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ANNUAL STATEMENT

For the Year Ending December 31, 2005

of the Condition and Affairs of the

Physicians Health Plan of South Michigan

NAIC Group Code.....3594 (Current Period) (Prior Period) NAIC Company Code..... 52564 Employer's ID Number..... 38-3311905

Organized under the Laws of Michigan State of Domicile or Port of Entry Michigan Country of Domicile US

Licensed as Business Type.....Health Maintenance Organization Is HMO Federally Qualified? Yes [ ] No [X]

Incorporated/Organized..... April 17, 1996 Commenced Business..... May 1, 2000

Statutory Home Office	One Jackson Square… Jackson ..... MI ..... 49201 *(Street and Number) (City, State and Zip Code)*	
Main Administrative Office	One Jackson Square… Jackson ..... MI ..... 49201 *(Street and Number) (City, State and Zip Code)*	800-428-7163 *(Area Code) (Telephone Number)*
Mail Address	One Jackson Square… Jackson ..... MI ..... 49201 *(Street and Number or P. O. Box) (City, State and Zip Code)*	
Primary Location of Books and Records	One Jackson Square… Jackson ..... MI ..... 49201 *(Street and Number) (City, State and Zip Code)*	800-428-7163 *(Area Code) (Telephone Number)*
Internet Website Address	phpcares.com	
Statutory Statement Contact	Wynn Hazen *(Name)*	517-841-6973 *(Area Code) (Telephone Number) (Extension)*
	Wynn.Hazen@PHPCARES.com *(E-Mail Address)*	517-782-4512 *(Fax Number)*
Policyowner Relations Contact	One Jackson Square… Jackson ..... MI ..... 49201 *(Street and Number) (City, State and Zip Code)*	800-428-7163 *(Area Code) (Telephone Number) (Extension)*

OFFICERS

Name	Title	Name	Title
1. Greg Gieseman	President	2. Jeanne' Wickens	Secretary / Treasurer
3. David Spring	Chief Financial Officer	4.	

OTHER

DIRECTORS OR TRUSTEES

Dave Corravo	Brian Adamczyk M.D.	Georgia Fojtasek	Rick Warren
Edward Woods	K. V. Rao M.D.	Jeanne' Wickens	Phil Miller
Michael Shore	Carolyn Bradley	Jan Blair	Beth Smith

State of.....Michigan
County of.....Jackson

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.

(Signature)	(Signature)	(Signature)
Greg Gieseman	Jeanne' Wickens	David Spring
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Secretary / Treasurer	Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This _____ day of _____

a. Is this an original filing? Yes [X] No [ ]

b. If no 1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	8,174,244		8,174,244	7,416,174
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....(855,446), Sch. E-Part 1), cash equivalents ($.....0, Sch. E-Part 2) and short-term investments ($.....24,699,139, Sch. DA)	23,843,693		23,843,693	22,189,532
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets (Schedule BA)	2,322,420	214,239	2,108,181	2,153,244
8. Receivables for securities			0	
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	34,340,356	214,239	34,126,117	31,758,951
11. Title plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	143,406		143,406	104,345
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection	793,105	103,786	689,319	251,987
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	35,177		35,177	142,455
14.2 Funds held by or deposited with reinsured companies			0	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon			0	
16.2 Net deferred tax asset			0	
17. Guaranty funds receivable or on deposit			0	
18. Electronic data processing equipment and software	834,519	773,464	61,055	36,562
19. Furniture and equipment, including health care delivery assets ($.....0)	98,934	74,200	24,733	27,625
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates	6,973		6,973	8,585
22. Health care ($.....1,048,372) and other amounts receivable	1,126,391	66,046	1,060,346	934,473
23. Aggregate write-ins for other than invested assets	136,817	136,817	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	37,515,679	1,368,552	36,147,127	33,264,983
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	37,515,679	1,368,552	36,147,127	33,264,983

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepaid Insurance	136,817	136,817	0	
2302.			0	
2303.			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)	136,817	136,817	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $.....0 reinsurance ceded)	9,865,264	828,789	10,694,053	10,408,619
2. Accrued medical incentive pool and bonus amounts	2,871,270		2,871,270	2,622,083
3. Unpaid claims adjustment expenses	1,098,964		1,098,964	777,320
4. Aggregate health policy reserves			0	
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	679,635		679,635	786,715
9. General expenses due or accrued	2,037,348		2,037,348	1,462,583
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized capital gains (losses))			0	
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable	72,299		72,299	61,902
12. Amounts withheld or retained for the account of others	7,342		7,342	8
13. Remittances and items not allocated			0	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	718,892		718,892	479,007
16. Payable for securities			0	
17. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
18. Reinsurance in unauthorized companies			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	
20. Liability for amounts held under uninsured accident and health plans			0	
21. Aggregate write-ins for other liabilities (including $.....0 current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	17,351,015	828,789	18,179,804	16,598,236
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX		
25. Preferred capital stock	XXX	XXX		
26. Gross paid in and contributed surplus	XXX	XXX	10,888,193	10,888,193
27. Surplus notes	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	7,079,130	5,778,555
30. Less treasury stock at cost:				
30.1 .....0.000 shares common (value included in Line 24 $.....0)	XXX	XXX		
30.2 .....0.000 shares preferred (value included in Line 25 $.....0)	XXX	XXX		
31. Total capital and surplus (Lines 23 to 28 minus Line 29)	XXX	XXX	17,967,323	16,666,748
32. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	36,147,127	33,264,983

DETAILS OF WRITE-INS

2101.			0	
2102.			0	
2103.			0	
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1. Member months	XXX	338,321	351,386
2. Net premium income (including $.....0 non-health premium income)	XXX	86,008,943	82,319,594
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of $.....0 medical expenses)	XXX		
5. Risk revenue	XXX		
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	86,008,943	82,319,594
Hospital and Medical:			
9. Hospital/medical benefits	4,130,616	53,298,271	50,661,461
10. Other professional services	531,176	6,853,883	6,239,109
11. Outside referrals			
12. Emergency room and out-of-area	282,274	3,642,245	3,244,301
13. Prescription drugs	846,732	10,925,570	10,489,159
14. Aggregate write-ins for other hospital and medical	0	(153,619)	(38,572)
15. Incentive pool, withhold adjustments and bonus amounts	178,607	2,304,606	1,814,309
16. Subtotal (Lines 9 to 15)	5,969,405	76,870,957	72,409,767
Less:			
17. Net reinsurance recoveries		232,325	505,300
18. Total hospital and medical (Lines 16 minus 17)	5,969,405	76,638,631	71,904,467
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....57,357 cost containment expenses		3,438,575	3,268,395
21. General administrative expenses		6,374,846	6,410,286
22. Increase in reserves for life and accident and health contracts including $.....0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	5,969,405	86,452,052	81,583,149
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(443,109)	736,445
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		871,955	409,269
26. Net realized capital gains or (losses) less capital gains tax of $.....0		(22,929)	21,759
27. Net investment gains or (losses) (Lines 25 plus 26)	0	849,026	431,029
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
29. Aggregate write-ins for other income or expenses	0	2,210,000	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	2,615,917	1,167,474
31. Federal and foreign income taxes incurred	XXX		
32. Net income (loss) (Lines 30 minus 31)	XXX	2,615,917	1,167,474

DETAILS OF WRITE-INS

0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401. Other Medical Costs		(153,619)	(38,572)
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	(153,619)	(38,572)
2901. Arbitration Settlement		2,210,000	
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	2,210,000	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	16,666,748	15,480,304
GAINS AND LOSSES TO CAPITAL & SURPLUS		
34. Net income or (loss) from Line 32	2,615,917	1,167,474
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains and (losses) less capital gains tax of $.....0	(195,230)	17,383
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(1,120,112)	1,586
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	1,300,576	1,186,444
49. Capital and surplus end of reporting period (Line 33 plus 48)	17,967,323	16,666,748

DETAILS OF WRITE-INS

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

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	85,464,531	82,681,286
2. Net investment income	883,779	543,199
3. Miscellaneous income	2,188,400	70,209
4. Total (Lines 1 through 3)	88,536,710	83,294,694
5. Benefit and loss related payments	79,103,265	74,689,710
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	5,800,081	6,566,201
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) $.....0 net of tax on capital gains (losses)		
10. Total (Lines 5 through 9)	84,903,346	81,255,911
11. Net cash from operations (Line 4 minus Line 10)	3,633,364	2,038,783
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	2,637,088	4,484,511
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(42)	
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,637,046	4,484,511
13. Cost of investments acquired (long-term only):		
13.1 Bonds	3,491,816	3,574,288
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	340,000	1,800,000
13.6 Miscellaneous applications	(407,949)	59,244
13.7 Total investments acquired (Lines 13.1 to 13.6)	3,423,867	5,433,532
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	(786,821)	(949,021)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(1,192,383)	(273,595)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,192,383)	(273,595)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	1,654,160	816,167
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	22,189,532	21,373,365
19.2 End of year (Line 18 plus Line 19.1)	23,843,693	22,189,532

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

20.0001		

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

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plans	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Net premium income	86,008,943	86,008,943											
2. Change in unearned premium reserves and reserve for rate credit	0												
3. Fee-for-service (net of $.....0 medical expenses)	0												XXX
4. Risk revenue	0												XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	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)	86,008,943	86,008,943	0	0	0	0	0	0	0	0	0	0	0
8. Hospital/medical benefits	53,298,271	53,298,271											XXX
9. Other professional services	6,853,883	6,853,883											XXX
10. Outside referrals	0												XXX
11. Emergency room and out-of-area	3,642,245	3,642,245											XXX
12. Prescription drugs	10,925,570	10,925,570											XXX
13. Aggregate write-ins for other hospital and medical	(153,619)	(153,619)	0	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	2,304,606	2,304,606											XXX
15. Subtotal (Lines 8 to 14)	76,870,956	76,870,956	0	0	0	0	0	0	0	0	0	0	XXX
16. Net reinsurance recoveries	232,325	232,325											XXX
17. Total hospital and medical (Lines 15 minus 16)	76,638,631	76,638,631	0	0	0	0	0	0	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $.....57,357 cost containment expenses	3,438,575	3,438,575											
20. General administrative expenses	6,374,846	6,374,846											
21. Increase in reserves for accident and health contracts	0												XXX
22. Increase in reserve for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	86,452,052	86,452,052	0	0	0	0	0	0	0	0	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(443,109)	(443,109)	0	0	0	0	0	0	0	0	0	0	0

DETAILS OF WRITE-INS

0501.	0												XXX
0502.	0												XXX
0503.	0												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. Total (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Total (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Other Medical	(153,619)	(153,619)											XXX
1302.	0												XXX
1303.	0												XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1399. Total (Lines 1301 thru 1303 plus 1398) (Line 13 above)	(153,619)	(153,619)	0	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	86,658,056		649,112	86,008,943
2. Medicare supplement				0
3. Dental only				0
4. Vision only				0
5. Federal employees health benefits plan				0
6. Title XVIII - Medicare				0
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)	86,658,056	0	649,112	86,008,943
13. Life				0
14. Property/casualty				0
15. Totals (Lines 12 to 14)	86,658,056	0	649,112	86,008,943

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Payments during the year:													
1.1 Direct	74,476,128	74,476,128											
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	408,675	408,675											
1.4 Net	74,067,453	74,067,453	0	0	0	0	0	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses	2,055,420	2,055,420											
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	10,694,051	10,694,051											
3.2 Reinsurance assumed	0												
3.3 Reinsurance ceded	0												
3.4 Net	10,694,051	10,694,051	0	0	0	0	0	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0												
4.2 Reinsurance assumed	0												
4.3 Reinsurance ceded	0												
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	2,871,270	2,871,270											
6. Net healthcare receivables (a)	(126,139)	(126,139)											
7. Amounts recoverable from reinsurers December 31, current year	35,177	35,177											
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	10,477,690	10,477,690											
8.2 Reinsurance assumed	0												
8.3 Reinsurance ceded	69,072	69,072											
8.4 Net	10,408,618	10,408,618	0	0	0	0	0	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct	0												
9.2 Reinsurance assumed	0												
9.3 Reinsurance ceded	0												
9.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	2,622,083	2,622,083											
11. Amounts recoverable from reinsurers December 31, prior year	142,455	142,455											
12. Incurred benefits:													
12.1 Direct	74,566,350	74,566,350	0	0	0	0	0	0	0	0	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	232,325	232,325	0	0	0	0	0	0	0	0	0	0	0
12.4 Net	74,334,025	74,334,025	0	0	0	0	0	0	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	2,304,606	2,304,606	0	0	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Medical and Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Reported in process of adjustment:													
1.1 Direct	1,117,644	1,117,644											
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	0												
1.4 Net	1,117,644	1,117,644	0	0	0	0	0	0	0	0	0	0	0
2. Incurred but unreported:													
2.1 Direct	9,576,408	9,576,408											
2.2 Reinsurance assumed	0												
2.3 Reinsurance ceded	0												
2.4 Net	9,576,408	9,576,408	0	0	0	0	0	0	0	0	0	0	0
3. Amounts withheld from paid claims and capitations:													
3.1 Direct	0												
3.2 Reinsurance assumed	0												
3.3 Reinsurance ceded	0												
3.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Totals:													
4.1 Direct	10,694,051	10,694,051	0	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	10,694,051	10,694,051	0	0	0	0	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	6,543,433	67,631,297	138,396	10,555,655	6,681,829	10,408,618
2. Medicare supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan					0	
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid					0	
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	6,543,433	67,631,297	138,396	10,555,655	6,681,829	10,408,618
10. Healthcare receivables (a)	83,234	965,138			83,234	922,234
11. Other non-health					0	
12. Medical incentive pools and bonus amounts	2,575,233	(519,813)	284,115	2,587,154	2,859,349	2,622,083
13. Totals (Lines 9 - 10 + 11 + 12)	9,035,432	66,146,346	422,512	13,142,809	9,457,944	12,108,467

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	8,433	99			
2. 2001	43,950	7,366	(5)		
3. 2002	XXX	48,943	3,704	(13)	
4. 2003	XXX	XXX	52,539	8,030	14
5. 2004	XXX	XXX	XXX	62,265	6,529
6. 2005	XXX	XXX	XXX	XXX	67,631

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	35,721	35,698	35,698	35,698	35,698
2. 2001	56,209	51,448	51,311	51,311	51,311
3. 2002	XXX	59,608	52,862	52,634	52,634
4. 2003	XXX	XXX	61,859	60,747	60,583
5. 2004	XXX	XXX	XXX	71,430	68,933
6. 2005	XXX	XXX	XXX	XXX	78,187

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2001	62,748	51,311	3,518	6.9	54,829	87.4			54,829	87.4
2. 2002	67,966	52,634	2,095	4.0	54,729	80.5			54,729	80.5
3. 2003	74,498	60,583	3,100	5.1	63,683	85.5			63,683	85.5
4. 2004	83,034	68,794	3,268	4.8	72,062	86.8	423		72,485	87.3
5. 2005	86,009	67,631	3,117	4.6	70,748	82.3	13,143	1,099	84,990	98.8

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	8,394	99			
2. 2001	43,748	7,366	(5)		
3. 2002	XXX	48,943	3,704	(13)	
4. 2003	XXX	XXX	52,539	8,030	14
5. 2004	XXX	XXX	XXX	62,265	6,529
6. 2005	XXX	XXX	XXX	XXX	67,631

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	33,830	33,807	33,807	33,807	33,807
2. 2001	56,001	51,245	51,108	51,108	51,108
3. 2002	XXX	59,607	52,861	52,633	52,633
4. 2003	XXX	XXX	61,859	60,747	60,583
5. 2004	XXX	XXX	XXX	71,430	68,933
6. 2005	XXX	XXX	XXX	XXX	78,187

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2001	62,748	51,108	3,518	6.9	54,626	87.1			54,626	87.1
2. 2002	67,966	52,633	2,095	4.0	54,728	80.5			54,728	80.5
3. 2003	74,498	60,583	3,100	5.1	63,683	85.5			63,683	85.5
4. 2004	83,034	68,794	3,268	4.8	72,062	86.8	423		72,485	87.3
5. 2005	86,009	67,631	3,117	4.6	70,748	82.3	13,143	1,099	84,990	98.8

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

NONE

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

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY

NONE

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

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - DENTAL ONLY

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - VISION ONLY

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - VISION ONLY

NONE

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

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - VISION ONLY

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

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

NONE

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

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

NONE

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

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

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

NONE

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

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	39				
2. 2001	202				
3. 2002	XXX				
4. 2003	XXX	XXX			
5. 2004	XXX	XXX	XXX		
6. 2005	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, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	1,890	1,890	1,890	1,890	1,890
2. 2001	207	203	203	203	203
3. 2002	XXX				
4. 2003	XXX	XXX			
5. 2004	XXX	XXX	XXX		
6. 2005	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM 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 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2001		203		0.0	203	0.0			203	0.0
2. 2002				0.0	0	0.0			0	0.0
3. 2003				0.0	0	0.0			0	0.0
4. 2004				0.0	0	0.0			0	0.0
5. 2005				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - OTHER

NONE

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

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

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

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

NONE

(a) Includes $.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($.....0 for occupancy of own building)	267	55,688	92,195		148,150
2. Salaries, wages and other benefits	25,550	1,433,923	2,263,987		3,723,460
3. Commissions (less $.....0 ceded plus $.....0 assumed)	1,445	787,713	1,317,815		2,106,973
4. Legal fees and expenses		23,929	40,291		64,220
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services			894,650		894,650
7. Traveling expenses		14,504	24,421		38,925
8. Marketing and advertising			119,305		119,305
9. Postage, express and telephone	11,403	300,679	439,147		751,229
10. Printing and office supplies	354	57,854	100,685		158,893
11. Occupancy, depreciation and amortization	922	35,128	53,720		89,770
12. Equipment					0
13. Cost or depreciation of EDP equipment and software	174	21,592	35,333		57,099
14. Outsourced services including EDP, claims, and other services	10,637	298,901	440,661		750,199
15. Boards, bureaus and association fees		7,136	12,016		19,152
16. Insurance, except on real estate		54,528	91,812		146,340
17. Collection and bank service charges					0
18. Group service and administration fees					0
19. Reimbursements by uninsured accident and health plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes	503	12,080	17,377		29,959
23.3 Regulator authority licenses and fees					0
23.4 Payroll taxes					0
23.5 Other (excluding federal income and real estate taxes)	1	14,999	25,252		40,251
24. Investment expenses not included elsewhere	70	1,674	2,408		4,152
25. Aggregate write-ins for expenses	6,032	260,891	403,773	0	670,695
26. Total expenses incurred (Lines 1 to 25)	57,357	3,381,218	6,374,846	0	(a) 9,813,421
27. Less expenses unpaid December 31, current year		1,098,964	2,037,348		3,136,312
28. Add expenses unpaid December 31, prior year		777,320	1,462,583		2,239,903
29. Amounts receivable relating to uninsured accident and health plans, prior year					0
30. Amounts receivable relating to uninsured accident and health plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	57,357	3,059,574	5,800,081	0	8,917,012

DETAILS OF WRITE-INS

2501. Other Misc.	6,032	260,891	403,773		670,695
2502.					0
2503.					0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above)	6,032	260,891	403,773	0	670,695

(a) Includes management fees of $.....0 to affiliates and $.....3,402,153 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 151,545	165,014
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 102,112	95,695
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
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) 667,062	699,071
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	920,718	959,780
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		87,824
16.	Total deductions (Lines 11 through 15)		87,824
17.	Net investment income (Line 10 minus Line 16)		871,955

DETAILS OF WRITE-INS

0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0
1501.	Bank Service Fees		87,824
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above)		87,824

(a) Includes $.....8,284 accrual of discount less $.....82,056 amortization of premium and less $.....20,010 paid for accrued interest on purchases.
(b) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued dividends on purchases.
(c) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(d) Includes $.....0 for company's occupancy of its own buildings; and excludes $.....0 interest on encumbrances.
(e) Includes $.....410 accrual of discount less $.....0 amortization of premium and less $.....927 paid for accrued interest on purchases.
(f) Includes $.....0 accrual of discount less $.....0 amortization of premium.
(g) Includes $.....0 investment expenses and $.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
(h) Includes $.....0 interest on surplus notes and $.....0 interest on capital notes.
(i) Includes $.....0 depreciation on real estate and $.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Total
1.	U.S. government bonds	(9,811)			(9,811)
1.1	Bonds exempt from U.S. tax				0
1.2	Other bonds (unaffiliated)	(13,076)			(13,076)
1.3	Bonds of affiliates				0
2.1	Preferred stocks (unaffiliated)				0
2.11	Preferred stocks of affiliates				0
2.2	Common stocks (unaffiliated)				0
2.21	Common stocks of affiliates				0
3.	Mortgage loans				0
4.	Real estate				0
5.	Contract loans				0
6.	Cash, cash equivalents and short-term investments	(42)			(42)
7.	Derivative instruments				0
8.	Other invested assets			(195,230)	(195,230)
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0
10.	Total capital gains (losses)	(22,929)	0	(195,230)	(218,159)

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Other invested assets (Schedule BA)	214,239	24,405	(189,834)
8. Receivables for securities			0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	214,239	24,405	(189,834)
11. Title plants (for Title insurers only)			0
12. Investment income due and accrued			0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	103,786	16,380	(87,406)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
13.3 Accrued retrospective premiums			0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			0
14.2 Funds held by or deposited with reinsured companies			0
14.3 Other amounts receivable under reinsurance contracts			0
15. Amounts receivable relating to uninsured plans			0
16.1 Current federal and foreign income tax recoverable and interest thereon			0
16.2 Net deferred tax asset			0
17. Guaranty funds receivable or on deposit			0
18. Electronic data processing equipment and software	773,464		(773,464)
19. Furniture and equipment, including health care delivery assets	74,200	22,603	(51,597)
20. Net adjustment in assets and liabilities due to foreign exchange rates			0
21. Receivable from parent, subsidiaries and affiliates			0
22. Health care and other amounts receivable	66,046		(66,046)
23. Aggregate write-ins for other than invested assets	136,817	185,053	48,236
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	1,368,552	248,440	(1,120,112)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. TOTALS (Lines 24 and 25)	1,368,552	248,440	(1,120,112)

DETAILS OF WRITE-INS

0901.			0
0902.			0
0903.			0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0
2301. Prepaid Insurance	136,817	185,053	48,236
2302.			0
2303.			0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	136,817	185,053	48,236

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health maintenance organizations	29,310	28,709	28,159	27,917	28,156	338,321
2. Provider service organizations						
3. Preferred provider organizations						
4. Point of service						
5. Indemnity only						
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	29,310	28,709	28,159	27,917	28,156	338,321

DETAILS OF WRITE-INS

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Services (OFIS) and the National Association of Insurance Commissioners (the NAIC). These practices differ in some respects from generally accepted accounting principles (GAAP). Certain assets are considered non-admitted for statutory purposes and are excluded from the balance sheet. These non-admitted assets have been allocated to retained earnings (deficit) in the financial statements.

Cash and Cash Equivalents –Cash and cash equivalents include operating cash and short-term investments with original maturities of one year or less at the time of purchase. These amounts are reported at cost, which approximates fair value.

Investments –Debt securities consist of bonds that are carried at amortized cost. The cost of bonds is adjusted for amortization of premiums and discounts to maturity using a level-yield method. Realized gains and losses are determined using the specific identification method and are included in operations. The fair value of investments is determined based upon quoted market prices.

Property and Equipment - Property and equipment are carried at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of the assets.

Health Care Costs –Health care costs include claims paid, claims in process and pending and estimated unreported claims and charges by physicians, hospitals and other health care providers for services rendered to members during the year. Adjustments to prior period estimates are reported in the current period, and changes in these estimates may be significant. Given the nature of these expenses, amounts accrued at year-end are paid predominantly in the following year.

Claims payable are determined using statistical analyses and represent estimates of the ultimate net cost of all reported and unreported claims that are unpaid at the end of each accounting period. Although it is not possible to measure the degree of variability inherent in such estimates, management believes the liabilities for claims are adequate.

Premiums –Premiums are billed monthly for coverage for the following month and are recognized as revenue in the month for which insurance protection is provided. Premiums collected in advance of services rendered are reflected as unearned premiums.

Use of Estimates –The preparation of financial statements in conformity with accounting practices prescribed and permitted by OFIS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

Not applicable.

3. BUSINESS COMBINATIONS AND GOODWILL

Not applicable.

4. DISCONTINUED OPERATIONS

Not applicable.

5. INVESTMENTS

Not applicable.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

Not applicable.

7. INVESTMENT INCOME

All income due and accrued has been included in the filing.

8. DERIVATIVE INSTRUMENTS

Not applicable.

9. INCOME TAXES

PHPSM is not subject to income taxes.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

PHPSM is a wholly owned subsidiary of Foote Health System, which has contributed capital to PHPSM of $2,303,193 since its inception in 2000.

PHPSM has a provider agreement with W. A. Foote Memorial Hospital (Foote), an affiliated entity. Foote provides inpatient and outpatient hospital services to PHPSM members under the terms of this annually renewable contract. Total payments to Foote for hospital and physician services were $25,524,000 in 2005.

NOTES TO FINANCIAL STATEMENTS

PHPSM is a member of PHP Shared Services, LLC (Shared Services), which was formed to provide services for the benefit of the member entities under the common trade identification of "Physicians Health Plan", including statewide marketing, contracting and other services. In addition to the recorded investment in Shared Services, LLC, PHSPM pays Shared Services a monthly fee for licensing and reimbursement of operating expenses.

11. DEBT

Not applicable.

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

Not applicable

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

Not applicable.

14. CONTINGENCIES

Not applicable.

15. LEASES

PHPSM leases office space and telephone equipment from Foote, with a lease agreement in effect through May 2008. During 2005, the Company made rental payments of $165,000. Pursuant to the lease agreement, the rent is adjusted annually based upon changes in the Consumer Price Index.

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

Not applicable.

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

Not applicable.

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

There are no gains and losses from uninsured accident and health plans or partially insured plans.

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

Not applicable.

20. SEPTEMBER 11 EVENTS

Not applicable.

21. OTHER ITEMS

PHPSM elected to use rounding in reporting amounts in the statement.

22. EVENTS SUBSEQUENT

No events occurred subsequent to December 31, 2005 that require disclosure.

23. REINSURANCE

Not applicable.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

Not applicable.

25. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Reserves for incurred claims attributable to insured events of prior years have decreased by $11,686,000 million from $12,108,000 million in 2004 to $423,000 million in 2005. Claims payments accounted for $9,035,000 of this change while $2,651,000 is due to changes in estimates, which are included in medical services expense in the accompanying statutory statements of operations.

NOTES TO FINANCIAL STATEMENTS

26. INTERCOMPANY POOLING ARRANGEMENTS

Not applicable.

27. STRUCTURED SETTLEMENTS

Not applicable.

28. HEALTH CARE RECEIVABLES

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
4Q 2005	418	0	0	0	0
3Q 2005	404	424	424	0	0
2Q 2005	387	448	448	0	0
1Q 2005	374	417	417	0	0
4Q 2004	360	427	417	0	8
3Q 2004	357	383	361	0	22
2Q 2004	335	370	367	0	3
1Q 2004	339	381	337	0	44
4Q 2003	231	218	194	0	18
3Q 2003	173	173	167	0	6
2Q 2003	203	163	149	0	14
1Q 2003	142	175	160	0	14

The company uses drug utilization average rates times claims counts for that month to estimate pharmaceutical rebate receivables.

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivabl e as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable not yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year Subsequent	Actual Risk Sharing Amounts Received Secondt Year Subsequent	Actual Risk Sharing Amounts Received all Other
2005	2005	0	211	0	211	0	0	0	0
2004	2004	0	6	6	0	6	0	0	0
2003	2003	0	232	250	0	250	0	0	0
2002	2002	0	236	206	0	206	0	0	0

The reinsurance risk share is calculated by taking 75% of premiums paid, deducting out reinsurance receivable collected and receivable to be collected. 50% of that balance is then distributed to the health plan as a risk share payment.

29. PARTICIPATING POLICIES

Not applicable.

30. PREMIUM DEFICIENCY RESERVES

PHP of South Michigan is not required to have a premium deficiency reserve.

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written with this license, the Company has no salvage. As of December 31, 2005 and 2004, the company had no specific accruals established for outstanding subrogation, as it is considered as a component of the actuarial calculations used to develop the estimates of incurred but not yet reported claims.

NOTES TO FINANCIAL STATEMENTS

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	2,647,677	7.7	2,647,677	7.8
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	2,556,212	7.4	2,556,212	7.5
1.22 Issued by U.S. government sponsored agencies		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities)		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.0		0.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations		0.0		0.0
1.43 Revenue and assessment obligations		0.0		0.0
1.44 Industrial development and similar obligations		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA		0.0		0.0
1.512 Issued or guaranteed by FNMA and FHLMC		0.0		0.0
1.513 All other		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.0		0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	1,053,437	3.1	1,053,437	3.1
1.523 All other		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	1,916,917	5.6	1,916,917	5.6
2.2 Unaffiliated foreign securities		0.0		0.0
2.3 Affiliated securities		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated		0.0		0.0
3.22 Unaffiliated		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.0		0.0
3.32 Unaffiliated		0.0		0.0
3.4 Other equity securities:				
3.41 Affiliated		0.0		0.0
3.42 Unaffiliated		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.0		0.0
3.52 Unaffiliated		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development		0.0		0.0
4.2 Agricultural		0.0		0.0
4.3 Single family residential properties		0.0		0.0
4.4 Multifamily residential properties		0.0		0.0
4.5 Commercial loans		0.0		0.0
4.6 Mezzanine real estate loans		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company		0.0		0.0
5.2 Property held for production of income (including $.....0 of property acquired in satisfaction of debt)		0.0		0.0
5.3 Property held for sale (including $.....0 property acquired in satisfaction of debt)		0.0		0.0
6. Contract loans		0.0		0.0
7. Receivables for securities		0.0		0.0
8. Cash, cash equivalents and short-term investments	23,843,693	69.4	23,843,693	69.9
9. Other invested assets	2,322,420	6.8	2,108,181	6.2
10. Total invested assets	34,340,356	100.0	34,126,117	100.0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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

1.3 State regulating? Michigan

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2001

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. 12/31/2001

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 03/25/2003

3.4 By what department or departments? Michigan Office of financial Insurance Services

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

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

4.12 renewals? Yes [X] 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 [X]

4.22 renewals? Yes [ ] No [X]

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

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

1 Name of Entity	2 NAIC Co. Code	3 State of Domicile

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

6.2 If yes, give full information:

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

7.2 If yes,

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

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

1 Nationality	2 Type of Entity

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?
Ernst & Young, 171 Monroe Ave. BW, Suite 1000, Grand Rapids, MI 49503

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Tim Rice, Reden & Anders LTD, 222 South Ninth St., Suite 1500, Minneapolis, MN 55402

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

11.11 Name of real estate holding company:

11.12 Number of parcels involved .....

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

11.2 If yes, provide explanation.

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

12.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [ ] No [X]

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

15. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

FINANCIAL

16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
16.11 To directors or other officers $.....0
16.12 To stockholders not officers $.....0
16.13 Trustees, supreme or grand (Fraternal only) $.....0
16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
16.21 To directors or other officers $.....0
16.22 To stockholders not officers $.....0
16.23 Trustees, supreme or grand (Fraternal only) $.....0
17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]
17.2 If yes, state the amount thereof at December 31 of the current year:
17.21 Rented from others $.....0
17.22 Borrowed from others $.....0
17.23 Leased from others $.....0
17.24 Other $.....0
18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]
18.2 If answer is yes:
18.21 Amount paid as losses or risk adjustment $.....0
18.22 Amount paid as expenses $.....0
18.23 Other amounts paid $.....0
19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]
19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. $.....0

INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E-Part 3-Special Deposits? Yes [X] No [ ]
20.2 If no, give full and complete information relating thereto.

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E-Part 3-Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1) Yes [ ] No [X]
21.2 If yes, state the amount thereof at December 31 of the current year:
21.21 Loaned to others .....
21.22 Subject to repurchase agreements .....
21.23 Subject to reverse repurchase agreements .....
21.24 Subject to dollar repurchase agreements .....
21.25 Subject to reverse dollar repurchase agreements .....
21.26 Pledged as collateral .....
21.27 Placed under option agreements .....
21.28 Letter stock or securities restricted as to sale .....
21.29 Other .....
21.3 For category (21.28) provide the following:

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

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]
22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]
If no, attach a description with this statement.
23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]
23.2 If yes, state the amount thereof at December 31 of the current year: .....
24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]
24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Comerica	Detroit, MI 48275

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes [ ] No [X]
24.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

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

1 Central Registration Depository Number(s)	2 Name	3 Address
Munder Capital	Michael Krushena	480 Pierce St, Birmingham, MI 48009

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [ ] No [X]
25.2 If yes, complete the following schedule:

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

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds	32,873,382	32,707,829	(165,553)
26.2 Preferred stocks			0
26.3 Totals	32,873,382	32,707,829	(165,553)

26.4 Describe the sources or methods utilized in determining the fair values:
Market prices for fair value is retrieved from a third party vendor named FT Interative Data.

27.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]
27.2 If no, list exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $31,841
28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Michigan Association of Health Plans	21,181
South Central Michigan Health Alliance	10,660

29.1 Amount of payments for legal expenses, if any? $80,483
29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Foster, Swift, Collins and Smith	23,475
Leonard, Street and Deniard	29,546

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $0
30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

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

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

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

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .....

1.5 Indicate total incurred claims on all Medicare Supplement insurance. .....

1.6 Individual policies:

Most current three years:

1.61 Total premium earned .....

1.62 Total incurred claims .....

1.63 Number of covered lives .....

All years prior to most current three years:

1.64 Total premium earned .....

1.65 Total incurred claims .....

1.66 Number of covered lives .....

1.7 Group policies:

Most current three years:

1.71 Total premium earned .....

1.72 Total incurred claims .....

1.73 Number of covered lives .....

All years prior to most current three years:

1.74 Total premium earned .....

1.75 Total incurred claims .....

1.76 Number of covered lives .....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	86,008,943	82,319,594
2.2 Premium Denominator	86,008,943	82,319,594
2.3 Premium Ratio (2.1/2.2)	100.0	100.0
2.4 Reserve Numerator	13,565,321	11,966,011
2.5 Reserve Denominator	13,565,323	13,030,702
2.6 Reserve Ratio (2.4/2.5)	100.0	91.8

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

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency? Yes [X] No [ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [X]

5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No [ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive medical $.....210,000

5.32 Medical only $.....0

5.33 Medicare supplement $.....0

5.34 Dental $.....0

5.35 Other limited benefit plan $.....0

5.36 Other $.....0

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

Provider contracts include standard hold harmless language to protect consumers in the event of insolvency.

This protection is a benefit of the reinsurance coverage. PHPSM adheres to the statutory deposit requirement established under insurance code.

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

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 1,307

8.2 Number of providers at end of reporting year 1,394

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No [X]

9.2 If yes, direct premium earned:

9.21 Business with the rate guarantees between 15-36 months .....

9.22 Business with rate guarantees over 36 months .....

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

10.2 If yes:

10.21 Maximum amount payable bonuses $.....150,000

10.22 Amount actually paid for year bonuses $.....0

10.23 Maximum amount payable withholds $.....2,871,270

10.24 Amount actually paid for year withholds $.....0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, Yes [ ] No [X]

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

11.13 An Individual Practice Association (IPA), or — Yes [X] No [ ]

11.14 A Mixed Model (combination of above)? — Yes [ ] No [X]

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

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

11.4 If yes, show the amount required. $.....7,098,316

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? — Yes [ ] No [X]

11.6 If the amount is calculated, show the calculation:
The amount represents the 200% authorized control level from the Risk Based Capital Filing.

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

1 Name of Service Area
Jackson County
Hillsdale County
Washtenaw County
Calhoun County
Ingham County
Lenawee County
Livingston County

FIVE-YEAR HISTORICAL DATA

	1 2005	2 2004	3 2003	4 2002	5 2001
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	36,147,127	33,264,983	31,421,620	24,811,047	21,721,808
2. Total liabilities (Page 3, Line 22)	18,179,804	16,598,236	15,941,316	13,868,494	14,692,803
3. Statutory surplus	7,098,316	6,731,894	5,743,112	5,480,962	5,159,986
4. Total capital and surplus (Page 3, Line 31)	17,967,323	16,666,748	15,480,304	10,942,553	7,029,005
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	86,008,943	82,319,594	73,781,470	67,336,600	62,063,789
6. Total medical and hospital expenses (Line 18)	76,638,631	71,904,467	60,394,847	57,657,245	54,200,570
7. Claims adjustment expenses (Line 20)	3,438,575	3,268,395	3,100,125	2,588,611	3,517,795
8. Total administrative expenses (Line 21)	6,374,846	6,410,286	6,191,541	5,871,979	4,213,455
9. Net underwriting gain (loss) (Line 24)	(443,109)	736,445	4,094,957	1,218,765	931,748
10. Net investment gain (loss) (Line 27)	849,026	431,029	369,576	547,761	763,955
11. Total other income (Lines 28 plus 29)	2,210,000				
12. Net income or (loss) (Line 32)	2,615,917	1,167,474	4,464,533	1,766,526	1,695,704
Risk-Based Capital Analysis					
13. Total adjusted capital	17,967,323	16,666,748	15,480,304	10,942,553	7,029,005
14. Authorized control level risk-based capital	3,549,158	3,365,947	2,871,556	2,758,205	2,579,993
Enrollment (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	28,156	29,310	29,222	28,062	31,494
16 Total member months (Column 6, Line 7)	338,321	351,386	344,559	354,225	363,370
Operating Percentage (Page 4) **(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100**					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Line 18 plus Line 19)	89.1	87.3	81.9	85.6	87.3
19. Cost containment expenses	0.1	0.1	XXX	XXX	XXX
20. Other claims adjustment expenses	3.9	4.0	4.2	3.8	5.7
21. Total underwriting deductions (Line 23)	100.5	99.1	94.5	98.2	98.5
22. Total underwriting gain (loss) (Line 24)	(0.5)	0.9	5.6	1.8	1.5
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13 Col. 5)	9,457,944	10,405,266	6,766,634	11,294,012	8,567,201
24. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	12,108,467	11,716,533	10,254,841	12,380,313	10,655,175
Investments in Parent, Subsidiaries and Affiliates					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
26. Affiliated preferred stocks (Sch D. Summary, Line 39, Col. 1)					
27. Affiliated common stocks (Sch D. Summary, Line 53, Col. 2)					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated	2,108,181	2,153,244	315,759	302,679	
31. Total of above Lines 25 to 30	2,108,181	2,153,244	315,759	302,679	0

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS	1. United States	5,203,889	5,092,136	5,250,906	5,180,000
Governments	2. Canada				
(Including all obligations guaranteed	3. Other Countries				
by governments)	4. Totals	5,203,889	5,092,136	5,250,906	5,180,000
	5. United States				
States, Territories and Possessions	6. Canada				
(Direct and guaranteed)	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States,	9. United States				
Territories and Possessions	10. Canada				
(Direct and guaranteed)	11. Other Countries				
	12. Totals	0	0	0	0
Special Revenue and Special Assessment	13. United States				
Obligations and all Non-guaranteed Obligations	14. Canada				
of Agencies and Authorities of Governments	15. Other Countries				
and their Political Subdivisions	16. Totals	0	0	0	0
	17. United States				
Public Utilities	18. Canada				
(Unaffiliated)	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and	21. United States	2,970,354	2,909,137	3,015,570	2,919,657
Credit Tenant Loans	22. Canada				
(Unaffiliated)	23. Other Countries				
	24. Totals	2,970,354	2,909,137	3,015,570	2,919,657
Parent, Subsidiaries and Affiliates	25. Totals				
	26. **Total Bonds**	8,174,243	8,001,273	8,266,476	8,099,657
PREFERRED STOCKS	27. United States				
Public Utilities	28. Canada				
(Unaffiliated)	29. Other Countries				
	30. Totals	0	0	0	
	31 United States				
Banks, Trust and Insurance Companies	32. Canada				
(Unaffiliated)	33. Other Countries				
	34. Totals	0	0	0	
	35. United States				
Industrial and Miscellaneous	36. Canada				
(Unaffiliated)	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals				
	40. **Total Preferred Stocks**	0	0	0	
COMMON STOCKS	41. United States				
Public Utilities	42. Canada				
(Unaffiliated)	43. Other Countries				
	44. Totals	0	0	0	
	45. United States				
Banks, Trust and Insurance Companies	46. Canada				
(Unaffiliated)	47. Other Countries				
	48. Totals	0	0	0	
	49. United States				
Industrial and Miscellaneous	50. Canada				
(Unaffiliated)	51. Other Countries				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals				
	54. **Total Common Stocks**	0	0	0	
	55. **Total Stocks**	0	0	0	
	56. **Total Bonds and Stocks**	8,174,243	8,001,273	8,266,476	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	7,416,174	7. Amortization of premium	82,056
2. Cost of bonds and stocks acquired, Column 7, Part 3	3,491,816	8. Foreign exchange adjustment:	
3. Accrual of discount	8,284	8.1 Column 15, Part 1	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1	
4.1 Columns 12 - 14, Part 1		8.3 Column 16, Part 2, Section 2	
4.2 Columns 15 - 17, Part 2, Section 1		8.4 Column 15, Part 4	0
4.3 Column 15, Part 2, Section 2		9. Book/adjusted carrying value at end of current period	8,174,243
4.4 Columns 11 - 13, Part 4	0	10. Total valuation allowance	
5. Total gain (loss), Column 19, Part 4	(22,887)	11. Subtotal (Lines 9 plus 10)	8,174,243
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4	2,637,088	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current year	8,174,243

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	2	Direct Business Only					
			3	4	5	6	7	8
State, Etc.	Guaranty Fund (YES or NO)	Is Insurer Licensed? (YES or NO)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums and Deposit-Type Contract Funds	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	86,658,056					
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. Subtotal	XXX	XXX	86,658,056	0	0	0	0	0
59. Reporting entity contributions for Employee Benefit Plans	XXX	XXX						
60. Total (Direct Business)	XXX	(a) 1	86,658,056	0	0	0	0	0

DETAILS OF WRITE-INS

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

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

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

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

Allocated by States and Territories

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

NONE

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

PART 1 - ORGANIZATIONAL CHART