



**HEALTH ANNUAL STATEMENT  
FOR THE YEAR ENDING DECEMBER 31, 2004  
OF THE CONDITION AND AFFAIRS OF THE**

**Health Alliance Plan of Michigan**

NAIC Group Code 1311 1311 NAIC Company Code 95844 Employer's ID Number 38-2242827  
(Current Period) (Prior Period)

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 06/27/1978 Commenced Business 02/08/1979

Statutory Home Office 2850 West Grand Boulevard, Detroit, MI 48202  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 2850 West Grand Boulevard  
(Street and Number)  
Detroit, MI 48202 313-872-8100  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 2850 West Grand Boulevard, Detroit, MI 48202  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 2850 West Grand Boulevard  
(Street and Number)  
Detroit, MI 48202 248-443-1093  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.hap.org

Statutory Statement Contact Diana Ronan CPA 248-443-1093  
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(Street and Number)  
Detroit, MI 48202 313-872-8100  
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

**OFFICERS**

Name	Title	Name	Title
<u>Francine Parker</u>	<u>President and CEO</u>	<u>Maurice E. McMurray</u>	<u>Secretary</u>
<u>Ronald W. Berry</u>	<u>Treasurer</u>	<u>Deborah Tasich-Withrow</u>	<u>Assistant Secretary</u>

**OTHER OFFICERS**

**DIRECTORS OR TRUSTEES**

<u>Nicholas C. Anderson</u>	<u>Donald W. Boggs</u>	<u>Mary Beth Bolton M.D.</u>	<u>Herman W. Coleman</u>
<u>Dennis H. DePaulis</u>	<u>Mary C. Dickson</u>	<u>John T. Gargaro</u>	<u>Jethro Joseph</u>
<u>Francine Parker #</u>	<u>William L. Peirce</u>	<u>Carol Quigley IHM</u>	<u>Catherine A. Roberts</u>
<u>Robin Scales-Wooten #</u>	<u>Nancy Schlicting</u>	<u>Gerald K. Smith</u>	<u>Rebecca R. Smith M.D. #</u>
<u>Daniel Watson #</u>			

State of .....Michigan.....

**ss**

County of .....Wayne.....

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.

Francine Parker  
President and CEO

Maurice E. McMurray  
Secretary

Ronald W. Berry  
Treasurer

Subscribed and sworn to before me this  
28th day of February, 2004

- 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 \_\_\_\_\_

Roderick I Curry CPA  
Notary  
August 14 2006

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**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).....	.0		.0	.0
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	.0		.0	.0
2.2 Common stocks .....	187,624,468	17,805,335	169,819,134	160,807,418
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).....	3,890,907	2,947,496	943,411	902,674
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 (\$ ..... (4,236,481) , Schedule E, Part 1), cash equivalents (\$ .....155,001,995 , Schedule E, Part 2) and short-term investments (\$ .....13,000,000 , Schedule DA).....	163,765,513		163,765,513	143,856,036
6. Contract loans, (including \$ ..... premium notes)			.0	.0
7. Other invested assets (Schedule BA) .....	.0	.0	.0	.0
8. Receivable for securities .....			.0	.0
9. Aggregate write-ins for invested assets .....	467,102	.0	467,102	355,041
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	355,747,990	20,752,831	334,995,159	305,921,169
11. Investment income due and accrued .....	782,432		782,432	642,841
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection .....	13,655,985		13,655,985	17,407,641
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premium).....			.0	.0
12.3 Accrued retrospective premium.....			.0	.0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers .....			.0	.0
13.2 Funds held by or deposited with reinsured companies .....			.0	.0
13.3 Other amounts receivable under reinsurance contracts .....			.0	.0
14. Amounts receivable relating to uninsured plans .....			.0	.0
15.1 Current federal and foreign income tax recoverable and interest thereon .....			.0	.0
15.2 Net deferred tax asset.....			.0	.0
16. Guaranty funds receivable or on deposit .....			.0	.0
17. Electronic data processing equipment and software.....	16,296,969	15,242,206	1,054,764	2,658,801
18. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	2,425,255	2,425,255	.0	.0
19. Net adjustment in assets and liabilities due to foreign exchange rates .....			.0	.0
20. Receivables from parent, subsidiaries and affiliates .....	1,433,585		1,433,585	666,358
21. Health care (\$ .....2,418,873 ) and other amounts receivable.....	2,418,873		2,418,873	2,775,524
22. Other assets nonadmitted .....	205,074	205,074	.0	.0
23. Aggregate write-ins for other than invested assets .....	1,744,379	.0	1,744,379	267,786
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	394,710,542	38,625,365	356,085,177	330,340,120
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	.0
26. Total (Lines 24 and 25)	394,710,542	38,625,365	356,085,177	330,340,120
<b>DETAILS OF WRITE-INS</b>				
0901. Rabbi Trust.....	467,102		467,102	355,041
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)	467,102	0	467,102	355,041
2301. Other Receivables.....	128,119		128,119	180,646
2302. Deferred Compensation.....	228,141		228,141	87,140
2303. Intangible Asset.....	1,388,119		1,388,119	.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)	1,744,379	0	1,744,379	267,786

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded)	97,533,094	768,368	98,301,462	79,836,309
2. Accrued medical incentive pool and bonus amounts	3,027,572		3,027,572	2,298,942
3. Unpaid claims adjustment expenses	1,236,892		1,236,892	1,499,226
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	17,449,507		17,449,507	28,018,413
9. General expenses due or accrued	13,260,124		13,260,124	16,824,667
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittance and items not allocated			0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	556,368		556,368	592,809
16. Payable for securities	536,216		536,216	503,987
17. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including \$ ..... current)	5,229,317	0	5,229,317	7,946,027
22. Total liabilities (Lines 1 to 21)	138,829,089	768,368	139,597,457	137,520,379
23. Common capital stock	XXX	XXX		0
24. Preferred capital stock	XXX	XXX		0
25. Gross paid in and contributed surplus	XXX	XXX		0
26. Surplus notes	XXX	XXX		0
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
28. Unassigned funds (surplus)	XXX	XXX	216,487,720	192,819,741
29. Less treasury stock, at cost:				
29.1 ..... shares common (value included in Line 23 \$ ..... )	XXX	XXX		0
29.2 ..... shares preferred (value included in Line 24 \$ ..... )	XXX	XXX		0
30. Total capital and surplus (Lines 23 to 28 Less 29)	XXX	XXX	216,487,720	192,819,741
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	356,085,177	330,340,120
<b>DETAILS OF WRITE-INS</b>				
2101. Pension Liability - Long Term	3,982,265		3,982,265	6,918,457
2102. Retiree Health Benefits	1,018,911		1,018,911	940,431
2103. Deferred Compensation	228,141		228,141	87,140
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)	5,229,317	0	5,229,317	7,946,027
2701. ....	XXX	XXX		
2702. ....	XXX	XXX		
2703. ....	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	0	0

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	5,561,745	5,667,942
2. Net premium income (including .....0 non-health premium income).....	XXX	1,442,031,879	1,362,620,115
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	1,442,031,879	1,362,620,115
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		539,352,617	550,093,884
10. Other professional services .....			0
11. Outside referrals .....		23,053,621	22,093,465
12. Emergency room and out-of-area .....		113,346,969	103,973,399
13. Prescription drugs .....		251,168,591	228,021,359
14. Aggregate write-ins for other hospital and medical.....	0	371,122,133	320,672,875
15. Incentive pool, withhold adjustments and bonus amounts.....		2,015,630	3,414,608
16. Subtotal (Lines 9 to 15) .....	0	1,300,059,561	1,228,269,590
<b>Less:</b>			
17. Net reinsurance recoveries .....			0
18. Total hospital and medical (Lines 16 minus 17) .....	0	1,300,059,561	1,228,269,590
19. Non-health claims .....			0
20. Claims adjustment expenses, including \$ .....7,617,424 cost containment expenses.....		20,687,340	13,422,973
21. General administrative expenses.....		99,711,083	99,198,596
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	1,420,457,984	1,340,891,159
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	21,573,895	21,728,956
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	0	8,080,540	6,332,569
26. Net realized capital gains (losses) .....		1,607,993	2,647,846
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	9,688,533	8,980,415
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	699,604	159,132
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	31,962,032	30,868,503
31. Federal and foreign income taxes incurred .....	XXX		0
32. Net income (loss) (Lines 30 minus 31) .....	XXX	31,962,032	30,868,503
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX		0
0602. ....	XXX		0
0603. ....	XXX		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		
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. Outpatient.....		240,690,781	214,158,378
1402. Radiology/Lab.....		29,914,818	35,998,936
1403. Ambulance.....		6,106,466	5,223,375
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	94,410,068	65,292,186
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above) .....	0	371,122,133	320,672,875
2901. Gain/(Loss) on the Sale of Assets.....		(13,240)	(23,382)
2902. Miscellaneous Revenue.....		712,844	182,514
2903. ....			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	699,604	159,132

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**CAPITAL AND SURPLUS ACCOUNT**

	1 Current Year	2 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT:</b>		
33. Capital and surplus prior-reporting period .....	192,819,741	180,314,309
<b>GAINS AND LOSSES TO CAPITAL &amp; SURPLUS:</b>		
34. Net income or (loss) from Line 32 .....	31,962,032	30,868,503
35. Change in valuation basis of aggregate policy and claim reserves .....		0
36. Net unrealized capital gains and losses .....	7,268,863	11,080,036
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 .....	11,849,018	(21,670,923)
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 .....		(3,202,117)
44. Capital Changes:		
44.1 Paid in .....		0
44.2 Transferred from surplus (Stock Dividend) .....		0
44.3 Transferred to surplus .....		0
45. Surplus adjustments:		
45.1 Paid in .....		(1,766,793)
45.2 Transferred to capital (Stock Dividend) .....	0	0
45.3 Transferred from capital .....		1,766,793
46. Dividends to stockholders .....	(29,000,000)	0
47. Aggregate write-ins for gains or (losses) in surplus .....	1,588,066	(4,570,067)
48. Net change in capital & surplus (Lines 34 to 47) .....	23,667,979	12,505,432
49. Capital and surplus end of reporting period (Line 33 plus 48)	216,487,720	192,819,741
<b>DETAILS OF WRITE-INS</b>		
4701. Minimum Pension Liability and Intangible Adjustment.....	1,588,066	1,579,933
4702. SelectCare Goodwill Adjustment.....		(6,150,000)
4703. ....		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)	1,588,066	(4,570,067)

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**CASH FLOW**

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	1,435,214,629	1,366,465,773
2. Net investment income.....	8,795,442	6,801,673
3. Miscellaneous income.....	1,122,021	(2,767,858)
4. Total (Lines 1 to 3).....	1,445,132,092	1,370,499,588
5. Benefits and loss related payments.....	1,282,365,005	1,230,694,044
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	108,703,060	91,865,211
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) \$ ..... net of tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9).....	1,391,068,065	1,322,559,255
11. Net cash from operations (Line 4 minus Line 10).....	54,064,028	47,940,333
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	5,407,130	160,339,350
12.2 Stocks.....	13,038,380	170,549
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).....	18,445,510	160,509,900
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	0	118,273,070
13.2 Stocks.....	14,522,666	63,921,827
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	79,832	21,950,579
13.7 Total investments acquired (Lines 13.1 to 13.6).....	14,602,498	204,145,477
14. Net increase (or decrease) in policy loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	3,843,012	(43,635,577)
<b>Cash from Financing and Miscellaneous Sources</b>		
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.....	29,000,000	0
16.6 Other cash provided (applied).....	(8,997,563)	(12,177,215)
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6).....	(37,997,563)	(12,177,215)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17).....	19,909,477	(7,872,459)
19. Cash and short-term investments:		
19.1 Beginning of year.....	143,856,036	151,728,495
19.2 End of period (Line 18 plus Line 19.1).....	163,765,513	143,856,036

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

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

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & 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 Health	Other Non-Health
1. Net premium income	1,442,031,879	1,138,039,583	92,365,127	0	0	73,075,300	138,551,869	0	0	0	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Fee-for-service (net of \$ medical expenses)	0	0	0	0	0	0	0	0	0	0	0	0	XXX
4. Risk revenue	0	0	0	0	0	0	0	0	0	0	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)	1,442,031,879	1,138,039,583	92,365,127	0	0	73,075,300	138,551,869	0	0	0	0	0	0
8. Hospital/medical/ benefits	539,352,617	437,252,866	17,327,641	0	0	26,163,717	58,608,393	0	0	0	0	0	XXX
9. Other professional services	0	0	0	0	0	0	0	0	0	0	0	0	XXX
10. Outside referrals	23,053,621	18,705,807	737,880	0	0	1,114,155	2,495,779	0	0	0	0	0	XXX
11. Emergency room and out-of-area	113,346,969	91,970,212	3,627,911	0	0	5,477,931	12,270,915	0	0	0	0	0	XXX
12. Prescription Drugs	251,168,591	181,007,495	46,568,978	0	0	15,227,291	8,364,827	0	0	0	0	0	XXX
13. Aggregate write-ins for other hospital and medical	371,122,133	301,130,076	11,878,552	0	0	17,935,914	40,177,591	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	2,015,630	2,015,630	0	0	0	0	0	0	0	0	0	0	XXX
15. Subtotal (Lines 8 to 14)	1,300,059,561	1,032,082,086	80,140,962	0	0	65,919,008	121,917,505	0	0	0	0	0	XXX
16. Net reinsurance recoveries	0	0	0	0	0	0	0	0	0	0	0	0	XXX
17. Total medical and hospital (Lines 15 minus 16)	1,300,059,561	1,032,082,086	80,140,962	0	0	65,919,008	121,917,505	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 \$ 7,617,424 cost containment expenses	20,687,340	16,423,119	1,275,252	0	0	1,048,943	1,940,026	0	0	0	0	0	0
20. General administrative expenses	99,711,083	80,225,993	5,352,613	0	0	4,234,756	9,897,721	0	0	0	0	0	0
21. Increase in reserves for accident and health contracts	0	0	0	0	0	0	0	0	0	0	0	0	XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
23. Total underwriting deductions (Lines 17 to 22)	1,420,457,984	1,128,731,198	86,768,827	0	0	71,202,707	133,755,252	0	0	0	0	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	21,573,895	9,308,385	5,596,300	0	0	1,872,593	4,796,617	0	0	0	0	0	0
<b>DETAILS OF WRITE-INS</b>													
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	0
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
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. Outpatient Hospital	240,690,783	195,297,524	7,703,820	0	0	11,632,314	26,057,125	0	0	0	0	0	XXX
1302. Radiology/Lab	29,914,817	24,273,010	957,487	0	0	1,445,749	3,238,571	0	0	0	0	0	XXX
1303. Ambulance	6,106,465	4,954,812	195,450	0	0	295,119	661,084	0	0	0	0	0	XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	94,410,068	76,604,730	3,021,795	0	0	4,562,732	10,220,811	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	371,122,133	301,130,076	11,878,552	0	0	17,935,914	40,177,591	0	0	0	0	0	XXX

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STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan

**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) .....	1,138,039,583			1,138,039,583
2. Medicare Supplement .....	92,365,127			92,365,127
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan .....	73,075,300			73,075,300
6. Title XVIII - Medicare .....	138,551,869			138,551,869
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) .....	1,442,031,879	.0	.0	1,442,031,879
13. Life .....				.0
14. Property/Casualty.....				.0
15. Totals (Lines 12 to 14)	1,442,031,879	0	0	1,442,031,879

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**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 & 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 .....	1,281,078,004	1,014,123,930	80,158,369			66,096,109	120,739,910	(40,314)					
1.2 Reinsurance assumed .....	0												
1.3 Reinsurance ceded .....	0												
1.4 Net .....	1,281,078,004	1,014,123,930	80,158,369	0	0	66,096,109	120,739,910	(40,314)	0	0	0	0	0
2. Paid medical incentive pools and bonuses .....	1,287,000	1,287,000											
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct .....	98,301,462	89,116,746	4,388,804	0	0	3,859,006	856,684	80,222	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 .....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net .....	98,301,462	89,116,746	4,388,804	0	0	3,859,006	856,684	80,222	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	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 .....	3,027,572	3,027,572											
6. Amounts recoverable from reinsurers December 31, current year .....	0												
7. Claim liability December 31, prior year from Part 2A:													
7.1 Direct .....	81,335,535	73,174,220	4,406,211	0	0	4,036,107	(320,911)	39,908	0	0	0	0	0
7.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0	0	0
7.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0	0	0
7.4 Net .....	81,335,535	73,174,220	4,406,211	0	0	4,036,107	(320,911)	39,908	0	0	0	0	0
8. Claim reserve December 31, prior year from Part 2D:													
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. Accrued medical incentive pools and bonuses, prior year .....	2,298,942	2,298,942	0	0	0	0	0	0	0	0	0	0	0
10. Amounts recoverable from reinsurers December 31, prior year .....	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Incurred Benefits:													
11.1 Direct .....	1,298,043,931	1,030,066,456	80,140,962	0	0	65,919,008	121,917,505	0	0	0	0	0	0
11.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0	0	0
11.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0	0	0
11.4 Net .....	1,298,043,931	1,030,066,456	80,140,962	0	0	65,919,008	121,917,505	0	0	0	0	0	0
12. Incurred medical incentive pools and bonuses .....	2,015,630	2,015,630	0	0	0	0	0	0	0	0	0	0	0

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**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 & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
<b>1. Reported in Process of Adjustment:</b>													
1.1. Direct .....	18,227,341	16,444,733	1,169,851			611,443	1,314						
1.2. Reinsurance assumed .....	0												
1.3. Reinsurance ceded .....	0												
1.4. Net .....	18,227,341	16,444,733	1,169,851	0	0	611,443	1,314	0	0	0	0	0	0
<b>2. Incurred but Unreported:</b>													
2.1. Direct .....	44,762,513	40,384,804	2,872,908			1,501,574	3,227						
2.2. Reinsurance assumed .....	0												
2.3. Reinsurance ceded .....	0												
2.4. Net .....	44,762,513	40,384,804	2,872,908	0	0	1,501,574	3,227	0	0	0	0	0	0
<b>3. Amounts Withheld from Paid Claims and Capitations:</b>													
3.1. Direct .....	35,311,608	32,287,209	346,045			1,745,989	852,143	80,222					
3.2. Reinsurance assumed .....	0												
3.3. Reinsurance ceded .....	0												
3.4. Net .....	35,311,608	32,287,209	346,045	0	0	1,745,989	852,143	80,222	0	0	0	0	0
<b>4. TOTALS:</b>													
4.1. Direct .....	98,301,462	89,116,746	4,388,804	0	0	3,859,006	856,684	80,222	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 .....	98,301,462	89,116,746	4,388,804	0	0	3,859,006	856,684	80,222	0	0	0	0	0

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**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 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) .....	58,572,875	955,551,055	5,370,732	83,746,014	63,943,607	73,174,220
2. Medicare Supplement .....	3,480,151	76,678,218	378,806	4,009,998	3,858,957	4,406,211
3. Dental Only.....					0	0
4. Vision Only.....					0	0
5. Federal Employees Health Benefits Plan Premiums .....	3,422,667	62,673,442	271,044	3,587,962	3,693,711	4,036,107
6. Title XVIII - Medicare .....	(317,427)	121,057,337	4,276	852,408	(313,151)	(320,911)
7. Title XIX - Medicaid.....	(40,314)		80,222		39,908	39,908
8. Other health .....					0	0
9. Health subtotal (Lines 1 to 8).....	65,117,952	1,215,960,052	6,105,080	92,196,382	71,223,032	81,335,535
10. Other non-health.....					0	0
11. Medical incentive pools, and bonus amounts .....	1,287,000		1,011,942	2,015,630	2,298,942	2,298,942
12. Totals (Lines 9 to 11)	66,404,952	1,215,960,052	7,117,022	94,212,012	73,521,974	83,634,477

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan

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

**Section A – Paid Health Claims - Hospital and Medical**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	1,480	.0	.0	
2. 2000 .....	.0	50,863	51,944	.0	
3. 2001 .....	XXX	687,139	732,883	733,503	733,503
4. 2002 .....	XXX	XXX	849,013	909,240	908,903
5. 2003 .....	XXX	XXX	XXX	919,893	978,803
6. 2004 .....	XXX	XXX	XXX	XXX	956,838

**Section B – Incurred Health Claims - Hospital and Medical**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	1,547	.0	.0	
2. 2000 .....	.0	51,944	52,021	.0	
3. 2001 .....	XXX	741,734	737,184	733,957	733,503
4. 2002 .....	XXX	XXX	924,668	914,925	910,099
5. 2003 .....	XXX	XXX	XXX	986,929	982,978
6. 2004 .....	XXX	XXX	XXX	XXX	1,043,612

**Section C – Incurred Year Health Claims and Claims 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 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. 2000 .....	.0	.0		0.0	.0	0.0			.0	0.0
2. 2001 .....	811,624	733,503	2,478	0.3	735,981	90.7			735,981	90.7
3. 2002 .....	1,005,989	908,903	7,602	0.8	916,505	91.1	1,195	.0	917,700	91.2
4. 2003 .....	1,082,638	978,803	16,002	1.6	994,805	91.9	4,176	.65	999,045	92.3
5. 2004 .....	1,138,040	956,838	9,759	1.0	966,597	84.9	86,774	1,060	1,054,431	92.7

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan

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

**Section A – Paid Health Claims - Medicare Supplement**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	.54	.0	.0	
2. 2000 .....	.0	1,839	1,887	.0	
3. 2001 .....	XXX	43,919	45,952	45,987	45,987
4. 2002 .....	XXX	XXX	59,723	63,123	63,103
5. 2003 .....	XXX	XXX	XXX	69,496	72,996
6. 2004 .....	XXX	XXX	XXX	XXX	76,678

**Section B - Incurred Health Claims - Medicare Supplement**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	.59	.0	.0	
2. 2000 .....	.0	1,987	1,894	.0	
3. 2001 .....	XXX	46,442	46,288	46,012	45,987
4. 2002 .....	XXX	XXX	63,548	63,400	63,175
5. 2003 .....	XXX	XXX	XXX	73,599	73,303
6. 2004 .....	XXX	XXX	XXX	XXX	80,688

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

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. 2000 .....	.0	.0		0.0	.0	0.0			.0	0.0
2. 2001 .....	52,557	45,987	166	0.4	46,153	87.8			46,153	87.8
3. 2002 .....	72,916	63,103	536	0.8	63,639	87.3	72	.0	63,711	87.4
4. 2003 .....	82,949	72,996	1,220	1.7	74,215	89.5	307	.2	74,525	89.8
5. 2004 .....	92,365	76,678	760	1.0	77,438	83.8	4,010	51	81,499	88.2

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH 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 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	.74	.0	.0	
2. 2000 .....	.0	2,551	2,618	.0	
3. 2001 .....	XXX	37,752	40,572	40,604	40,604
4. 2002 .....	XXX	XXX	54,234	57,366	57,347
5. 2003 .....	XXX	XXX	XXX	56,940	60,383
6. 2004 .....	XXX	XXX	XXX	XXX	62,673

**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 and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	.78	.0	.0	
2. 2000 .....	.0	2,608	2,623	.0	
3. 2001 .....	XXX	40,312	40,878	40,628	40,604
4. 2002 .....	XXX	XXX	58,194	57,645	57,416
5. 2003 .....	XXX	XXX	XXX	60,674	60,584
6. 2004 .....	XXX	XXX	XXX	XXX	66,261

**Section C – Incurred Year Health Claims and Claims 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 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. 2000 .....	.0	.0		0.0	.0	0.0			.0	0.0
2. 2001 .....	39,156	40,604	158	0.4	40,763	104.1			40,763	104.1
3. 2002 .....	68,057	57,347	508	0.9	57,854	85.0	69	.0	57,924	85.1
4. 2003 .....	66,369	60,383	1,000	1.7	61,383	92.5	202	.2	61,587	92.8
5. 2004 .....	73,075	62,673	624	1.0	63,297	86.6	3,588	45	66,930	91.6

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan

**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 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	324	.0	.0	
2. 2000 .....	.0	11,149	11,304	.0	
3. 2001 .....	XXX	204,897	211,423	211,399	211,399
4. 2002 .....	XXX	XXX	129,850	127,437	127,439
5. 2003 .....	XXX	XXX	XXX	119,576	119,257
6. 2004 .....	XXX	XXX	XXX	XXX	121,057

**Section B - Incurred Health Claims - Medicare**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	337	.0	.0	
2. 2000 .....	.0	11,317	11,329	.0	
3. 2001 .....	XXX	211,537	212,635	211,376	211,399
4. 2002 .....	XXX	XXX	126,232	126,949	127,433
5. 2003 .....	XXX	XXX	XXX	119,766	119,268
6. 2004 .....	XXX	XXX	XXX	XXX	121,910

**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. 2000 .....	.0	.0		0.0	.0	0.0			.0	0.0
2. 2001 .....	230,126	211,399	418	0.2	211,816	92.0			211,816	92.0
3. 2002 .....	144,023	127,439	916	0.7	128,355	89.1	(6)	.0	128,349	89.1
4. 2003 .....	130,664	119,257	1,959	1.6	121,216	92.8	10	.0	121,226	92.8
5. 2004 .....	138,552	121,057	1,165	1.0	122,222	88.2	852	10	123,085	88.8

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan

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

**Section A - Paid Health Claims - Title XIX Medicaid**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	(18)	.0	.0	
2. 2000 .....	.0	(606)	(613)	.0	
3. 2001 .....	XXX	.0	(304)	(307)	(307)
4. 2002 .....	XXX	XXX	(1)	(218)	(218)
5. 2003 .....	XXX	XXX	XXX	.0	(41)
6. 2004 .....	XXX	XXX	XXX	XXX	

**Section B – Incurred Health Claims - Title XIX Medicaid**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	(18)	.0	.0	
2. 2000 .....	.0	(598)	(613)	.0	
3. 2001 .....	XXX	(312)	(300)	(307)	(307)
4. 2002 .....	XXX	XXX	(38)	(178)	(218)
5. 2003 .....	XXX	XXX	XXX	.0	.39
6. 2004 .....	XXX	XXX	XXX	XXX	

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid**

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. 2000 .....	.0	.0		0.0	.0	0.0			.0	0.0
2. 2001 .....	.0	(307)	.0	0.0	(307)	0.0			(307)	0.0
3. 2002 .....	.0	(218)	(1)	0.5	(219)	0.0	.0	.0	(219)	0.0
4. 2003 .....	.0	(41)	(1)	2.0	(41)	0.0	.80	.1	.40	0.0
5. 2004 .....	.0	0		0.0	0	0.0			0	0.0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan

**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 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	1,914	.0	.0	.0
2. 2000 .....	.0	65,796	67,140	.0	.0
3. 2001 .....	XXX	973,707	1,030,526	1,031,186	1,031,186
4. 2002 .....	XXX	XXX	1,092,819	1,156,948	1,156,574
5. 2003 .....	XXX	XXX	XXX	1,165,905	1,231,398
6. 2004 .....	XXX	XXX	XXX	XXX	1,217,247

**Section B - Incurred Health Claims - Grand Total**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	2,003	.0	.0	.0
2. 2000 .....	.0	67,258	67,254	.0	.0
3. 2001 .....	XXX	1,039,713	1,036,685	1,031,666	1,031,186
4. 2002 .....	XXX	XXX	1,172,604	1,162,741	1,157,904
5. 2003 .....	XXX	XXX	XXX	1,240,968	1,236,173
6. 2004 .....	XXX	XXX	XXX	XXX	1,312,471

**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. 2000.....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
2. 2001.....	1,133,463	1,031,186	3,220	0.3	1,034,406	91.3	.0	.0	1,034,406	91.3
3. 2002.....	1,290,985	1,156,574	9,560	0.8	1,166,134	90.3	1,331	.0	1,167,464	90.4
4. 2003.....	1,362,620	1,231,398	20,179	1.6	1,251,577	91.9	4,775	71	1,256,423	92.2
5. 2004.....	1,442,032	1,217,247	12,307	1.0	1,229,554	85.3	95,224	1,166	1,325,945	91.9

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**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 & 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
<b>POLICY RESERVE</b>												
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
<b>CLAIM RESERVE</b>												
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
<b>DETAILS OF WRITE-INS</b>												
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.

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - ANALYSIS OF EXPENSES**

	Claim Adjustment Expenses		3 General Administration Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ ..... for occupancy of own building).....	115,908	223,876	1,707,061		2,046,845
2. Salaries, wages and other benefits.....	2,493,094	5,280,345	46,270,981		54,044,420
3. Commissions (less \$ ..... ceded plus \$ ..... Assumed.....)			8,931,185		8,931,185
4. Legal fees and expenses.....	2,008		586,196		588,204
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	44,914		5,272,467		5,317,381
7. Traveling expenses.....	18,190	4,233	644,375		666,798
8. Marketing and advertising.....	137,310	4,524	10,742,531		10,884,365
9. Postage, express and telephone.....	6,030	2,915	3,239,096		3,248,041
10. Printing and office supplies.....	9,073	12,136	387,820		409,029
11. Occupancy, depreciation and amortization.....	82,288	241,186	4,390,798		4,714,272
12. Equipment.....			137,853		137,853
13. Cost or depreciation of EDP equipment and software.....	526,500	4,043,662	9,895,980		14,466,142
14. Outsourced services including EDP, claims, and other services.....	263,002	760,433	5,483,960		6,507,395
15. Boards, bureaus and association fees.....	197		693,777		693,974
16. Insurance, except on real estate.....	2,200		411,472		413,672
17. Collection and bank service charges.....			402,137		402,137
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.....			34,093		34,093
22. Real estate taxes.....			28,660		28,660
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....			0		0
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....	142,618	289,067	2,422,648		2,854,333
23.5 Other (excluding federal income and real estate taxes).....					0
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	3,774,092	2,207,539	(1,972,007)	0	4,009,624
26. Total expenses incurred (Lines 1 to 25).....	7,617,424	13,069,916	99,711,083	0	(a) 120,398,423
27. Less expenses unpaid December 31, current year.....			13,260,124		13,260,124
28. Add expenses unpaid December 31, prior year.....			16,187,935		16,187,935
29. Amounts receivable related to uninsured accident and health plans, prior year.....					0
30. Amounts receivable related to uninsured accident and health plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	7,617,424	13,069,916	102,638,894	0	123,326,234
<b>DETAIL OF WRITE-INS</b>					
2501. Miscellaneous.....	3,774,092	2,207,539	(1,972,007)		4,009,624
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)	3,774,092	2,207,539	(1,972,007)	0	4,009,624

(a) Includes management fees of \$ .....638,004 to affiliates and \$ .....to non-affiliates.

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)	
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 106,495	106,495
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	5,635,150	5,667,375
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) 2,538,926	2,618,349
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	8,280,571	8,392,218
11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 311,678
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)		311,678
17. Net Investment Income - (Line 10 minus Line 16)		8,080,540
<b>DETAILS OF WRITE-INS</b>		
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 \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... 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)**

	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)	751,627		(256,694)	494,933
1.3 Bonds of affiliates				0
2.1 Preferred stocks (unaffiliated)				0
2.11 Preferred stocks of affiliates				0
2.2 Common stocks (unaffiliated)	1,874	854,493	(960,492)	(104,126)
2.21 Common stocks of affiliates			5,598,696	5,598,696
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)	753,501	854,493	4,381,510	5,989,503
<b>DETAILS OF WRITE-INS</b>				
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

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	4,912,197	4,912,197
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	0	0	0
2.2 Common stocks .....	17,805,335	20,692,686	2,887,351
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 .....	2,947,496	3,670,918	723,422
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. Receivable 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) .....	20,752,831	29,275,801	8,522,970
11. Investment income due and accrued .....	0	0	0
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in the course of collection .....	0	0	0
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
12.3 Accrued retrospective premium.....	0	0	0
13. Reinsurance:			
13.1 Amounts recoverable from reinsurers .....	0	0	0
13.2 Funds held by or deposited with reinsured companies .....	0	0	0
13.3 Other amounts receivable under reinsurance contracts .....	0	0	0
14. Amounts receivable relating to uninsured plans .....	0	0	0
15.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
15.2 Net deferred tax asset.....	0	0	0
16. Guaranty funds receivable or on deposit .....	0	0	0
17. Electronic data processing equipment and software.....	15,242,206	17,378,369	2,136,163
18. Furniture and equipment, including health care delivery assets.....	2,425,255	2,911,648	486,393
19. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
20. Receivables from parent, subsidiaries and affiliates .....	0	0	0
21. Health care and other amounts receivable.....	0	0	0
22. Other assets nonadmitted .....	205,074	908,565	703,491
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).....	38,625,365	50,474,383	11,849,018
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	38,625,365	50,474,383	11,849,018
<b>DETAILS OF WRITE-INS</b>			
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

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**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.....	471,150	465,030	463,245	461,929	460,919	5,561,745
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	471,150	465,030	463,245	461,929	460,919	5,561,745
<b>DETAILS OF WRITE-INS</b>						
0601. ....	.0					
0602. ....	.0					
0603. ....	.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

- A. Accounting Practices - The accompanying financial statements of Health Alliance Plan of Michigan (the Corporation) have been prepared in accordance with the *NAIC Accounting Practices and Procedures Manual (NAPPM)* and the NAIC Annual Statement Instructions (NASI) to the extent that the accounting practices, procedures and reporting standards are not modified by the Michigan Insurance Code or the Forms and Instructions for Required Filings in Michigan. The Office of Financial and Insurance Services of the State of Michigan has adopted Codification as of January 1, 2003 with modifications. The Forms and Instructions for Required Filings in Michigan deviate from the *NAPPM* as it relates to SSAPs 16 – Electronic Data Processing Equipment and Software, 19 – Furniture and Equipment, and 84 – Certain Health Care Receivables and Receivables Under Government Insured Plans. The Commissioner is providing a transition period (a prescribed practice) for these statutory accounting principles through 2005 for SSAPs 16 and 19 and until January 1, 2004 for SSAP 84; however, Health Alliance Plan has elected to fully adopt and apply these SSAPs during 2003.
- 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 statutory financial statements. Estimates also affect the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates.
- C. Accounting Policy - Subscriptions revenue received in advance of the respective period of coverage are credited to income ratably over the period of coverage. Health policy claims consists of unpaid medical claims and other obligations resulting from the provision of health care services. It includes claims reported as of the balance sheet date and estimates, based on historical claims experience, for claims incurred but not reported.
- (1) Short-term investments are stated either at market value or at amortized cost based on the underlying security.
  - (2) Bonds are recorded at amortized cost, which approximates market value.
  - (3) Common Stocks are carried at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Corporation has an interest of 20% or more are carried on the equity basis.
  - (4) The Corporation owns no preferred stocks.
  - (5) The Corporation owns no mortgage loans.
  - (6) The Corporation owns no loan-backed securities.
  - (7) The Corporation's subsidiaries are included in the statement of admitted assets, liabilities, and net worth - statutory basis using the equity method of accounting. The related income or loss is reported as a direct charge to net worth.
  - (8) The Corporation has no investments in joint ventures, partnerships and limited liability companies.
  - (9) The Corporation does not hold any derivative financial instruments.
  - (10) The Corporation's method of estimating liabilities for unpaid medical claims are based on past experience, for claims 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.

### 2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

- A. Material changes in accounting principles and/or correction of errors - The Corporation has none to report.

## **NOTES TO FINANCIAL STATEMENTS**

### **3. BUSINESS COMBINATIONS AND GOODWILL**

#### A. Statutory Purchase Method

- (1) In March 2001, the Corporation and an unrelated entity acquired SelectCare, Inc. under a joint Purchase Agreement. Under the terms of the Purchase Agreement, the Corporation purchased the health maintenance organization operations of SelectCare, Inc. for an initial purchase price of \$37,627,000.
- (2) As a result of this transaction, which has been accounted for as a purchase, the Corporation has recorded goodwill of \$27,662,546 in 2004 and 2003, respectively.
- (3) The goodwill amortization recorded in 2004 was \$2,887,000.

### **4. DISCONTINUED OPERATIONS**

The Corporation has no discontinued operations to report.

### **5. INVESTMENTS**

- A. The Corporation has no investments in mortgage loans.
- B. The Corporation has no debt restructurings.
- C. The Corporation has no reverse mortgages.
- D. The Corporation has no loan-backed securities.
- E. The Corporation has no repurchase agreements.
- F. The Corporation has no real estate investments.

### **6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES**

- A. The Corporation has no investments in Joint Ventures, Partnerships or Limited Liability Companies.

### **7. INVESTMENT INCOME**

The Corporation had no excluded investment income.

### **8. DERIVATIVE INSTRUMENTS**

The Corporation does not hold any derivative instruments.

### **9. INCOME TAXES**

- A-F. The Corporation is an entity described under Internal Revenue Code Section 501(c)(4) and as such is exempt from federal income taxes.

### **10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES**

- A. The Corporation has two wholly owned subsidiaries, Preferred Health Plan, Inc.(PHP) and Alliance Health and Life Insurance Company(AHLIC) and owns a majority interest in SelectCare, Inc. The Corporation is a subsidiary of Henry Ford Health System(HFHS).
- B-C. The Corporation received subscription revenue from related parties totaling approximately \$82,295,425 and \$71,800,000 in 2004 and 2003, respectively. The Corporation purchased healthcare services from related parties totaling approximately \$710,729,000 and \$700,492,000 in 2004 and 2003, respectively.
- D. The Corporation has included in the balance sheet accounts the receivables and payables associated with subscription revenue received from related parties and health care services purchased from related parties. The Corporation has intercompany receivables of \$127,156 and \$1,306,368 for PHP and AHLIC, respectively and, intercompany payables of \$81,400 and \$341,086 for PHP and AHLIC, respectively. The terms of the settlement require that these amounts be settled within 15 days.

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**NOTES TO FINANCIAL STATEMENTS**

- E. The Corporation is a member of the Henry Ford Health System Obligated Group(the Obligated Group). As of December 31, 2004, members of the Obligated Group are jointly and severally liable for outstanding obligations having a carrying value of \$366,724,129 issued under the master indenture. The Obligated Group has guaranteed \$32,427,500 in indebtedness of other entities. Such amounts approximate the fair value of the obligations.
- F. The Corporation has management agreements with PHP and AHLIC. Under the terms of the agreement, the Corporation provides various administrative support and services. Services provided by the Corporation to PHP totaled \$1,715,000 and \$3,181,000 in 2004 and 2003, respectively. Services provided by the Corporation to AHLIC totaled \$6,292,000 and \$4,186,000 in 2004 and 2003, respectively.

**11 . DEBT**

The Corporation has no capital notes or debt.

**12 . RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS**

- A. The Corporation has a noncontributory defined benefit pension plan covering substantially all of its employees. The benefits are based on years of service and final average earnings. The Corporation's funding policy is to fund an amount based on the recommendation of consulting actuaries that is in compliance with the requirements of the Employee Retirement Security Act of 1974. The Corporation also has a non-qualified Supplemental Executive Retirement Plan covering certain key executives.

A summary of the changes in benefit obligations for the plans is as follows (dollars in thousands):

	<u>2004</u>	<u>2003</u>
Benefit obligation at beginning of year	\$36,941	\$30,023
Other		0
Service cost	3,660	2,744
Interest cost	2,174	2,015
Amendments		666
Other	(1,489)	
Actuarial gain	698	2,587
Benefits paid	<u>(1,443)</u>	<u>(1,094)</u>
Benefit obligation at end of year	<u>\$40,541</u>	<u>\$36,941</u>
Benefit Obligation for non-vested employees	<u>\$1,320</u>	<u>\$1,476</u>

The following table sets forth the change in plan assets and the funded status at December 31 for the plan (dollars in thousands):

	<u>2004</u>	<u>2003</u>
Fair value of plan assets at beginning of year	\$18,788	\$14,949
Other		(131)
Actual return on assets	1,295	1,925
Employer contribution	6,758	3,139
Benefits paid	<u>(1,443)</u>	<u>(1,094)</u>
Fair value of plan assets at end of year	<u>\$25,398</u>	<u>\$18,788</u>
Funded status	\$(15,143)	\$(18,152)
Other	(6)	0
Unrecognized transition obligation	11,457	
Unrecognized prior service cost		1,216
Unrecognized deferred (gain)loss	1,098	12,320
Additional minimum pension liability	<u>(1,388)</u>	<u>(2,302)</u>
Prepaid(Accrued) benefit cost	<u>\$(3,982)</u>	<u>\$(6,918)</u>

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**NOTES TO FINANCIAL STATEMENTS**

A summary of the components of net periodic benefit cost are as follows(dollars in thousands):

	<u>2004</u>	<u>2003</u>
Service cost	\$3,660	\$2,744
Interest cost	2,174	2,003
Expected return on assets	(1,695)	(1,307)
Net amortization and deferral	<u>603</u>	<u>710</u>
Net periodic benefit cost	<u>\$4,742</u>	<u>\$4,150</u>

The assumptions used in the accounting for the plan were:

	<u>2004</u>	<u>2003</u>
Discount rate	6.05%	6.25%
Expected rate of return	8.5%	9.0%
Rate of increase in salary levels	4.0%	4.0%

A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. At December 31, 2004, the additional minimum liability was reduced to \$1,388,000 from \$2,302,000 at December 31, 2003.

B. The Corporation does not provide a defined contribution plan.

C. The Corporation provides postretirement healthcare benefits to employees who meet minimum age and years of service requirements. Benefits to employees may require employee contributions or be provided in the form of fixed dollar subsidy.

A summary of the changes in the accumulated postretirement benefit obligation is as follows (dollars in thousands):

	<u>2004</u>	<u>2003</u>
Accumulated postretirement benefit obligation		
at beginning of year	\$940	\$573
Service cost	100	71
Interest cost	38	63
Other	(338)	316
Actuarial gain	0	0
Benefits paid	<u>(48)</u>	<u>(83)</u>
Accumulated postretirement benefit obligation		
at end of year	<u>\$692</u>	<u>\$940</u>

The components of the net periodic postretirement benefit cost and the reconciliation of the unfunded status as of December 31 are as follows (dollars in thousands):

	<u>2004</u>	<u>2003</u>
Service cost	\$100	\$71
Interest cost	38	63
Other		316
Net amortization and deferral	<u>(14)</u>	<u>0</u>
Net periodic postretirement benefit cost	<u>\$124</u>	<u>\$450</u>
Unfunded status	\$(692)	\$(940)
Unrecognized net transition obligation (asset)	(264)	
Unrecognized prior service cost	17	(449)
Other	3	
Unrecognized net gain	<u>(83)</u>	<u>449</u>
Accrued postretirement benefit cost	<u>\$(1,019)</u>	<u>\$(940)</u>

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
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**NOTES TO FINANCIAL STATEMENTS**

Significant assumptions used in valuing the obligations at December 31, 2004 and 2003 include:

	<u>2004</u>	<u>2003</u>
Medical inflation rate	6.25% scaled to 5.0% over 3 years	7.08% scaled to 5% over four years
Pharmaceutical inflation rate	7.92% scaled to 5.0% over 3 years	9.86% scaled to 5% over four years

The discount rate used in valuing the obligations at December 31, 2004 and 2003 was 6.05% and 6.25% respectively.

A 1% increase in the assumed medical rate of inflation would increase the accumulated postretirement benefit obligation by 1.6% and decrease the net periodic cost by .3%. A 1% decrease in the assumed medical rate of inflation would decrease the accumulated postretirement benefit obligation by 1.4% and increase the net periodic cost by .4%.

**13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS.**

- A. The Corporation has no common stock.
- B. The Corporation has no preferred stock.
- C. The Corporation has no restrictions on unassigned funds (surplus).
- D. The Corporation holds 1,500,000 shares of AHLIC stock with a par value of \$1,500,000.
- E. The Corporation has no surplus notes outstanding.
- F. The Corporation has no quasi-reorganization to report.

**14. CONTINGENCIES**

- A. The Corporation is party to lawsuits incident to the operations. Management believes that the ultimate disposition of such contingencies will not have a material effect on the accompanying financial statements.

**15. LEASES**

- A. The Corporation has a capital lease agreement for its headquarters building. Net book value of the building at December 31, 2004 was \$2,763,000. The capital lease obligation requires payments in future years as follows (dollars in thousands):

2005	\$60
2006	60
2007	60
2008	60
2009	60
Later years	<u>885</u>
Total minimum lease payments	1,185
Less interest at an average annual interest rate of 8.25%	<u>603</u>
Present value of obligations under capitalized lease, including \$12 due within one year	\$582

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
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**NOTES TO FINANCIAL STATEMENTS**

- B. The Corporation has a capital lease on 8 Xerox printers with a net book value of \$135,500 at December 31, 2004. The capital lease obligation requires payments in future years as follows (dollars in thousands):

2005	\$41
2006	41
2007	41
2008	<u>27</u>
Total minimum lease payments	150
Less interest at an average annual interest rate of 3.92%	<u>11</u>
Present value of obligations under capitalized lease, including \$36 due within one year	<u>\$139</u>

- C. The Corporation has operating leases for office facilities and equipment. These leases, in some instances, are renewable at the option of the Corporation.

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year at December 31, 2004 (dollars in thousands):

2005	\$1,611
2006	1,593
2007	1,593
2008	1,593
2009	1,593
Later years	<u>5,937</u>
Total minimum payments required	<u>\$13,924</u>

The total rental expense for all operating leases, except those with terms of a month or less amounted to \$1,178,000 and \$1,271,000 for the years ended December 31, 2004 and 2003, respectively. A portion of the annual rent expense is allocated to an affiliated subsidiary each year.

**16 . INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK**

- A. The Corporation does not hold any financial instruments with off-balance sheet risk.

**17 . SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES**

- A-B. The Corporation has not transferred any receivables or financial assets.

- C. The Corporation does not have any wash sales.

**18 . GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS**

The Corporation has no gains or losses from uninsured accident and health plans.

**19 . DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS**

The Corporation does not have any managing general agents or third party administrators.

**20 . SEPTEMBER 11 EVENTS**

The Corporation has no losses, contingencies, and insurance or reinsurance recoveries to report as a result of the September 11 events.

**21 . OTHER ITEMS**

- A-D. The Corporation has no extraordinary items, troubled debt restructuring and other disclosures to report.

## **NOTES TO FINANCIAL STATEMENTS**

**22 . EVENTS SUBSEQUENT**

The Corporation does not have any to report.

**23 . REINSURANCE**

Not applicable.

**24 . RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION**

Not applicable.

**25 . CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES**

The Corporation has not made a change in the provision for incurred claims and claim adjustment expenses attributable to insured events of prior years.

**26 . INTERCOMPANY POOLING ARRANGEMENTS**

Not applicable.

**27 . STRUCTURED SETTLEMENTS**

Not applicable.

**28 . HEALTH CARE RECEIVABLES**

**A. Pharmaceutical Rebate Receivables (dollars in thousands)**

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More than 180 days after Billing
12/31/2004	923	1,129			
09/30/2004	878	1,096	1,049		
06/30/2004	876	1,352	1,221	12	
03/31/2004	924	1,223	1,139	113	
12/31/2003	942	1,304	943	114	117
9/30/2003	943	1,289	976	132	127
6/30/2003	953	1,196	971	17	6
3/31/2003	961	1,032	759	185	134

**B. The Corporation has no risk sharing receivables to report.**

**29 . PARTICIPATING POLICIES**

Not applicable.

**30 . PREMIUM DEFICIENCY RESERVES**

Not applicable.

**31 . ANTICIPATED SALVAGE AND SUBROGATION**

Not applicable.

**NOTES TO FINANCIAL STATEMENTS**

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
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**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 .....		0.000		0.000
1.2 U.S. government agency and corporate 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 .....	128,925,839	36.241	128,925,839	38.486
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 .....	58,698,629	16.500	40,893,295	12.207
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 .....	3,890,907	1.094	943,411	0.282
5.2 Property held for the production of income (includes \$ ..... 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. Policy loans .....		0.000		0.000
7. Receivables for securities .....		0.000	0	0.000
8. Cash, cash equivalents and short-term investments .....	163,765,513	46.034	163,765,513	48.886
9. Other invested assets .....	467,102	0.131	467,102	0.139
10. Total invested assets	355,747,990	100.000	334,995,159	100.000

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**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 [  ] NA [  ]
- 1.3 State Regulating? ..... State of 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: .....02/10/2004  
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. ....12/31/2002
- 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. ....12/31/2002
- 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). ....05/11/2004
- 3.4 By what department or departments? The 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 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 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 [  ]
- 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 [  ]
- 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
.....	.....
.....	.....
.....	.....
.....	.....

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**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 LLP, Suite 900, 600 Renaissance Center, Detroit, MI 48243-1895.
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
David O. Thoen, FSA, MAAA, Deloitte and Touche LLP, 400 One Financial Plaza, 120 S. Sixth Street, Minneapolis, Mn 55402-1844
11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?  
Not applicable.
- 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]
- 11.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]
- 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] NA [ X ]

**BOARD OF DIRECTORS**

12. 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 [ ]
13. 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 [ ]
14. 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 which is in or likely to conflict with the official duties of such person? ..... Yes [ X ] No [ ]

**FINANCIAL**

- 15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 15.11 To directors or other officers .. \$.....
- 15.12 To stockholders not officers ... \$.....
- 15.13 Trustees, supreme or grand (Fraternal only) ..... \$.....
- 15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 15.21 To directors or other officers ... \$.....
- 15.22 To stockholders not officers .... \$.....
- 15.23 Trustees, supreme or grand (Fraternal only) ..... \$.....
- 16.1 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 ]
- 16.2 If yes, state the amount thereof at December 31 of the current year:
- 16.21 Rented from others ..... \$.....
- 16.22 Borrowed from others ..... \$.....
- 16.23 Leased from others ..... \$.....
- 16.24 Other ..... \$.....
- Disclose in Notes to Financial the nature of each obligation.
- 17.1 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 ]
- 17.2 If answer is yes,
- 17.21 Amount paid as losses or risk adjustment ..... \$.....
- 17.22 Amount paid as expenses ..... \$.....
- 17.23 Other amounts paid ..... \$.....

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**GENERAL INTERROGATORIES  
INVESTMENT**

18. List the following capital stock information for the reporting entity:

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding		Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred					[ ]	[ ]	[ ]	[ ]
Common				XXX	XXX	XXX	XXX	XXX

19.1. 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 [ ]

19.2. If no, give full and complete information relating thereto:

20.1. 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 16.1) ..... Yes [ ] No [ X ]

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

20.21	Loaned to others .....	\$ .....
20.22	Subject to repurchase agreements .....	\$ .....
20.23	Subject to reverse repurchase agreements .....	\$ .....
20.24	Subject to dollar repurchase agreements .....	\$ .....
20.25	Subject to reverse dollar repurchase agreements .....	\$ .....
20.26	Pledged as collateral .....	\$ .....
20.27	Placed under option agreements .....	\$ .....
20.28	Letter stock or other securities restricted as to sale ...	\$ .....
20.29	Other .....	\$ .....

20.3. For category (20.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

21.1. Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]

21.2. 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.

22.1. 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 ]

22.2. If yes, state the amount thereof at December 31 of the current year. .... \$ .....

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**GENERAL INTERROGATORIES**

**INVESTMENT**

23. 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 [ ]

23.01 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
Comerica Bank, NA.....	Detroit, Michigan.....
The Northern Trust Company.....	Chicago, Illinois.....

23.02 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)
Not applicable.....		

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year? .....

Yes [ ] No [ X ]

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Not applicable.....			

23.05 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
107247.....	Joe Wich.....	Detroit, Michigan.....
70923.....	Calvin Johnson.....	Chicago, Illinois.....
Not applicable.....	Brian Gamble.....	Detroit, Michigan.....
7691.....	Susan Renaud.....	Detroit, Michigan.....
110441.....	Sandy Goodman.....	Pasadena, California.....
126292.....	Joe Gasky.....	Charlotte, North Carolina.....

24.1 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 [ ]

24.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
24.2001. 68231N-74-3.....	MFO One Group BD CL I.....	95,976,200
24.2002. 502081-77-1.....	MFO LM INSTL FD Advisors I Inc.....	32,949,639
9999999. TOTAL		128,925,839

24.3 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
MFO One Group BD CL I.....	Mortgage Backed Securities.....	51,697,964	12/31/2004.....
MFO LM INSTL FD Advisors I Inc.....	U.S. Government Securities.....	15,156,834	12/31/2004.....

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**GENERAL INTERROGATORIES**

**INVESTMENT**

25. 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 (+)
25.1 Bonds.....	13,000,000	13,000,000	0
25.2 Preferred stocks.....	0		0
25.3 Totals	13,000,000	13,000,000	0

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

The fair values were obtained from the securities managers whom utilize values from nationally recognized securities ratings organizations.....

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

26.2 If no, list the exceptions:

The fair values of the Company's affiliate common stock holdings have been analytically determined by the Company.....

**OTHER**

27.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?.....\$ .....827,661

27.2 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
America's Health Insurance Plans.....	249,212

28.1 Amount of payments for legal expenses, if any?.....\$ .....588,204

28.2 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
Dykema Gossett, PLLC.....	144,763

29.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, 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 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
Not applicable.....	

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**GENERAL INTERROGATORIES**

**PART 2 - HEALTH INTERROGATORIES**

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes  No
- 1.2 If yes, indicate premium earned on U. S. business only ..... \$ .....92,365,127
- 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. .... \$ .....80,241,632
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned ..... \$ .....11,262,008
- 1.62 Total incurred claims ..... \$ .....9,828,275
- 1.63 Number of covered lives ..... \$ .....2,885
- All years prior to most current three years:
- 1.64 Total premium earned ..... \$ .....27,332,078
- 1.65 Total incurred claims ..... \$ .....24,877,171
- 1.66 Number of covered lives ..... \$ .....13,143
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned ..... \$ .....236,967,643
- 1.72 Total incurred claims ..... \$ .....206,702,925
- 1.73 Number of covered lives ..... \$ .....60,697
- All years prior to most current three years:
- 1.74 Total premium earned ..... \$ .....311,450,178
- 1.75 Total incurred claims ..... \$ .....281,110,809
- 1.76 Number of covered lives ..... \$ .....165,294

2. Health Test:

	1		2
	Current Year		Prior Year
2.1 Premium Numerator	\$ .....1,442,031,879	\$	.....1,362,620,115
2.2 Premium Denominator	\$ .....1,442,031,879	\$	.....1,362,620,115
2.3 Premium Ratio (2.1/2.2)	.....1.000		.....1.000
2.4 Reserve Numerator	\$ .....101,329,034	\$	.....83,634,477
2.5 Reserve Denominator	\$ .....101,329,034	\$	.....83,634,477
2.6 Reserve Ratio (2.4/2.5)	.....1.000		.....1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? ..... Yes  No
- 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  No
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? ..... Yes  No
- 5.1 Does the reporting entity have stop-loss reinsurance? ..... Yes  No
- 5.2 If no, explain:  
See footnote 21(C)-Other Disclosures for an explanation of stop loss/out-of-network reserve.
- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical ..... \$ .....
- 5.32 Medical Only ..... \$ .....
- 5.33 Medicare Supplement ..... \$ .....
- 5.34 Dental ..... \$ .....
- 5.35 Other Limited Benefit Plan ..... \$ .....
- 5.36 Other ..... \$ .....
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:  
See attachment D.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service data base? ..... Yes  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 .....6,939
- 8.2 Number of providers at end of reporting year .....7,331
- 9.1 Does the reporting entity have business subject to premium rate guarantees? ..... Yes  No
- 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 .....

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**GENERAL INTERROGATORIES**

**PART 2 - HEALTH INTERROGATORIES**

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract? ..... Yes  No
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses ..... \$ .....
- 10.22 Amount actually paid for year bonuses ..... \$ .....
- 10.23 Maximum amount payable withholds ..... \$ .....15,805,197
- 10.24 Amount actually paid for year withholds ..... \$ .....4,468,789
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, ..... Yes  No
- 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. .... \$ .....57,681,275
- 11.5 Is this amount included as part of a contingency reserve in stockholders equity? ..... Yes  No
- 11.6 If the amount is calculated, show the calculation.  
The amount calculated is 4% of subscription revenue.
12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Genessee County.....
Lapeer County.....
Livingston County.....
Macomb County.....
Monroe County.....
Oakland County.....
Saginaw County.....
Sanilac County.....
Shiawassee County.....
St Clair County.....
Washtenaw County.....
Wayne County.....

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**FIVE-YEAR HISTORICAL DATA**

	1 2004	2 2003	3 2002	4 2001	5 2000
<b>BALANCE SHEET ITEMS (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 26) .....	356,085,177	330,340,120	352,053,748	330,904,396	310,470,064
2. Total liabilities (Page 3, Line 22) .....	139,597,457	137,520,379	171,739,439	153,072,159	114,638,307
3. Statutory surplus .....	1,000,000	1,000,000	1,350,000	1,350,000	850,000
4. Total capital and surplus (Page 3, Line 30) .....	216,487,720	192,819,741	180,314,309	177,832,237	195,831,757
<b>INCOME STATEMENT ITEMS (Page 4)</b>					
5. Total revenues (Line 8) .....	1,442,031,879	1,362,620,115	1,290,985,128	1,133,463,303	1,060,291,685
6. Total medical and hospital expenses (Line 18) .....	1,300,059,561	1,228,269,590	1,169,485,054	1,038,010,305	939,577,486
7. Claims adjustment expenses (Line 20) .....	20,687,340	13,422,973	11,299,019	11,762,783	
8. Total administrative expenses (Line 21) .....	99,711,083	99,198,596	95,865,819	70,288,095	82,965,410
9. Net underwriting gain (loss) (Line 24) .....	21,573,895	21,728,956	14,335,236	13,402,120	20,344,915
10. Net investment gain (loss) (Line 27) .....	9,688,533	8,980,415	12,336,747	12,766,899	17,403,874
11. Total other income (Lines 28 plus 29) .....	699,604	159,132	(2,239)	(4,635)	0
12. Net income (loss) (Line 32) .....	31,962,032	30,868,503	26,669,744	26,164,384	37,748,789
<b>RISK - BASED CAPITAL ANALYSIS</b>					
13. Total adjusted capital .....	216,487,720	192,819,741	180,314,309	177,832,237	196,726,629
14. Authorized control level risk-based capital .....	38,476,482	37,080,302	35,139,964	30,062,900	23,561,959
<b>ENROLLMENT (Exhibit 1)</b>					
15. Total members at end of period (Column 5, Line 7) .....	460,919	471,150	485,154	462,085	448,328
16. Total member months (Column 6, Line 7) .....	5,561,745	5,667,942	5,929,370	5,438,922	5,528,100
<b>OPERATING PERCENTAGE (Page 4)</b>					
<b>(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0</b>					
17. Premiums earned (Lines 2 plus 3) .....	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical (Line 18) .....	90.2	90.1	90.6	91.6	90.8
19. Cost containment expenses .....	0.5	XXX	XXX	XXX	XXX
20. Other claims adjustment expenses .....	0.9	1.0	0.9	1.0	
21. Total underwriting deductions (Line 23) .....	98.5	98.4	98.9	98.8	98.8
22. Total underwriting gain (loss) (Line 24) .....	1.5	1.6	1.1	1.2	2.0
<b>UNPAID CLAIMS ANALYSIS</b>					
<b>(U&amp;I Exhibit, Part 2B)</b>					
23. Total claims incurred for prior years (Line 12, Col. 5) .....	73,521,974	71,195,582	64,435,206	69,259,579	56,810,721
24. Estimated liability of unpaid claims – [prior year (Line 12, Col. 6)] .....	83,634,477	86,058,929	67,555,292	70,963,205	60,740,828
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
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) .....	58,698,629	30,407,247	17,381,567	6,845,457	(1,050,379)
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 .....	58,698,629	30,407,247	17,381,567	6,845,457	(1,050,379)

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**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
<b>BONDS</b>				
Governments (Including all obligations guaranteed by governments)	1. United States .....0	.....0	.....0	.....0
	2. Canada .....	.....	.....	.....
	3. Other Countries .....	.....	.....	.....
	4. Totals	0	0	0
States, Territories and Possessions (Direct and guaranteed)	5. United States .....	.....	.....	.....
	6. Canada .....	.....	.....	.....
	7. Other Countries .....	.....	.....	.....
	8. Totals	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....	.....	.....	.....
	10. Canada .....	.....	.....	.....
	11. Other Countries .....	.....	.....	.....
	12. Totals	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 .....	.....	.....	.....
	14. Canada .....	.....	.....	.....
	15. Other Countries .....	.....	.....	.....
	16. Totals	0	0	0
Public Utilities (unaffiliated)	17. United States .....	.....	.....	.....
	18. Canada .....	.....	.....	.....
	19. Other Countries .....	.....	.....	.....
	20. Totals	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....	.....	.....	.....
	22. Canada .....	.....	.....	.....
	23. Other Countries .....	.....	.....	.....
	24. Totals	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0
	26. <b>Total Bonds</b>	0	0	0
<b>PREFERRED STOCKS</b>				
Public Utilities (unaffiliated)	27. United States .....	.....	.....	.....
	28. Canada .....	.....	.....	.....
	29. Other Countries .....	.....	.....	.....
	30. Totals	0	0	0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....	.....	.....	.....
	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. <b>Total Preferred Stocks</b>	0	0	0
<b>COMMON STOCKS</b>				
Public Utilities (unaffiliated)	41. United States .....	.....	.....	.....
	42. Canada .....	.....	.....	.....
	43. Other Countries .....	.....	.....	.....
	44. Totals	0	0	0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....	.....	.....	.....
	46. Canada .....	.....	.....	.....
	47. Other Countries .....	.....	.....	.....
	48. Totals	0	0	0
Industrial and Miscellaneous (unaffiliated)	49. United States .....128,925,839	.....128,925,839	.....125,539,643	.....
	50. Canada .....	.....	.....	.....
	51. Other Countries .....	.....	.....	.....
	52. Totals	128,925,839	128,925,839	125,539,643
Parent, Subsidiaries and Affiliates	53. Totals	58,698,629	58,698,629	65,652,729
	54. <b>Total Common Stocks</b>	187,624,468	187,624,468	191,192,372
	55. <b>Total Stocks</b>	187,624,468	187,624,468	191,192,372
	56. <b>Total Bonds and Stocks</b>	187,624,468	187,624,468	191,192,372

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

1. Book/adjusted carrying value of bonds and stocks, prior year .....186,412,302	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 7, Part 3 .....14,522,666	6.1 Column 15, Part 1 .....0
3. Increase (decrease) by adjustment:	6.2 Column 19, Part 2, Sec. 1 .....0
3.1 Columns 12 + 13 - 14, Part 1 .....0	6.3 Column 16, Part 2, Sec. 2 .....0
3.2 Column 18, Part 2, Sec. 1 .....0	6.4 Column 15, Part 4 .....0
3.3 Column 15, Part 2, Sec. 2 .....4,638,204	7. Book/adjusted carrying value at end of current period .....187,624,468
3.4 Column 14, Part 4 .....(256,694) .....4,381,510	8. Total valuation allowance .....
4. Total gain (loss), Col. 19, Part 4 .....753,501	9. Subtotal (Lines 7 plus 8) .....187,624,468
5. Deduct consideration for bonds and stocks disposed of Column 7, Part 4 .....18,445,510	10. Total nonadmitted amounts .....17,805,335
	11. Statement value of bonds and stocks, current period .....169,819,134

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE  
Health Alliance Plan of Michigan**

**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	No						
2. Alaska AK	No	No						
3. Arizona AZ	No	No						
4. Arkansas AR	No	No						
5. California CA	No	No						
6. Colorado CO	No	No						
7. Connecticut CT	No	No						
8. Delaware DE	No	No						
9. District of Columbia DC	No	No						
10. Florida FL	No	No						
11. Georgia GA	No	No						
12. Hawaii HI	No	No						
13. Idaho ID	No	No						
14. Illinois IL	No	No						
15. Indiana IN	No	No						
16. Iowa IA	No	No						
17. Kansas KS	No	No						
18. Kentucky KY	No	No						
19. Louisiana LA	No	No						
20. Maine ME	No	No						
21. Maryland MD	No	No						
22. Massachusetts MA	No	No						
23. Michigan MI	No	Yes	1,230,404,710	138,551,869		73,075,300		
24. Minnesota MN	No	No						
25. Mississippi MS	No	No						
26. Missouri MO	No	No						
27. Montana MT	No	No						
28. Nebraska NE	No	No						
29. Nevada NV	No	No						
30. New Hampshire NH	No	No						
31. New Jersey NJ	No	No						
32. New Mexico NM	No	No						
33. New York NY	No	No						
34. North Carolina NC	No	No						
35. North Dakota ND	No	No						
36. Ohio OH	No	No						
37. Oklahoma OK	No	No						
38. Oregon OR	No	No						
39. Pennsylvania PA	No	No						
40. Rhode Island RI	No	No						
41. South Carolina SC	No	No						
42. South Dakota SD	No	No						
43. Tennessee TN	No	No						
44. Texas TX	No	No						
45. Utah UT	No	No						
46. Vermont VT	No	No						
47. Virginia VA	No	No						
48. Washington WA	No	No						
49. West Virginia WV	No	No						
50. Wisconsin WI	No	No						
51. Wyoming WY	No	No						
52. American Samoa AS	No	No						
53. Guam GU	No	No						
54. Puerto Rico PR	No	No						
55. U.S. Virgin Islands VI	No	No						
56. Canada CN	No	No						
57. Aggregate other alien OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business)	XXX	(a) 1	1,230,404,710	138,551,869	0	73,075,300	0	0
<b>DETAILS OF WRITE-INS</b>								
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.:

Premiums are allocated based upon the resident state of the subscriber.

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

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

**PART 1 - ORGANIZATIONAL CHART**