Company ceded to HLR, and HLR reinsured, a 50% quota share of the reinsured risks, subject to annual maximum reinsurance premium and net of any existing reinsurance. Net amounts paid to HLR were $19,946,304 during the year ended December 31, 2010.

10. Commitments and Contingencies (continued)

At December 31, 2010, additional net receivables of $3,778,796 were due to the Company from HLR and are included in premiums and other health care receivables in the accompanying statutory-basis balance sheet. This amount includes $7,483,524 due from HLR related to the experience refund settlement, less $3,698,524 due to HLR for the settlement of ceded claims and premiums, adjusted for administrative expenses, at December 31, 2010.

Litigation

In the normal course of its operations, the Company is engaged in various litigation, none of which is currently considered material to the Company's results of operations or financial position. Where appropriate, the Company has accrued the anticipated costs of loss or settlement of such litigation in the accompanying statutory-basis financial statements, in accordance with statutory accounting principles.

11. Subsequent Events

On April 6, 2012, Group entered into a $60,000,000 senior revolving line of credit, which placed additional minimum statutory capital requirements on its subsidiaries, including the Company. Group pledged 100% of its equity interest in the Company as security under the credit revolver.

Subsequent events have been evaluated by management through June 1, 2012, the date that the financial statements were available for issuance.

Supplementary Information

Ernst & Young

Ernst & Young LLP
Suite 1200
401 East Jackson Street
Tampa, FL 33602
Tel: +1 813 225 4800
Fax: +1 813 225 4711
www.ey.com

Report of Independent Certified Public Accountants on Supplementary Information

The Board of Directors
Universal Health Care Insurance Company, Inc.

Our audits were conducted for the purpose of forming an opinion on the statutory-basis financial statements as a whole. The accompanying supplemental investment disclosures are presented to comply with the National Association of Insurance Commissioners' Annual Statement Instructions and the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* and for purposes of additional analysis and are not a required part of the statutory-basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the statutory-basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the statutory-basis financial statements as a whole.

This report is intended solely for the information and use of the Company and state insurance departments to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

June 1, 2012

A member firm of Ernst & Young Global Limited

Universal Health Care Insurance Company, Inc.

Supplemental Schedule of Investment Risk Interrogatories

December 31, 2011

Investment Risks Interrogatories

1. Universal Health Care Insurance Company, Inc.'s (the Company) total admitted assets as reported on page three of the Company's amended Annual Statement for the year ended December 31, 2011, is $144,256,706.

2. Following are the 10 largest exposures to a single issuer/borrower/investment, excluding (i) U.S. government, U.S. government agency securities, and those U.S. government money market funds listed in the Appendix to the *SVO Practices and Procedures Manual* as exempt, (ii) property occupied by the Company, and (iii) policy loans.

	Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
a.	Pasadena California Area Community	Municipal Bond	$ 848,800	0.6%
b.	Bank of Carolina NC	Bank Bond	240,000	0.2
c.	Beal Bank Plano TX	Bank Bond	240,000	0.2
d.	CitiBank Salt Lake City UT	Bank Bond	240,000	0.2
e.	US AmeriBank Largo FL	Bank Bond	240,000	0.2
f.	Nissan Auto Recv TALF	MBS/ABS	203,876	0.1
g.	GE Cap CCMT TALF	MBS/ABS	201,696	0.1
h.	Chrysler Fin Auto TALF	MBS/ABS	61,045	0.0
i.	FHLMC PC Gold Bln Rst	MBS/ABS	56,146	0.0

Universal Health Care Insurance Company, Inc.

Supplemental Schedule of Investment Risks Interrogatories (continued)

Investment Risks Interrogatories (continued)

3. The Company's total admitted assets held in bonds and securities, by NAIC rating, are:

Bonds			Preferred Stocks		
NAIC Rating	Amount	Percentage of Total Admitted Assets	NAIC Rating	Amount	Percentage of Total Admitted Assets
NAIC-1	$ 97,228,602	67.4%	P/RP-1	$ –	–%
NAIC-2	–	–	P/RP-2	–	–
NAIC-3	–	–	P/RP-3	–	–
NAIC-4	–	–	P/RP-4	–	–
NAIC-5	–	–	P/RP-5	–	–
NAIC-6	–	–	P/RP-6	–	–
	$ 97,228,602	67.4%		$ –	–%

4. Assets held in foreign investments with contractual sales restrictions are less than 2.5% of the Company's total admitted assets.

5. Assets held in Canadian investments are less than 2.5% of the Company's total admitted assets.

6. Assets held in investments with contractual sales restrictions are less than 2.5% of the Company's total admitted assets.

7. Assets held in equity interest are less than 2.5% of the Company's total admitted assets.

8. Assets held in nonaffiliated, privately placed equities are less than 2.5% of the Company's total admitted assets.

9. Assets held in general partnership interest are less than 2.5% of the Company's total admitted assets.

10. Mortgage loans reported in Schedule B are less than 2.5% of the Company's total admitted assets.

Universal Health Care Insurance Company, Inc.

Supplemental Schedule of Investment Risks Interrogatories (continued)

Investment Risks Interrogatories (continued)

11. Assets held in each of the five largest investments in one parcel or group of contiguous parcels of real estate reported in Schedule A are less than 2.5% of the Company's total admitted assets.

12. The Company had $8,285,087 at December 31, 2011, included in admitted assets that is subject to overnight repurchase agreements. The Company had no other admitted assets subject to securities lending (excluding assets held as collateral for such transaction), repurchase agreements, reverse repurchase agreements, dollar repurchase agreements, or dollar reverse repurchase agreements during the year ended December 31, 2011.

13. The Company had no warrants not attached to other financial instruments, options, caps, and floors at December 31, 2011.

14. The Company had no potential exposure for collars, swaps, and forwards at any time during the year ended December 31, 2011.

15. The Company had no potential exposure for futures contracts at any time during the year ended December 31, 2011.

16. The Company had no investments included in the write-ins for the invested assets category included on the summary investment schedule at December 31, 2011.

Universal Health Care Insurance Company, Inc.

Summary Investment Schedule

December 31, 2011

Investment Categories	Gross Investment Holdings* Amount	Gross Investment Holdings* Percentage of Gross Investment Holdings	Admitted Assets as Reported in the Annual Statement Amount	Admitted Assets as Reported in the Annual Statement Percentage of Admitted Invested Assets
Bonds:				
U.S. treasury securities	$ 4,598,348	4.3%	$ 4,598,348	4.3%
U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
Issued by U.S. government agencies	–	–	–	–
Issued by U.S. government-sponsored agencies	–	–	–	–
Foreign government (including Canada, excluding mortgage-backed securities)	–	–	–	–
Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
State, territory, and possessions – general obligations	–	–	–	–
Political subdivisions of states, territories, and possessions – general obligations	848,800	0.8	848,800	0.8
Revenue and assessment obligations	–	–	–	–
Industrial development and similar obligations	–	–	–	–
Mortgage-backed securities (includes residential and commercial MBS):				
Pass-through securities:	–	–	–	–
Issued or guaranteed by GNMA	–	–	–	–
Issued or guaranteed by FNMA and FHLMC	56,146	0.0	56,146	0.0
All other	–	–	–	–
CMOs and REMICs:				
Issued or guaranteed by GNMA, FNMA, FHLMC, or VA	612,204	0.6	612,204	0.6
Issued by U.S. government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies	–	–	–	–
All other	–	–	–	–
Other debt and other fixed-income securities (excluding short term):				
Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	1,186,617	1.1	1,186,617	1.1
Unaffiliated foreign securities	–	–	–	–
Certificates of deposit	–	–	–	–

Universal Health Care Insurance Company, Inc.

Summary Investment Schedule (continued)

	Gross Investment Holdings*		Admitted Assets as Reported in the Annual Statement	
Investment Categories	**Amount**	**Percentage of Gross Investment Holdings**	**Amount**	**Percentage of Admitted Invested Assets**
Equity interests:				
Investments in mutual funds	$ 1,301,565	1.2%	$ 1,301,565	1.2%
Preferred stocks:				
Affiliated	–	–	–	–
Unaffiliated	–	–	–	–
Publicly traded equity securities (excluding preferred stocks):				
Affiliated	–	–	–	–
Unaffiliated	728,955	0.7	728,955	0.7
Other equity securities	–	–	–	–
Mortgage loans	–	–	–	–
Real estate investments	–	–	–	–
Contract loans	–	–	–	–
Receivables for securities	–	–	–	–
Cash and cash equivalents	97,692,669	91.3	97,692,669	91.3
Total invested assets	$ 107,025,304	100.0%	$ 107,025,304	100.0%

*Gross investment holdings as valued in compliance with NAIC Accounting Practices and Procedures Manual.

Universal Health Care Insurance Company, Inc.

Note to Supplementary Information

December 31, 2011

1. Basis of Presentation

The accompanying supplemental schedules present selected statutory-basis financial data as of December 31, 2011, and for the year then ended, for purposes of complying with the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* and agree to or are included in the amounts reported in the Company's 2011 Statutory Annual Statement as amended and filed with the Office of Insurance Regulation of the State of Florida.

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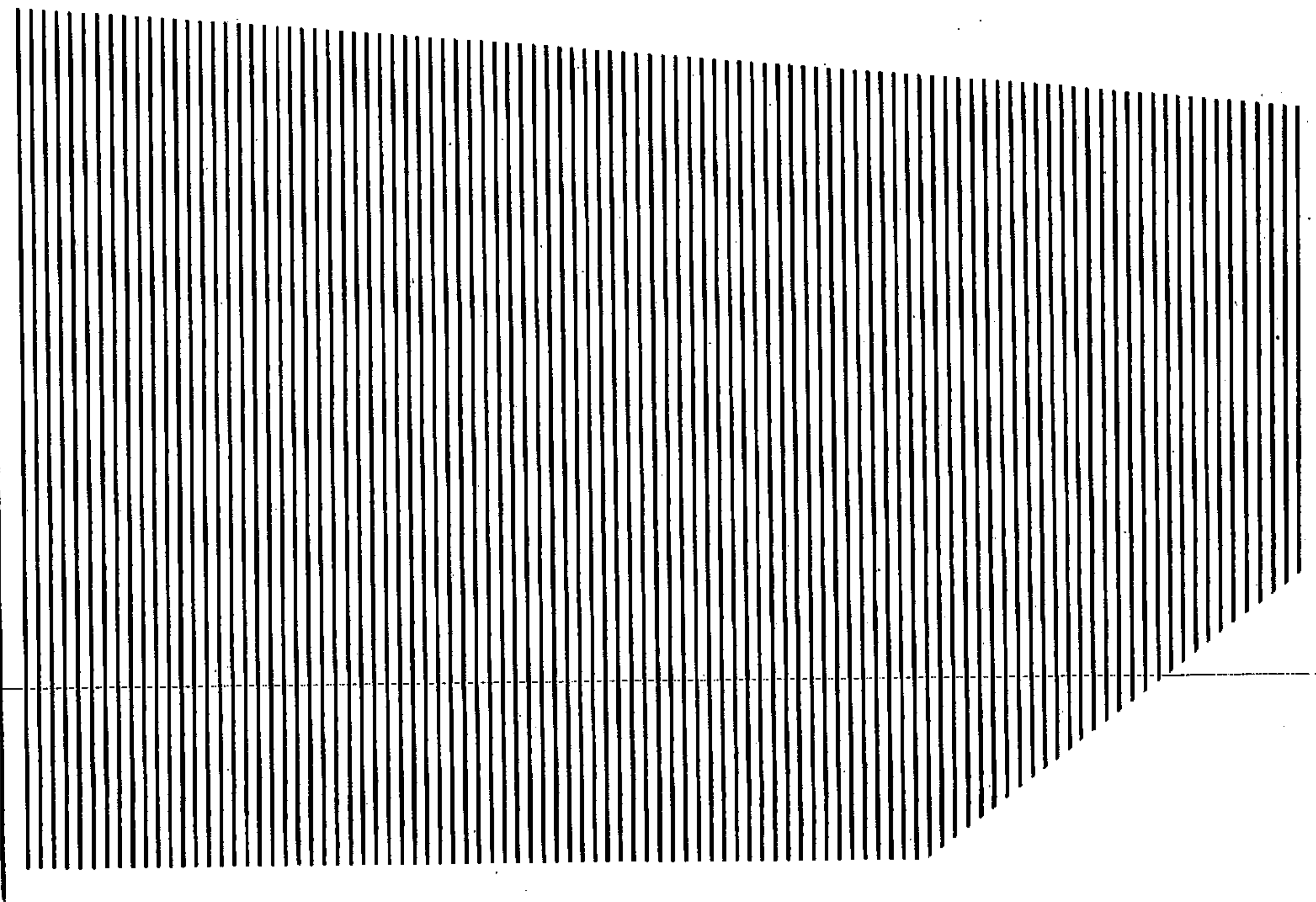


AFFIDAVIT OF TOMA L. WILKERSON

BEFORE ME, the undersigned authority, personally appeared Toma L. Wilkerson, Director of Life & Health Financial Oversight, Office of Insurance Regulation, who after being duly sworn, deposes and says:

1. I, Toma L. Wilkerson, am over the age of eighteen (18), sui juris, and I am competent to testify to and have personal knowledge of the facts contained herein.

2. I, Toma L. Wilkerson, currently hold the position of Director with Life & Health Financial Oversight, Office of Insurance Regulation (hereinafter referred to as the "Office"). I graduated from the University of West Florida in 1995 with a Bachelor of Science degree in Management. I have been employed by the Office for approximately 15 years.

3. Universal Health Care Group, Inc. (UHCG) is the sole owner of Universal Health Care, Inc. ("UHC"), an HMO, and Universal Health Care Insurance Company, Inc. ("UHCIC"), an insurance company. UHCG also owns American Managed Care ("AMC") which is the management company and third party administrator for UHC and UHCIC. AMC employs the corporate officers and the majority of the employees of both UHC and UHCIC. UHCG, UHC and UHCIC have identical corporate officers. (Exhibits A, B, and C).

4. UHCIC was licensed on May 26, 2006 in the State of Florida as a Life and Health Insurance Company and was authorized to sell the Health line of business. UHCIC has only sold Medicare business since it began writing business in 2007.

5. The Office has determined that grounds exist for the Department of Financial Services (hereinafter referred to as the "Department") to petition for an order, under Section 631.051(1), (3), and (13) Florida Statutes, directing the Department to initiate delinquency proceedings against UHCIC. The basis for this determination is summarized as follows:

(a) On January 14, 2013, the Office received a copy of UHCG's Management Presentation, which was presented by the management of UHCG to potential buyers of UHCIC and UHC. This presentation shows, by its own admission, that UHCIC is impaired by $0.4 million. (Exhibit D).

(b) On January 15, 2013, UHCIC requested that CMS allow the company to implement enrollment capacity limits on UHCIC's Network PFFS (Contract No. H8090), Non-Network PFFS (Contract No. H5820), and PPO (Contract No. H5096). (Exhibit E). On January 17, 2013, UHCIC again requested that CMS allow the company to implement enrollment capacity limits, and requested that the decision be expedited.

EXHIBIT "N"

By its own admission, UHCIC stated that the reason for this request is that the company "has reason to believe that Universal is financially impaired." (Exhibit F).

(c) UHCIC has a pattern of mismanagement, which has resulted in UHCIC operating in such a condition as to render its further transaction of insurance hazardous to its policyholders, creditors, stockholders, and the public.

i. There has been frequent turnover in the position of Chief Financial Officer. UHCIC has had five Chief Financial Officers within a period of six years. UHCIC was without a Chief Financial Officer between May 2011 and October 2012.
ii. The Report on Significant Deficiencies in Internal Controls that accompanied the 2011 audited financial statements included a list of issues that the auditor considered material weakness involving internal control over financial reporting. (Exhibit G).
iii. The claim system is compromised and previous attempts to convert to a new claim system have been unsuccessful. (Exhibit H).

(d) The Office has determined that UHCIC is operating in an unsound financial condition.

i. The Office has concerns over the company recording retrospective management fees as receivables from AMC. AMC does not have the ability to pay such receivables. AMC has filed multiple insolvent financial statements, most recently September 30, 2012. (Exhibit I).
ii. Section 624.4095, Florida Statutes, limits an insurer's ratio of annual net written accident and health premium to surplus as to policyholders to a maximum of 4:1 and annual gross written accident and health premium to a maximum of 10:1. UHCIC has a history, beginning in 2007, of noncompliance with one or both of the accident and health writing ratios. This ratio measures the insurance company's cushion of capital and surplus available to absorb losses resulting from unexpected variances from expected operating results, and is an important indicator of financial solvency. UHCIC's violations of Section 624.4095, Florida Statutes, has resulted in Corrective Action Plans, Consent Orders and a Consent Order For Public Administrative Supervision And Contingent Order Of Liquidation since UHCIC's licensure during 2006. UHCIC's writing ratios remain out of compliance today.

(e) The Office has determined that UHCIC is engaging in methods or practices which render the continuance of business hazardous to the public or insureds.

i. During 2012, UHCG entered into a credit agreement with Bank United for a total of $60 million. On three separate occasions since October 29, 2012, Bank United has notified UHCG of certain events of default. These events include an allegation that the financial statements provided at the time the Credit Agreement was entered into were incorrect, false, and/or misleading. (Exhibits J, K, and L). UHCG, UHC and UHCIC have identical corporate officers.

ii. The Office has concluded that some of UHC's assets, as reported on previously filed financial statements, have been materially overstated, causing UHC to be in worse financial condition than its filed financial statements make it appear.

iii. UHCIC has had multiple adverse findings related to the financial condition of UHCIC, which includes material financial adjustments made to the 2011 annual statement, the March 31, 2012, and June 30, 2012, financial statements. (Exhibit M).

iv. The Office has concluded that several receivables reported on UHCIC's previous financial statements will not be able to be collected.

v. Management of UHCIC has filed misleading financial statements and has omitted an entry of material amounts on the books of the insurer. (Exhibit M).

vi. The Office believes that there will be future problems with insurer solvency because of a lack of access to additional capital.

(f) Two other states in which UHCIC operates have issued Consent Orders stating that UHCIC shall not enroll any new customers in that state, due to UHCIC's unsound financial condition.

i. The Georgia Office of Insurance issued a Consent Order dated November 15, 2012, stating that UHCIC "shall cease writing new business" in the State of Georgia. (Exhibit N).

ii. The Ohio Department of Insurance issued a Consent Order dated December 18, 2012, affirming that UHCIC "will not solicit, issue, or otherwise write any new policies or contracts of insurance, nor shall it assume any new risk in the State of Ohio". (Exhibit O).

6. Based on the above admissions from UHCIC and other conclusions of the Office, the Office has determined that UHCIC is impaired or insolvent, is in an unsound financial condition, and is in such a condition and is using such methods and practices as to render its further transaction of insurance hazardous to it policyholders, creditors, stockholders, or the public. Thus, grounds for issuing an Order for entry into receivership exist under Sections 631.051(1), (3), and (13), Florida Statutes.

FURTHER AFFIANT SAYETH NOT.

Toma L. Wilkerson

Toma L. Wilkerson, Director
Life & Health Financial Oversight
Office of Insurance Regulation

STATE OF Florida
COUNTY OF Leon

The foregoing instrument was acknowledged before me this 31st day of January 2013, by Toma Wilkerson as Director of L&H Financial Oversight
(name of person) (type of authority
..... e.g. officer, trustee attorney in fact)
for FLOIR.
(company name)

Debra L Seymour
(Signature of the Notary)

DEBRA L. SEYMOUR
MY COMMISSION # DD 878893
EXPIRES: August 8, 2013
Bonded Thru Notary Public Underwriters

(Print, Type or Stamp Commissioned
Name of Notary)

Personally Known ✓ OR Produced Identification ________
Type of Identification Produced ____________________

America's 1st Choice Holdings of Florida, LLC
Dr. Kiran Patel
Chairman

STRICTLY CONFIDENTIAL

Letter Agreement

January 31, 2013

Dr. Akshay M. Desai
Chairman, Chief Executive Officer
Universal Health Care Group, Inc.
100 Central Avenue, Suite 200
St. Petersburg, FL 33701

Dear Dr. Desai:

The purpose of this Letter Agreement ("Agreement") is to set forth certain agreements reached through discussions to date among Universal Health Care Group, Inc., ("UHCG or Seller"), America's First Choice Holdings of Florida, LLC ("AFCH"), Universal Health Care, Inc., Universal HMO of Texas, Inc., and Universal Health Care of Nevada, Inc., ("UHC" or the "Company") with respect to the proposed acquisition by AFCH or one or more of its subsidiaries and affiliates ("Buyer") of One Hundred Percent (100%) of the issued and outstanding shares of UHC (or 100% of its assets), subject to the terms of a more definitive purchase agreement ("Purchase Agreement") to be entered into between the parties.

1. The Acquisition

Buyer shall acquire One Hundred Percent (100%) of the issued and outstanding shares and all the equity interests of UHC (or 100% of its assets) at closing, free and clear of all liens, claims, encumbrances and security interests.

2. The Consideration

(i). Equity Interests

In exchange for One Hundred Percent of the outstanding shares of UHC or of its assets, AFCH shall grant UHCG, Twelve and One Half Percent (12.5%) of the total issued and outstanding ownership interests in AFCH ("Equity Interests"). The Equity Interests shall not be diluted except in cases of where AFCH is raising capital or in the event of recapitalizations, reorganizations, acquisitions, or mergers wherein all equity holders are diluted on a pro-rata basis.

EXHIBIT "O"

(ii). Cash Consideration

In addition to the Equity Interests, Buyer shall infuse up to Thirty Million Dollars ($30M) in additional capital as needed for UHC to meet statutory requirements in the state of Florida. Further additional capital as needed will be raised from the disposition of certain assets of UHC including the potential sale of its Medicaid line of business. All capital infused in accordance herein shall be in the form of subordinated notes.

3. **Non Assumption of Certain Liabilities**

AFCH shall not assume and UHCG shall indemnify against any and all liabilities relating to UHC's employees, leases, equipment, software agreements and any and all other liabilities, including contingent liabilities which existed prior to the date of Closing or which arises from any action or inaction of Seller taken prior to Closing.

4. **Management Company**

With effect from Closing, UHC and all its affiliated health plans shall enter into a general and administrative services agreement with a management company affiliated, owned or operated by Dr. Patel to provide general and administrative management services to UHC and its affiliates for a 10% monthly management fee. With effect upon Closing UHC and all its affiliated health plans shall terminate all existing third party administrator ("TPA") or management agreements.

5. **Due Diligence**

From the date of this Agreement, UHCG, UHC and related parties shall cooperate fully and assist AFCH and its advisors to conduct an investigation of the business, financial and legal affairs of the Company (the "Due Diligence"). For this purpose, with appropriate notice from AFCH, you will permit the management of AFCH to gain access to the premises of UHC and to the books, records, and contracts of UHC. You shall also permit the appropriate management employees and the accountants/advisors of UHCG and UHC to be available to give explanations and provide information, as reasonably requested. The parties agree to negotiate, execute, and deliver within a reasonable time from the execution hereof but no later than the end of the exclusivity period (as defined below), a mutually acceptable Purchase Agreement containing such covenants (including a 5-year non-compete and non-solicitation agreement), representations and warranties as are customary in transactions of this kind (including, without limitation, representations and warranties by seller, and related indemnification obligations, as to the financial statements of UHC for the past three years and as to assets, liabilities, title, litigation, taxes, and other customary matters).

6. **Conditions**

The understandings set forth in this Agreement and the Closing of the transactions contemplated hereby are conditional upon, among other things:

6.1 Receipt of all required governmental and regulatory approvals, including the approval from all regulatory agencies with which UHC holds contracts and the reasonable assurance that such contracts will continue post Closing without any impositions of any material conditions ("Regulatory Approval");

6.2 Lender approval of the proposed transaction and agreement to accept the Equity Interests as substituted collateral.

7. PPO/PFFS Entities

As part of the transaction contemplated hereby, Buyer shall assist Seller to raise up to an additional Fifteen Million Dollars ($15M) to be infused as additional capital into the PPO and PFFS entities (owned by Seller) as needed to meet statutory capital surplus requirements. Dr. Patel or Buyer shall be granted 20% (non-dilutive) ownership in all such PPO/PFFS entities owned by UHCG. All capital infused may be in the form of subordinated notes or if in the form of direct paid in capital, provided that Dr. Patel's or Buyer's ownership interests shall never be diluted below 20%.

8. Closing

All parties shall cooperate with each other and shall use reasonable endeavours to enter into a Purchase Agreement, execute closing documents, and complete the transactions contemplated by the end of the exclusivity period but in no event shall Closing occur prior to the receipt of all Regulatory Approvals.

9. Exclusivity and Non-Solicitation

You hereby agree that, during the exclusivity period, unless the parties mutually agree or unless AFCH notifies you in writing of its decision not to proceed with the proposed transaction due to failure of a condition, you will not solicit any offer from, or negotiate or have any discussions with, any party other than AFCH with respect to any sale, transfer or disposal of assets or shareholdings of UHCG or UHC or any sale, merger, or other business combination involving UHCG or any of its subsidiaries or assets, except that during the exclusivity period, UHCG, UHC and AFCH shall continue to market UHC's Medicaid and Nursing Home Diversion lines of business to potential third party buyers.

AFCH's willingness to proceed with this transaction is subject to the Company's willingness to negotiate in good faith and on an exclusive basis. Accordingly, during the period beginning upon execution of this Letter Agreement and ending at midnight (Eastern time) on February 28, 2013 (the "exclusivity period"), UHCG and UHC (a) shall cease, and shall cause their affiliates to cease, any negotiations with any other party regarding the potential acquisition, directly or indirectly, of all or any substantial portion of their assets (whether by way of an asset purchase, stock purchase, merger, consolidation, business combination or otherwise) and (b) shall not, and shall not permit their affiliates directly or indirectly, through any officer, director, manager, employee, agent or representative, to initiate, solicit or encourage (including by way of furnishing any information or assistance), or enter into negotiations of any type, directly or indirectly, or enter into a confidentiality agreement, letter of intent or purchase agreement, merger agreement or other similar agreement with any person other than AFCH or its affiliates with respect to a sale or transfer of all or any substantial portion of the assets, merger, consolidation, business combination, sale or transfer of any of the capital stock of the UHCG or UHC or the liquidation or similar transaction with respect to the Company. The Company or its representative shall notify AFCH orally and in writing (as promptly as practicable) of all relevant terms of any inquiry or proposal that are material and bonafide to acquire the Company by a third party to do any of the foregoing that the Company or any of their affiliates or officers, directors, partners, managers, employees, investment bankers, financial advisors, attorneys, accountants or

other representatives may receive relating to any such matters. In the event such inquiry or proposal is in writing, the Company shall immediately deliver to AFCH a copy of such inquiry or proposal together with such written notice.

10. Continuing Operations

From the date of this Agreement through and including actual completion of the transaction or the date AFCH notifies you in writing that it does not intend to proceed with the proposed transaction, or the date that the conditions to the transaction are unable to be met, you shall ensure that the business of UHC and its affiliates is conducted only in the ordinary course, customer contracts are renewed as usual as in the ordinary course of business and that none of the assets of UHC or its affiliates are disposed of without the consent of AFCH. In addition, you shall ensure that during such period, UHCG shall not, without AFCH's prior written consent:

10.1 Declare any dividend or issue any form of cash outside the normal course of business, except as agreed in this Letter Agreement, or as agreed to by written permission of AFCH.

10.2 Make any distribution of its assets in any form without the written permission of AFCH;

10.3 Award any salary increase or approve any bonus payments, except those consistent with prior practice in the ordinary course of business; or as agreed to by written consent of AFCH;

10.4 Take any other action of any kind, which can be reasonably anticipated to impair or to reduce the value of the assets of UHC or its affiliates.

11. Servicing of UHCG Bank Debt

Upon Closing, Buyer on behalf of Seller shall be responsible to make all regular payments as they become due to Bank United on the outstanding loan made to UHCG by Bank United Syndication ("Lender") and standing on the books of UHCG in the principal amount of approximately Thirty Eight Million Dollars ($38M) (the "Loan"). Provided however that any and all payments made or arranged by Buyer that are applied to the principal balance of the Loan (as such may be refinanced) shall be treated as a loan to Seller from Buyer and shall be offset against any proceeds due to Seller from the sale of AFCH.

12. Confidentiality / Non-disclosure

Except for such disclosure to the parties' professional advisors as may be necessary or appropriate and such disclosure as may be required by court order or by any law or regulation to which a party is subject or in order to defend litigation, the parties hereto agree that the parties shall use all reasonable efforts to maintain in confidence the existence and terms of this Agreement and the fact that the proposed transaction is under consideration and no party will issue any press release or public statement concerning this Agreement or any of the transactions contemplated hereby without the prior written consent of the other parties. Provided, however, that AFCH and UHC may make such disclosure as is required by law.

13. Costs

Whether or not the transaction contemplated by this Agreement is consummated, each of the parties (AFCH and UHC) shall bear their own costs arising out of and in connection with the preparation of this Agreement, the contract negotiations and closing the proposed transaction, including the fees and expenses of any accountants, lawyers, or other advisors retained by such party; provided however that the parties shall equally share the cost of the Form A filing to the Florida Office of Insurance Regulation and the HSR filing (if required).

14. Notices

Any notice or other communication required or permitted by this Agreement shall be in writing and shall be hand delivered or sent by facsimile transmission or by registered airmail, postage prepaid (provided that a copy of any notice sent by facsimile transmission shall also be sent by registered mail, postage prepaid) to the relevant party or parties at the address specified below or to such other address as such party may specify by notice to the other parties in accordance with this clause. All such notices shall be effective upon receipt.

If to AFCH:

Dr. Kiran C. Patel
President & CEO
America's 1st Choice Holdings of Florida, LLC
5600 Mariner Street, Suite 200
Tampa, FL 33609
Facsimile Number: 813.506.6250

If to you:

Dr. Akshay M. Desai
Chairman, Chief Executive Officer
Universal Health Care Group, Inc.
100 Central Avenue, Suite 200
St. Petersburg, FL 33701
Facsimile Number: _______________

15. Governing Law

This Letter of Intent shall be governed by the laws of the State of Florida. Any action or proceeding against any party relating to this Agreement shall be brought in the courts of State of Florida.

16. Prior Agreements

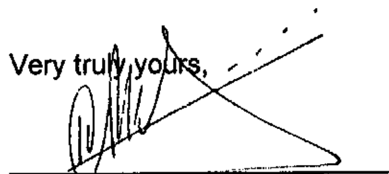
This Agreement supersedes all prior written and oral understandings or agreements between the parties relating to the subject matter hereof.

17. Representations

Each of Buyer and Seller represents and warrants that each has all requisite power and authority to execute and deliver this Agreement. The Seller represents and warrants that the Company is not a party to or bound by any written or oral agreement or understanding with respect to a transaction involving the sale of the stock or assets of the Company other than this Agreement and the execution and delivery hereof will not breach any written or oral agreement to which the Company is a party.

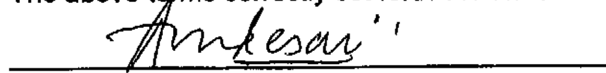
If the foregoing is in accordance with your understanding, please so indicate by signing the enclosed copy of this Agreement where indicated and returning it to the undersigned no later than January 31, 2013.

Very truly yours,



Dr. Kiran C. Patel
President
America's 1st Choice Holdings of Florida, LLC

The above terms correctly set forth our understanding with respect to the matters indicated above.



Dr. Akshay.M. Desai
Chairman, CEO
Universal Health Care Group, Inc.
Universal Health Care, Inc
Universal HMO of Texas, Inc
Universal Health Care of Nevada, Inc

Dated: 1/31/13.

UHC _AFCH 31/01/2013 16:18

N THE CIRCUIT COURT OF THE SECOND JUDICIAL CIRCUIT,
IN AND FOR LEON COUNTY, FLORIDA

State of Florida, ex rel., the
Department of Financial Services of
the State of Florida,

Relator,

v. CASE NO: ________________

Universal Health Care Insurance
Company, Inc.,

Respondent,

______________________________/

ORDER APPOINTING THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES AS RECEIVER FOR PURPOSES OF LIQUIDATION, INJUNCTION AND NOTICE OF AUTOMATIC STAY

THIS CAUSE was considered on the Application of the State of Florida, Department of Financial Services (hereinafter the "Department") for an Order to Show Cause on the appointment of a Receiver of Universal Health Care, Inc. (hereinafter the "Respondent" or "UHCIC") for Purposes of Liquidation and Request for Expedited Hearing filed on February 4, 2013 (hereinafter, "Application"). After consideration, this Court entered its Order to Show Cause, Injunction and Automatic Stay, on ____ ___, 2013. A hearing was conducted on the Order to Show Cause on ______ __, 2013, wherein the Department and Respondent appeared and presented evidence and argument related to the Department's allegations contained in its Application.

The Court, having reviewed and considered the pleadings of record, heard the evidence of the parties and arguments of counsel, and otherwise being fully informed in the premises, finds:

1. This Court has jurisdiction pursuant to Section 631.021(1), Florida Statutes, and venue is proper pursuant to Section 631.021(2), Florida Statutes.

2. Respondent is a corporation authorized pursuant to the Florida Insurance Code to transact business in the state of Florida as a domestic life and health insurer since May 26, 2006. Respondent's principal place of business is located at 100 Central Avenue, Suite 200, St. Petersburg, Florida 33701.

3. Section 631.021(3), Florida Statutes, provides that a delinquency proceeding pursuant to Chapter 631, Florida Statutes, constitutes the sole and exclusive method of liquidating, rehabilitating, reorganizing, or conserving a Florida domiciled insurer.

4. Sections 631.031 and 631.061, Florida Statutes, authorize the Department to apply to this Court for an Order directing it to liquidate a domestic insurer upon the existence of any grounds specified in Section 631.051, Florida Statutes, or if an insurer is or is about to become insolvent.

5. Section 631.031 directs the Department to initiate such delinquency proceedings after receiving notification from the Director of the Office of Insurance Regulation as to the existing grounds for the initiation of such proceedings.

6. On February 1, 2013, pursuant to Section 631.031(1), Florida Statutes, Kevin McCarty, Commissioner of the Florida Office of Insurance Regulation ("Office"), advised by letter to Florida's Chief Financial Officer, Jeff Atwater, that the Office determined grounds existed for the initiation of delinquency proceedings against Respondent.

7. Respondent is found by the office to be in such condition as to render its further transaction of insurance hazardous to its policyholders, creditors, stockholders, or the public. Section 631.051(3), Florida Statutes. Accordingly, grounds exist pursuant to Sections 631.051(3) and 631.061 for entry of an Order appointing the Department as receiver of Respondent for purposes of Liquidation.

8. Pursuant to Sections 631.051 and 631.061, Florida Statutes, this Court finds that it is in the best interests of Respondent, its creditors and its members that the relief requested in the Department's Application be granted. The Court further finds the Respondent to be insolvent pursuant to Section 631.061(1), Florida Statutes.

THEREFORE, IT IS ORDERED AND ADJUDGED as follows:

9. The Department of Financial Services of the State of Florida shall be and is hereby appointed Receiver of Respondent for purposes of liquidation effective immediately.

10. The Receiver shall be authorized and directed to:

A. Take immediate possession of all the property, assets, and estate, and all other property of every kind whatsoever and wherever located belonging to Respondent pursuant to Sections 631.111 and 631.141, Florida Statutes, including but not limited to: offices maintained by Respondent, rights of action, books, papers, electronic records, evidences of debt, bank accounts, savings accounts, certificates of deposit, stocks, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, wherever situate and however titled, whether in the possession of Respondent or its officers, directors, shareholders, trustees, employees, consultants, attorneys, agents or affiliates and all real property of Respondent, wherever

situate, whether in the possession of Respondent or its officers, directors, shareholders, trustees, employees, consultants, attorneys, agents or affiliates or other persons.

B. Liquidate the assets of Respondent, including but not limited to, funds held by Respondent's agents, subagents, producing agents, brokers, solicitors, service representatives or others under agency contracts or otherwise which are due and unpaid to Respondent, including premiums, unearned commissions, agents' balances, agents' reserve funds, and subrogation recoveries.

C. Employ and authorize the compensation of legal counsel, actuaries, accountants, clerks, consultants, and such assistants as it deems necessary, purchase or lease personal or real property as it deems necessary, and authorize the payment of the expenses of these proceedings and the necessary incidents thereof, as approved by the Court, to be paid out of the funds or assets of the Respondent in the possession of the Receiver or coming into its possession.

D. Reimburse such employees, from the funds of this receivership, for their actual necessary and reasonable expenses incurred while traveling on the business of this receivership.

E. Not defend or accept service of process on legal actions wherein Respondent, the Receiver, or the insured is a party defendant, commenced either prior to or subsequent to the order, without authorization of this Court; except, however, in actions where Respondent is a nominal party, as in certain foreclosure actions, and the action does not affect a claim against or adversely affect the assets of Respondent, the Receiver may file appropriate pleadings in its discretion.

F. Commence and maintain all legal actions necessary, wherever

necessary, for the proper administration of this receivership proceeding.

G. Collect all debts which are economically feasible to collect which are due and owing to Respondent.

H. Deposit funds and maintain bank accounts in accordance with Section 631.221, Florida Statutes.

I. Take possession of all of Respondent's securities and certificates of deposit on deposit with the Chief Financial Officer of Florida or any similar official of any other state, if any, and convert to cash as much as may be necessary, in its judgment, to pay the expenses of administration of this receivership.

J. Publish notice specifying the time and place fixed for the filing of claims with the Receiver once each week for three consecutive weeks in the Florida Administrative Weekly published by the Secretary of State, and at least once in the Florida Bar News and to publish notice by similar methods in all states where Respondents may have issued insurance policies.

K. Negotiate and settle subrogation claims and Final Judgments without further order of this Court.

L. Sell any salvage recovered property without further order of this Court.

M. Coordinate the operation of the Receivership with the Florida Health and Life Insurance Guaranty Association ("FLHIGA") pursuant to Part III, Chapter 631, Florida Statutes, as may be necessary. The Receiver may in its discretion, contract with the FLHIGA or other relevant guaranty associations to provide services as are necessary to carry out the purposes of Chapter 631.

N. Give notice of this proceeding to Respondent's agents pursuant to Section 631.341, Florida Statutes, and to its insureds, if any.

O. For purposes of this Order, the term "affiliate" shall be defined in accordance with Section 631.011(1), Florida Statutes and includes but is not limited to Universal Health Care, Inc., Universal Health Care Group, Inc., and American Managed Care, LLC.

P. The Receiver is granted all of the powers of the Respondent's directors, officers, and managers, whose authority is hereby suspended, except as such powers are re-delegated in writing by the Receiver. The Receiver has full power to direct and manage the affairs of Respondent, to hire and discharge employees, and to deal with the property and business of the Respondent.

Q. Apply to this Court for further instructions in the discharge of its duties as the Receiver deems necessary.

IT IS FURTHER ORDERED AND DIRECTED:

11. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of Respondent's affairs or the affairs of its affiliates shall be required to fully cooperate with the Receiver, pursuant to Section 631.391, Florida Statutes, notwithstanding the provisions of the above paragraph. Any person who fails to cooperate with the Receiver, interferes with the Receiver, or fails to follow the instructions of the Receiver, may, at the Receiver's

discretion, be excluded from Respondent's business premises.

12. Title to all property, real or personal, all contracts, rights of action and all books and records of Respondent, wherever located, is vested in the Receiver pursuant to Sections 631.111 and 631.141, Florida Statutes.

13. All officers, directors, trustees, administrators, agents and employees and all other persons representing Respondent or currently employed or utilized by Respondent in connection with the Conduct of its business are discharged forthwith; provided, however, the Receiver may retain such persons in the Receiver's discretion.

14. All attorneys employed by Respondent as of the date of the Order, within 10 days notice of the Order, are required to report to the Receiver on the name, company claim number and status of each file they are handling on behalf of the Respondent. Said report shall also include an accounting of any funds received from or on behalf of the Respondent. All attorneys employed by Respondent shall be discharged as of the date of the Order unless their services are retained by the Receiver. All attorneys employed by Respondent shall be advised that pursuant to Section 631.011(21), Florida Statutes, a claim based on mere possession does not create a secured claim and all attorneys employed by Respondent, pursuant to In Re the Receivership of Syndicate Two, Inc., 538 So.2d 945 (Fla. 1st DCA 1989), who are in possession of litigation files or other material, documents or records belonging to or relating to work performed by the attorney on behalf of Respondent shall be required to deliver such litigation files, material, documents or records intact and without purging to the Receiver, on request, notwithstanding any claim of a retaining lien which, if otherwise valid, shall not be extinguished by the delivery of these documents.

15. All agents, brokers or other persons having sold policies of insurance and/or collected premiums on behalf of the Respondent shall be required to account for and pay all premiums and commissions unearned due to cancellation of policies by the Order or in the normal course of business owed to the Respondent directly to Receiver within 30 days of demand by the Receiver or appear before this Court to show cause, if any they may have, as to why they shall not be required to account to the Receiver or be held in contempt of Court for violation of the provisions of the Order. No agent, broker, premium finance company or other person shall use premium monies owed to the Respondent for refund of unearned premium or for any purpose other than payment to the Receiver.

16. Any premium finance company which has entered into a contract to finance a premium for a policy which has been issued by the Respondent shall be required to pay any premium owed to the Respondent directly to the Receiver.

17. Reinsurance premiums due to or payable by Respondent shall be remitted to, or disbursed by, the Receiver. Reinsurance losses recoverable or payable by Respondent shall be handled by the Receiver. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary.

18. Upon request by the Receiver, any company providing telephonic services to Respondent shall be required to provide a reference of calls from the number presently assigned to Respondent to any such number designated by the Receiver or perform any other services or changes necessary to the conduct of the receivership.

19. Any bank, savings and loan association, or other financial institution which

has on deposit, in its possession, custody or control any funds, accounts and any other assets of Respondent, shall be required to immediately transfer title, custody and control of all such funds, accounts and other assets to the Receiver. The Receiver shall be authorized to change the name of such accounts and other assets, withdraw them from such bank, savings and loan association or other financial institution, or take any lesser action necessary for the proper conduct of this receivership. No bank, savings and loan association or other financial institution shall be permitted to exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court.

20. Any entity furnishing telephone, water, electric, sewage, garbage or trash removal services to Respondent shall be required to maintain such service and transfer any such accounts to the Receiver as of the date of the Order, unless instructed to the contrary by the Receiver.

21. Any data processing service, which has custody or control of any data processing information and records including but not limited to source documents, data processing cards, input tapes, all types of storage information, master tapes or any other recorded information relating to Respondent is directed to transfer custody and control of such records to the Receiver. The Receiver shall be authorized to compensate any such entity for the actual use of hardware and software which the Receiver finds to be necessary to this proceeding. Compensation should be based upon the monthly rate provided for in contracts or leases with Respondent which was in effect when this proceeding was instituted, or based upon such contract as may be negotiated by the Receiver, for the actual time such equipment and software is used by the

Receiver.

22. The United States Postal Service shall be directed to provide any information requested by the Receiver regarding Respondent and to handle future deliveries of Respondent's mail as directed by the Receiver.

23. All claims shall be filed with the Receiver on or before 11:59:59 p.m. EST, on the date of one year following the entry of this Order, or be forever barred, and all such claims shall be filed on proof of claim forms prepared by the Receiver.

24. In order to assure the validity of claim assignments, to assure that the processing of assignments does not create an undue burden on estate resources, and to assure that assignment decisions are made using the best information available, the Receiver shall not recognize or accept any assignment of claim by the claimant of record unless the following criteria are met:

A. A distribution petition has not been filed with this Court;

B. The Receiver has been provided with a properly executed and notarized assignment of claim agreement entered into between the parties; and

C. The Receiver has been provided with a properly executed and notarized Receiver's Assignment of Claim Change Form and required supporting documentation.

D. The Receiver's Assignment of Claim Change Form shall contain an acknowledgement by the claimant, or someone authorized to act on behalf of the claimant, that:

1. The claimant is aware that financial information regarding

claims distributions and payments published on the Receiver's website or otherwise available can assist the claimant in making an independent and informed decision regarding the sale of the claim;

2. The claimant understands that the purchase price being offered in exchange for the assignment may differ from the amount ultimately distributed in the receivership proceeding with respect to the claim;

3. It is the claimant's intent to sell their claim and have the Receiver's records be permanently changed to reflect the new owner; and

4. The claimant understands that that they will no longer have any title, interest, or rights to the claim including future mailings and distributions if they occur.

25. All executory contracts to which the Respondent was a party shall be cancelled and stand cancelled unless specifically adopted by the Receiver within ninety (90) days of the date of this Order or from the date of the Receiver's actual knowledge of the existence of such contract, whichever is later. "Actual Knowledge" means the Receiver has in its possession a written contract to which the Respondent is a party, and the Receiver has notified the vendor in writing acknowledging the existence of the contract.

Further, the Receiver shall have the authority to do the following:

1) Pay for services provided by any of Respondent's vendors, in the ninety (90) day period prior to assuming or rejecting the contract, which are necessary to administer the Receivership estate;

2) Once the Receiver determines Respondent's vendor is necessary in the continued administration of the Receivership estate for a period to exceed the ninety (90) days from the date of this order, or form the date of Receiver's actual knowledge of such contract, whichever is later, the Receiver may make minimal modifications to the terms of the contract, including, but not limited to, the expiration date of the agreement, the scope of the services to be provide, and/or the compensation to be paid to Respondent's vendor pursuant to the contract. "Minimal Modifications" shall mean any minimum alteration made to the contract in order to adapt to the new circumstances of the Receivership estate. In no event will any minimal modification be construed as the receiver entering into a new contract with Respondent's vendor.

Any vendor, including but not limited to, any and all employees / contractors of insurer, claiming the existence of a contractual relationship with the insurer shall provide notice to the Receiver of such relationship. This notice shall include any and all documents and information regarding the terms and conditions of the contract, including a copy of the written contract between the vendor and the insurer, if any, what services or goods were provided pursuant to the contract, any current, future and/or past due amounts owing under the contract, and any supporting documentation for third party services or goods provided. Failure to provide the required information may result in vendors' contractual rights not being recognized by the Receiver. The rights of the parties to any such contracts are fixed as of the date of the Order and any cancellation under this provision shall not be treated as an anticipatory breach of such contracts.

26. All affiliated companies and associations, including but not limited to Universal Health Care, Inc., Universal Health Care Group, Inc., and American Managed Care, LLC., shall make their books and records available to the Receiver (including electronic records), to include all records located in any premises occupied by said affiliate, whether corporate records or not, and to provide copies of any records requested by the Receiver whether or not such records are related to Respondent. The Receiver shall have title to all policy files and other records of, and relating to Respondent, whether such documents are kept in offices occupied by an affiliate company or any other person, corporation, or association. The Receiver shall be authorized to take possession of any such records, files, and documents, and to remove them to any location in the Receiver's discretion. Any disputed records shall not be withheld from the Receiver's review, but shall be safeguarded and presented to this Court for review prior to copying by the Receiver.

27. The Receiver shall have complete access to and administrative control of all information technology resources of the Respondent and its affiliates at all times including, but not limited to, Respondent's computer hardware, software and peripherals. Each affiliate shall be given reasonable access to such records for the purpose of carrying out its business operations.

28. Any person, firm, corporation or other entity having notice of the Order that fails to abide by its terms is directed to appear before this Court to show good cause, if any they may have, as to why they shall not be held in contempt of Court for violation of the provisions of this Order.

29. Except as noted in the following paragraph, pursuant to the provisions of

631.252, Florida Statutes, all policies of insurance or similar contracts of coverage that have not expired are cancelled effective 12:01 a.m. EST on the date of liquidation. Policies or contracts of coverage with normal expiration dates prior to the dates otherwise applicable under this paragraph, or which are terminated by insureds or lawfully cancelled by the Receiver or insurer before such date, shall stand cancelled as of the earlier date.

30. Pursuant to Sections 631.041(3) and (4), Florida Statutes, all persons, firms, corporations and associations within the jurisdiction of this Court, including, but not limited to, Respondent and its officers, directors, stockholders, members, subscribers, agents and employees, are enjoined and restrained from the further transaction of the insurance business of the Respondent; from doing, doing through omission, or permitting to be done any action which might waste or dispose of the books, records, including but not limited to electronic records, and assets of the Respondent; from in any means interfering with the Receiver or these proceedings; from the transfer of property and assets of Respondent without the consent of the Receiver; from the removal, concealment, or other disposition of Respondent's property, books, records, and accounts; from the commencement or prosecution of any actions against the Respondent or the Receiver together with its agents or employees, the service of process and subpoenas, or the obtaining of preferences, judgments, writs of attachment or garnishment or other liens; and, from the making of any levy or execution against Respondent or any of its property or assets. Notwithstanding the provisions of this paragraph, the Receivers should be permitted to accept and be subpoenaed for non-party production of claims files in its possession, including medical records, which

may be contained therein. In such cases, the requesting party must submit an affidavit to the Receiver stating that notice of the non-party production was appropriately issued and provided to the patient and that the patient was given the opportunity to object and either did not object to the non-party production, or objected and the Court overruled the objection, in which case a copy of the Court's ruling must be attached to the affidavit. The Receiver should be authorized to impose a charge for copies of such claim files pursuant to the provisions of Sections 119.07(1)(a), and 624.501, Florida Statutes.

31. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with Respondent shall fully cooperate with the Receiver in the effort to liquidate Respondent.

32. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with Respondent having any interest in the building located at 100 Central Avenue, Suite 200, St. Petersburg, Florida, 33701, or any other facility in which Respondent may operate, shall make available, at that location and at no charge to the Receiver or to Respondent, office space, and related facilities (telephone service, copiers, computer equipment and software, office supplies, parking, etc.) to the extent deemed necessary by the Receiver in its sole discretion.

33. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with Respondent having any interest in the computer equipment and software currently used by or for Respondent shall make such computer equipment and software available to the Receiver at no

charge to the Receiver or Respondent to the extent deemed necessary by the Receiver in its sole discretion.

CONTINUATION OF INVESTIGATION

34. The Receiver shall be authorized to conduct an investigation as authorized by Section 631.391, Florida Statutes, of Respondent and its affiliates, as defined above, to uncover and make fully available to the Court the true state of Respondent's financial affairs. In furtherance of this investigation, Respondent and its affiliate shall be required to make all books, documents, accounts, records, and affairs, which either belong to or pertain to Respondent, available for full, free and unhindered inspection and examination by the Receiver during normal business hours (8:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of the Order. Respondent and the above specified entities shall be required to cooperate with the Receiver to the fullest extent required by Section 631.391, Florida Statutes. Such cooperation shall include, but not be limited to, the taking of oral testimony under oath of Respondent's officers, directors, managers, trustees, agents, adjusters, employees, or independent contractors of Respondent, its affiliates and any other person who possesses any executive authority over, or who exercises any control over, any segment of the affairs of Respondent in both their official, representative and individual capacities and the production of all documents that are calculated to disclose the true state of Respondent's affairs.

35. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority

over, or who exercises or exercised any control over, any segment of the affairs of Respondent or its affiliates shall be required to fully cooperate with the Receiver as required by Section 631.391, Florida Statutes, and as set out in the preceding paragraph. Upon receipt of a certified copy of the Order, any bank or financial institution shall be required to immediately disclose to the Receiver the existence of any accounts of Respondent and any funds contained therein and any and all documents in its possession relating to Respondent for the Receiver's inspection and copying.

36. All Sheriffs and all law enforcement officials of this state shall cooperate with and assist the Receiver in the implementation of this Order.

37. In the event the Receiver determines that reorganization, consolidation, conversion, reinsurance, merger, or other transformation of the Respondent is appropriate, the Receiver shall prepare a plan to effect such changes and submit the plan to this Court for consideration.

NOTICE OF AUTOMATIC STAY

38. Notice is hereby given that, pursuant to Section 631.041(1), Florida Statutes, the filing of the Department's initial petition herein operates as an automatic stay applicable to all persons and entities, other than the Receiver, which shall be permanent and survive the entry of this order, and which prohibits:

A. The commencement or continuation of judicial, administrative or other action or proceeding against the insurer or against its assets or any part thereof;

B. The enforcement of judgment against the insurer or an affiliate, provided that such affiliate is owned by or constitutes an asset of Respondent, obtained either before or after the commencement of the delinquency proceeding;

C. Any act to obtain possession of property of the insurer;

D. Any act to create, perfect or enforce a lien against property of the insurer, except a secured claim as defined in Section 631.011(21), Florida Statutes;

E. Any action to collect, assess or recover a claim against the insurer, except claims as provided for under Chapter 631;

F. The set-off or offset of any debt owing to the insurer except offsets as provided in Section 631.281, Florida Statutes.

39. This Court retains jurisdiction of this cause for the purpose of granting such other and further relief as from time to time shall be deemed appropriate.

DONE and ORDERED in Chambers at the Leon County Courthouse in Tallahassee, Florida this _____ day of _____________, 2013.

____
CIRCUIT JUDGE

Copies furnished to:

Robert V. Elias, Esq.
Timothy Newhall, Esq.
Lourdes Calzadilla, Esq.
Jody E. Collins, Esq.