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HEALTH QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2004

OF THE CONDITION AND AFFAIRS OF THE

Aetna Health Inc. (a Michigan corporation)

NAIC Group Code ..... **0001** **0001** (Current Period) (Prior Period) NAIC Company Code ..... **95756** Employer's ID Number **23-2861565**

Organized under the Laws of **Michigan** State of Domicile or Port of Entry …….. **Michigan**

Country of Domicile …… **United States**

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

Date Incorporated or Organized ..... **September 10, 1996** Date Commenced Business ..... **Arpil 1, 1998**

Statutory Home Office ..... **26933 Northwestern Highway, Suite 100** ..... **Southfield** ..... **MI**..... **48034-4728**
(Street and Number) (City, State and Zip Code)

Main Administrative Office …….. **26933 Northwestern Highway, Suite 100**
(Street and Number)
…….. **Southfield** .. **MI** .. **48034-4728**…….. **248-208-8600**
(City, State and Zip Code) (Area Code) (Telephone Number)

Mail Address ..... **26933 Northwestern Highway, Suite 100** ..... **Southfield** ..... **MI**..... **48034-4728**
(Street and Number or P. O. Box) (City, State and Zip Code)

Primary Location of Books and Records …….. **26933 Northwestern Highway, Suite 100**
(Street and Number)
…… **Southfield** .. **MI** .. **48034-4728**…….. **248-208-8600**
(City, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address …… **www.aetna.com**

Statutory Statement Contact ..... **James David Weiss** **215-775-6508**
(Name) (Area Code) (Telephone Number) (Extension)
..... **Aetna.HMOReporting@aetna.com** **215-775-6790**
(E-mail Address) (Fax Number)

Policyowner Relations Contact …… **Plan Sponsor Services, 151 Farmington Avenue, Hartford, CT 06156 …….. 800-247-5472**
(Street and Number) (City, State and Zip Code) (Area Code) (Telephone Number)

OFFICERS

Allan Ira Greenberg, President
William Calvin Baskin III, Vice President and Secretary
James David Weiss, Controller

OTHER

Burton Fred Vanderlaan, M.D., Senior Medical Director
Russell Page Smith, Treasurer
Gregory Stephen Martino, Vice President
Kevin James Casey, Senior Investment Officer
Alicia Helene Bolton, Assistant Controller

DIRECTORS OR TRUSTEES

Allan Ira Greenberg **Gregory Stephen Martino** **Burton Fred Vanderlaan, M.D.**

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 manuals 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.

(Signature)	(Signature)	(Signature)
Allan Ira Greenberg	**William Calvin Baskin III**	**James David Weiss**
President	**Vice President and Secretary@**	**Controller@@**
State of..... Illinois	State of..... Connecticut	State of..... Pennsylvania
County of..... Cook	County of..... Hartford	County of..... Montgomery
Subscribed and sworn to before me this	@Subscribed and sworn to before me this	@@Subscribed and sworn to before me this
____ day of _____ 2004	____ day of _____ 2004	____ day of _____ 2004
NOTARY PUBLIC (Seal)	NOTARY PUBLIC (Seal)	NOTARY PUBLIC (Seal)

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 Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds	8,045,084	0	8,045,084	6,103,031
2. Stocks:				
2.1 Preferred stocks	0	0	0	0
2.2 Common stocks	0	0	0	0
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 $.....0 encumbrances)	0	0	0	0
5. Cash ($.....931,742), cash equivalents ($.....4,000,763) and short-term investments ($.....481,955)	5,414,460	0	5,414,460	5,519,955
6. Contract loans (including $.....0 premium notes)	0	0	0	0
7. Other invested assets	0	0	0	0
8. Receivable for securities	0	0	0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	13,459,544	0	13,459,544	11,622,986
11. Investment income due and accrued	88,094	0	88,094	41,221
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in course of collection	115,728	18,652	97,076	18,429
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)	0	0	0	0
12.3 Accrued retrospective premiums	0	0	0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	5,680	0	5,680	0
13.2 Funds held by or deposited with reinsured companies	0	0	0	0
13.3 Other amounts receivable under reinsurance contracts	0	0	0	0
14. Amounts receivable relating to uninsured plans	0	0	0	0
15.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0	339,537
15.2 Net deferred tax asset	8,907	0	8,907	14,271
16. Guaranty funds receivable or on deposit	0	0	0	0
17. Electronic data processing equipment and software	0	0	0	0
18. Furniture and equipment, including health care delivery assets ($.....0)	0	0	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
20. Receivable from parent, subsidiaries and affiliates	0	0	0	0
21. Health care ($.....39,180) and other amounts receivable	39,180	594	38,586	77,660
22. Other assets nonadmitted	0	0	0	0
23. Aggregate write-ins for other than invested assets	117,000	0	117,000	187,000
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	13,834,133	19,246	13,814,887	12,301,104
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
26. TOTALS (Lines 24 and 25)	13,834,133	19,246	13,814,887	12,301,104

DETAILS OF WRITE-INS

0901.	0	0	0	0
0902.	0	0	0	0
0903.	0	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Current state income tax receivable	117,000	0	117,000	187,000
2302.	0	0	0	0
2303.	0	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	117,000	0	117,000	187,000

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $.....0 reinsurance ceded)	925,743	117,476	1,043,219	1,426,675
2. Accrued medical incentive pool and bonus amounts	0	0	0	0
3. Unpaid claims adjustment expenses	26,503	0	26,503	42,099
4. Aggregate health policy reserves	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	48,957	0	48,957	67,875
8. Premiums received in advance	25,863	0	25,863	22,991
9. General expenses due or accrued	0	0	0	0
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses))	11,686	0	11,686	0
10.2 Net deferred tax liability	0	0	0	0
11. Ceded reinsurance premiums payable	6,506	0	6,506	2,840
12. Amounts withheld or retained for the account of others	0	0	0	0
13. Remittances and items not allocated	0	0	0	0
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates	6,334,575	0	6,334,575	1,539,282
16. Payable for securities	0	0	0	0
17. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)	0	0	0	0
18. Reinsurance in unauthorized companies	0	0	0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates	0	0	0	0
20. Liability for amounts held under uninsured accident and health plans	0	0	0	0
21. Aggregate write-ins for other liabilities (including $.....0 current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	7,379,833	117,476	7,497,309	3,101,762
23. Common capital stock	XXX	XXX	10	10
24. Preferred capital stock	XXX	XXX	0	0
25. Gross paid in and contributed surplus	XXX	XXX	10,099,990	10,099,990
26. Surplus notes	XXX	XXX	0	0
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
28. Unassigned funds (surplus)	XXX	XXX	(3,782,422)	(900,658)
29. Less treasury stock, at cost:				
29.1 .....0.000 shares common (value included in Line 23 $.....0)	XXX	XXX	0	0
29.2 .....0.000 shares preferred (value included in Line 24 $.....0)	XXX	XXX	0	0
30. Total capital and surplus (Lines 23 to 28 minus Line 29)	XXX	XXX	6,317,578	9,199,342
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	13,814,887	12,301,104

DETAILS OF WRITE-INS

2101.	0	0	0	0
2102.	0	0	0	0
2103.	0	0	0	0
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2701.	XXX	XXX	0	0
2702.	XXX	XXX	0	0
2703.	XXX	XXX	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year to Date
	1 Uncovered	2 Total	3 Total
1. Member months	XXX	29,401	46,402
2. Net premium income (including $.....0 non-health premium income)	XXX	7,163,335	9,702,519
3. Change in unearned premium reserves and reserve for rate credits	XXX	0	0
4. Fee-for-service (net of $.....0 medical expenses)	XXX	0	0
5. Risk revenue	XXX	0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	7,163,335	9,702,519
Hospital and Medical:			
9. Hospital/medical benefits	265,016	3,941,527	4,464,068
10. Other professional services	0	1,613	3,358
11. Outside referrals	222,451	222,451	364,270
12. Emergency room and out-of-area	54,237	451,972	402,527
13. Prescription drugs	0	618,082	878,938
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts	0	0	0
16. Subtotal (Lines 9 to 15)	541,704	5,235,645	6,113,161
Less:			
17. Net reinsurance recoveries	0	5,680	0
18. Total hospital and medical (Lines 16 minus 17)	541,704	5,229,965	6,113,161
19. Non-health claims	0	0	0
20. Claims adjustment expenses, including $.....0 cost containment expenses	0	157,069	183,395
21. General administrative expenses	0	809,345	1,035,292
22. Increase in reserves for life and accident and health contracts (including $.....0 increase in reserves for life only)	0	0	(260,934)
23. Total underwriting deductions (Lines 18 through 22)	541,704	6,196,379	7,070,914
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	966,956	2,631,605
25. Net investment income earned	0	237,372	147,786
26. Net realized capital gains (losses)	0	(18,079)	95
27. Net investment gains or (losses) (Lines 25 plus 26)	0	219,293	147,881
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]	0	0	0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	1,186,249	2,779,486
31. Federal and foreign income taxes incurred	XXX	435,223	894,850
32. Net income (loss) (Lines 30 minus 31)	XXX	751,026	1,884,636

DETAILS OF WRITE-INS

0601.	XXX	0	0
0602.	XXX	0	0
0603.	XXX	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX	0	0
0702.	XXX	0	0
0703.	XXX	0	0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.	0	0	0
1402.	0	0	0
1403.	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.	0	0	0
2902.	0	0	0
2903.	0	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year to Date	2 Prior Year
33. Capital and surplus prior reporting year	9,199,342	6,962,032
GAINS AND LOSSES TO CAPITAL & SURPLUS		
34. Net income or (loss) from Line 32	751,026	1,902,748
35. Change in valuation basis of aggregate policy and claim reserves	0	0
36. Net unrealized capital gains and losses	0	0
37. Change in net unrealized foreign exchange capital gain or (loss)	0	0
38. Change in net deferred income tax	(5,364)	(183,037)
39. Change in nonadmitted assets	72,574	421,007
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles	0	170,486
44. Capital changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)	0	0
44.3 Transferred to surplus	0	0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital	0	0
46. Dividends to stockholders	(3,700,000)	0
47. Aggregate write-ins for gains or (losses) in surplus	0	(73,894)
48. Net change in capital and surplus (Lines 34 to 47)	(2,881,764)	2,237,310
49. Capital and surplus end of reporting period (Line 33 plus 48)	6,317,578	9,199,342

DETAILS OF WRITE-INS

4701. Correction of nonadmitted deferred taxes in prior period	0	35,169
4702. Correction for reversal of change in net deferred income taxes in prior period	0	3,693
4703. Correction of gross deferred taxes in prior period	0	(35,169)
4798. Summary of remaining write-ins for Line 47 from overflow page	0	(77,587)
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	(73,894)

CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	7,164,394	12,766,231
2. Net investment income	186,039	175,855
3. Miscellaneous income	38,480	0
4. Total (Lines 1 through 3)	7,388,913	12,942,086
5. Benefit and loss related payments	5,638,019	11,867,096
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	982,010	1,672,916
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) $.....0 net tax on capital gains (losses)	84,000	1,406,879
10. Total (Lines 5 through 9)	6,704,029	14,946,891
11. Net cash from operations (Line 4 minus Line 10)	684,884	(2,004,805)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	5,579,690	8,553,262
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	22	111
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	5,579,712	8,553,373
13. Cost of investments acquired (long-term only):		
13.1 Bonds	7,535,384	13,618,684
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	7,535,384	13,618,684
14. Net increase (decrease) in policy loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	(1,955,672)	(5,065,311)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds received	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	3,700,000	0
16.6 Other cash provided (applied)	4,865,293	(352,852)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	1,165,293	(352,852)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	(105,495)	(7,422,968)
19. Cash and short-term investments:		
19.1 Beginning of year	5,519,955	12,942,923
19.2 End of period (Line 18 plus Line 19.1)	5,414,460	5,519,955

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

20.0001	0	0
20.9999 Totals	0	0

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at End of:													
1. Prior Year	4,062	16	4,046	0	0	0	0	0	0	0	0	0	0
2. First Quarter	3,391	17	3,374	0	0	0	0	0	0	0	0	0	0
3. Second Quarter	3,268	15	3,253	0	0	0	0	0	0	0	0	0	0
4. Third Quarter	3,086	13	3,073	0	0	0	0	0	0	0	0	0	0
5. Current Year	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Current Year Member Months	29,401	140	29,261	0	0	0	0	0	0	0	0	0	0
Total Member Ambulatory Encounters for Period:													
7. Physician	29,986	143	29,843	0	0	0	0	0	0	0	0	0	0
8. Non-Physician	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Total	29,986	143	29,843	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	542	0	542	0	0	0	0	0	0	0	0	0	0
11. Number of Inpatient Admissions	155	0	155	0	0	0	0	0	0	0	0	0	0
12. Health Premiums Written	7,183,916	0	7,183,916	0	0	0	0	0	0	0	0	0	0
13. Life Premiums Direct	0	0	0	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	0	0	0
15. Health Premiums Earned	7,183,916	0	7,183,916	0	0	0	0	0	0	0	0	0	0
16. Property/Casualty Premiums Earned	0	0	0	0	0	0	0	0	0	0	0	0	0
17. Amount Paid for Provision of Health Care Services	5,638,019	0	5,637,710	0	0	0	309	0	0	0	0	0	0
18. Amount Incurred for Provision of Health Care Services	5,235,645	0	5,236,474	0	0	0	(829)	0	0	0	0	0	0

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
Aging estimated based on claims in process of adjudication as of 09/30/04	0	0	0	0	0	0
0199999. Individually Listed Claims Unpaid	0	0	0	0	0	0
0299999. Aggregate Accounts Not Individually Listed-Uncovered	3,205	0	0	0	180	3,385
0399999. Aggregate Accounts Not Individually Listed-Covered	94,501	157	0	366	7,647	102,671
0499999. Subtotals	97,706	157	0	366	7,827	106,056
0599999. Unreported Claims and Other Claim Reserves						937,163
0799999. Total Claims Unpaid						1,043,219

UNDERWRITING AND INVESTMENT EXHIBIT

Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	1,128,268	4,503,762	146,099	945,361	1,274,367	1,492,696
2. Medicare Supplement	0	0	0	0	0	0
3. Dental only	0	0	0	0	0	0
4. Vision only	0	0	0	0	0	0
5. Federal Employees Health Benefits Plan Premiums	309	0	716	0	1,025	1,854
6. Title XVIII - Medicare	0	0	0	0	0	0
7. Title XIX - Medicaid	0	0	0	0	0	0
8. Other health	0	0	0	0	0	0
9. Health subtotal (Lines 1 to 8)	1,128,577	4,503,762	146,815	945,361	1,275,392	1,494,550
10. Other non-health	0	0	0	0	0	0
11. Medical incentive pools and bonus amounts	0	0	0	0	0	0
12. Totals	1,128,577	4,503,762	146,815	945,361	1,275,392	1,494,550

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Reclassifications

Certain reclassifications have been made to the 2003 financial statements to conform with the classifications used in 2004. Specifically, pharmacy rebates receivable have been reclassed out of receivable from parent, subsidiaries and affiliates and are presented as healthcare and other amounts receivable on the Assets page.

Note 2 - Accounting Changes and Corrections of Errors

No significant change.

Note 3 - Business Combinations and Goodwill

No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

No significant change.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

Note 7 - Investment Income

No significant change.

Note 8 Derivative Instruments

No significant change.

Note 9 - Income Taxes

A. The components of the net deferred tax assets recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

	September 30, 2004	December 31, 2003
Total of gross deferred tax assets	$19,052	$47,741
Total of deferred tax liabilities	(10,145)	(33,470)
Net deferred tax asset	8,907	14,271
Deferred tax asset nonadmitted	-	-
Net admitted deferred tax asset	8,907	14,271
(Increase) decrease in nonadmitted asset	-	-

B. There are no deferred tax liabilities that are not recognized.

C.1 The provisions for incurred taxes on earnings for the periods ended September 30, 2004 and December 31, 2003 are:

	September 30, 2004	December 31, 2003
Federal - current year	$441,551	$866,514
Federal income tax on net capital losses	(6,328)	(7,577)
Federal - prior year	-	(76,629)
Federal income taxes incurred	$435,223	$782,308

NOTES TO FINANCIAL STATEMENTS

C.2 The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

	September 30, 2004	December 31, 2003
Deferred tax assets:		
Discounted unpaid losses	$9,926	$13,635
Premium receivable - nonadmitted	6,528	32,137
Other	2,598	1,969
Total deferred tax assets	19,052	47,741
Nonadmitted deferred tax assets (liabilities)	-	-
Admitted deferred tax assets	19,052	47,741
Deferred tax liabilities:		
Allowance for billing adjustment	8,573	33,446
Other	1,572	24
Total deferred tax liabilities	10,145	33,470
Net admitted deferred tax assets	$8,907	$14,271

The change in net deferred income taxes is comprised of the following:

	September 30, 2004	December 31, 2003	Change
Total deferred tax assets	$19,052	$47,741	$(28,689)
Total deferred tax liabilities	(10,145)	(33,470)	23,325
Net deferred tax asset (liability)	$8,907	$14,271	(5,364)
Tax effect of unrealized gains (losses)			-
Change in net deferred income tax			$(5,364)

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

	September 30, 2004	Effective Tax Rate
Provision computed as statutory rate	$415,187	35.0%
Change in nonadmitted assets	25,400	2.1%
Total	$440,587	37.1%
Federal and foreign income taxes incurred	$435,223	36.7%
Change in net deferred income taxes	5,364	0.4%
Total statutory income taxes	$440,587	37.1%

E.1 As of September 30, 2004, the Company has no net capital loss or net operating loss carryforwards for tax purposes.

E.2 The amount of Federal income taxes incurred that are available for recoupment in the event of future net losses are:

Year	Amount
2004	$435,223
2003	$858,937

F.1 As of September 30, 2004, the Company's Federal Income Tax Return is consolidated with the following entities:

Common Parent Corporation - Aetna Inc.
@ Credentials Inc.
Aelan Inc.
AET Health Care Plan of California, Inc.
AET Health Care Plan, Inc. (TX)
Aetna Dental Inc. (Delaware) (through 7/1/04)
Aetna Dental Inc. (New Jersey)
Aetna Health Inc. (Tennessee)
Aetna Health Inc. (Texas)
Aetna Health Inc. (Washington)
Aetna Health Insurance Company of Connecticut (through 4/1/04)
Aetna Health Insurance Company of New York
Aetna Health of California Inc.

Aetna Dental Inc. (Pennsylvania) (through 4/1/04)
Aetna Dental Inc. (Texas)
Aetna Dental Maintenance Organization, Inc.
Aetna Dental of California Inc.
Aetna Health and Life Insurance Company
Aetna Health Inc. (Arizona)
Aetna Health Inc. (Colorado)
Aetna Health Inc. (Connecticut)
Aetna Health Inc. (Delaware)
Aetna Health Inc. (Florida)
Aetna Health Inc. (Georgia)
Aetna Health Inc. (Louisiana)
Aetna Health Inc. (Maine)
Aetna Health Inc. (Maryland)
Aetna Health Inc. (Massachusetts)
Aetna Health Inc. (Michigan)
Aetna Health Inc. (Missouri)
Aetna Health Inc. (New Hampshire)
Aetna Health Inc. (New Jersey)
Aetna Health Inc. (New York)
Aetna Health Inc. (Ohio)
Aetna Health Inc. (Oklahoma)
Aetna Health Inc. (Pennsylvania)
Aetna Health of Illinois Inc.
Aetna Health of the Carolinas Inc.
Aetna Integrated Informatics, Inc.
Aetna InteliHealth Inc.
Aetna Life & Casualty (Bermuda) Limited
Aetna Risk Indemnity Company Limited
Aetna U.S. Healthcare Holdings, Inc. (Delaware)
AUSHC Holdings, Inc. (Connecticut)
Chickering Claims Administrators, Inc.
Chickering Benefit Planning Insurance Agency
Corporate Health Insurance Company
Criterion Communications, Inc.
Informed Health, Inc. (through 4/1/04)
Integrated Pharmacy Solutions, Inc.
Luettgens Limited
Managed Care Coordinators, Inc.
New York Life and Health Insurance Company
NYLCare Health Plans, Inc.
NYLCare of New England, Inc.
NYLCare of Texas, Inc.
Sanus of New York and New Jersey, Inc.
U.S. Health Aviation Corp. (through 7/1/04)
U.S. Healthcare Properties, Inc.
U.S. Patriotcare, Inc.

F.2 In accordance with the written tax sharing agreement, the Company's current federal income tax provisions are generally computed as if the Company were filing a separate federal income tax return; current income tax benefits, including those resulting from net operating losses, are recognized to the extent realized in the consolidated return. Pursuant to this agreement, the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

The Company has the following significant transactions with affiliates:

The Company paid $3,700,000 in dividends to its parent in 2004.

During 2003, the Company had an agreement with Aetna Health Management, LLC (AHM) under which AHM provided certain administrative services, including accounting and processing of premiums and claims. Under this agreement, the Company remitted 12.5% of its earned premium revenue to AHM as a fee. Effective July 1, 2004, the Company and AHM terminated this agreement and entered into a new agreement under which, during 2004, the Company remits 13.0% of its earned commercial and Medicaid premium revenue plus 7.2% of its earned Medicare premium revenue to AHM as a fee, subject to an annual true-up mechanism as defined in the agreement. For these services, the Company was charged $909,574 and $1,216,875 for the nine months ending September 30, 2004 and 2003, respectively. The agreement also provides for interest on all intercompany balances. Interest incurred on amounts due to affiliates was $36,766 in 2004 and $52,514 in 2003.

The Company entered into an agreement which enables it to receive manufacturers' pharmacy rebates from AHM. Effective January 1, 2004, the Company remits 10% of its earned pharmacy rebates to AHM as a fee. The Company earned pharmacy rebates of $133,839 and $216,797, which were recorded as a reduction of medical costs, for the nine months ended September 30, 2004 and 2003, respectively. The Company incurred pharmacy rebate fees, which were recorded as administrative expense, of $2,883 in 2004.

Note 11 - Debt

No significant change.

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

No significant change.

NOTES TO FINANCIAL STATEMENTS

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

No significant change.

Note 14 - Contingencies

No significant change.

Note 15 - Leases

No significant change.

Note 16 - Information about Financial Instruments with Off-Balance Sheet Risk and with Financial Instruments with Concentrations of Credit Risk

No significant change.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

C. Wash Sales

This item is not applicable.

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

No significant change.

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

No significant change.

Note 20 - September 11 Events

No significant change.

Note 21 - Other Items

No significant change.

Note 22 - Events Subsequent

No significant change.

Note 23 - Reinsurance

No significant change.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

No significant change.

Note 26 - Intercompany Pooling Arrangements

No significant change.

Note 27 - Structured Settlements

No significant change.

Note 28 - Health Care Receivables

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 29 - Participating Policies

No significant change.

Note 30 - Premium Deficiency Reserves

No significant change.

Note 31 - Anticipated Salvage and Subrogation

No significant change.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? Yes [ ] No [X]

1.2 If yes, explain:... N/A

2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

2.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

3.1 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]

3.2 If yes, date of change: .....
If not previously filed, furnish herewith a certified copy of the instrument as amended.

4. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [X] No [ ]
If yes, complete the Schedule Y-Part 1 - Organizational chart.

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 name of 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
	00000	

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [X] No [ ] N/A [ ]
If yes, attach an explanation.
See Notes to Financial Statement - Note 10, Information Concerning Parent, Subsidiaries and Affiliates

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2003.....

7.2 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. 12/31/1999.....

7.3 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). 04/12/2001.....

7.4 By what department or departments?

State of Michigan, Division of Insurance

8.1 Has this 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? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [ ] No [X]

8.2 If yes, give full information:
N/A

9.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

9.2 If response to 9.1 is yes, please identify the name of the bank holding company.
N/A

9.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

9.4 If the response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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

INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [ ] No [X]

10.2 If yes, explain:... N/A

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [X]

11.2 If yes, give full and complete information relating thereto:
N/A

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $.....0

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

13. Amount of real estate and mortgages held in short-term investments: $.....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
14.21 Bonds	$.....0	$.....0
14.22 Preferred Stock	$.....0	$.....0
14.23 Common Stock	$.....0	$.....0
14.24 Short-Term Investments	$.....0	$.....0
14.25 Mortgages, Loans or Real Estate	$.....0	$.....0
14.26 All Other	$.....0	$.....0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$.....0	$.....0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	$.....0	$.....0
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above	$.....0	$.....0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]

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

16. Excluding items in Schedule E, 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 Part 1-General, Section IV. H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian Address
State Street Bank & Trust Co.	225 Franklin Street, Boston, MA 02110

16.2 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)
All agreements comply.		

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ] No [X]

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
N/A			

16.5 Identify all investment advisors, brokers/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	2 Name(s)	3 Address
None. All investment decisions are made by the		
Senior Investment Officer of the Company		
and his delegatees, who are investment		
professionals employed by Aetna.		

SCHEDULE A - VERIFICATION

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Increase (decrease) by adjustment	0	0
3. Cost of acquired	0	0
4. Cost of additions to and permanent improvements	0	0
5. Total profit (loss) on sales	0	0
6. Increase (decrease) by foreign exchange adjustment	0	0
7. Amount received on sales	0	0
8. Book/adjusted carrying value at end of current period	0	0
9. Total valuation allowance	0	0
10. Subtotal (Lines 8 plus 9)	0	0
11. Total nonadmitted amounts	0	0
12. Statement value, current period (Page 2, real estate lines, net admitted assets column)	0	0

SCHEDULE B - VERIFICATION

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year	0	0
2. Amount loaned during period:		
2.1 Actual cost at time of acquisitions	0	0
2.2 Additional investment made after acquisitions	0	0
3. Accrual of discount and mortgage interest points and commitment fees	0	0
4. Increase (decrease) by adjustment	0	0
5. Total profit (loss) on sale	0	0
6. Amounts paid on account or in full during the period	0	0
7. Amortization of premium	0	0
8. Increase (decrease) by foreign exchange adjustment	0	0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance	0	0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts	0	0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, net admitted assets column)	0	0

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	0	0
2. Cost of acquisitions during period:		
2.1 Actual cost at time of acquisitions	0	0
2.2 Additional investment made after acquisitions	0	0
3. Accrual of discount	0	0
4. Increase (decrease) by adjustment	0	0
5. Total profit (loss) on sale	0	0
6. Amounts paid on account or in full during the period	0	0
7. Amortization of premium	0	0
8. Increase (decrease) by foreign exchange adjustment	0	0
9. Book adjusted/carrying value of long-term invested asset at end of current period	0	0
10. Total valuation allowance	0	0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts	0	0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	0	0

SCHEDULE D - VERIFICATION

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	6,103,031	1,061,014
2. Cost of bonds and stocks acquired	7,535,384	13,618,684
3. Accrual of discount	4,606	251
4. Increase (decrease) by adjustment	0	0
5. Increase (decrease) by foreign exchange adjustment	0	0
6. Total profit (loss) on disposal	(18,101)	(21,759)
7. Consideration for bonds and stocks disposed of	5,579,690	8,553,262
8. Amortization of premium	146	1,897
9. Book/adjusted carrying value, current period	8,045,084	6,103,031
10. Total valuation allowance	0	0
11. Subtotal (Lines 9 plus 10)	8,045,084	6,103,031
12. Total nonadmitted amounts	0	0
13. Statement value	8,045,084	6,103,031

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	7,622,539	1,929,947	1,527,601	2,586	7,202,100	7,622,539	8,027,471	6,719,847
2. Class 2	499,524	499,539	499,539	44	499,519	499,524	499,568	0
3. Class 3	0	0	0	0	0	0	0	0
4. Class 4	0	0	0	0	0	0	0	0
5. Class 5	0	0	0	0	0	0	0	0
6. Class 6	0	0	0	0	0	0	0	0
7. Total Bonds	8,122,063	2,429,486	2,027,140	2,630	7,701,619	8,122,063	8,527,039	6,719,847
PREFERRED STOCK								
8. Class 1	0	0	0	0	0	0	0	0
9. Class 2	0	0	0	0	0	0	0	0
10. Class 3	0	0	0	0	0	0	0	0
11. Class 4	0	0	0	0	0	0	0	0
12. Class 5	0	0	0	0	0	0	0	0
13. Class 6	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	8,122,063	2,429,486	2,027,140	2,630	7,701,619	8,122,063	8,527,039	6,719,847

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
8299999. Totals	481,955	XXX	481,955	2,251	0

SCHEDULE DA - PART 2 - Verification

Short-Term Investments Owned

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	616,816	757,975
2. Cost of short-term investments acquired	9,742,084	31,091,410
3. Increase (decrease) by adjustment	0	37,555
4. Increase (decrease) by foreign exchange adjustment	0	0
5. Total profit (loss) on disposal of short-term investments	0	0
6. Consideration received on disposal of short-term investments	9,876,945	31,270,124
7. Book/adjusted carrying value, current period	481,955	616,816
8. Total valuation allowance	0	0
9. Subtotal (Lines 7 plus 8)	481,955	616,816
10. Total nonadmitted amounts	0	0
11. Statement value (Lines 9 minus 10)	481,955	616,816
12. Income collected during period	2,251	43,821
13. Income earned during period	2,251	43,821

Sch. DB-Part F-Section 1
NONE

Sch. DB-Part F-Section 2
NONE

Sch. S
NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	2	Direct Business Only Year-to-Date					
			3	4	5	6	7	8
State, Etc.	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Deposit-Type Contract Funds	Property/Casualty Premiums
1. Alabama AL	NO	NO	0	0	0	0	0	0
2. Alaska AK	NO	NO	0	0	0	0	0	0
3. Arizona AZ	NO	NO	0	0	0	0	0	0
4. Arkansas AR	NO	NO	0	0	0	0	0	0
5. California CA	NO	NO	0	0	0	0	0	0
6. Colorado CO	NO	NO	0	0	0	0	0	0
7. Connecticut CT	NO	NO	0	0	0	0	0	0
8. Delaware DE	NO	NO	0	0	0	0	0	0
9. District of Columbia DC	NO	NO	0	0	0	0	0	0
10. Florida FL	NO	NO	0	0	0	0	0	0
11. Georgia GA	NO	NO	0	0	0	0	0	0
12. Hawaii HI	NO	NO	0	0	0	0	0	0
13. Idaho ID	NO	NO	0	0	0	0	0	0
14. Illinois IL	NO	NO	0	0	0	0	0	0
15. Indiana IN	NO	NO	0	0	0	0	0	0
16. Iowa IA	NO	NO	0	0	0	0	0	0
17. Kansas KS	NO	NO	0	0	0	0	0	0
18. Kentucky KY	NO	NO	0	0	0	0	0	0
19. Louisiana LA	NO	NO	0	0	0	0	0	0
20. Maine ME	NO	NO	0	0	0	0	0	0
21. Maryland MD	NO	NO	0	0	0	0	0	0
22. Massachusetts MA	NO	NO	0	0	0	0	0	0
23. Michigan MI	NO	YES	7,183,916	0	0	0	0	0
24. Minnesota MN	NO	NO	0	0	0	0	0	0
25. Mississippi MS	NO	NO	0	0	0	0	0	0
26. Missouri MO	NO	NO	0	0	0	0	0	0
27. Montana MT	NO	NO	0	0	0	0	0	0
28. Nebraska NE	NO	NO	0	0	0	0	0	0
29. Nevada NV	NO	NO	0	0	0	0	0	0
30. New Hampshire NH	NO	NO	0	0	0	0	0	0
31. New Jersey NJ	NO	NO	0	0	0	0	0	0
32. New Mexico NM	NO	NO	0	0	0	0	0	0
33. New York NY	NO	NO	0	0	0	0	0	0
34. North Carolina NC	NO	NO	0	0	0	0	0	0
35. North Dakota ND	NO	NO	0	0	0	0	0	0
36. Ohio OH	NO	NO	0	0	0	0	0	0
37. Oklahoma OK	NO	NO	0	0	0	0	0	0
38. Oregon OR	NO	NO	0	0	0	0	0	0
39. Pennsylvania PA	NO	NO	0	0	0	0	0	0
40. Rhode Island RI	NO	NO	0	0	0	0	0	0
41. South Carolina SC	NO	NO	0	0	0	0	0	0
42. South Dakota SD	NO	NO	0	0	0	0	0	0
43. Tennessee TN	NO	NO	0	0	0	0	0	0
44. Texas TX	NO	NO	0	0	0	0	0	0
45. Utah UT	NO	NO	0	0	0	0	0	0
46. Vermont VT	NO	NO	0	0	0	0	0	0
47. Virginia VA	NO	NO	0	0	0	0	0	0
48. Washington WA	NO	NO	0	0	0	0	0	0
49. West Virginia WV	NO	NO	0	0	0	0	0	0
50. Wisconsin WI	NO	NO	0	0	0	0	0	0
51. Wyoming WY	NO	NO	0	0	0	0	0	0
52. American Samoa AS	NO	NO	0	0	0	0	0	0
53. Guam GU	NO	NO	0	0	0	0	0	0
54. Puerto Rico PR	NO	NO	0	0	0	0	0	0
55. U.S. Virgin Islands VI	NO	NO	0	0	0	0	0	0
56. Canada CN	NO	XXX	0	0	0	0	0	0
57. Aggregate Other alien OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business)	XXX	(a) 1	7,183,916	0	0	0	0	0

DETAILS OF WRITE-INS

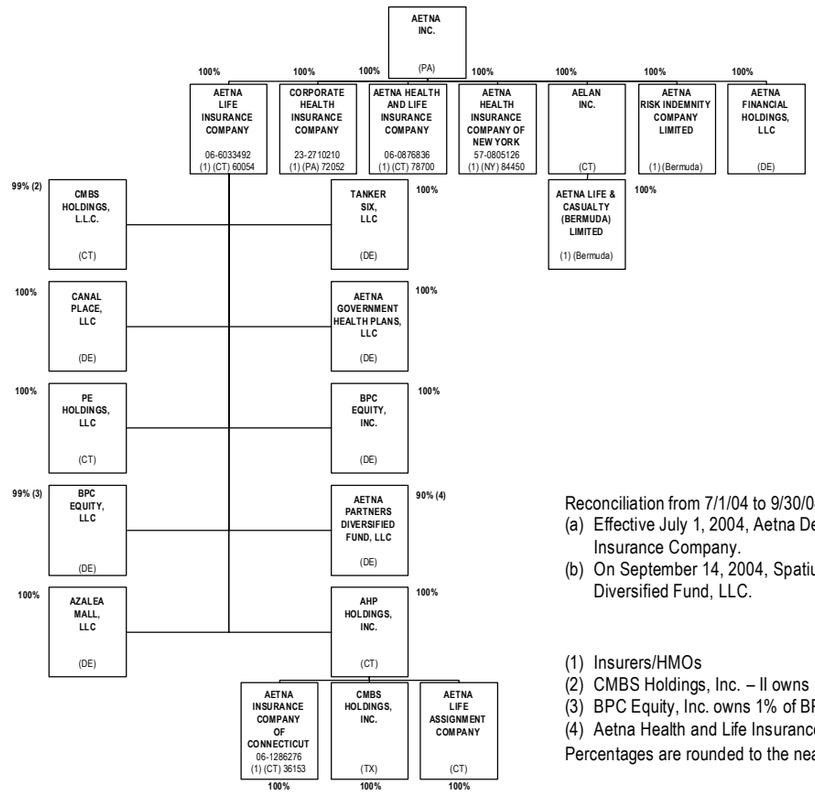
5701.			0	0	0	0	0	0
5702.			0	0	0	0	0	0
5703.			0	0	0	0	0	0
5798.	Summary of remaining write-ins for line 57 from overflow page		0	0	0	0	0	0
5799.	Total (Lines 5701 thru 5703 plus 5798) (Line 57 above)		0	0	0	0	0	0

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

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

PART 1 – ORGANIZATIONAL CHART

QUARTERLY STATEMENT AS OF SEPTEMBER 30, 2004 OF THE
AETNA INC. AND ITS INSURANCE AFFILIATES



Reconciliation from 7/1/04 to 9/30/04:

(a) Effective July 1, 2004, Aetna Dental Inc. (DE) merged with and into Aetna Life Insurance Company.

(b) On September 14, 2004, Spatium, LLC changed its name to Aetna Partners Diversified Fund, LLC.

(1) Insurers/HMOs

(2) CMBS Holdings, Inc. – II owns 1% of CMBS Holdings, L.L.C.

(3) BPC Equity, Inc. owns 1% of BPC Equity, LLC

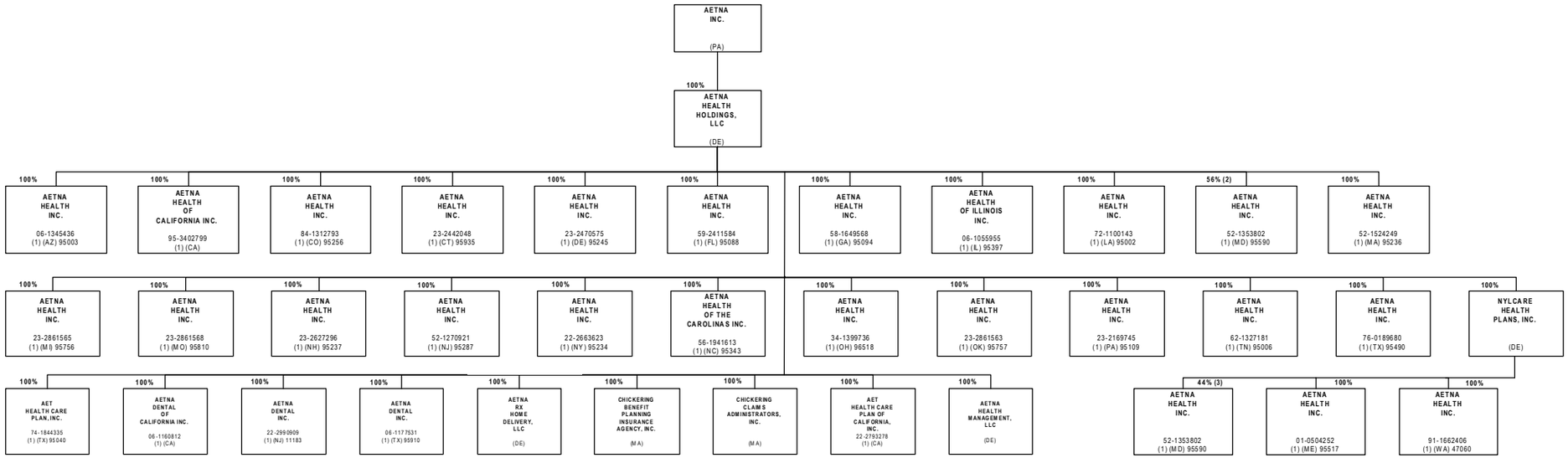
(4) Aetna Health and Life Insurance Company owns 10% of Aetna Partners Diversified Fund, LLC.

Percentages are rounded to the nearest whole percent and are based on ownership of voting rights.

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

PART 1 – ORGANIZATIONAL CHART

QUARTERLY STATEMENT AS OF SEPTEMBER 30, 2004 OF THE
AETNA INC. AND ITS INSURANCE AFFILIATES



Reconciliation from 7/1/04 to 9/30/04:
(a) Add – Chickering Claims Administrators, Inc.

(1) Insurers/HMOs
(2) NYLCare Health Plans, Inc. directly owns 44% of Aetna Health Inc . (MD).
(3) Aetna Health Holdings, LLC directly owns 56% of Aetna Health Inc . (MD).
Percentages are rounded to the nearest whole percent and are bas ed on ownership of voting rights.

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	RESPONSE
1. Will the SVO Compliance Certification be filed with this statement?	YES

EXPLANATION:

BAR CODE:

Overflow Page for Write-Ins

Additional Write-ins for Statement of Revenue:

	1 Current Year to Date	2 Prior Year
4704. Correction of federal tax incurred in prior period	0	(77,587)
4797. Summary of remaining write-ins for Line 47	0	(77,587)

Sch. A-Part 2
NONE

Sch. A-Part 3
NONE

Sch. B-Part 1
NONE

Sch. B-Part 2
NONE

Sch. BA-Part 1
NONE

Sch. BA-Part 2
NONE

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - Industrial and Miscellaneous									
United States									
31428X AM 8	FEDEX CORP NOTES 3.500% 04/01/09		08/12/2004	TAX FREE EXCHANGE		499,539	500,000	6,660	2FE
	U.S.					499,539	500,000	6,660	XXX
4599999.	Total - Bonds - Industrial & Miscellaneous					499,539	500,000	6,660	XXX
6099997.	Total - Bonds - Part 3					499,539	500,000	6,660	XXX
6099999.	Total - Bonds					499,539	500,000	6,660	XXX
7499999.	Total - Bonds, Preferred and Common Stocks					499,539	XXX	6,660	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues: 0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - Industrial and Miscellaneous																					
United States																					
31428X AJ 5	FEDEX CORP NOTES 3.500% 04/01/09		.08/12/2004	TAX FREE EXCHANGE		499,539	500,000	499,520	499,520	0	19	0	19	0	499,539	0	0	0	6,660	04/01/2009	2FE
	U.S.					499,539	500,000	499,520	499,520	0	19	0	19	0	499,539	0	0	0	6,660	XXX	XXX
4599999.	Total - Bonds - Industrial & Miscellaneous					499,539	500,000	499,520	499,520	0	19	0	19	0	499,539	0	0	0	6,660	XXX	XXX
6099997.	Total - Bonds - Part 4					499,539	500,000	499,520	499,520	0	19	0	19	0	499,539	0	0	0	6,660	XXX	XXX
6099999.	Total - Bonds					499,539	500,000	499,520	499,520	0	19	0	19	0	499,539	0	0	0	6,660	XXX	XXX
7499999.	Total - Bonds, Preferred and Common Stocks					499,539	XXX	499,520	499,520	0	19	0	19	0	499,539	0	0	0	6,660	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues: 0.

Sch. DB-Part A-Section 1
NONE

Sch. DB-Part B-Section 1
NONE

Sch. DB-Part C-Section 1
NONE

Sch. DB-Part D-Section 1
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
						6	7	8	
Depository		Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories									
FHLMC DISCOUNT NOTE	Due 09/07/2004 At Maturity		1.470	343	0	0	1,199,706	0	XXX
FHLMC DISCOUNT NOTE	Due 10/19/2004 At Maturity		1.715	1,434	0	0	0	2,735,651	XXX
FNMA DISCOUNT NOTE	Due 08/11/2004 At Maturity		1.220	3,050	0	6,425,821	0	0	XXX
FNMA DISCOUNT NOTE	Due 09/01/2004 At Maturity		1.420	839	0	0	760,000	0	XXX
FNMA DISCOUNT NOTE	Due 09/01/2004 At Maturity		1.440	1,522	0	0	1,730,000	0	XXX
FNMA DISCOUNT NOTE	Due 09/15/2004 At Maturity		1.490	2,411	0	0	1,748,985	0	XXX
FNMA DISCOUNT NOTE	Due 11/01/2004 At Maturity		1.730	608	0	0	0	1,265,112	XXX
BANK ONE	Chicago, IL		0.000	0	0	298,288	139,262	475,395	XXX
CITIBANK	New York, NY		0.000	0	0	158,915	59,613	275,797	XXX
CHASE BANK	New York, NY		0.000	0	0	235,157	225,597	134,924	XXX
CITIZENS BANK	Philadelphia, PA		0.000	0	0	39,386	36,326	41,622	XXX
NATIONAL CITY BANK	Cleveland, Ohio		0.000	0	0	0	945	4,004	XXX
0199998. Deposits in 10 depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories		XXX	XXX	7,497	0	0	0	0	XXX
0199999. Total Open Depositories		XXX	XXX	17,704	0	7,157,567	5,900,434	4,932,505	XXX
0399999. Total Cash on Deposit		XXX	XXX	17,704	0	7,157,567	5,900,434	4,932,505	XXX
0599999. Total Cash		XXX	XXX	17,704	0	7,157,567	5,900,434	4,932,505	XXX