

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).....	1,094,513	0	1,094,513	1,093,922
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	0	0	0	0
2.2 Common stocks.....	0	0	0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	0	0	0	0
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	0	0	0	0
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$.....128,297, Sch. E-Part 1), cash equivalents (\$.....4,632,866, Sch. E-Part 2) and short-term investments (\$.....288,070, Sch. DA).....	5,049,233	0	5,049,233	6,559,401
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Other invested assets (Schedule BA).....	0	0	0	0
8. Receivables 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).....	6,143,746	0	6,143,746	7,653,323
11. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
12. Investment income due and accrued.....	17,657	0	17,657	17,658
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	66,266	20,060	46,206	34,624
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	0	0	0	0
13.3 Accrued retrospective premiums.....	0	0	0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	37,557	0	37,557	0
14.2 Funds held by or deposited with reinsured companies.....	0	0	0	0
14.3 Other amounts receivable under reinsurance contracts.....	0	0	0	0
15. Amounts receivable relating to uninsured plans.....	0	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0	150,934
16.2 Net deferred tax asset.....	54,808	6,429	48,379	125,203
17. Guaranty funds receivable or on deposit.....	0	0	0	0
18. Electronic data processing equipment and software.....	0	0	0	0
19. Furniture and equipment, including health care delivery assets (\$.....0).....	0	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
21. Receivables from parent, subsidiaries and affiliates.....	0	0	0	0
22. Health care (\$.....10,913) and other amounts receivable.....	10,913	0	10,913	36,277
23. Aggregate write-ins for other than invested assets.....	9,755	0	9,755	93,120
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	6,340,702	26,489	6,314,213	8,111,139
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. TOTALS (Lines 24 and 25).....	6,340,702	26,489	6,314,213	8,111,139

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.....	9,755	0	9,755	93,120
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).....	9,755	0	9,755	93,120

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	618,992	101,149	720,141	1,078,540
2. Accrued medical incentive pool and bonus amounts.....	0	0	0	0
3. Unpaid claims adjustment expenses.....	19,100	0	19,100	22,610
4. Aggregate health policy reserves.....	166,403	0	166,403	396,394
5. Aggregate life policy reserves.....	0	0	0	0
6. Property/casualty unearned premium reserve.....	0	0	0	0
7. Aggregate health claim reserves.....	33,716	0	33,716	50,833
8. Premiums received in advance.....	2,128	0	2,128	10,748
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 capital gains (losses)).....	142,587	0	142,587	0
10.2 Net deferred tax liability.....	0	0	0	0
11. Ceded reinsurance premiums payable.....	1,619	0	1,619	2,059
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.....	812,075	0	812,075	2,395,369
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).....	1,796,620	101,149	1,897,769	3,956,553
23. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	0
24. Common capital stock.....	XXX	XXX	10	10
25. Preferred capital stock.....	XXX	XXX	0	0
26. Gross paid in and contributed surplus.....	XXX	XXX	10,099,990	10,099,990
27. Surplus notes.....	XXX	XXX	0	0
28. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
29. Unassigned funds (surplus).....	XXX	XXX	(5,683,556)	(5,945,414)
30. Less treasury stock at cost:				
30.1 .....0.000 shares common (value included in Line 24 \$.....0).....	XXX	XXX	0	0
30.2 .....0.000 shares preferred (value included in Line 25 \$.....0).....	XXX	XXX	0	0
31. Total capital and surplus (Lines 23 to 29 minus Line 30).....	XXX	XXX	4,416,444	4,154,586
32. Total liabilities, capital and surplus (Lines 22 and 31).....	XXX	XXX	6,314,213	8,111,139

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
2301.	XXX	XXX	0	0
2302.	XXX	XXX	0	0
2303.	XXX	XXX	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	XXX	XXX	0	0
2801.	XXX	XXX	0	0
2802.	XXX	XXX	0	0
2803.	XXX	XXX	0	0
2898. Summary of remaining write-ins for Line 28 from overflow page.....	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above).....	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX	31,143	38,376
2. Net premium income (including \$.....0 non-health premium income).....	XXX	7,835,185	9,402,551
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	9,476	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	7,844,661	9,402,551
Hospital and Medical:			
9. Hospital/medical benefits.....	304,744	5,155,142	5,321,178
10. Other professional services.....	0	1,071	2,110
11. Outside referrals.....	526,092	526,092	351,568
12. Emergency room and out-of-area.....	61,424	409,490	573,216
13. Prescription drugs.....	0	733,237	840,741
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).....	892,260	6,825,032	7,088,813
Less:			
17. Net reinsurance recoveries.....	0	37,557	5,680
18. Total hospital and medical (Lines 16 minus 17).....	892,260	6,787,475	7,083,133
19. Non-health claims (net).....	0	0	0
20. Claims adjustment expenses, including \$.....51,142 cost containment expenses.....	0	156,976	191,398
21. General administrative expenses.....	0	960,120	1,121,522
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....	0	(220,515)	379,318
23. Total underwriting deductions (Lines 18 through 22).....	892,260	7,684,056	8,775,371
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	160,605	627,180
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	0	233,533	313,305
26. Net realized capital gains or (losses) less capital gains tax of \$.....1.....	0	2	(77,367)
27. Net investment gains or (losses) (Lines 25 plus 26).....	0	233,535	235,938
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....	0	0	0
29. Aggregate write-ins for other income or expenses.....	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	394,140	863,118
31. Federal and foreign income taxes incurred.....	XXX	74,070	371,954
32. Net income (loss) (Lines 30 minus 31).....	XXX	320,070	491,164

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	2 Prior Year
33. Capital and surplus prior reporting period.....	4,154,586	9,199,342
GAINS AND LOSSES TO CAPITAL & SURPLUS		
34. Net income or (loss) from Line 32.....	320,070	491,164
35. Change in valuation basis of aggregate policy and claim reserves.....	0	0
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....0.....	0	0
37. Change in net unrealized foreign exchange capital gain or (loss).....	0	0
38. Change in net deferred income tax.....	(70,395)	110,932
39. Change in nonadmitted assets.....	12,183	53,148
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	0
44. Capital changes:		
44.1 Paid in.....	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....	0	0
45. Surplus adjustments:		
45.1 Paid in.....	0	0
45.2 Transferred to capital (Stock Dividend).....	0	0
45.3 Transferred from capital.....	0	0
46. Dividends to stockholders.....	0	(5,700,000)
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	261,858	(5,044,756)
49. Capital and surplus end of reporting period (Line 33 plus 48).....	4,416,444	4,154,586

DETAILS OF WRITE-INS

4701.	0	0
4702.	0	0
4703.	0	0
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	7,833,155	9,426,480
2. Net investment income.....	232,943	330,660
3. Miscellaneous income.....	0	41,383
4. Total (Lines 1 through 3).....	8,066,098	9,798,523
5. Benefit and loss related payments.....	7,175,184	7,431,234
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	1,120,606	1,332,409
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) \$.....0 net of tax on capital gains (losses).....	(219,450)	183,351
10. Total (Lines 5 through 9).....	8,076,340	8,946,994
11. Net cash from operations (Line 4 minus Line 10).....	(10,242)	851,529
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	0	12,473,312
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.....	3	.21
12.7 Miscellaneous proceeds.....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	3	12,473,333
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	0	7,535,384
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).....	0	7,535,384
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14).....	3	4,937,949
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.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	5,700,000
16.6 Other cash provided (applied).....	(1,499,929)	949,968
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(1,499,929)	(4,750,032)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	(1,510,168)	1,039,446
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	6,559,401	5,519,955
19.2 End of year (Line 18 plus Line 19.1).....	5,049,233	6,559,401

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

20.0001	0	0
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical).....	7,856,985	.0	21,800	7,835,185
2. Medicare supplement.....	.0	.0	.0	.0
3. Dental only.....	.0	.0	.0	.0
4. Vision only.....	.0	.0	.0	.0
5. Federal employees health benefits plan.....	.0	.0	.0	.0
6. Title XVIII - Medicare.....	.0	.0	.0	.0
7. Title XIX - Medicaid.....	.0	.0	.0	.0
8. Stop loss.....	.0	.0	.0	.0
9. Disability income.....	.0	.0	.0	.0
10. Long-term care.....	.0	.0	.0	.0
11. Other health.....	.0	.0	.0	.0
12. Health subtotal (Lines 1 through 11).....	7,856,985	.0	21,800	7,835,185
13. Life.....	.0	.0	.0	.0
14. Property/casualty.....	.0	.0	.0	.0
15. Totals (Lines 12 to 14).....	7,856,985	.0	21,800	7,835,185

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct.....	7,175,184	7,175,600	0	0	0	(416)	0	0	0	0	0	0	0
1.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
1.4 Net.....	7,175,184	7,175,600	0	0	0	(416)	0	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses.....	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct.....	720,141	719,884	0	0	0	257	0	0	0	0	0	0	0
3.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net.....	720,141	719,884	0	0	0	257	0	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct.....	33,716	33,716	0	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	33,716	33,716	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Net healthcare receivables (a).....	25,364	25,364	0	0	0	0	0	0	0	0	0	0	0
7. Amounts recoverable from reinsurers December 31, current year.....	37,557	37,557	0	0	0	0	0	0	0	0	0	0	0
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct.....	1,078,540	1,078,085	0	0	0	455	0	0	0	0	0	0	0
8.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net.....	1,078,540	1,078,085	0	0	0	455	0	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct.....	50,833	50,833	0	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
9.4 Net.....	50,833	50,833	0	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	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year.....	0	0	0	0	0	0	0	0	0	0	0	0	0
12. Incurred benefits:													
12.1 Direct.....	6,825,032	6,825,646	0	0	0	(614)	0	0	0	0	0	0	0
12.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded.....	37,557	37,557	0	0	0	0	0	0	0	0	0	0	0
12.4 Net.....	6,787,475	6,788,089	0	0	0	(614)	0	0	0	0	0	0	0
13. Incurred medical incentive pools and bonuses.....	0	0	0	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in process of adjustment:													
1.1 Direct.....	59,794	59,537	0	0	0	257	0	0	0	0	0	0	0
1.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
1.4 Net.....	59,794	59,537	0	0	0	257	0	0	0	0	0	0	0
2. Incurred but unreported:													
2.1 Direct.....	660,347	660,347	0	0	0	0	0	0	0	0	0	0	0
2.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
2.4 Net.....	660,347	660,347	0	0	0	0	0	0	0	0	0	0	0
3. Amounts withheld from paid claims and capitations:													
3.1 Direct.....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net.....	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Totals:													
4.1 Direct.....	720,141	719,884	0	0	0	257	0	0	0	0	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	720,141	719,884	0	0	0	257	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 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		
1. Comprehensive (hospital and medical).....	1,079,751	6,058,292	70,700	682,900	1,150,451	1,128,918
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.....	(416)	0	257	0	(159)	455
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).....	1,079,335	6,058,292	70,957	682,900	1,150,292	1,129,373
10. Healthcare receivables (a).....	0	10,913	0	0	0	36,277
11. Other non-health.....	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts.....	0	0	0	0	0	0
13. Totals (Lines 9 - 10 + 11 + 12).....	1,079,335	6,047,379	70,957	682,900	1,150,292	1,093,096

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	2,650	2,957	2,969	2,968	2,968
2. 2001.....	24,935	29,651	29,765	29,768	29,769
3. 2002.....	.XXX	23,963	26,770	26,970	26,985
4. 2003.....	.XXX	.XXX	8,933	9,882	9,918
5. 2004.....	.XXX	.XXX	.XXX	6,297	7,324
6. 2005.....	.XXX	.XXX	.XXX	.XXX	6,047

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 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	2,905	2,996	2,974	2,968	2,968
2. 2001.....	32,678	30,760	29,823	29,783	29,769
3. 2002.....	.XXX	27,580	26,961	27,013	26,996
4. 2003.....	.XXX	.XXX	10,173	9,960	9,937
5. 2004.....	.XXX	.XXX	.XXX	7,291	7,365
6. 2005.....	.XXX	.XXX	.XXX	.XXX	6,730

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2001.....	31,557	29,769	902	3.0	30,671	97.2	0	0	30,671	97.2
2. 2002.....	27,716	26,985	775	2.9	27,760	100.2	11	0	27,771	100.2
3. 2003.....	12,393	9,918	291	2.9	10,209	82.4	19	1	10,229	82.5
4. 2004.....	9,403	7,324	199	2.7	7,523	80.0	41	1	7,565	80.5
5. 2005.....	7,835	6,047	135	2.2	6,182	78.9	683	17	6,882	87.8

12.GT

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	2,550	2,840	2,853	2,852	2,852
2. 2001.....	23,916	28,525	28,641	28,644	28,645
3. 2002.....	.XXX	23,844	26,650	26,850	26,865
4. 2003.....	.XXX	.XXX	8,933	9,882	9,918
5. 2004.....	.XXX	.XXX	.XXX	6,297	7,324
6. 2005.....	.XXX	.XXX	.XXX	.XXX	6,047

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	2,795	2,874	2,858	2,852	2,852
2. 2001.....	31,367	29,616	28,698	28,658	28,645
3. 2002.....	.XXX	27,453	26,841	26,893	26,876
4. 2003.....	.XXX	.XXX	10,173	9,960	9,937
5. 2004.....	.XXX	.XXX	.XXX	7,291	7,365
6. 2005.....	.XXX	.XXX	.XXX	.XXX	6,730

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2001.....	30,361	28,645	894	3.1	29,539	97.3	0	0	29,539	97.3
2. 2002.....	27,679	26,865	775	2.9	27,640	99.9	11	0	27,651	99.9
3. 2003.....	12,393	9,918	291	2.9	10,209	82.4	19	1	10,229	82.5
4. 2004.....	9,403	7,324	199	2.7	7,523	80.0	41	1	7,565	80.5
5. 2005.....	7,835	6,047	135	2.2	6,182	78.9	683	17	6,882	87.8

12.HM

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Dental
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Dental
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Dental
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Vision
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Vision
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Vision
NONE**

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	100	117	116	116	116
2. 2001.....	1,019	1,126	1,124	1,124	1,124
3. 2002.....	.XXX	119	120	120	120
4. 2003.....	.XXX	.XXX	0	0	0
5. 2004.....	.XXX	.XXX	.XXX	0	0
6. 2005.....	.XXX	.XXX	.XXX	.XXX	0

SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

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 2001	2 2002	3 2003	4 2004	5 2005
1. Prior.....	110	122	116	116	116
2. 2001.....	1,311	1,144	1,125	1,125	1,124
3. 2002.....	.XXX	127	120	120	120
4. 2003.....	.XXX	.XXX	0	0	0
5. 2004.....	.XXX	.XXX	.XXX	0	0
6. 2005.....	.XXX	.XXX	.XXX	.XXX	0

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2001.....	1,196	1,124	8	0.7	1,132	94.6	0	0	1,132	94.6
2. 2002.....	37	120	0	0.0	120	324.3	0	0	120	324.3
3. 2003.....	0	0	0	0.0	0	0.0	0	0	0	0.0
4. 2004.....	0	0	0	0.0	0	0.0	0	0	0	0.0
5. 2005.....	0	0	0	0.0	0	0.0	0	0	0	0.0

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**U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicaid
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicaid
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicaid
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Other
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Other
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Other
NONE**

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves.....	7,600	7,600	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. Additional policy reserves (a).....	158,803	158,803	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. Reserve for future contingent benefits.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Reserve for rate credits or experience rating refunds (including \$.0) for investment income.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Aggregate write-ins for other policy reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross).....	166,403	166,403	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8. Totals (net) (Page 3, Line 4).....	166,403	166,403	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
CLAIM RESERVE												
9. Present value of amounts not yet due on claims.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
10. Reserve for future contingent benefits.....	33,716	33,716	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
11. Aggregate write-ins for other claim reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross).....	33,716	33,716	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
14. Totals (net) (Page 3, Line 7).....	33,716	33,716	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
DETAILS OF WRITE-INS												
0501. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0502. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0503. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1101. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1102. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1103. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0

13

(a) Includes \$.100,000 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT**PART 3 - ANALYSIS OF EXPENSES**

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building).....	0	4,238	16,522	215	20,975
2. Salaries, wages and other benefits.....	48,790	36,919	342,594	4,386	432,689
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....	0	0	210,717	0	210,717
4. Legal fees and expenses.....	921	2,376	13,312	165	16,774
5. Certifications and accreditation fees.....	0	0	0	0	0
6. Auditing, actuarial and other consulting services.....	0	3,924	15,798	0	19,722
7. Traveling expenses.....	0	2,826	11,707	144	14,677
8. Marketing and advertising.....	0	0	33,216	0	33,216
9. Postage, express and telephone.....	0	5,965	24,142	309	30,416
10. Printing and office supplies.....	0	2,826	11,265	144	14,235
11. Occupancy, depreciation and amortization.....	0	1,413	7,008	72	8,493
12. Equipment.....	0	3,924	15,798	201	19,923
13. Cost or depreciation of EDP equipment and software.....	0	7,692	30,715	0	38,407
14. Outsourced services including EDP, claims, and other services.....	1,074	17,606	74,742	948	94,370
15. Boards, bureaus and association fees.....	50	263	724	14	1,051
16. Insurance, except on real estate.....	256	4,454	18,127	0	22,837
17. Collection and bank service charges.....	0	471	2,643	29	3,143
18. Group service and administration fees.....	51	106	881	0	1,038
19. Reimbursements by uninsured accident and health plans.....	0	0	0	0	0
20. Reimbursements from fiscal intermediaries.....	0	0	0	0	0
21. Real estate expenses.....	0	2,983	12,588	150	15,721
22. Real estate taxes.....	0	471	1,605	0	2,076
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....	0	0	(23,880)	0	(23,880)
23.2 State premium taxes.....	0	0	0	0	0
23.3 Regulator authority licenses and fees.....	0	0	2,330	0	2,330
23.4 Payroll taxes.....	0	6,907	27,348	352	34,607
23.5 Other (excluding federal income and real estate taxes).....	0	470	7,371	0	7,841
24. Investment expenses not included elsewhere.....	0	0	0	0	0
25. Aggregate write-ins for expenses.....	0	0	102,847	50	102,897
26. Total expenses incurred (Lines 1 to 25).....	51,142	105,834	960,120	7,179	(a) 1,124,275
27. Less expenses unpaid December 31, current year.....	6,223	12,877	0	0	19,100
28. Add expenses unpaid December 31, prior year.....	7,191	15,419	0	0	22,610
29. Amounts receivable relating to uninsured accident and health plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured accident and health plans, current year.....	0	0	0	0	0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	52,110	108,376	960,120	7,179	1,127,785

DETAILS OF WRITE-INS

2501. Intercompany interest expense.....	0	0	85,560	0	85,560
2502. Pharmacy rebate fees.....	0	0	12,098	0	12,098
2503. Miscellaneous expense.....	0	0	5,189	50	5,239
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	0	102,847	50	102,897

(a) Includes management fees of \$.....1,045,193 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....47,341	.....47,341
1.1 Bonds exempt from U.S. tax.....	(a).....0	.....0
1.2 Other bonds (unaffiliated).....	(a).....0	.....0
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....0	.....0
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....0
2.21 Common stocks of affiliates.....	.....0	.....0
3. Mortgage loans.....	(c).....0	.....0
4. Real estate.....	(d).....0	.....0
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....193,255	.....193,255
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....0	.....0
9. Aggregate write-ins for investment income.....	.....116	.....116
10. Total gross investment income.....	.....240,712	.....240,712
11. Investment expenses.....		(g).....6,827
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....352
13. Interest expense.....		(h).....0
14. Depreciation on real estate and other invested assets.....		(i).....0
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....7,179
17. Net investment income (Line 10 minus Line 16).....		.....233,533

DETAILS OF WRITE-INS

0901. Interest earned on loaned securities.....	.....116	.....116
0902. ....	.....0	.....0
0903. ....	.....0	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....116	.....116
1501. ....		.....0
1502. ....		.....0
1503. ....		.....0
1598. Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		.....0

- (a) Includes \$.591 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued interest on purchases.
- (b) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued dividends on purchases.
- (c) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued interest on purchases.
- (d) Includes \$.0 for company's occupancy of its own buildings; and excludes \$.0 interest on encumbrances.
- (e) Includes \$.186,869 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued interest on purchases.
- (f) Includes \$.0 accrual of discount less \$.0 amortization of premium.
- (g) Includes \$.0 investment expenses and \$.0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.0 interest on surplus notes and \$.0 interest on capital notes.
- (i) Includes \$.0 depreciation on real estate and \$.0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Total
1. U.S. government bonds.....	.....0	.....0	.....0	.....0
1.1 Bonds exempt from U.S. tax.....	.....0	.....0	.....0	.....0
1.2 Other bonds (unaffiliated).....	.....0	.....0	.....0	.....0
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....0	.....0	.....0	.....0
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....0	.....0	.....0
2.21 Common stocks of affiliates.....	.....0	.....0	.....0	.....0
3. Mortgage loans.....	.....0	.....0	.....0	.....0
4. Real estate.....	.....0	.....0	.....0	.....0
5. Contract loans.....	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	.....3	.....0	.....0	.....3
7. Derivative instruments.....	.....0	.....0	.....0	.....0
8. Other invested assets.....	.....0	.....0	.....0	.....0
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....3	.....0	.....0	.....3

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

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. Other invested assets (Schedule BA).....	.0	.0	.0
8. Receivables for securities.....	.0	.0	.0
9. Aggregate write-ins for invested assets.....	.0	.0	.0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	.0	.0	.0
11. Title plants (for Title insurers only).....	.0	.0	.0
12. Investment income due and accrued.....	.0	.0	.0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection.....	20,060	38,672	18,612
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	.0	.0	.0
13.3 Accrued retrospective premiums.....	.0	.0	.0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers.....	.0	.0	.0
14.2 Funds held by or deposited with reinsured companies.....	.0	.0	.0
14.3 Other amounts receivable under reinsurance contracts.....	.0	.0	.0
15. Amounts receivable relating to uninsured plans.....	.0	.0	.0
16.1 Current federal and foreign income tax recoverable and interest thereon.....	.0	.0	.0
16.2 Net deferred tax asset.....	6,429	.0	(6,429)
17. Guaranty funds receivable or on deposit.....	.0	.0	.0
18. Electronic data processing equipment and software.....	.0	.0	.0
19. Furniture and equipment, including health care delivery assets.....	.0	.0	.0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	.0	.0	.0
21. Receivable from parent, subsidiaries and affiliates.....	.0	.0	.0
22. Health care and other amounts receivable.....	.0	.0	.0
23. Aggregate write-ins for other than invested assets.....	.0	.0	.0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	26,489	38,672	12,183
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	.0	.0	.0
26. TOTALS (Lines 24 and 25).....	26,489	38,672	12,183

DETAILS OF WRITE-INS

0901.....	.0	.0	.0
0902.....	.0	.0	.0
0903.....	.0	.0	.0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.0	.0	.0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.0	.0	.0
2301.....	.0	.0	.0
2302.....	.0	.0	.0
2303.....	.0	.0	.0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	.0	.0	.0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	.0	.0	.0

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.....	1,984	1,867	1,726	1,613	1,569	20,416
2. Provider service organizations.....	0	0	0	0	0	0
3. Preferred provider organizations.....	0	0	0	0	0	0
4. Point of service.....	957	963	885	915	744	10,727
5. Indemnity only.....	0	0	0	0	0	0
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total.....	2,941	2,830	2,611	2,528	2,313	31,143

DETAILS OF WRITE-INS

0601.	0	0	0	0	0	0
0602.	0	0	0	0	0	0
0603.	0	0	0	0	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Accounting Practices

The accompanying financial statements of Aetna Health Inc. (a Michigan corporation) (the Company), indirectly a wholly-owned subsidiary of Aetna Inc. (Aetna), have been prepared in conformity with accounting practices prescribed and permitted by the Michigan Office of Financial and Insurance Services. Such practices vary from accounting principles generally accepted in the United States of America (GAAP) principally in that certain assets reportable under GAAP are "nonadmitted" and have been excluded from the accompanying Statements of Assets, Liabilities, Capital and Surplus and charged directly to net worth, certain investments which would be carried at estimated fair value under GAAP are carried at amortized cost in the accompanying Statements of Assets, Liabilities, Capital and Surplus, and changes in net deferred tax assets and liabilities are reflected as changes in surplus. Under GAAP, such deferred tax changes are reflected in operations.

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

The Company's net income (loss) and capital and surplus as stated on a NAIC SAP basis and on the basis of practices prescribed or permitted by the State of Michigan are the same at December 31, 2005 and 2004.

Use of Estimates in the Preparation of the Financial Statements

The preparation of the financial statements in conformity with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates.

Significant Accounting Policies

The Company uses the following accounting principles:

Cash, cash equivalents and short-term investments

Cash and cash equivalents consist of all highly liquid instruments which mature within three months from the date of purchase. Short-term investments consist primarily of investments purchased with an original maturity of 91 days to one year. The carrying amounts of cash and cash equivalents and short-term investments reported in the accompanying Statement of Assets approximate fair value.

Bonds

Bonds, which include special deposits, are carried at amortized cost except for those bonds with a NAIC designation of 3 through 6 which are reported at the lower of amortized cost or fair value. Bond premiums and discounts are amortized using the scientific interest method. Fair values of bonds are based on NAIC values. NAIC values are based on the unit prices published by the Securities Valuation Office (SVO) of the NAIC unless the SVO publishes the amortized cost as the unit price, in which case fair values are based on quoted market prices, where available. The cost of bonds sold is based on the specific identification method. Bonds include all investments whose maturity is greater than one year when purchased.

Declines deemed to be other-than-temporary impairments in the cost basis are recognized as realized capital losses.

Securities Lending

The Company loans certain securities from its portfolio to other institutions for short periods of time. Restricted use collateral, primarily cash, which is required at a rate of 102% of the market value of the loaned domestic securities, is deposited by the borrower with a lending agent, and retained and invested by the lending agent to generate additional income for the Company. The market value of the loaned securities is monitored on a daily basis, with additional collateral obtained or refunded as the market value of the loan securities fluctuates.

At December 31, 2005 and 2004, the Company had no loaned securities.

Premiums and amounts due and unpaid

Premium revenue for prepaid health care is recognized as income in the month in which the enrollees are entitled to health care services. Premiums collected in advance are reported as premiums received in advance.

NOTES TO FINANCIAL STATEMENTS

Nonadmitted amounts consist of all premiums receivable greater than 90 days due, with the exception of amounts due under government insured plans, which may be admitted assets. In addition, for any customer in which the premiums receivable which are greater than 90 days due is more than a de minimus portion of the entire premiums receivable balance for that customer, the entire premiums receivable balance for that customer is nonadmitted. Management also performs a specific review of accounts and based on the results of the review, consideration is given to nonadmitting additional amounts. After the calculation of the nonadmitted amounts, the Company evaluates the remaining admitted assets, including those due from government insured plans, and if it is probable that any additional amounts are uncollectible, those uncollectible amounts are written off and charged to revenue in the period the determination is made.

Uncollectible amounts are generally written off and charged to revenue in the period in which the customer reconciliations are completed and agreed to by the customer (retroactivity) or when the account is determined to be uncollectible (bad debt).

Hospital and medical costs and claims adjustment expenses and related reserves

Hospital and medical costs consist principally of medical claims and capitation costs. Claims unpaid include estimates of payments to be made on claims reported as of the Statements of Assets, Liabilities, Capital and Surplus date and estimates of health care services incurred but not reported to the Company as of the Statements of Assets, Liabilities, Capital and Surplus date. Such estimates are developed using actuarial principles and assumptions which consider, among other things, contracted requirements, historical utilization trends and payment patterns, medical inflation, product mix, seasonality and other relevant factors. Changes in estimates are recorded in hospital and medical costs in current earnings in the period they are determined. Capitation costs represent monthly fees paid to participating physicians and other medical providers for providing continuing medical care.

The Company uses the triangulation method to estimate the required claims incurred but not reported reserves. The method of triangulation makes estimates of completion factors which are then applied to the total paid claims net of coordination of benefits to date for each incurral month. This provides an estimate of the total projected incurred claims and total amount outstanding or claims incurred but not reported (claims unpaid). Consideration is also given to changes in turnaround time and claim processing which may impact the completion factors.

Claims adjustment expenses represent costs incurred related to the claim settlement process such as costs to record, process and adjust claims. These expenses, which are included in the Company's management agreement described in Note 10, are calculated using a percentage of current hospital and medical costs, which is based on historical cost experience.

For the most current dates of service where there is insufficient paid claim data to rely solely on the completion factor method, the Company examines cost and utilization trends as well as environmental factors, plan changes, provider contracts, membership changes, and historical seasonal patterns to estimate the reserve required for these months.

Aggregate health policy reserves and related expenses

The Company offers individual conversion policies to qualifying group policyholders. These policies are generally renewable at the option of the policyholder and statutory regulations preclude the Company from canceling coverages and may limit premium rate increases. The Company has established an individual conversion reserve (ICR) for such policies. The ICR represents the net present value of future benefits to be paid to or on behalf of policyholders and related expenses less the present value of future net premiums.

The Company estimates its ICR using actuarial principles and assumptions which consider, among other things, contracted requirements, future premium increases, discount rates, historical utilization trends and payment patterns, persistency of membership and other relevant factors based on the Company's experience.

ICR expenses are recorded as an increase in life and accident and health contracts. The ICR balances of \$58,803 and \$79,318 are included in aggregate health policy reserves in the Statement of Liabilities, Capital and Surplus as of December 31, 2005 and 2004, respectively.

Premium deficiency reserves (PDR) are recognized when it is probable that the expected future medical costs, including maintenance costs, will exceed anticipated future premiums and reinsurance recoveries on existing contracts. Contracts are grouped in a manner consistent with the method of acquiring, servicing and measuring the profitability of such contracts. The Company considered anticipated investment income when calculating its premium deficiency reserves. The PDR balances at December 31, 2005 and 2004 of \$100,000 and \$300,000, respectively, are recorded in aggregate health policy reserves in the Statement of Liabilities, Capital and Surplus.

Unearned premium reserves (UEP) are recognized for premiums that are received by the Company that have not been earned as of the statement date. The UEP balances at December 31, 2005 and 2004, of \$7,600 and \$17,076, respectively, are recorded in aggregate health policy reserves in the Statement of Liabilities, Capital and Surplus.

NOTES TO FINANCIAL STATEMENTS

Aggregate health claim reserves

The reserve for future contingent benefits includes the estimated cost of services which will continue to be incurred after the Statement of Liabilities, Capital and Surplus date if the Company is obligated to pay for such services in accordance with contract provisions or regulatory requirements. These balances are recorded in aggregate health claim reserves on the Statement of Liabilities, Capital and Surplus and are estimated using a percentage of current hospital and medical costs, which are based on historical cost experience.

Covered and uncovered expenses and related liabilities

Covered expenses and related liabilities represent costs for health care expenses for which a member is not responsible in the event of the insolvency of the Company. Uncovered expenses and related liabilities represent costs to the Company for health care services that are the obligation of the Company and for which a member may also be liable in the event of the Company's insolvency.

Federal and State Income Taxes

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.

Deferred income tax assets and liabilities (generally as defined in SFAS No. 109, *Accounting for Income Taxes* (GAAP)) represent the expected future tax consequences of temporary differences generated by statutory accounting. Deferred income tax assets and liabilities are computed by means of identifying temporary differences which are measured using a Statements of Assets, Liabilities, Capital and Surplus approach whereby statutory and tax basis Statements of Assets, Liabilities, Capital and Surplus are compared. Current income tax recoverables include all current income taxes, including interest, reasonably expected to be recovered in a subsequent accounting period.

Deferred income tax assets under NAIC SAP, are admitted in an amount equal to the sum of (1) previously paid federal income taxes which are expected to be recovered through loss carrybacks for existing temporary differences which reverse within a year and (2) the lesser of the amount of gross deferred tax assets expected to be realized within one year of the Statements of Assets, Liabilities, Capital and Surplus date, or ten percent of statutory capital and surplus and (3) the amount of gross deferred tax assets, after the application of (1) and (2), that can be offset against existing gross deferred tax liabilities. NAIC SAP requires that deferred tax assets can only be admitted through loss carrybacks to the extent that the Company paid or was allocated taxes as a separate legal entity. In addition, deferred tax assets that the Company expects to realize within one year of the Statements of Assets, Liabilities, Capital and Surplus date on a separate legal entity basis cannot be admitted if the Company projects a tax loss, even if the loss could offset taxable income of other members in the consolidated group.

Changes in deferred tax assets and deferred tax liabilities are recognized as a separate component of gains and losses in surplus ("Changes in net deferred tax assets") except to the extent allocated to changes in unrealized gains and losses. Changes in deferred tax assets and liabilities allocated to unrealized gains and losses are netted against the related changes in unrealized gains and losses and are reported as "Net unrealized capital gains and losses", also a separate component of gains and losses in surplus.

State income tax expense is recorded in general and administrative expenses. For the years ended December 31, 2005 and 2004, had state income taxes incurred of \$(23,880) and \$23,880, respectively. At December 31, 2005 and 2004, the Company had state income taxes receivable of \$9,755 and \$93,120, respectively.

Reclassifications

Certain reclassifications have been made to the 2004 financial statements to conform with the classifications used in 2005. Specifically, unearned premium reserves have been reclassified out of premiums received in advance and are included in aggregate health policy reserves on the Statement of Liabilities, Capital and Surplus. The change in the unearned premium reserve has been reflected as a separate line in the Statement of Revenue and Expenses.

2. Accounting Changes and Corrections of Errors

The Company did not have any accounting changes or corrections of errors.

3. Business Combinations and Goodwill

The Company was not a part of any business combinations that involved the statutory purchase method, a statutory merger, or an impairment loss.

NOTES TO FINANCIAL STATEMENTS

4. Discontinued Operations

The Company did not have discontinued operations.

5. Investments

The Company had no mortgage loans, debt restructuring, reverse mortgages, loan backed securities, repurchase agreements, or real estate.

6. Joint Ventures, Partnerships, and Limited Liability Companies

The Company had no joint ventures, partnerships, or limited liability companies that exceeded 10% of its admitted assets.

7. Investment Income

Investment income due and accrued with amounts that are over 90 days old was zero.

8. Derivative Instruments

The Company does not have derivative instruments.

9. Income Taxes

A. The components of the net deferred tax assets recognized in the Company's assets, liabilities, capital and surplus are as follows:

	<u>December 31</u>	
	2005	2004
Total of gross deferred tax assets	\$55,158	\$131,110
Total of deferred tax liabilities	(350)	(5,907)
Net deferred tax asset	54,808	125,203
Deferred tax asset nonadmitted	(6,429)	-
Net admitted deferred tax asset	48,379	125,203
(Increase) decrease in nonadmitted asset	\$(6,429)	-

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

C.1 The provisions for incurred taxes on earnings for the years ended December 31 are:

	<u>2005</u>	<u>2004</u>
Federal - current year	\$26,159	\$458,619
Federal income tax on net capital gains	1	(27,078)
Federal - prior year	47,911	(59,587)
Federal income taxes incurred	\$74,071	\$371,954

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

	<u>December 31</u>	
	2005	2004
Deferred tax assets:		
Discounted unpaid losses	\$6,255	\$10,025
Premium receivable - nonadmitted	7,021	13,535
Premium deficiency reserve	35,000	105,000
Premiums received in advance	681	-
Allowance for billing	5,705	-
Other	496	2,550
Total deferred tax assets	55,158	131,110
Nonadmitted deferred tax assets (liabilities)	(6,429)	-
Admitted deferred tax assets	48,729	131,110
Deferred tax liabilities:		
Allowance for billing adjustment	-	5,764
Other	350	143
Total deferred tax liabilities	350	5,907
Net admitted deferred tax assets	\$48,379	\$125,203

NOTES TO FINANCIAL STATEMENTS

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

	December 31		Change
	2005	2004	
Total deferred tax assets	\$55,158	\$131,110	\$(75,952)
Total deferred tax liabilities	(350)	(5,907)	5,557
Net deferred tax asset (liability)	\$54,808	\$125,203	(70,395)
Tax effect of unrealized gains (losses)			-
Change in net deferred income tax			\$(70,395)

- 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:

	December 31, 2005	Effective Tax Rate
Provision computed as statutory rate	\$137,949	35.0%
Change in nonadmitted assets	6,517	1.7%
Total	\$144,466	36.7%
Federal and foreign income taxes incurred	\$74,071	18.8%
Change in net deferred income taxes	70,395	17.9%
Total statutory income taxes	\$144,466	36.7%

- E.1 As of December 31, 2005 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
2005	\$26,160
2004	\$431,516

- F.1 As of December 31, 2005, the Company's Federal Income Tax Return is consolidated with the following entities:

Parent Company - Aetna Inc.	Aetna Health Inc. (Tennessee)
@Credentials Inc.	Aetna Health Inc. (Texas)
Active Health Management, Inc. (as of 5/27/05)	Aetna Health Inc. (Washington)
Active Health Management of Massachusetts, Inc. (5/27/05 through 10/31/05)	Aetna Health Information Solutions, Inc.
Aelan Inc.	Aetna Health Insurance Company of New York
AET Health Care Plan of California, Inc.	Aetna Health of California Inc.
AET Health Care Plan, Inc. (TX)	Aetna Health of Illinois Inc.
Aetna Criterion Communications, Inc.	Aetna Health of the Carolinas Inc.
Aetna Dental Inc. (New Jersey)	Aetna Integrated Informatics, Inc.
Aetna Dental Inc. (Texas)	Aetna IntelliHealth, Inc.
Aetna Dental Maintenance Organization, Inc.	Aetna Life & Casualty (Bermuda) Limited
Aetna Dental of California Inc.	Aetna Risk Indemnity Co. Limited
Aetna Family Plans of Georgia Inc. (as of 1/18/05)	AUSHC Holdings, Inc. (Connecticut)
Aetna Family Plans of Ohio Inc. (as of 1/18/05)	Benchmark Physicians, Inc. (as of 7/18/05)
Aetna Family Plans of Pennsylvania Inc. (as of 6/28/05)	Chickering Benefit Planning Insurance Agency
Aetna Health and Life Insurance Company	Chickering Claims Administrators, Inc.
Aetna Health Inc. (Arizona)	Corporate Health Insurance Company
Aetna Health Inc. (Colorado)	Ellora Software, Inc. (5/27/05 through 10/13/05)
Aetna Health Inc. (Connecticut)	Health Cost Consultants, Inc. (as of 5/27/05)
Aetna Health Inc. (Delaware)	Health Data and Management Solutions, Inc. (as of 5/27/05)
Aetna Health Inc. (Florida)	HMS Colorado, Inc. (as of 7/18/05)
Aetna Health Inc. (Georgia)	HMS Healthcare, Inc. (as of 7/18/05)
Aetna Health Inc. (Louisiana)	Integrated Pharmacy Solutions
Aetna Health Inc. (Maine)	Luettgens Limited
Aetna Health Inc. (Maryland)	Managed Care Coordinators, Inc.
	Mountain Medical Affiliates, Inc. (as of 7/18/05)
	NYLCare Health Plans, Inc.
	NYLCare of New England, Inc.

NOTES TO FINANCIAL STATEMENTS

Aetna Health Inc. (Massachusetts)	NYLCare of Texas, Inc. (through 12/1/05)
Aetna Health Inc. (Michigan)	Provider Networks of America, Inc.
Aetna Health Inc. (Missouri)	SANUS of New York and New Jersey, Inc.
Aetna Health Inc. (New Hampshire)	Sloans Lake Holding Corporation (7/18/05 through 10/1/05)
Aetna Health Inc. (New Jersey)	Sloans Lake Managed Care, Inc. (as of 7/18/05)
Aetna Health Inc. (New York)	Sloan's Lake Management Corp. (as of 7/18/05)
Aetna Health Inc. (Ohio)	Strategic Resource Company (as of 1/6/05)
Aetna Health Inc. (Oklahoma)	U.S. Healthcare Properties, Inc.
Aetna Health Inc. (Pennsylvania)	

F.2 As explained in Note 1, the Company participates in a tax sharing agreement with Aetna and Aetna's other subsidiaries.

10. Information Concerning Parent, Subsidiaries, and Affiliates

The Company has the following significant transactions with affiliates:

The Company had an agreement with Aetna Health Management, LLC (AHM), indirectly a wholly-owned subsidiary of Aetna, under which the Company remitted 12.5% of its earned premium revenue to AHM as a fee for certain administrative services, including accounting and processing of premiums and claims provided by AHM. Effective July 1, 2004, the Company and AHM terminated this agreement and entered into a new agreement under which the Company remits a percentage of its earned commercial, Medicaid and 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 \$1,045,193 in 2005, which included a true-up payment of \$6,820, and \$1,201,488 in 2004. The agreement also provides for interest on all intercompany balances. Interest incurred on amounts due to affiliates was \$85,560 in 2005 and \$67,077 in 2004. At December 31, 2005 and 2004, the Company reported \$812,075 and \$2,395,369, respectively, as amounts due to AHM related to the administration service agreement. The terms of settlement require that these amounts be settled within 45 days after the end of the calendar quarter.

The amounts reported on the Underwriting and Investment Exhibit, Part 3 represent the expenses incurred under the terms of the administrative agreement, allocated to the Company in accordance with SSAP 70 –Allocation of Expenses. SSAP 70 states "shared expenses, including expenses under the terms of a management contract, shall be apportioned to the entities incurring the expense as if the expense had been paid solely by the incurring entity. The apportionment shall be completed based upon specific identification to the entity incurring the expense. Where specific identification is not feasible, apportionment shall be based upon pertinent factors or ratios." The Company allocates these expenses based upon a percentage calculated using actual general and administrative expenses incurred by AHM.

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 \$120,982 in 2005 and \$169,721 in 2004, which were recorded as a reduction of medical costs. The Company incurred pharmacy rebate fees, which was recorded as administrative expense, of \$12,098 in 2005 and \$6,472 in 2004. At December 31, 2005 and 2004, the Company reported \$10,913 and \$36,277, respectively, as amounts due from AHM related to the pharmacy rebate agreement which are reflected in health care and other amounts receivable. The terms of settlement require that these amounts be settled within 45 days after the end of the calendar quarter.

The Company has coverage for certain litigation exposures (\$10,000,000 per claim and in the aggregate including defense costs) through an Aetna affiliated insurance company.

As explained in Note 1, the Company participates in a tax sharing agreement with Aetna and Aetna's other subsidiaries. All federal income tax receivables/payables are due from/due to Aetna.

The Company entered into a specific excess loss reinsurance agreement with Corporate Health Insurance Company (CHI), a wholly-owned subsidiary of Aetna. The agreement provides for the Company to be reimbursed for 100% of eligible losses, as defined, paid on behalf of any insured during the policy period. Reimbursement is subject to a specific deductible of \$500,000. The policy period is defined as the twelve month period beginning on the effective date of the agreement. At December 31, 2005 the Company reported \$37,557 as reinsurance recoverables from CHI related to the reinsurance agreement. The Company had no reinsurance recoverables in 2004. At December 31, 2005 and 2004, the Company reported \$1,619 and \$2,059, respectively, as ceded reinsurance premiums payable to CHI related to the reinsurance agreement.

The Company paid reinsurance premiums of \$21,800 in 2005 and \$26,863 in 2004. The Company realized net reinsurance recoveries of \$37,557 in 2005 and \$5,680 in 2004.

The Company did not pay dividends in 2005. The Company paid \$5,700,000 in dividends to its parent in 2004. The Company did not receive capital contributions in 2005 or 2004.

The Company does not hold any investments in any affiliate.

NOTES TO FINANCIAL STATEMENTS

The Company does not own shares of any upstream intermediate or Aetna.

The Company has not made any guarantees for the benefit of an affiliate.

Amounts due to and due from affiliates shown on the accompanying Statements of Assets, Liabilities, Capital and Surplus include the Company's net receipts and disbursements processed by affiliates and administrative services transactions.

11. Debt

The Company has no debt.

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

The Company does not have a retirement plan, deferred compensation plan, or other postretirement benefit plan.

13. Capital and Surplus, Shareholders Dividend Restrictions and Quasi-Reorganizations

The Company has 5,000 shares of common stock with \$.01 par value authorized, 1,000 shares issued and outstanding.

The Company has 50 shares of preferred stock with \$.01 par value authorized, no shares issued and outstanding.

Dividend Restrictions

Shareholder dividends shall be declared or paid only from earned surplus, unless the Commissioner approves the dividend prior to payment. Dividends not requiring prior approval are limited to the greater of 10% of the insured's surplus as regards policyholders as of December 31 of the immediately preceding year, or the net income, not including realized capital gains, for the 12 month period ending December of the immediately preceding year.

The portion of the Company's profits that may be paid as ordinary dividends to stockholders is \$0.

There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

The Company is not holding stock for any special purposes.

The portion of unassigned funds (surplus) represented or reduced by unrealized gains and (losses) was \$0.

The Company does not have special surplus funds, surplus notes, or quasi-reorganizations.

14. Contingencies

Aetna and its subsidiaries are involved in certain claims and legal actions arising, for the most part, in the ordinary course of business operations, concerning benefit plan coverage, medical malpractice and other litigation. If found liable in such actions, which are vigorously defended on several grounds, Aetna and its subsidiaries may bear financial responsibility. In addition, the Company's business practices are subject to review by various state insurance and health care regulatory authorities and federal regulatory authorities. Recently, there has been heightened review by these regulators of the managed health care industry's business practices, including utilization management, delegated arrangements and claim payment practices. The Company is regularly the subject of such reviews and several such reviews currently are pending, some of which may be resolved during 2006. These reviews may result in changes to or clarifications of the Company's business practices, and may result in fines, penalties or other sanctions. In the opinion of management, while the ultimate outcome of these actions and these regulatory proceedings cannot be determined at this time, after consideration of the defenses available to Aetna and its subsidiaries, applicable insurance coverage and any related reserves established, they are not expected to result in liability for amounts material to the financial condition of the Company.

In the ordinary course of business, the Company is involved in and is subject to claims, contractual disputes with providers and other uncertainties. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial condition or results of operations.

15. Leases

The Company has no material lease obligations at this time.

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

The Company does not have financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk.

NOTES TO FINANCIAL STATEMENTS

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

The Company does not have transfers of receivables reported as sales, transfers and servicing of financial assets, or wash sales.

18. Gain or Loss to the HMO from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

The Company did not serve as an Administrative Services Only or as an Administrative Services Contract plan administrator for uninsured accident and health plans or the uninsured portion of partially insured plans.

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

The Company does not have direct premiums written through/produced by managing general agents or third party administrators.

20. September 11 Events

The Company has no contingent unpaid claims or no material losses related to September 11 events. The Company will continue to monitor the potential impact of these events and their aftermath, including the threat of terrorism, on its business, including their potential impact on claims in future periods.

21. Other Items

A. Extraordinary Items

The Company does not have extraordinary items.

B. Troubled Debt Restructuring: Debtors

The Company does not have troubled debt restructuring.

C. Other Disclosures

Minimum Net Worth

Under the laws of the State of Michigan, for a health maintenance organization that does not contract or employ providers in numbers sufficient to provide 90% of the health maintenance organization's benefit payout, minimum net worth is the greatest of the following: 1) \$3,000,000, 2) ten percent of the health maintenance organization's subscription revenue, or 3) three months' uncovered expenditures. At December 31, 2005 and 2004, the Company's net worth exceeded all such requirements.

The NAIC and the State of Michigan adopted risk-based capital (RBC) standards for health organizations, including HMOs, that are designed to identify companies that may be under capitalized by comparing the company's adjusted statutory net worth to its required statutory net worth (RBC ratio). The RBC ratio is designed to reflect the risk profile of the company. Within certain ratio ranges, regulators have increasing authority to take action as the RBC ratio decreases. There are four levels of regulatory action, ranging from requiring insurers to submit a comprehensive plan to the state insurance commissioner to requiring the state insurance commissioner to place the insurer under regulatory control. At December 31, 2005 and 2004, the Company has net worth that exceeded the highest threshold specified by the RBC rules.

D. The Company does not have any receivable balances due from insurance agents or brokers, and it does not have uninsured plans or retrospectively rated contracts. Therefore, there are no balances for assets that would be reasonably possible to be uncollectible.

E. The Company had no business interruption insurance recoveries.

22. Events Subsequent

The Company does not have any material subsequent events.

23. Reinsurance

Ceded Reinsurance Report

Section 1 –General Interrogatories

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

NOTES TO FINANCIAL STATEMENTS

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?
Yes () No (X)
If yes, give full details.

Section 2 –Ceded Reinsurance Report –Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than nonpayment of premium or other similar credit?
Yes () No (X)
- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the HMO to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate.
\$ N/A
- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement?
\$ N/A
- (2) Does the HMO have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?
Yes () No (X)
If yes, give full details.

Section 3 –Ceded Reinsurance Report –Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the insurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.
\$ 35,938
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?
Yes () No (X)
If yes, what is the amount of reinsurance credit, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$ N/A

The Company does not have uncollectible reinsurance or commutation of ceded reinsurance.

See Note 10 for reinsurance agreements with affiliated companies.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Company does not have retrospectively rated contracts or contracts subject to redetermination.

NOTES TO FINANCIAL STATEMENTS

25. Change in Claims Unpaid and Unpaid Claims Adjustment Expense

The following schedule represents the changes in claims unpaid, unpaid claims adjustment expense and aggregate health claim reserves from the beginning of the year to the end of the year.

(amounts in thousands)	2005	2004
Balance, January 1	\$1,116	\$1,536
Incurred related to:		
Current year	6,882	7,486
Prior years	62	(211)
Total incurred	6,944	7,275
Paid related to:		
Current year	6,182	6,472
Prior years	1,105	1,187
Total paid	7,287	7,659
Balance, December 31	\$773	\$1,152

In 2005, reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years has increased by \$.1 million from \$1.1 million in 2004 to \$1.2 million in 2005 as a result of the payment of claims and claim adjustment expenses, the continued evaluation of unpaid claims and claim adjustment expenses. The January 1, 2005 reserve balance has been adjusted to include health care receivables. In 2004, reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years has decreased by \$.2 million from \$1.5 million in 2003 to \$1.3 million in 2004 as a result of the payment of claims and claim adjustment expenses and the continued evaluation of unpaid claims and claim adjustment expenses. These decreases are generally the result of ongoing analysis of recent loss development trends. For 2005 and 2004, the favorable development is primarily a result of the actual claim submission time for health care claims being shorter than the Company anticipated, as well as lower than expected healthcare cost trends in determining claims unpaid at the prior financial statement date. Original estimates are increased or decreased as additional information becomes known regarding individual claims. No additional premium or return premium has been accrued as a result of prior year effects.

Net coordination of benefits are implicit in the claims incurred but not reported calculation and can not be specifically identified.

26. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangements.

27. Structured Settlements

Not applicable to health entities.

28. Health Care Receivables**Pharmacy Rebates**

The Company receives pharmacy rebates through an agreement with an affiliated pharmaceutical benefits management company (PBM), AHM. AHM has contractual agreements with pharmaceutical companies for rebates, which cover the Company's membership as well as the membership of other Aetna affiliates. The Company receives from AHM those rebates related to the Company's membership. The Company estimates pharmaceutical rebates receivable based upon the historical payment trends, actual utilization and other variables. Pharmaceutical rebates for a quarter are invoiced in the month subsequent to that quarter's end. Estimated rebates are adjusted in a subsequent month's estimate to reflect actual billings after bills are rendered. For the six quarters ended June 30, 2004, pharmacy rebates as invoiced on the following table are assumed to be equal to estimated pharmacy rebates as reported on the financial statements. Beginning July 1, 2004, pharmacy rebates as invoiced reflect actual amounts invoiced by AHM. Differences between estimated pharmacy rebates and actual invoices are reflected as income or expense in the period in which differences are known. Actual rebates collected are applied to the collection periods below, using a first in first out methodology. The Company reports pharmaceutical rebates receivable as health care receivables. Pharmacy rebates over 90 days due are nonadmitted. At December 31, 2005 and 2004, the Company had pharmaceutical rebates receivables of \$10,913 and \$36,277, respectively.

NOTES TO FINANCIAL STATEMENTS

The following table discloses the quarterly revenue and subsequent cash collections relating to the pharmacy rebates discussed in Note 10.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/Confirmation
12/31/2005	\$31,306	-	\$19,923 ¹	-	-
9/30/2005	\$32,920	\$30,961	\$30,961	-	-
6/30/2005	\$26,271	\$29,736	\$29,736	-	-
3/31/2005	\$30,485	\$30,741	\$30,741	-	-
12/31/2004	\$35,882	\$34,986	\$34,986	-	-
9/30/2004	\$28,834	\$28,439	\$28,439	-	-
6/30/2004	\$51,976	\$51,976	\$42,224	\$9,752	-
3/31/2004	\$53,029	\$53,029	\$35,391	\$17,638	-
12/31/2003	\$77,660	\$77,660	\$63,945	\$13,715	-
9/30/2003	\$69,312	\$69,312	\$69,312	-	-
6/30/2003	\$26,310	\$26,310	\$26,310	-	-
3/31/2003	\$121,175	\$121,175	\$100,762	\$20,413	-

¹ Represents a portion of the estimated rebates for the quarter ending December 31, 2005, which were paid by AHM to the company prior to invoicing.

Risk Sharing Receivables

The Company has no admitted risk sharing receivables.

29. Participating Policies

The Company has no participating policies.

30. Premium Deficiency Reserves

Premium deficiency reserves (PDR) are recognized when it is probable that the expected future medical costs, including maintenance costs, will exceed anticipated future premiums and reinsurance recoveries on existing contracts. Contracts are grouped in a manner consistent with the method of acquiring, servicing and measuring the profitability of such contracts. The Company considered anticipated investment income when calculating its premium deficiency reserves. The PDR balances at December 31, 2005 and 2004 of \$100,000 and \$300,000, respectively, are recorded in aggregate health policy reserves on the Statement of Liabilities, Capital and Surplus.

31. Anticipated Salvage and Subrogation

See discussion of Hospital and medical costs and claims adjustment expenses and related reserves in Note 1.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	1,094,513	17.8	1,094,513	17.8
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	0	0.0	0	0.0
1.22 Issued by U.S. government sponsored agencies.....	0	0.0	0	0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....	0	0.0	0	0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	0	0.0	0	0.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	0	0.0	0	0.0
1.43 Revenue and assessment obligations.....	0	0.0	0	0.0
1.44 Industrial development and similar obligations.....	0	0.0	0	0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA.....	0	0.0	0	0.0
1.512 Issued or guaranteed by FNMA and FHLMC.....	0	0.0	0	0.0
1.513 All other.....	0	0.0	0	0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....	0	0.0	0	0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521.....	0	0.0	0	0.0
1.523 All other.....	0	0.0	0	0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	0	0.0	0	0.0
2.2 Unaffiliated foreign securities.....	0	0.0	0	0.0
2.3 Affiliated securities.....	0	0.0	0	0.0
3. Equity interests:				
3.1 Investments in mutual funds.....	0	0.0	0	0.0
3.2 Preferred stocks:				
3.21 Affiliated.....	0	0.0	0	0.0
3.22 Unaffiliated.....	0	0.0	0	0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....	0	0.0	0	0.0
3.32 Unaffiliated.....	0	0.0	0	0.0
3.4 Other equity securities:				
3.41 Affiliated.....	0	0.0	0	0.0
3.42 Unaffiliated.....	0	0.0	0	0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....	0	0.0	0	0.0
3.52 Unaffiliated.....	0	0.0	0	0.0
4. Mortgage loans:				
4.1 Construction and land development.....	0	0.0	0	0.0
4.2 Agricultural.....	0	0.0	0	0.0
4.3 Single family residential properties.....	0	0.0	0	0.0
4.4 Multifamily residential properties.....	0	0.0	0	0.0
4.5 Commercial loans.....	0	0.0	0	0.0
4.6 Mezzanine real estate loans.....	0	0.0	0	0.0
5. Real estate investments:				
5.1 Property occupied by company.....	0	0.0	0	0.0
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....	0	0.0	0	0.0
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt).....	0	0.0	0	0.0
6. Contract loans.....	0	0.0	0	0.0
7. Receivables for securities.....	0	0.0	0	0.0
8. Cash, cash equivalents and short-term investments.....	5,049,233	82.2	5,049,233	82.2
9. Other invested assets.....	0	0.0	0	0.0
10. Total invested assets.....	6,143,746	100.0	6,143,746	100.0

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 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 No N/A
- 1.3 State regulating? Michigan
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change: N/A
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2003
- 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. 12/31/2003
- 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). 11/24/2004
- 3.4 By what department or departments? Michigan Office of Financial and Insurance Services
- 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 a 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
- 4.12 renewals? Yes No
- 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
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 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 Co. Code | 3
State of Domicile |
|---------------------|--------------------|------------------------|
| N/A | 00000 | |
- 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? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes No
- 6.2 If yes, give full information: N/A
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes No
- 7.2 If yes,
- 7.21 State the percentage of foreign control.0.000 %
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)
- | 1
Nationality | 2
Type of Entity |
|------------------|---------------------|
| N/A | |
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes No
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company. N/A
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes No
- 8.4 If response to 8.3 is yes, please provide the names and location (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 |
|---------------------|-----------------------------|----------|----------|----------|-----------|----------|
| N/A | | | | | | |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP, One Financial Plaza, 755 Main Street, Hartford, CT 06103
10. 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?
James E. Gingrich, Jr., 980 Jolly Road, Blue Bell, PA 19422
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes No
- 11.11 Name of real estate holding company: N/A
- 11.12 Number of parcels involved0
- 11.13 Total book/adjusted carrying value \$.....0
- 11.2 If yes, provide explanation. N/A
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? N/A
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes No
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes No
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes No N/A

BOARD OF DIRECTORS

13. 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 No
14. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes No
15. 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 No

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

FINANCIAL

- 16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.11 To directors or other officers \$.....0
 - 16.12 To stockholders not officers \$.....0
 - 16.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.21 To directors or other officers \$.....0
 - 16.22 To stockholders not officers \$.....0
 - 16.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 17.1 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]
- 17.2 If yes, state the amount thereof at December 31 of the current year:
- 17.21 Rented from others \$.....0
 - 17.22 Borrowed from others \$.....0
 - 17.23 Leased from others \$.....0
 - 17.24 Other \$.....0
- 18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [X] No []
- 18.2 If answer is yes:
- 18.21 Amount paid as losses or risk adjustment \$.....0
 - 18.22 Amount paid as expenses \$.....1,291
 - 18.23 Other amounts paid \$.....0
- 19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....48,379

INVESTMENT

- 20.1 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, except as shown by Schedule E-Part 3-Special Deposits? Yes [X] No []
- 20.2 If no, give full and complete information relating thereto.
N/A

- 21.1 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, except as shown on Schedule E-Part 3-Special Deposits, 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 17.1) Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Loaned to others \$.....0
 - 21.22 Subject to repurchase agreements \$.....0
 - 21.23 Subject to reverse repurchase agreements \$.....0
 - 21.24 Subject to dollar repurchase agreements \$.....0
 - 21.25 Subject to reverse dollar repurchase agreements \$.....0
 - 21.26 Pledged as collateral \$.....0
 - 21.27 Placed under option agreements \$.....0
 - 21.28 Letter stock or securities restricted as to sale \$.....0
 - 21.29 Other \$.....0

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
N/A		.....0

- 22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]
- 22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.
- 23.1 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]
- 23.2 If yes, state the amount thereof at December 31 of the current year: \$.....0
24. 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 []

24.01 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
State Street Bank and Trust Company	225 Franklin St., Boston, MA 02110

24.02 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)
All agreements comply.		

- 24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes [] No [X]

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

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

24.05 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 Number(s)	2 Name	3 Address
N/A		

- 25.1 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]

25.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
	N/A	0
25.2999. TOTAL		0

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

1	2	3	4
Name of Mutual Fund (from the above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	Date of Valuation
N/A		0	

26. 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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds.....	6,015,449	6,011,091	(4,358)
26.2 Preferred stocks.....	0	0	0
26.3 Totals.....	6,015,449	6,011,091	(4,358)

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

Prices for long term bonds that are rated by the SVO are based on NAIC prices if a current price is available. All other long term bond prices are based on quoted market prices from broker/dealers. Short term investments are carried at amortized cost which approximates fair value.

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

27.2 If no, list exceptions:

N/A

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....0

28.2 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	2
Name	Amount Paid
N/A	0

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

29.2 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	2
Name	Amount Paid
N/A	0

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

30.2 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	2
Name	Amount Paid
N/A	0

Statement as of December 31, 2005 of the **Aetna Health Inc. (a Michigan corporation)**
GENERAL INTERROGATORIES (continued)

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 earned on U.S. business only \$.....0
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$.....0
 1.31 Reason for excluding

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$.....0
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$.....0
 1.6 Individual policies:
 Most current three years:
 1.61 Total premium earned \$.....0
 1.62 Total incurred claims \$.....0
 1.63 Number of covered lives0
 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 lives0
 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 lives0
 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 lives0

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	7,835,185	9,402,551
2.2 Premium Denominator.....	7,835,185	9,402,551
2.3 Premium Ratio (2.1/2.2).....	100.0	100.0
2.4 Reserve Numerator.....	920,260	1,525,767
2.5 Reserve Denominator.....	920,260	1,525,767
2.6 Reserve Ratio (2.4/2.5).....	100.0	100.0

- 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:
 N/A

- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency? Yes [X] No []
 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No [X]
 5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No []
 5.2 If no, explain:
 N/A

- 5.3 Maximum retained risk (see instructions):
 5.31 Comprehensive medical \$.....500,000
 5.32 Medical only \$.....0
 5.33 Medicare supplement \$.....0
 5.34 Dental \$.....0
 5.35 Other limited benefit plan \$.....0
 5.36 Other \$.....0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Provider contracts contain hold harmless and continuity of coverage provisions. In addition, the HMO maintains an insolvency protection agreement with an affiliate of the HMO.
 7.1 Does the reporting entity set up its claim liability for provider services on a service date base? Yes [X] No []
 7.2 If no, give details:
 N/A

8. Provide the following information regarding participating providers:
 8.1 Number of providers at start of reporting year10,183
 8.2 Number of providers at end of reporting year11,374
 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 the rate guarantees between 15-36 months \$.....0
 9.22 Business with rate guarantees over 36 months \$.....0
 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 \$.....0
 10.22 Amount actually paid for year bonuses \$.....0
 10.23 Maximum amount payable withholds \$.....0
 10.24 Amount actually paid for year withholds \$.....0
 11.1 Is the reporting entity organized as:
 11.12 A Medical Group/Staff Model, Yes [] No [X]

Statement as of December 31, 2005 of the **Aetna Health Inc. (a Michigan corporation)**
GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

- 11.13 An Individual Practice Association (IPA), or Yes No
 11.14 A Mixed Model (combination of above)? Yes No
 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes No
 11.3 If yes, show the name of the state requiring such net worth. Michigan
 11.4 If yes, show the amount required. \$.....3,000,000
 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes No
 11.6 If the amount is calculated, show the calculation:

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

1 Name of Service Area
Macomb, Monroe, Oakland, St. Clair, Wayne

Statement as of December 31, 2005 of the **Aetna Health Inc. (a Michigan corporation)**
FIVE-YEAR HISTORICAL DATA

	1 2005	2 2004	3 2003	4 2002	5 2001
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26).....	6,314,213	8,111,139	12,301,104	14,474,168	15,325,906
2. Total liabilities (Page 3, Line 22).....	1,897,769	3,956,553	3,101,762	7,512,136	10,668,138
3. Statutory surplus.....	3,000,000	3,000,000	3,000,000	3,196,078	3,695,240
4. Total capital and surplus (Page 3, Line 31).....	4,416,444	4,154,586	9,199,342	6,962,032	4,657,768
Income Statement Items (Page 4)					
5. Total revenues (Line 8).....	7,844,661	9,402,551	12,393,372	27,715,661	31,556,479
6. Total medical and hospital expenses (Line 18).....	6,787,475	7,083,133	8,597,345	25,751,110	32,739,795
7. Claims adjustment expenses (Line 20).....	156,976	191,398	257,920	772,533	982,194
8. Total administrative expenses (Line 21).....	960,120	1,121,522	1,315,799	2,778,110	3,165,708
9. Net underwriting gain (loss) (Line 24).....	160,605	627,180	2,494,070	506,280	(7,708,641)
10. Net investment gain (loss) (Line 27).....	233,535	235,938	190,986	471,234	702,898
11. Total other income (Lines 28 plus 29).....	0	0	0	0	0
12. Net income or (loss) (Line 32).....	320,070	491,164	1,902,748	712,561	(7,005,743)
Risk-Based Capital Analysis					
13. Total adjusted capital.....	4,416,444	4,154,586	9,199,342	6,962,032	4,657,768
14. Authorized control level risk-based capital.....	501,061	501,636	558,004	1,598,039	1,847,620
Enrollment (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7).....	2,313	2,941	4,062	8,166	21,964
16. Total member months (Column 6, Line 7).....	31,143	38,376	58,815	170,019	230,837
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5).....	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Line 18 plus Line 19).....	86.5	75.3	69.4	92.9	103.8
19. Cost containment expenses.....	0.7	0.6	XXX	XXX	XXX
20. Other claims adjustment expenses.....	1.3	1.4	2.1	2.8	3.1
21. Total underwriting deductions (Line 23).....	98.0	93.3	79.9	98.2	124.4
22. Total underwriting gain (loss) (Line 24).....	2.0	6.7	20.1	1.8	(24.4)
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13 Col. 5).....	1,150,292	1,286,919	3,188,700	6,170,478	3,016,203
24. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	1,093,096	1,494,550	4,764,301	7,998,991	2,831,071
Investments in Parent, Subsidiaries and Affiliates					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1).....	0	0	0	0	0
26. Affiliated preferred stocks (Sch D. Summary, Line 39, Col. 1).....	0	0	0	0	0
27. Affiliated common stocks (Sch D. Summary, Line 53, Col. 2).....	0	0	0	0	0
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11).....	0	0	0	0	0
29. Affiliated mortgage loans on real estate.....	0	0	0	0	0
30. All other affiliated.....	0	0	0	0	0
31. Total of above Lines 25 to 30.....	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States.....	1,094,513	1,090,155	1,093,512	1,100,000
	2. Canada.....	0	0	0	0
	3. Other Countries.....	0	0	0	0
	4. Totals.....	1,094,513	1,090,155	1,093,512	1,100,000
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	0	0	0	0
	6. Canada.....	0	0	0	0
	7. Other Countries.....	0	0	0	0
	8. Totals.....	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	0	0	0	0
	10. Canada.....	0	0	0	0
	11. Other Countries.....	0	0	0	0
	12. Totals.....	0	0	0	0
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	0	0	0	0
	14. Canada.....	0	0	0	0
	15. Other Countries.....	0	0	0	0
	16. Totals.....	0	0	0	0
Public Utilities (Unaffiliated)	17. United States.....	0	0	0	0
	18. Canada.....	0	0	0	0
	19. Other Countries.....	0	0	0	0
	20. Totals.....	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	0	0	0	0
	22. Canada.....	0	0	0	0
	23. Other Countries.....	0	0	0	0
	24. Totals.....	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals.....	0	0	0	0
	26. Total Bonds.....	1,094,513	1,090,155	1,093,512	1,100,000
PREFERRED STOCKS					
Public Utilities (Unaffiliated)	27. United States.....	0	0	0	
	28. Canada.....	0	0	0	
	29. Other Countries.....	0	0	0	
	30. Totals.....	0	0	0	
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....	0	0	0	
	32. Canada.....	0	0	0	
	33. Other Countries.....	0	0	0	
	34. Totals.....	0	0	0	
Industrial and Miscellaneous (Unaffiliated)	35. United States.....	0	0	0	
	36. Canada.....	0	0	0	
	37. Other Countries.....	0	0	0	
	38. Totals.....	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals.....	0	0	0	
	40. Total Preferred Stocks.....	0	0	0	
COMMON STOCKS					
Public Utilities (Unaffiliated)	41. United States.....	0	0	0	
	42. Canada.....	0	0	0	
	43. Other Countries.....	0	0	0	
	44. Totals.....	0	0	0	
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....	0	0	0	
	46. Canada.....	0	0	0	
	47. Other Countries.....	0	0	0	
	48. Totals.....	0	0	0	
Industrial and Miscellaneous (Unaffiliated)	49. United States.....	0	0	0	
	50. Canada.....	0	0	0	
	51. Other Countries.....	0	0	0	
	52. Totals.....	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals.....	0	0	0	
	54. Total Common Stocks.....	0	0	0	
	55. Total Stocks.....	0	0	0	
	56. Total Bonds and Stocks....	1,094,513	1,090,155	1,093,512	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	1,093,922	7. Amortization of premium.....	0
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	0	8. Foreign exchange adjustment:	
3. Accrual of discount.....	591	8.1 Column 15, Part 1.....	0
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1.....	0
4.1 Columns 12 - 14, Part 1.....	0	8.3 Column 16, Part 2, Section 2.....	0
4.2 Columns 15 - 17, Part 2, Section 1.....	0	8.4 Column 15, Part 4.....	0
4.3 Column 15, Part 2, Section 2.....	0	9. Book/adjusted carrying value at end of current period.....	1,094,513
4.4 Columns 11 - 13, Part 4.....	0	10. Total valuation allowance.....	0
5. Total gain (loss), Column 19, Part 4.....	0	11. Subtotal (Lines 9 plus 10).....	1,094,513
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4....	0	12. Total nonadmitted amounts.....	0
		13. Statement value of bonds and stocks, current year.....	1,094,513

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1 Guaranty Fund (YES or NO)	2 Is Insurer Licensed? (YES or NO)	Direct Business Only					
			3 Accident & Health Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums and Deposit-Type Contract Funds	8 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	.....7,856,985	.....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	..NO	.....0	.....0	.....0	.....0	.....0	.....0
57. Aggregate Other alien.....OT	..XXX	..XXX	.....0	.....0	.....0	.....0	.....0	.....0
58. Subtotal.....	..XXX	..XXX	.....7,856,985	.....0	.....0	.....0	.....0	.....0
59. Reporting entity contributions for Employee Benefit Plans.....	..XXX	..XXX	.....0	.....0	.....0	.....0	.....0	.....0
60. Total (Direct Business).....	..XXX	(a).....1	.....7,856,985	.....0	.....0	.....0	.....0	.....0

DETAILS OF WRITE-INS

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

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

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

SCHEDULE T - PART 2

INTERSTATE COMPACT PRODUCTS - EXHIBIT OF PREMIUMS WRITTEN

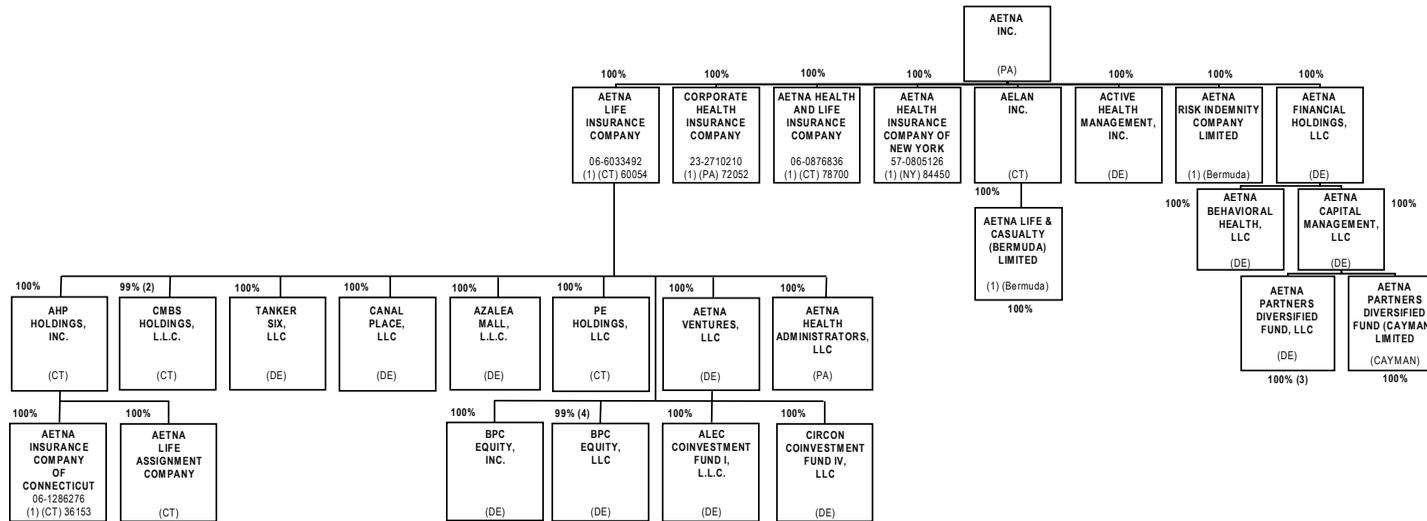
Allocated by States and Territories

States, Etc.	Direct Business Only					6 Totals
	1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	
1. Alabama.....AL	0	0	0	0	0	0
2. Alaska.....AK	0	0	0	0	0	0
3. Arizona.....AZ	0	0	0	0	0	0
4. Arkansas.....AR	0	0	0	0	0	0
5. California.....CA	0	0	0	0	0	0
6. Colorado.....CO	0	0	0	0	0	0
7. Connecticut.....CT	0	0	0	0	0	0
8. Delaware.....DE	0	0	0	0	0	0
9. District of Columbia.....DC	0	0	0	0	0	0
10. Florida.....FL	0	0	0	0	0	0
11. Georgia.....GA	0	0	0	0	0	0
12. Hawaii.....HI	0	0	0	0	0	0
13. Idaho.....ID	0	0	0	0	0	0
14. Illinois.....IL	0	0	0	0	0	0
15. Indiana.....IN	0	0	0	0	0	0
16. Iowa.....IA	0	0	0	0	0	0
17. Kansas.....KS	0	0	0	0	0	0
18. Kentucky.....KY	0	0	0	0	0	0
19. Louisiana.....LA	0	0	0	0	0	0
20. Maine.....ME	0	0	0	0	0	0
21. Maryland.....MD	0	0	0	0	0	0
22. Massachusetts.....MA	0	0	0	0	0	0
23. Michigan.....MI	0	0	0	0	0	0
24. Minnesota.....MN	0	0	0	0	0	0
25. Mississippi.....MS	0	0	0	0	0	0
26. Missouri.....MO	0	0	0	0	0	0
27. Montana.....MT	0	0	0	0	0	0
28. Nebraska.....NE	0	0	0	0	0	0
29. Nevada.....NV	0	0	0	0	0	0
30. New Hampshire.....NH	0	0	0	0	0	0
31. New Jersey.....NJ	0	0	0	0	0	0
32. New Mexico.....NM	0	0	0	0	0	0
33. New York.....NY	0	0	0	0	0	0
34. North Carolina.....NC	0	0	0	0	0	0
35. North Dakota.....ND	0	0	0	0	0	0
36. Ohio.....OH	0	0	0	0	0	0
37. Oklahoma.....OK	0	0	0	0	0	0
38. Oregon.....OR	0	0	0	0	0	0
39. Pennsylvania.....PA	0	0	0	0	0	0
40. Rhode Island.....RI	0	0	0	0	0	0
41. South Carolina.....SC	0	0	0	0	0	0
42. South Dakota.....SD	0	0	0	0	0	0
43. Tennessee.....TN	0	0	0	0	0	0
44. Texas.....TX	0	0	0	0	0	0
45. Utah.....UT	0	0	0	0	0	0
46. Vermont.....VT	0	0	0	0	0	0
47. Virginia.....VA	0	0	0	0	0	0
48. Washington.....WA	0	0	0	0	0	0
49. West Virginia.....WV	0	0	0	0	0	0
50. Wisconsin.....WI	0	0	0	0	0	0
51. Wyoming.....WY	0	0	0	0	0	0
52. American Samoa.....AS	0	0	0	0	0	0
53. Guam.....GU	0	0	0	0	0	0
54. Puerto Rico.....PR	0	0	0	0	0	0
55. US Virgin Islands.....VI	0	0	0	0	0	0
56. Canada.....CN	0	0	0	0	0	0
57. Aggregate Other Alien.....OT	0	0	0	0	0	0
58. Totals.....	0	0	0	0	0	0

NONE

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE
AETNA INC. AND ITS INSURANCE AFFILIATES



Reconciliation from 9/1/05 to 12/31/05:

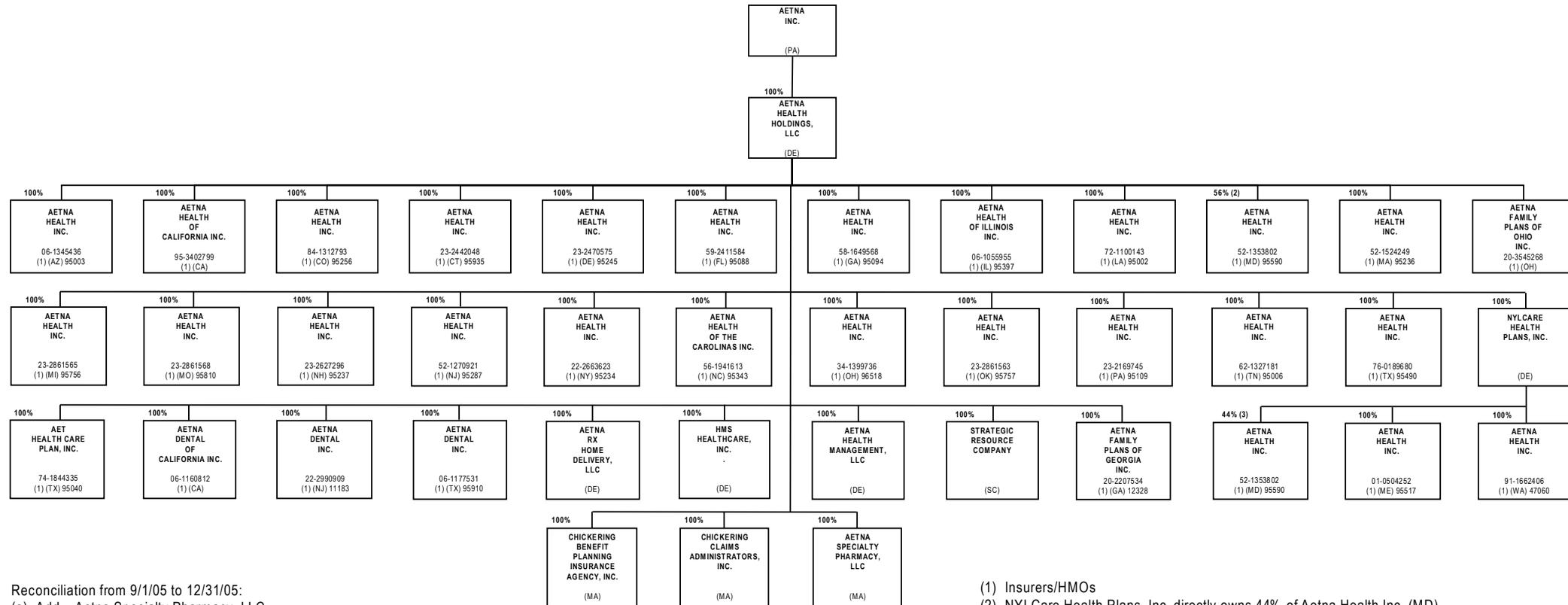
- (a) Add – Azalea Mall, L.L.C.
- (b) Add – Aetna Partners Diversified Fund (Cayman), Limited
- (c) Add – BPC Equity, Inc.
- (d) Add – BPC Equity, LLC
- (e) Add – ALEC Coinvestment Fund I, L.L.C.
- (f) Add – Circon Coinvestment Fund IV, LLC
- (g) Remove – Aetna Government Health Plans, LLC
- (h) Remove – CMBS Holdings, Inc.

- (1) Insurers/HMOs
 - (2) CMBS Holdings, Inc. – It owns 1% of CMBS Holdings, L.L.C.
 - (3) Aetna Life Insurance Company and Aetna Health and Life Insurance Company own substantially all of the non-managing member interests of Aetna Partners Diversified Fund, LLC.
 - (4) BPC Equity, Inc. owns 1% of BPC Equity, 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

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE
AETNA INC. AND ITS INSURANCE AFFILIATES



Reconciliation from 9/1/05 to 12/31/05:
(a) Add – Aetna Specialty Pharmacy, LLC

(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 based on ownership of voting rights.