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HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2005

OF THE CONDITION AND AFFAIRS OF THE

Fidelis SecureCare of Michigan Inc.

NAIC Group Code 3744 (Current Period) ____ (Prior Period) NAIC Company Code 10769 Employer's ID Number 30-0312489

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

Country of Domicile United States of America

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

Incorporated/Organized 12/09/2004 Commenced Business 07/15/2005

Statutory Home Office 38777 West Six Mile Road, Suite 207 (Street and Number), Livonia, MI 48152 (City or Town, State and Zip Code)

Main Administrative Office 1700 East Golf Road, Suite 1115 (Street and Number)
Schaumburg, IL 60173 (City or Town, State and Zip Code) 847-605-0501 (Area Code) (Telephone Number)

Mail Address 1700 East Golf Road, Suite 1115 (Street and Number or P.O. Box), Schaumburg, IL 60173 (City or Town, State and Zip Code)

Primary Location of Books and Records 1700 East Golf Road, Suite 1115 (Street and Number)
Schaumburg, IL 60173 (City or Town, State and Zip Code) 847-605-0501-103 (Area Code) (Telephone Number)

Internet Website Address www.fidelissc.com

Statutory Statement Contact Tim Duffy Mr. (Name) 847-605-0501-103 (Area Code) (Telephone Number) (Extension)
tim.duffy@fidelissc.com (E-mail Address) 847-517-1085 (FAX Number)

Policyowner Relations Contact 38777 West Six Mile Road, Suite 207 (Street and Number)
Livonia, MI 48152 (City or Town, State and Zip Code) 734-779-1681 (Area Code) (Telephone Number) (Extension)

OFFICERS

Name	Title	Name	Title
Robert Abrams	President	Samuel Willcoxon	Secretary
David Goltz #	Treasurer		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Jerome Wilborn, Samuel Willcoxon, Robert Abrams, David Goltz #

State of .....
County of ..... ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

David Goltz	Samuel Willcoxon	Robert Abrams
Treasurer	Secretary	President

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

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	517,763		517,763	0
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	1,108,170		1,108,170	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ ..... encumbrances)			0	0
4.2 Properties held for the production of income (less $ ..... encumbrances)			0	0
4.3 Properties held for sale (less $ ..... encumbrances)			0	0
5. Cash ($ 312,952 , Schedule E, Part 1), cash equivalents ($ 0 , Schedule E, Part 2) and short-term investments ($ 0 , Schedule DA)	312,952		312,952	0
6. Contract loans, (including $ ..... premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	1,938,885	0	1,938,885	0
11. Title plants less $ ..... charged off (for Title Insurers only)			0	
12. Investment income due and accrued	5,958		5,958	0
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	160,092		160,092	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ..... earned but unbilled premium)			0	0
13.3 Accrued retrospective premium			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets ($ .....)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates			0	0
22. Health care ($ 106,000) and other amounts receivable	106,000		106,000	0
23. Aggregate write-ins for other than invested assets	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	2,210,935	0	2,210,935	0
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	2,210,935	0	2,210,935	0
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
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.				
2302.				
2303.				
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)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $ 150,000 reinsurance ceded)	572,474		572,474	0
2. Accrued medical incentive pool and bonus amounts	0		0	0
3. Unpaid claims adjustment expenses	1,000		1,000	0
4. Aggregate health policy reserves	0		0	0
5. Aggregate life policy reserves	0		0	0
6. Property/casualty unearned premium reserves	0		0	0
7. Aggregate health claim reserves	0		0	0
8. Premiums received in advance	0		0	0
9. General expenses due or accrued	46,496		46,496	0
10.1 Current federal and foreign income tax payable and interest thereon (including $ on realized capital gains (losses))	0		0	0
10.2 Net deferred tax liability	0		0	0
11. Ceded reinsurance premiums payable	0		0	0
12. Amounts withheld or retained for the account of others	3,609		3,609	0
13. Remittance and items not allocated	0		0	0
14. Borrowed money (including $ current) and interest thereon $ (including $ current)	0		0	0
15. Amounts due to parent, subsidiaries and affiliates	0		0	0
16. Payable for securities	0		0	0
17. Funds held under reinsurance treaties with ($ authorized reinsurers and $ unauthorized reinsurers)	0		0	0
18. Reinsurance in unauthorized companies	0		0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates	0		0	0
20. Liability for amounts held under uninsured accident and health plans	0		0	0
21. Aggregate write-ins for other liabilities (including $ current)	0	0	0	0
22 Total liabilities (Lines 1 to 21)	623,579	0	623,579	0
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	1	0
25 Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	1,599,999	0
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	(12,644)	0
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24 $)	XXX	XXX		0
30.2 shares preferred (value included in Line 25 $)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	1,587,356	0
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	2,210,935	0
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
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		
2302.	XXX	XXX		
2303.	XXX	XXX		
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		
2802.	XXX	XXX		
2803.	XXX	XXX		
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	526	0
2.	Net premium income (including $ 0 non-health premium income)	XXX	814,647	0
3.	Change in unearned premium reserves and reserve for rate credits	XXX		0
4.	Fee-for-service (net of $ medical expenses)	XXX		0
5.	Risk revenue	XXX		0
6.	Aggregate write-ins for other health care related revenues	XXX	0	0
7.	Aggregate write-ins for other non-health revenues	XXX	0	0
8.	Total revenues (Lines 2 to 7)	XXX	814,647	0
	Hospital and Medical:			
9.	Hospital/medical benefits		897,137	0
10.	Other professional services			0
11.	Outside referrals			0
12.	Emergency room and out-of-area			0
13.	Prescription drugs			0
14.	Aggregate write-ins for other hospital and medical	0	0	0
15.	Incentive pool, withhold adjustments and bonus amounts			0
16.	Subtotal (Lines 9 to 15)	0	897,137	0
	Less:			
17.	Net reinsurance recoveries		150,000	0
18.	Total hospital and medical (Lines 16 minus 17)	0	747,137	0
19.	Non-health claims (net)			0
20.	Claims adjustment expenses, including $ 2,981 cost containment expenses		3,481	0
21.	General administrative expenses		112,769	0
22.	Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)		0	0
23.	Total underwriting deductions (Lines 18 through 22)	0	863,387	0
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(48,740)	0
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		36,096	0
26.	Net realized capital gains (losses) less capital gains tax of $			0
27.	Net investment gains (losses) (Lines 25 plus 26)	0	36,096	0
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $)]			0
29.	Aggregate write-ins for other income or expenses	0	0	0
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	(12,644)	0
31.	Federal and foreign income taxes incurred	XXX		0
32.	Net income (loss) (Lines 30 minus 31)	XXX	(12,644)	0
	DETAILS OF WRITE-INS			
0601.		XXX		
0602.		XXX		
0603.		XXX		
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699.	Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.		XXX		
0702.		XXX		
0703.		XXX		
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799.	Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.				
1402.				
1403.				
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499.	Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.				
2902.				
2903.				
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999.	Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

CAPITAL AND SURPLUS ACCOUNT

		1 Current Year	2 Prior Year
	CAPITAL AND SURPLUS ACCOUNT:		
33.	Capital and surplus prior-reporting period	0	0
	GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34.	Net income or (loss) from Line 32	(12,644)	0
35.	Change in valuation basis of aggregate policy and claim reserves		0
36.	Change in net unrealized capital gains (losses) less capital gains tax of $		0
37.	Change in net unrealized foreign exchange capital gain or (loss)		0
38.	Change in net deferred income tax		0
39.	Change in nonadmitted assets	0	0
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
44.	Capital Changes:		
	44.1 Paid in	1	0
	44.2 Transferred from surplus (Stock Dividend)		0
	44.3 Transferred to surplus		0
45.	Surplus adjustments:		
	45.1 Paid in	1,599,999	0
	45.2 Transferred to capital (Stock Dividend)	0	0
	45.3 Transferred from capital		0
46.	Dividends to stockholders		0
47.	Aggregate write-ins for gains or (losses) in surplus	0	0
48.	Net change in capital & surplus (Lines 34 to 47)	1,587,356	0
49.	Capital and surplus end of reporting period (Line 33 plus 48)	1,587,356	0
	DETAILS OF WRITE-INS		
4701.			
4702.			
4703.			
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0
4799.	Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

		1 Current Year To Date	2 Prior Year Ended December 31
	Cash from Operations		
1.	Premiums collected net of reinsurance	654,555	0
2.	Net investment income	28,313	0
3.	Miscellaneous income	(106,000)	0
4.	Total (Lines 1 to 3)	576,868	0
5.	Benefits and loss related payments	174,663	0
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		0
7.	Commissions, expenses paid and aggregate write-ins for deductions	68,754	0
8.	Dividends paid to policyholders		0
9.	Federal and foreign income taxes paid (recovered) $ net of tax on capital gains (losses)	0	0
10.	Total (Lines 5 through 9)	243,417	0
11.	Net cash from operations (Line 4 minus Line 10)	333,451	0
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	0	0
	12.2 Stocks	0	0
	12.3 Mortgage loans	0	0
	12.4 Real estate	0	0
	12.5 Other invested assets	0	0
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
	12.7 Miscellaneous proceeds	0	0
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	0	0
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	515,938	0
	13.2 Stocks	1,108,170	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)	1,624,108	0
14.	Net increase (or decrease) in contract loans and premium notes	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(1,624,108)	0
	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	1,600,000	0
	16.3 Borrowed funds	0	0
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
	16.5 Dividends to stockholders	0	0
	16.6 Other cash provided (applied)	3,609	0
17.	Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	1,603,609	0
	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)	312,952	0
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	0	0
	19.2 End of period (Line 18 plus Line 19.1)	312,952	0

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-term Care	12 Other Health	13 Other Non-Health
1. Net premium income	814,647	0	0	0	0	0	814,647	0	0	0	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	0						0						
3. Fee-for-service (net of $ medical expenses)	0						0						XXX
4. Risk revenue	0						0						XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	814,647	0	0	0	0	0	814,647	0	0	0	0	0	0
8. Hospital/medical/ benefits	897,137						897,137						XXX
9. Other professional services	0												XXX
10. Outside referrals	0												XXX
11. Emergency room and out-of-area	0												XXX
12. Prescription Drugs	0												XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0												XXX
15. Subtotal (Lines 8 to 14)	897,137	0	0	0	0	0	897,137	0	0	0	0	0	XXX
16. Net reinsurance recoveries	150,000						150,000						XXX
17. Total medical and hospital (Lines 15 minus 16)	747,137	0	0	0	0	0	747,137	0	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including $ 2,981 cost containment expenses	3,481						3,481						
20. General administrative expenses	112,769						112,769						
21. Increase in reserves for accident and health contracts	0												XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	863,387	0	0	0	0	0	863,387	0	0	0	0	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	(48,740)	0	0	0	0	0	(48,740)	0	0	0	0	0	0
DETAILS OF WRITE-INS													
0501.													XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.													XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)				0
2. Medicare Supplement				0
3. Dental Only				0
4. Vision Only				0
5. Federal Employees Health Benefits Plan				0
6. Title XVIII - Medicare	828,748		14,101	814,647
7. Title XIX - Medicaid				0
8. Stop Loss				0
9. Disability Income				0
10. Long-term care				0
11. Other health				0
12. Health subtotal (Lines 1 through 11)	828,748	0	14,101	814,647
13. Life				0
14. Property/Casualty				0
15. Totals (Lines 12 to 14)	828,748	0	14,101	814,647

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Payments during the year:													
1.1 Direct	174,663						174,663						
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	0												
1.4 Net	174,663	0	0	0	0	0	174,663	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses	0												
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	722,474	0	0	0	0	0	722,474	0	0	0	0	0	0
3.3 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	150,000	0	0	0	0	0	150,000	0	0	0	0	0	0
3.4 Net	572,474	0	0	0	0	0	572,474	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0												
4.2 Reinsurance assumed	0												
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0		
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0												
6. Net healthcare receivables (a)	0						0						
7. Amounts recoverable from reinsurers December 31, current year	0												
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct	0	0	0	0	0	0	0	0	0	0	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	0	0	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	897,137	0	0	0	0	0	897,137	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	150,000	0	0	0	0	0	150,000	0	0	0	0	0	0
12.4 Net	747,137	0	0	0	0	0	747,137	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 $ 106,000 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1 Total	2 Comprehensive (Medical & Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan Premium	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	0												
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	722,474						722,474						
2.2. Reinsurance assumed	0												
2.3. Reinsurance ceded	150,000						150,000						
2.4. Net	572,474	0	0	0	0	0	572,474	0	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	0												
3.2. Reinsurance assumed	0												
3.3. Reinsurance ceded	0												
3.4. Net	0	0	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1. Direct	722,474	0	0	0	0	0	722,474	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	150,000	0	0	0	0	0	150,000	0	0	0	0	0	0
4.4. Net	572,474	0	0	0	0	0	572,474	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 Dec. 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan Premiums					0	0
6. Title XVIII - Medicare	0	174,663		572,474	0	0
7. Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	0	174,663	0	572,474	0	0
10. Healthcare receivables (a)					0	
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts					0	0
13. Totals (Lines 9 - 10 + 11 + 12)	0	174,663	0	572,474	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	0	0	0	0	
2. 2001	0	0	0	0	
3. 2002	XXX	0	0	0	
4. 2003	XXX	XXX	0	0	
5. 2004	XXX	XXX	XXX	0	
6. 2005	XXX	XXX	XXX	XXX	175

Section B - Incurred Health Claims - Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	XXX				
4. 2003	XXX	XXX			
5. 2004	XXX	XXX	XXX		
6. 2005	XXX	XXX	XXX	XXX	747

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2001	0	0		0.0	0	0.0			0	0.0
2. 2002	0	0		0.0	0	0.0			0	0.0
3. 2003	0	0		0.0	0	0.0			0	0.0
4. 2004	0	0		0.0	0	0.0			0	0.0
5. 2005	815	175	2	1.1	177	21.7	572	1	750	92.1

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	0	0	0	0	0
2. 2001	0	0	0	0	0
3. 2002	XXX	0	0	0	0
4. 2003	XXX	XXX	0	0	0
5. 2004	XXX	XXX	XXX	0	0
6. 2005	XXX	XXX	XXX	XXX	175

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	0	0	0	0	0
2. 2001	0	0	0	0	0
3. 2002	XXX	0	0	0	0
4. 2003	XXX	XXX	0	0	0
5. 2004	XXX	XXX	XXX	0	0
6. 2005	XXX	XXX	XXX	XXX	747

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2001	0	0	0	0.0	0	0.0	0	0	0	0.0
2. 2002	0	0	0	0.0	0	0.0	0	0	0	0.0
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	815	175	2	1.1	177	21.7	572	1	750	92.1

UNDERWRITING AND INVESTMENT EXHIBIT

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

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

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administration Expenses	Investment Expenses	Total
1. Rent ($ ..... for occupancy of own building)			13,500		13,500
2. Salaries, wages and other benefits	1,500	500	30,000		32,000
3. Commissions (less $ ..... ceded plus					
$ ..... Assumed					0
4. Legal fees and expenses			15,000		15,000
5. Certifications and accreditation fees			2,025		2,025
6. Auditing, actuarial and other consulting services			7,500		7,500
7. Traveling expenses			15,000		15,000
8. Marketing and advertising			10,600		10,600
9. Postage, express and telephone			500		500
10. Printing and office supplies			1,000		1,000
11. Occupancy, depreciation and amortization					0
12. Equipment			6,500		6,500
13. Cost or depreciation of EDP equipment and software					0
14. Outsourced services including EDP, claims, and other services	1,481				1,481
15. Boards, bureaus and association fees					0
16. Insurance, except on real estate			4,500		4,500
17. Collection and bank service charges				900	900
18. Group service and administration fees					0
19. Reimbursements by uninsured accident and health plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			1,125		1,125
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees					0
23.4 Payroll taxes			5,519		5,519
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	0	0	0	0	0
26. Total expenses incurred (Lines 1 to 25)	2,981	500	112,769	900	(a) 117,150
27. Less expenses unpaid December 31, current year	1,000	0	46,496		47,496
28. Add expenses unpaid December 31, prior year	0	0	0	0	0
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
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	1,981	500	66,273	900	69,654
DETAIL OF WRITE-INS					
2501.					
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0	0	0

(a) Includes management fees of $ ..... 116,025 to affiliates and $ ..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 2,615	14,934
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a)	
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	22,062	22,062
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e)	
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	24,677	36,996
11.	Investment expenses		(g) 900
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		0
16.	Total (Lines 11 through 15)		900
17.	Net Investment Income - (Line 10 minus Line 16)		36,096
	DETAILS OF WRITE-INS		
0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

(a) Includes $ 1,825 accrual of discount less $ 0 amortization of premium and less $ 6,360 paid for accrued interest on purchases.
(b) Includes $ accrual of discount less $ amortization of premium and less $ paid for accrued dividends on purchases.
(c) Includes $ accrual of discount less $ amortization of premium and less $ paid for accrued interest on purchases.
(d) Includes $ for company's occupancy of its own buildings; and excludes $ interest on encumbrances.
(e) Includes $ accrual of discount less $ amortization of premium and less $ paid for accrued interest on purchases.
(f) Includes $ accrual of discount less $ amortization of premium.
(g) Includes $ investment expenses and $ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ interest on surplus notes and $ interest on capital notes.
(i) Includes $ depreciation on real estate and $ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

NONE

		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
1.1	Bonds exempt from U.S. tax				0
1.2	Other bonds (unaffiliated)				0
1.3	Bonds of affiliates	0	0	0	0
2.1	Preferred stocks (unaffiliated)				0
2.11	Preferred stocks of affiliates	0	0	0	0
2.2	Common stocks (unaffiliated)				0
2.21	Common stocks of affiliates	0	0	0	0
3.	Mortgage loans				0
4.	Real estate				0
5.	Contract loans				0
6.	Cash, cash equivalents and short-term investments				0
7.	Derivative instruments				0
8.	Other invested assets				0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0
10.	Total capital gains (losses)	0	0	0	0
	DETAILS OF WRITE-INS				
0901.					
0902.					
0903.					
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year 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
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	0	0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
13.3 Accrued retrospective premium	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	0	0	0
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. Receivables 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 to 23)	0	0	0
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
26. Total (Lines 24 and 25)	0	0	0
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
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.			
2302.			
2303.			
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

NONE

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health Maintenance Organizations	0	0	0	47	192	526
2. Provider Service Organizations	0					
3. Preferred Provider Organizations	0					
4. Point of Service	0					
5. Indemnity Only	0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	0	0	0	47	192	526
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
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

A. Accounting Practices

The financial statements of Fidelis SecureCare of Michigan Inc. are presented on the basis of accounting practices prescribed or permitted by the State of Michigan Department of Insurance.

Fidelis SecureCare of Michigan Inc is licensed and domiciled as a Health Maintenance Organization in the State of Michigan. The company is authorized to write Medicare business as a Medicare Advantage plan. The State of Michigan Department of Insurance 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 a Health Maintenance Organization, for determining its solvency under the Michigan Insurance Law. 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. In NAIC SAP, some assets, such as prepaid expenses are not admitted. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices.

Cash and Cash Equivalents – Cash and cash equivalents include highly liquid investments that are both readily convertible to known amounts of cash, and so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash also includes savings accounts, and certificates of deposits with original maturities of three months or less.

Short Term Investments – Short term investments include investments with remaining maturities of one year or less at the time of acquisition.

Bonds – Investments in bonds are carried at amortized cost. The fair value below is based upon market values provided by an external investment value provider. The amortized cost and estimated fair value of bonds as of December 31, 2005 are as follows:

	Amortized Cost	Unrealized Gain(Loss)	Fair Value
U.S. Gov't. obligations	$517,763	($2,656)	$515,107

The statutory carrying value and the fair value of the bonds at December 31, 2005, by stated maturity, are shown below. These bonds are held in trust as required to be deposited in restricted accounts for member's protection pursuant to federal and state regulatory requirements.

	Amortized Cost	Unrealized Gain(Loss)	Fair Value
Due in One Year or less	$0	$0	$0
Due in one through five yrs	$517,763	($2,656)	$515,107
Due in over five years	$0	$0	$0

In December 2003, the Emerging Issues Task Force ("EITF") issued EITF 03-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments. EITF 03-1 specifies certain quantitative and qualitative disclosures for debt and marketable equity securities classified as available for sale or held-to maturity and where costs exceeds market value at the balance sheet date but for which an other-than-temporary impairment has not been recognized. As of December 31, 2005 the cost basis of securities (amortized cost), $517,763 exceeded its fair value by $2,656 for US governments due to mature between one and five years from balance sheet date. The fair value of this instrument as of December 31, 2005 is $515,107. Given the characteristics of the security, management believes that the carrying amount of the security is recoverable as of December 31, 2005.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Health premiums are earned monthly over the terms of the related insurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

The amount of dividends to be paid to policyholders is determined annually by the Company's Board of Directors. The aggregate amount of policyholders' dividends is related to actual interest, mortality, morbidity, and expense experience for the year and judgment as to the appropriate level of statutory surplus to be retained by the Company.

NOTES TO FINANCIAL STATEMENTS

In addition, the company uses the following accounting policies:

(1) Short-term investments are stated at amortized cost.
(2) Common Stocks at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 10 % or more (per SSAP 88) are carried on the equity basis.
Bonds not backed by other loans are stated at amortized cost using the constant yield interest method.
(3) The Company anticipates investment income as a factor in the premium deficiency calculation,.
(4) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
(5) The Company has not modified its capitalization policy from the prior period.

2. Accounting Changes and Corrections of Errors

Not Applicable

3. Business Combinations and Goodwill

Not Applicable

4. Discontinued Operations

Not Applicable

5. Investments

See Note 1

6. Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.

7. Investment Income

Investment income includes interest and dividend income due and unpaid on bonds and short term investments. All amounts have been admitted at 12/31/2005.

8. Derivative Instruments

Not applicable

9. Income Taxes

3. Fidelis SecureCare of Michigan Inc files consolidated Federal Tax returns with its parent, Fidelis SenioreCare Inc. Two affiliated companies, Fidelis SecureCare of Colorado Inc and Fidelis SecureCare of Michigan Inc also file in that consolidated tax return. Subsidiary federal tax liability shall be paid to the parent company and filed as part of a consolidated federeal tax return. The group's consolidated federal tax liability shall be apportioned for purposes of computing earnings and profits in accordance with the method provided in Section 1552(a)(1) of the Code and Regulations Section 1.1552-1(a)(1). The group's unitary tax liability shall be apportioned for tax purposes in accordance with the requirements of applicable state law, or, if none, as reasonably determined by Fidelis.

A. There are no deferred tax assets reported as of December 31, 2005. This will be incorporated in the annual report for the first year we commence writing business.
B. There are no deferred tax liabilities reported as of December 31, 2005. This will be incorporated, if applicable in the annual filing in the first year we commence writing business

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

Total estimated current Federal taxes payable as of 12/31/2005 are $0

10. Information Concerning Parent, Subsidiaries and Affiliates

NOTES TO FINANCIAL STATEMENTS

A. The Company paid no dividends to the Parent Company through December 31, 2005.

B. At December 31, 2005, Fidelis SecureCare of Michigan reported $47,496 as amounts due to the Parent Company, Fidelis SeniorCare Inc. These amounts due to the parent are related to two expense items. First, the parent entity, Fidelis SeniorCare Inc. provides administrative services to the health plan, Fidelis SecureCare of Michigan Inc.. As of December 31, 2005 Fidelis SecureCare of Michigan Inc. owed $42,267 for these services performed in December of 2005. Second, Reinsurance premiums for 2005 were paid through the parent entity, Fidelis SeniorCare Inc on behalf of Fidelis SecureCare of Michigan Inc. These amounted to $5,230. Fidelis SecureCare of Michigan settles all intercompany transactions with the parent entity within 31 days of the end of fiscal periods.

C All outstanding shares of Fidelis SecureCare of Michigan are owned by the Parent Company, Fidelis SeniorCare Inc, an insurance holding company domiciled in the State of Delaware.

11. Debt

Not applicable

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

Not applicable

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

(1) The Company has 100 shares authorized (.01 par), 100 shares issued and 100 shares outstanding. All shares are Common shares.
(2) The Company has no preferred stock outstanding.
(3) All shareholder dividends are paid out of Earned Surplus.

(4) No extraordinary dividends or other extraordinary distributions to its shareholder until 30 days after the commissioner has received notice of the declaration thereof and has not within such period disapproved such payment within such thirty day period. For purposes of this section, an extraordinary dividend or distribution includes any dividend or distribution of cash or other property, whose fair market value together with that of other dividends or distributions made within the preceding twelve months exceeds the greater of ten percent of such insurer's surplus as regards policyholders as of December 31 next preceding, or the net gain from operations of such insurer, not including realized capital gains, for the twelve-month period ending December 31. Any other provision of law to the contrary notwithstanding, an insurer may declare an extraordinary dividend or distribution which is conditional upon the commissioner's approval thereof, and such a declaration confers no rights upon shareholders until the commissioner has approved the payment of such dividend or distribution or the commissioner has not disapproved such payment within the thirty-day period

(5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
(6) The total amount of advances to surplus not repaid is $0.

14. Contingencies

Not applicable

15. Leases

A. Lessee Operating Lease

(1) There is no commitment for the Company.

(2) The company is not involved in any material sales – leaseback transactions.

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

Not applicable

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

Not applicable

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

Not applicable

NOTES TO FINANCIAL STATEMENTS

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

Not applicable

20. September 11 Events

Not applicable

21. Other Items

A. Other Disclosures

Assets with a market value of $522,942 at December 31, 2005, were on deposit with JP Morgan as custodian in compliance with the Michigan Department of Insurance requirements. This consisted of a Treasury Note, with an amortized cost of $517,763, and a market value of $515,107, and $7,835 in Evergreen Money Market Funds.

22. Events Subsequent

At December 31, 2005, $1,108,170 have been reported in the annual statement as common stock, in compliance with statutory reporting. These were funds held in a Comerica Money Market account (which is not SVO approved). On January 18, 2006 $1,100,000, the remaining balance in this account was transferred out of the Comerica Money Market account acquire US Treasury Bills. As of January 19, 2006 Fidelis SecureCare of Michigan Inc had no funds in any non-SVO-approved investments.

23. Reinsurance

A. 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.

(2) Have any policies issued by the company been reinsured with a company chartered in a country other that 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 for 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 reporting entity 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 $_____.

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? $_____.

(2) Does the reporting entity 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

NOTES TO FINANCIAL STATEMENTS

and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium colleted under the reinsured polices?

Yes ( ) No (X)

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

(1) What in the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer 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. $_0_____

(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 credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? $_____

-

B. Uncollectible Reinsurance

The Company has written off in the current year reinsurance balances due (from the companies listed below) in the amount of: $_0_____, which is reflected as:

(1)	Losses incurred	$ 0_____
(2)	Loss adjustment expenses incurred	$ 0_____
(3)	Premiums earned	$ 0_____
(4)	Other	$ 0_____

C. Commutation of Ceded Reinsurance

The Company has reported $0 in its operations in the current year as a result of commutation of reinsurance.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable

25. Change in Incurred Claims and Claim Adjustment Expenses

Not applicable

26. Intercompany Pooling Arrangements

Not applicable

27. Structured Settlements

Not applicable.

28. Health Care Receivables

Not applicable.

29. Participating Policies

The Company paid dividends in the amount of $0 to policyholders and did not allocate any additional income to such policyholders.

30. Premium Deficiency Reserves

As of December 31, 2005 the Company had liabilities of $0 related to premium deficiency reserves. The Company did not consider anticipated investment income when calculating its premium deficiency reserves.

31. Anticipated Salvage and Subrogation

Not applicable

NOTES TO FINANCIAL STATEMENTS

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	517,763	26.704	517,763	26.704
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA		0.000		0.000
1.512 Issued or guaranteed by FNMA and FHLMC		0.000		0.000
1.513 All other		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.000		0.000
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		0.000		0.000
1.523 All other		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.000		0.000
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds	1,108,170	57.155	1,108,170	57.155
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (including $ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (including $ property acquired in satisfaction of debt)		0.000	0	0.000
6. Contract loans		0.000	0	0.000
7. Receivables for securities		0.000	0	0.000
8. Cash, cash equivalents and short-term investments	312,952	16.141	312,952	16.141
9. Other invested assets		0.000		0.000
10. Total invested assets	1,938,885	100.000	1,938,885	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [X] No [ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? ..... Yes [X] No [ ] NA [ ]

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 [X]

2.2 If yes, date of change: .....

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. .....

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. .....

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). .....

3.4 By what department or departments? .....

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

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

4.12 renewals? ..... Yes [ ] No [X]

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

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

4.22 renewals? ..... Yes [ ] No [X]

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

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

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) ..... Yes [ ] No [X]

6.2 If yes, give full information .....

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

7.2 If yes,

7.21 State the percentage of foreign control; .....

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

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

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

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

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

8.4 If response to 8.3 is yes, please provide the names and 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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte and Touche 111 S Wacker Chicago IL

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? .....
Larry Pfannerstill Milliman Consultants and Actuaries 15800 Bluemound Road Suite 400 Brookfield WI 53005-6069

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [X]

11.11 Name of real estate holding company .....

11.12 Number of parcels involved .....

11.13 Total book/adjusted carrying value ..... $.....

11.2 If yes, provide explanation

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?

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 [ ] NA [ ]

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 [X] 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 [X] 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 likely to conflict with the official duties of such person? ..... Yes [X] No [ ]

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

17.2 If yes, state the amount thereof at December 31 of the current year:
17.21 Rented from others ..... $.....
17.22 Borrowed from others ..... $.....
17.23 Leased from others ..... $.....
17.24 Other ..... $.....

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 [ ] No [X]

18.2 If answer is yes,
18.21 Amount paid as losses or risk adjustment ..... $.....
18.22 Amount paid as expenses ..... $.....
18.23 Other amounts paid ..... $.....

19.1 Does the reporting entity report any amounts due from the parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ ] No [X]

19.2 If yes, indicated any amounts receivable from parent included in the Page 2 amount: ..... $.....

GENERAL INTERROGATORIES

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:

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 the 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	$
21.22	Subject to repurchase agreements	$
21.23	Subject to reverse repurchase agreements	$
21.24	Subject to dollar repurchase agreements	$
21.25	Subject to reverse dollar repurchase agreements	$
21.26	Pledged as collateral	$
21.27	Placed under option agreements	$
21.28	Letter stock or other securities restricted as to sale	$
21.29	Other	$

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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 [ ] NA [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. ..... $

GENERAL INTERROGATORIES

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
JP Morgan / Chase	2001 Bryan Street - 9th floor Dallas TX 75201

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)	2 Complete Explanation(s)

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

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	2 Address

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 [X] No [ ]
25.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
25.2999 TOTAL		0

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

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

GENERAL INTERROGATORIES

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 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
26.1 Bonds	517,763	515,107	(2,656)
26.2 Preferred stocks	0	0	0
26.3 Totals	517,763	515,107	(2,656)

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

values provided by third party valuer

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 the exceptions:

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 Name	2 Amount Paid

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

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 Name	2 Amount Paid

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 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [X]
1.2 If yes, indicate premium earned on U. S. business only ..... $
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... $
1.31 Reason for excluding .....

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. ..... $
1.5 Indicate total incurred claims on all Medicare Supplement Insurance. ..... $ 0
1.6 Individual policies:

Most current three years:
1.61 Total premium earned ..... $ 0
1.62 Total incurred claims ..... $ 0
1.63 Number of covered lives ..... $ 0
All years prior to most current three years:
1.64 Total premium earned ..... $ 0
1.65 Total incurred claims ..... $ 0
1.66 Number of covered lives ..... $ 0

1.7 Group policies:

Most current three years:
1.71 Total premium earned ..... $ 0
1.72 Total incurred claims ..... $ 0
1.73 Number of covered lives ..... $ 0
All years prior to most current three years:
1.74 Total premium earned ..... $ 0
1.75 Total incurred claims ..... $ 0
1.76 Number of covered lives ..... $ 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 814,647	$ 0
2.2	Premium Denominator	$ 814,647	$ 0
2.3	Premium Ratio (2.1/2.2)	1.000	0.000
2.4	Reserve Numerator	$ 572,474	$ 0
2.5	Reserve Denominator	$ 572,474	$ 0
2.6	Reserve Ratio (2.4/2.5)	1.000	0.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? ..... Yes [ ] No [X]
3.2 If yes, give particulars:

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

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical ..... $ 75,000
5.32 Medical Only ..... $ 75,000
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:
none

7.1 Does the reporting entity set up its claim liability for provider services on a service data base? ..... Yes [X] No [ ]
7.2 If no, give details:

8. Provide the following Information regarding participating providers:
8.1 Number of providers at start of reporting year 2
8.2 Number of providers at end of reporting year 2
9.1 Does the reporting entity have business subject to premium rate guarantees? ..... Yes [ ] No [X]
9.2 If yes, direct premium earned:
9.21 Business with rate guarantees between 15-36 months .....
9.22 Business with rate guarantees over 36 months .....

GENERAL INTERROGATORIES

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

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 [X] No [ ]
11.13 An Individual Practice Association (IPA), or,	Yes [ ] No [X]
11.14 A Mixed Model (combination of above) ?	Yes [ ] No [X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? ..... Yes [X] No [ ]

11.3 If yes, show the name of the state requiring such net worth. ..... Michigan

11.4 If yes, show the amount required. ..... $ 1,500,000

11.5 Is this amount included as part of a contingency reserve in stockholders equity? ..... Yes [ ] No [X]

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
Oakland, Macomb, and Wayne counties

FIVE-YEAR HISTORICAL DATA

	1 2005	2 2004	3 2003	4 2002	5 2001
BALANCE SHEET (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	2,210,935	0	0	0	0
2. Total liabilities (Page 3, Line 22)	623,579	0	0	0	0
3. Statutory surplus	1,500,000	0	0	0	0
4. Total capital and surplus (Page 3, Line 31)	1,587,356	0	0	0	0
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	814,647	0	0	0	0
6. Total medical and hospital expenses (Line 18)	747,137	0	0	0	0
7. Claims adjustment expenses (Line 20)	3,481	0	0	0	0
8. Total administrative expenses (Line 21)	112,769	0	0	0	0
9. Net underwriting gain (loss) (Line 24)	(48,740)	0	0	0	0
10. Net investment gain (loss) (Line 27)	36,096	0	0	0	0
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income (loss) (Line 32)	(12,644)	0	0	0	0
RISK - BASED CAPITAL ANALYSIS					
13. Total adjusted capital	1,587,356	0	0	0	0
14. Authorized control level risk-based capital	169,627	0	0	0	0
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	192	0	0	0	0
16. Total member months (Column 6, Line 7)	526	0	0	0	0
OPERATING PERCENTAGE (Page 4) **(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0**					
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 (Lines 18 plus 19)	91.7				
19. Cost containment expenses	0.4	0.0	XXX	XXX	XXX
20. Other claims adjustment expenses	0.1	0.0	0.0	0.0	0.0
21. Total underwriting deductions (Line 23)	106.0	0.0	0.0	0.0	0.0
22. Total underwriting gain (loss) (Line 24)	(6.0)	0.0	0.0	0.0	0.0
UNPAID CLAIMS ANALYSIS **(U&I Exhibit, Part 2B)**					
23. Total claims incurred for prior years (Line 13, Col. 5)	0	0	0	0	0
24. Estimated liability of unpaid claims – [prior year (Line 12, Col. 6)]	0	0	0	0	0
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
30. All other affiliated		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	1. United States	517,763	515,107	515,938	520,000
Governments	2. Canada				
(Including all obligations guaranteed	3. Other Countries				
by governments)	4. Totals	517,763	515,107	515,938	520,000
States, Territories and Possessions	5. United States				
(Direct and guaranteed)	6. Canada				
	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States,	9. United States				
Territories and Possessions	10. Canada				
(Direct and guaranteed)	11. Other Countries				
	12. Totals	0	0	0	0
Special revenue and special assessment					
obligations and all non-guaranteed	13. United States				
obligations of agencies and authorities of	14. Canada				
governments and their political subdivisions	15. Other Countries				
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant	21. United States				
Loans (unaffiliated)	22. Canada				
	23. Other Countries				
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. **Total Bonds**	517,763	515,107	515,938	520,000
PREFERRED STOCKS	27. United States				
Public Utilities (unaffiliated)	28. Canada				
	29. Other Countries				
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies	31. United States				
(unaffiliated)	32. Canada				
	33. Other Countries				
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. **Total Preferred Stocks**	0	0	0	
COMMON STOCKS	41. United States				
Public Utilities (unaffiliated)	42. Canada				
	43. Other Countries				
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies	45. United States				
(unaffiliated)	46. Canada				
	47. Other Countries				
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States	1,108,170	1,108,170	1,108,170	
	50. Canada				
	51. Other Countries				
	52. Totals	1,108,170	1,108,170	1,108,170	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. **Total Common Stocks**	1,108,170	1,108,170	1,108,170	
	55. **Total Stocks**	1,108,170	1,108,170	1,108,170	
	56. **Total Bonds and Stocks**	1,625,933	1,623,277	1,624,108	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year		7. Amortization of premium	
2. Cost of bonds and stocks acquired, Column 7, Part 3	1,624,108	8. Foreign Exchange Adjustment:	
3. Accrual of discount	1,825	8.1 Column 15, Part 1	0
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Sec. 1	0
4.1 Columns 12 - 14, Part 1	0	8.3 Column 16, Part 2, Sec. 2	0
4.2 Columns 15 - 17, Part 2, Sec. 1	0	8.4 Column 15, Part 4	0
4.3 Column 15, Part 2, Sec. 2	0	9. Book/adjusted carrying value at end of current period	1,625,933
4.4 Columns 11 - 13, Part 4	0	10. Total valuation allowance	
5. Total gain (loss), Col. 19, Part 4	0	11. Subtotal (Lines 9 plus 10)	1,625,933
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	0	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	1,625,933

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only 3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	8 Property/ Casualty Premiums
1. Alabama AL		No						
2. Alaska AK		No						
3. Arizona AZ		No						
4. Arkansas AR		No						
5. California CA		No						
6. Colorado CO		No						
7. Connecticut CT		No						
8. Delaware DE		No						
9. District of Columbia DC		No						
10. Florida FL		No						
11. Georgia GA		No						
12. Hawaii HI		No						
13. Idaho ID		No						
14. Illinois IL		No						
15. Indiana IN		No						
16. Iowa IA		No						
17. Kansas KS		No						
18. Kentucky KY		No						
19. Louisiana LA		No						
20. Maine ME		No						
21. Maryland MD		No						
22. Massachusetts MA		No						
23. Michigan MI	No	Yes		828,748				
24. Minnesota MN		No						
25. Mississippi MS		No						
26. Missouri MO		No						
27. Montana MT		No						
28. Nebraska NE		No						
29. Nevada NV		No						
30. New Hampshire NH		No						
31. New Jersey NJ		No						
32. New Mexico NM		No						
33. New York NY		No						
34. North Carolina NC		No						
35. North Dakota ND		No						
36. Ohio OH		No						
37. Oklahoma OK		No						
38. Oregon OR		No						
39. Pennsylvania PA		No						
40. Rhode Island RI		No						
41. South Carolina SC		No						
42. South Dakota SD		No						
43. Tennessee TN		No						
44. Texas TX		No						
45. Utah UT		No						
46. Vermont VT		No						
47. Virginia VA		No						
48. Washington WA		No						
49. West Virginia WV		No						
50. Wisconsin WI		No						
51. Wyoming WY		No						
52. American Samoa AS		No						
53. Guam GU		No						
54. Puerto Rico PR		No						
55. U.S. Virgin Islands VI		No						
56 Canada CN								
57. Aggregate other alien OT	XXX	XXX	0	0	0	0	0	0
58. Subtotal	XXX	XXX	0	828,748	0	0	0	0
59. Reporting entity contributions for Employee Benefit Plans	XXX	XXX						
60. Total (Direct Business)	XXX	(a) 1	0	828,748	0	0	0	0
DETAILS OF WRITE-INS								
5701.	XXX	XXX						
5702.	XXX	XXX						
5703.	XXX	XXX						
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	XXX	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	XXX	XXX	0	0	0	0	0	0

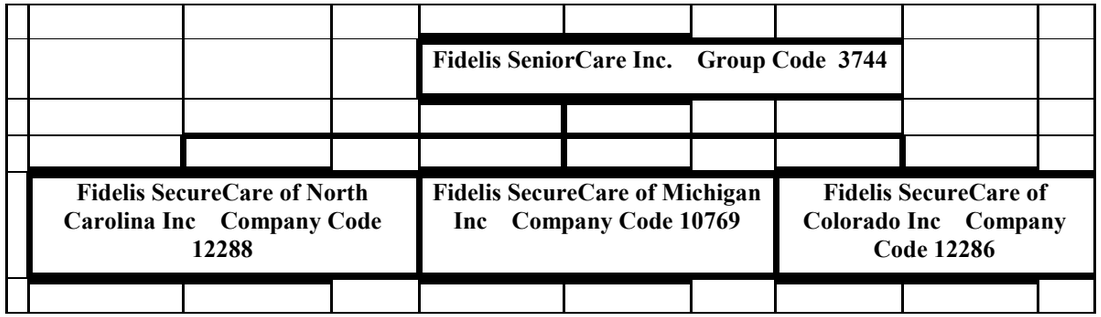
Explanation of basis of allocation by states, premiums by state, etc.:
(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE T – PART 2
INTERSTATE COMPACT PRODUCTS – EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

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

NONE

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

PART 1 - ORGANIZATIONAL CHART