



ANNUAL STATEMENT

For the Year Ending December 31, 2006

OF THE CONDITION AND AFFAIRS OF THE

McLAREN HEALTH PLAN, INC

NAIC Group Code	0000 <small>(Current Period)</small>	0000 <small>(Prior Period)</small>	NAIC Company Code	95848	Employer's ID Number	383383640
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]	Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]	Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]			
Incorporated/Organized	09/12/1997		Commenced Business	08/01/1998		
Statutory Home Office	G-3245 Beecher Rd. <small>(Street and Number)</small>			FLINT, MI 48532 <small>(City, or Town, State and Zip Code)</small>		
Main Administrative Office	FLINT, MI 48532 <small>(City or Town, State and Zip Code)</small>		G-3245 Beecher Rd. <small>(Street and Number)</small>	(810)733-9723 <small>(Area Code) (Telephone Number)</small>		
Mail Address	G-3245 Beecher Rd. <small>(Street and Number or P.O. Box)</small>			FLINT, MI 48532 <small>(City, or Town, State and Zip Code)</small>		
Primary Location of Books and Records	FLINT, MI 48532 <small>(City, or Town, State and Zip Code)</small>		G-3245 Beecher Rd. <small>(Street and Number)</small>	(810)733-9723 <small>(Area Code) (Telephone Number)</small>		
Internet Website Address	www.mclarenhealthplan.org					
Statutory Statement Contact	CHERYL WESTOBY <small>(Name)</small>			(810)733-9723 <small>(Area Code)(Telephone Number)(Extension)</small>		
	cherylwe@mclaren.org <small>(E-Mail Address)</small>			(810)733-9652 <small>(Fax Number)</small>		
Policyowner Relations Contact	Flint, MI 48532 <small>(City, or Town, State and Zip Code)</small>		G-3245 Beecher Rd. <small>(Street and Number)</small>	(888)327-0671 <small>(Area Code) (Telephone Number)(Extension)</small>		

OFFICERS

Name	Title
KATHY KENDALL	President
TOM DONALDSON	Chairman
DON KOOY	Secretary
DENNIS KRZEMINSKI	Treasurer

OTHERS

CAROL SOLOMON, Chief Financial Officer #

DIRECTORS OR TRUSTEES

KATHY KENDALL	DON KOOY
TOM DONALDSON	RONALD SHAHEEN D.O.
DENNIS KRZEMINSKI	VICKIE RAMEY
BRENDA KAISER	KEVIN TOMPKINS

State of Michigan
County of Genesee ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the 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)
KATHY KENDALL
(Printed Name)
1.
President
(Title)

(Signature)
DENNIS KRZEMINSKI
(Printed Name)
2.
Treasurer
(Title)

(Signature)
CAROL SOLOMON
(Printed Name)
3.
Chief Financial Officer
(Title)

Subscribed and sworn to before me this _____ day of _____, 2007

- a. Is this an original filing?
b. If no, 1. State the amendment number
2. Date filed
3. Number of pages attached

Yes[X] No[]

(Notary Public Signature)

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols.1-2)	4 Net Admitted Assets
1. Bonds (Schedule D)				
2. Stocks (Schedule D)				
2.1 Preferred stocks				
2.2 Common Stocks	1,120,813		1,120,813	1,071,323
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)	2,746,291		2,746,291	2,885,534
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....44,390,257 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....0 Schedule DA)	44,390,257		44,390,257	33,021,987
6. Contract loans (including \$.....0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				
9. Aggregate write-ins for invested assets	2,477,977	2,458,495	19,482	12,090
10. Subtotals, cash and invested assets (Lines 1 to 9)	50,735,338	2,458,495	48,276,843	36,990,935
11. Title plants less \$.....0 charged off (for Title insurers only)				
12. Investment income due and accrued	194,161		194,161	99,874
13. Premiums and considerations				
13.1 Uncollected premiums and agents' balances in the course of collection	2,968		2,968	
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				28,418
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset				
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software	97,810	97,810		224,469
19. Furniture and equipment, including health care delivery assets (\$.....0)	285,097	285,097		97,884
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	849,303	573	848,730	461,365
22. Health care (\$.....1,411,468) and other amounts receivable	1,421,496		1,421,496	1,959,821
23. Aggregate write-ins for other than invested assets				
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	53,586,172	2,841,975	50,744,198	39,862,766
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	53,586,172	2,841,975	50,744,198	39,862,766
DETAILS OF WRITE-INS				
0901. CAPITAL CONTRIBUTION	114,381	114,381		
0902. INTANGIBLE ASSET - THE WELLNESS PLAN	1,854,174	1,854,174		
0903. INTANGIBLE ASSET - PHP	374,461	374,461		
0998. Summary of remaining write-ins for Line 9 from overflow page	134,961	115,479	19,482	12,090
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	2,477,977	2,458,495	19,482	12,090
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	15,043,686		15,043,686	12,969,789
2. Accrued medical incentive pool and bonus amounts	2,836,708		2,836,708	2,617,717
3. Unpaid claims adjustment expenses	423,000		423,000	350,049
4. Aggregate health policy reserves				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	82,652		82,652	
9. General expenses due or accrued	612,064		612,064	684,517
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	13,227		13,227	9,130
13. Remittances and items not allocated				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates	1,036,268		1,036,268	721,728
16. Payable for securities				
17. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
18. Reinsurance in unauthorized companies				
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Liability for amounts held under uninsured plans				
21. Aggregate write-ins for other liabilities (including \$.....0 current)	2,401,670		2,401,670	2,002,165
22. Total liabilities (Lines 1 to 21)	22,449,276		22,449,276	19,355,095
23. Aggregate write-ins for special surplus funds	X X X	X X X		
24. Common capital stock	X X X	X X X		
25. Preferred capital stock	X X X	X X X		
26. Gross paid in and contributed surplus	X X X	X X X	1,140,000	1,140,000
27. Surplus notes	X X X	X X X		
28. Aggregate write-ins for other than special surplus funds	X X X	X X X		
29. Unassigned funds (surplus)	X X X	X X X	27,154,923	19,367,671
30. Less treasury stock, at cost:				
30.10 shares common (value included in Line 24 \$.....0)	X X X	X X X		
30.20 shares preferred (value included in Line 25 \$.....0)	X X X	X X X		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	28,294,923	20,507,671
32. Total Liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	50,744,198	39,862,766
DETAILS OF WRITE-INS				
2101. PAYABLE FOR QAAP	1,911,111		1,911,111	1,619,147
2102. ACCRUED PENSION	490,559		490,559	383,018
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page				
2199. TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	2,401,670		2,401,670	2,002,165
2301.	X X X	X X X		
2302.	X X X	X X X		
2303.	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801.	X X X	X X X		
2802.	X X X	X X X		
2803.	X X X	X X X		
2898. Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899. TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	663,627	610,505
2. Net premium income (including \$.....0 non-health premium income)	X X X	122,777,812	108,326,081
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$.....0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X	(7,682,961)	(6,255,754)
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Lines 2 to 7)	X X X	115,094,851	102,070,328
Hospital and Medical:			
9. Hospital/medical benefits		74,766,004	66,889,973
10. Other professional services		1,617,177	1,394,250
11. Outside referrals			
12. Emergency room and out-of-area		3,331,497	5,577,001
13. Prescription drugs		19,720,576	17,257,440
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts		2,923,006	
16. Subtotal (Lines 9 to 15)		102,358,259	91,118,665
Less:			
17. Net reinsurance recoveries		21,063	505,286
18. Total hospital and medical (Lines 16 minus 17)		102,337,196	90,613,378
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....40,056 cost containment expenses		200,344	207,240
21. General administrative expenses		6,477,778	6,811,568
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)		109,015,318	97,632,186
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	6,079,533	4,438,142
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,615,701	719,229
26. Net realized capital gains (losses) less capital gains tax of \$.....0			
27. Net investment gains (losses) (Lines 25 plus 26)		1,615,701	719,229
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			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	7,695,234	5,157,371
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Lines 30 minus 31)	X X X	7,695,234	5,157,371
DETAILS OF WRITE-INS			
0601. OTHER HEALTH CARE RELATED REVENUE	X X X	623	1,065
0602. QAAP TAX	X X X	(7,032,951)	(6,256,819)
0603. MPCA	X X X	(650,632)	
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	(7,682,961)	(6,255,754)
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901. LOSS ON SALE OF EQUIPMENT			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	20,507,671	14,997,262
34. Net income or (loss) from Line 32	7,695,234	5,157,371
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(34,758)	(139,436)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	126,777	492,474
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		
48. Net change in capital and surplus (Lines 34 to 47)	7,787,253	5,510,409
49. Capital and surplus end of reporting year (Line 33 plus 48)	28,294,924	20,507,671
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	122,857,496	108,326,081
2.	Net investment income	1,521,414	925,043
3.	Miscellaneous income	(7,687,075)	(7,032,774)
4.	Total (Lines 1 through 3)	116,691,836	102,218,351
5.	Benefit and loss related payments	99,473,451	87,861,317
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	6,677,624	5,783,428
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) \$.....0 net of tax on capital gains (losses)		(139,436)
10.	Total (Lines 5 through 9)	106,151,074	93,505,309
11.	Net cash from operations (Line 4 minus 10)	10,540,761	8,713,042
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds		
12.2	Stocks	1,101,724	
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	324,073	634,730
12.7	Miscellaneous proceeds	2,210	
12.8	Total investment proceeds (Lines 12.1 to 12.7)	1,428,007	634,730
13.	Cost of investments acquired (long-term only):		
13.1	Bonds		
13.2	Stocks	1,151,214	28,111
13.3	Mortgage loans		
13.4	Real estate	12,584	8,892
13.5	Other invested assets		
13.6	Miscellaneous applications		0
13.7	Total investments acquired (Lines 13.1 to 13.6)	1,163,799	37,003
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	264,208	597,727
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)	563,300	1,049,246
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	563,300	1,049,246
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	11,368,270	10,360,015
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	33,021,987	22,661,972
19.2	End of year (Line 18 plus Line 19.1)	44,390,257	33,021,987

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other Health	Other Non-Health
1. Net premium income	122,777,812	212,945						122,564,867					
2. Change in unearned premium reserves and reserve for rate credit													
3. Fee-for-service (net of \$.....0 medical expenses)													XXX
4. Risk revenue													XXX
5. Aggregate write-ins for other health care related revenues	(7,682,961)	(12,777)						(7,670,184)					XXX
6. Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7. Total revenues (Lines 1 to 6)	115,094,851	200,168						114,894,683					
8. Hospital/medical benefits	74,766,004	146,874						74,619,130					XXX
9. Other professional services	1,617,177	1,164						1,616,013					XXX
10. Outside referrals													XXX
11. Emergency room and out-of-area	3,331,497							3,331,497					XXX
12. Prescription drugs	19,720,576	45,631						19,674,945					XXX
13. Aggregate write-ins for other hospital and medical													XXX
14. Incentive pool, withhold adjustments and bonus amounts	2,923,006	417						2,922,589					XXX
15. Subtotal (Lines 8 to 14)	102,358,259	194,085						102,164,174					XXX
16. Net reinsurance recoveries	21,063							21,063					XXX
17. Total hospital and medical (Lines 15 minus 16)	102,337,196	194,085						102,143,111					XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$.....40,056 cost containment expenses	200,344	31,509						168,835					
20. General administrative expenses	6,477,778	1,018,785						5,458,993					
21. Increase in reserves for accident and health contracts													XXX
22. Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	109,015,318	1,244,379						107,770,939					
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	6,079,533	(1,044,211)						7,123,744					
DETAILS OF WRITE-INS													
0501. Other Health Care Related Revenue	623							623					XXX
0502. QAAP TAX	(7,032,951)	(12,777)						(7,020,174)					XXX
0503. MPCA	(650,632)							(650,632)					XXX
0598. Summary of remaining write-ins for Line 5 from overflow page													XXX
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	(7,682,961)	(12,777)						(7,670,184)					XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301.													XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page													XXX
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)													XXX

UNDERWRITING AND INVESTMENT EXHIBIT PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical)	214,767		1,822	212,945
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan				
6. Title XVIII - Medicare				
7. Title XIX - Medicaid	123,248,011		683,144	122,564,867
8. Stop loss				
9. Disability income				
10. Long-term care				
11. Other health				
12. Health subtotal (Lines 1 through 11)	123,462,778		684,966	122,777,812
13. Life				
14. Property/casualty				
15. TOTALS (Lines 12 to 14)	123,462,778		684,966	122,777,812

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct	97,850,201	72,462						97,777,739					
1.2 Reinsurance assumed													
1.3 Reinsurance ceded													
1.4 Net	97,850,201	72,462						97,777,739					
2. Paid medical incentive pools and bonuses	2,193,324							2,193,324					
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	15,043,686	116,393						14,927,293					
3.2 Reinsurance assumed													
3.3 Reinsurance ceded													
3.4 Net	15,043,686	116,393						14,927,293					
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct													
4.2 Reinsurance assumed													
4.3 Reinsurance ceded													
4.4 Net													
5. Accrued medical incentive pools and bonuses, current year	2,836,708	417						2,836,291					
6. Net healthcare receivables (a)	538,325							538,325					
7. Amounts recoverable from reinsurers December 31, current year													
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	12,969,789							12,969,789					
8.2 Reinsurance assumed													
8.3 Reinsurance ceded													
8.4 Net	12,969,789							12,969,789					
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct													
9.2 Reinsurance assumed													
9.3 Reinsurance ceded													
9.4 Net													
10. Accrued medical incentive pools and bonuses, prior year	2,617,717							2,617,717					
11. Amounts recoverable from reinsurers December 31, prior year	28,418							28,418					
12. Incurred benefits:													
12.1 Direct	99,385,773	188,855						99,196,918					
12.2 Reinsurance assumed													
12.3 Reinsurance ceded	(28,418)							(28,418)					
12.4 Net	99,414,191	188,855						99,225,336					
13. Incurred medical incentive pools and bonuses	2,412,315	417						2,411,898					

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1 Direct	7,097,664	54,705						7,042,959					
1.2 Reinsurance assumed													
1.3 Reinsurance ceded													
1.4 Net	7,097,664	54,705						7,042,959					
2. Incurred but Unreported:													
2.1 Direct	7,946,023	61,688						7,884,334					
2.2 Reinsurance assumed													
2.3 Reinsurance ceded													
2.4 Net	7,946,023	61,688						7,884,334					
3. Amounts Withheld from Paid Claims and Capitations:													
3.1 Direct													
3.2 Reinsurance assumed													
3.3 Reinsurance ceded													
3.4 Net													
4. TOTALS													
4.1 Direct	15,043,686	116,393						14,927,293					
4.2 Reinsurance assumed													
4.3 Reinsurance ceded													
4.4 Net	15,043,686	116,393						14,927,293					

10

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)		72,462		116,393		
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid	13,903,435	83,875,088	155,989	14,771,304	14,059,424	12,969,789
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	13,903,435	83,947,550	155,989	14,887,697	14,059,424	12,969,789
10.	Healthcare receivables (a)						
11.	Other non-health						
12.	Medical incentive pool and bonus amounts	2,106,609	86,715		2,836,708	2,106,609	2,617,717
13.	TOTALS (Lines 9 - 10 + 11 + 12)	16,010,044	84,034,265	155,989	17,724,405	16,166,033	15,587,506

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

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

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2002	2 2003	3 2004	4 2005	5 2006
1.	Prior	7,375	7,417	7,417	7,417	7,417
2.	2002	22,517	28,926	28,926	28,926	28,926
3.	2003	XXX	33,669	41,159	41,159	41,159
4.	2004	XXX	XXX	48,876	60,863	60,863
5.	2005	XXX	XXX	XXX	75,125	91,135
6.	2006	XXX	XXX	XXX	XXX	84,034

Section B - Incurred Health Claims

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 2002	2 2003	3 2004	4 2005	5 2006
1.	Prior	7,375	7,417	7,417	7,417	7,417
2.	2002	22,517	28,926	28,926	28,926	28,926
3.	2003	XXX	33,669	41,159	41,159	41,159
4.	2004	XXX	XXX	48,876	60,863	60,863
5.	2005	XXX	XXX	XXX	75,125	91,291
6.	2006	XXX	XXX	XXX	XXX	101,758

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2002	36,118	28,926			28,926	80.087			28,926	80.087
2. 2003	50,979	41,159			41,159	80.737			41,159	80.737
3. 2004	76,390	60,863	477	0.784	61,340	80.298			61,340	80.298
4. 2005	108,955	91,135	228	0.250	91,363	83.854	156		91,519	83.997
5. 2006	122,778	84,034	106	0.126	84,140	68.530	17,724	423	102,287	83.311

12 Total

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

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	72

Section B - Incurred Health Claims

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 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	188

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2002										
2. 2003										
3. 2004										
4. 2005										
5. 2006	213	72			72	33.803	116		188	88.263

12 Hospital and Medical

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare NONE

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

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2002	2 2003	3 2004	4 2005	5 2006
1.	Prior	7,375	7,417	7,417	7,417	7,417
2.	2002	22,517	28,926	28,926	28,926	28,926
3.	2003	XXX	33,669	41,159	41,159	41,159
4.	2004	XXX	XXX	48,876	60,863	60,863
5.	2005	XXX	XXX	XXX	75,125	91,135
6.	2006	XXX	XXX	XXX	XXX	83,962

Section B - Incurred Health Claims

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 2002	2 2003	3 2004	4 2005	5 2006
1.	Prior	7,375	7,417	7,417	7,417	7,417
2.	2002	22,517	28,926	28,926	28,926	28,926
3.	2003	XXX	33,669	41,159	41,159	41,159
4.	2004	XXX	XXX	48,876	60,863	60,863
5.	2005	XXX	XXX	XXX	75,125	91,291
6.	2006	XXX	XXX	XXX	XXX	101,570

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2002	36,118	28,926			28,926	80.087			28,926	80.087
2. 2003	50,979	41,159			41,159	80.737			41,159	80.737
3. 2004	76,390	60,863	477	0.784	61,340	80.298			61,340	80.298
4. 2005	108,955	91,135	228	0.250	91,363	83.854	156		91,519	83.997
5. 2006	122,565	83,962	106	0.126	84,068	68.591	17,608	423	102,099	83.302

12 Title XIX-Medicaid

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....345,210 for occupancy of own building)				345,210	345,210
2. Salaries, wages and other benefits	15,683	62,731	2,535,370		2,613,783
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)	54	216	8,740		9,010
4. Legal fees and expenses					
5. Certifications and accreditation fees	194	774	31,294		32,262
6. Auditing, actuarial and other consulting services	293	1,174	47,433		48,900
7. Traveling expenses	78	312	12,624		13,014
8. Marketing and advertising	933	3,731	150,797		155,461
9. Postage, express and telephone	1,709	6,835	276,259		284,803
10. Printing and office supplies	1,651	6,606	266,985		275,242
11. Occupancy, depreciation and amortization					
12. Equipment	90	359	14,515		14,964
13. Cost or depreciation of EDP equipment and software	3,160	12,640	510,859		526,658
14. Outsourced services including EDP, claims, and other services	9,355	37,420	1,512,410		1,559,186
15. Boards, bureaus and association fees	293	1,171	47,322		48,786
16. Insurance, except on real estate	168	671	27,107		27,945
17. Collection and bank service charges	440	1,758	71,071		73,269
18. Group service and administration fees					
19. Reimbursements by uninsured plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses				264,192	264,192
22. Real estate taxes				60,461	60,461
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes					
23.3 Regulator authority licenses and fees					
23.4 Payroll taxes	7	28	1,113		1,147
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses	5,962	23,849	963,880		993,690
26. Total expenses incurred (Lines 1 to 25)	40,069	160,275	6,477,778	669,863	(a) 7,347,985
27. Less expenses unpaid December 31, current year	84,600	338,400	612,064		1,035,064
28. Add expenses unpaid December 31, prior year	70,010	280,039	684,517		1,034,566
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) ..	25,479	101,914	6,550,231	669,863	7,347,487
DETAILS OF WRITE-INS					
2501. GENERAL & ADMINISTRATIVE	5,962	23,849	963,880		993,690
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. Totals (Lines 2501 through 2503 + 2598) (Line 25 above)	5,962	23,849	963,880		993,690

(a) Includes management fees of \$.....1,139,555 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)	
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	49,490	51,025
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d) style="text-align: right;">643,491	646,113
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) style="text-align: right;">1,645,144	1,740,253
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	2,338,125	2,437,391
11. Investment expenses		(g) style="text-align: right;">669,863
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) style="text-align: right;">151,827
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		821,690
17. Net Investment income (Line 10 minus Line 16)		1,615,701

DETAILS OF WRITE-INS

0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

- (a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....345,210 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....151,123 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 Unrealized Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds				
1.1 Bonds exempt from U.S. tax				
1.2 Other bonds (unaffiliated)				
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)				
2.21 Common stocks of affiliates				
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments				
7. Derivative instruments				
8. Other invested assets				
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)				

NONE

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)				

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties occupied for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets	2,458,495	2,675,101	216,606
10. Subtotals, cash and invested assets (Lines 1 to 9)	2,458,495	2,675,101	216,606
11. Title plants (for Title insurers only)			
12. Invested income due and accrued			
13. Premium and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection			
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset			
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software	97,810		(97,810)
19. Furniture and equipment, including health care delivery assets	285,097	293,651	8,554
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates	573		(573)
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets			
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	2,841,975	2,968,751	126,777
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	2,841,975	2,968,751	126,777
DETAILS OF WRITE-INS			
0901. CAPITAL CONTRIBUTION	114,381	93,274	(21,107)
0902. INTANGIBLE ASSET - THE WELLNESS PLAN	1,854,174	2,528,419	674,245
0903. INTANGIBLE ASSET - PHP	374,461		(374,461)
0998. Summary of remaining write-ins for Line 9 from overflow page	115,479	53,408	(62,071)
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	2,458,495	2,675,101	216,606
2301.			
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6 Current Year Member Months
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1.	Health Maintenance Organizations	52,530	52,935	55,444	55,864	56,057	662,733
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service		8	35	98	250	894
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	52,530	52,943	55,479	55,962	56,307	663,627
DETAILS OF WRITE-INS							
0601.						
0602.						
0603.						
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statement

McLaren Health Plan, Inc
December 31, 2006

1. Summary of Significant Accounting Policies
 - A. The financial statements of McLaren Health Plan are presented on the basis of accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Services. The statements have been completed in accordance with NAIC Accounting Practices and Procedures Manual except to the extent that Michigan law differs.
 - B. Preparation of financial statements in conformity with the Annual Statement Instructions and Accounting Practices and Procedures Manual requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates exist relating to accrued health care costs. These estimates are actuarially determined and represent the Plan's best estimate of the level of claims to be paid applicable to 2006 or prior periods. Any future adjustments to these amounts will affect the reported results in the future periods.
 - C.
 - (1) Short-term investments are all highly liquid investments purchased with an original maturity of three months or less are treated as cash equivalents. Stated at market value.
 - (2) Bonds: None
 - (3) Common Stock: Statutory deposit held in a Trust Indenture with JPMorgan Chase, the Michigan Insurance Bureau and the Plan in JP Morgan US Govt Money Market Fund Capital. Stated at market value.
 - (4) Preferred Stock: None
 - (5) Mortgage Loans: None
 - (6) Loan-Backed Securities: None
 - (7) Investments in Subsidiaries, Controlled and Affiliated Companies: The Plan is the Parent Corporation of Health Advantage, Inc., a licensed Michigan TPA. The Plan carries Health Advantage, Inc., at SSAP equity.
 - (8) Investments in Joint Ventures, Partnerships, and Limited Liability Companies: None
 - (9) Derivatives: None
 - (10) Anticipated investment income is not a factor in the premium deficiency calculation.
 - (11) Estimates of Liabilities for losses and loss/claim adjustment expenses are made by our independent actuary and are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principals, are based on actuarial assumptions relevant to contract provisions, and include appropriate provision for all actuarial terms that ought to be established.

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss/lag reports, based on past experience, for losses incurred but not reported. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
 - (12) Capitalization policy and the resultant predefined thresholds did not change from the prior period.
 - (13) Pharmaceutical rebates receivables are derived from actual confirmed receipts from the PBM.
2. Accounting Changes and Corrections of Errors
 - A. Material changes in accounting principles and/or correction of errors: None.

Notes to Financial Statement

Effect of changes in accounting principles as a result of the initial implementation of Codification: None.

3. Business Combinations and Goodwill
None
4. Discontinued Operations
None
5. Investments
 - A. Mortgage Loans, including Mezzanine Real Estate Loans: None
 - B. Debt Restructuring: None
 - C. Reverse Mortgages: None
 - D. Loan-Backed Securities: None
 - E. Repurchase Agreements: None
 - F. Real Estate: None
 - G. Low-Income Housing Tax Credits (LIHTC): None
6. Joint Ventures, Partnerships and Limited Liability Companies
None
7. Investment Income
Non admitted / Excluded = None
8. Derivative Investments
None
9. Income Taxes
None (Plan was awarded tax-exempt status by the IRS beginning 1/1/2000)
10. Information Concerning Parent, Subsidiaries and Affiliates
 - A. McLaren Health Care Corporation (MHCC), a Michigan non-profit corporation and holding company of various health care entities, is the sole parent of McLaren Health Plan and provided to McLaren Health Plan Gross paid in and contributed surplus of \$1,140,000. McLaren Regional Medical Center (MRMC). Provider HealthNet Services (PHNS).
 - B. Transactions: None
 - C. Transactions: None
 - D. Due from Affiliates: \$848,730: amounts due from affiliate for administrative services and information system operations support. The amounts are settled quarterly.
Due to Affiliates: \$1,036,268: amounts due to affiliate per contract for various administrative support, including personnel and information system operations support. The amounts are settled quarterly.
 - E. Guarantees or undertakings: None
 - F. Management Agreements between: (1) McLaren Health Plan and McLaren Health Care Corporation: McLaren Health Care Corporation agrees to provide certain operational services and other resources to McLaren Health Plan.
 - (2) McLaren Health Plan and MRMC: MRMC agrees to provide certain accounting / resource services to McLaren Health Plan.
 - (3) McLaren Health Plan and PHNS: PHNS agrees to provide certain information technology and telephony services to McLaren Health Plan.
 - G. Control relationship: None
 - H. Upstream/downstream activity: None
 - I. Investment in SCA: None
 - J. Investments in impaired SCA: None
 - K. Investment in foreign insurance subsidiary: None

Notes to Financial Statement

11. Debt
None
12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans
- A. Defined Benefit Plan
See D Below
- B. Defined Contribution Plans:
McLaren Health Plan employees hired on or after October 1, 2004 will be covered by a qualified defined contribution pension plan sponsored by McLaren Health Plan. Vesting period for contribution matching by McLaren Health Plan is 2 years. To date no Company contributions have been made.
- C. Multiemployer Plans: None
- D. Consolidated/Holding Company Plans:
McLaren Health Plan is a wholly owned subsidiary of McLaren Health Care Corporation, which sponsors a defined benefit pension plan covering substantially all of McLaren Health Plan associates. The benefits under the plan are based on years of service and the employee's termination of employment. The funding policy is to contribute annually an amount in accordance with the standards of the Employee Retirement Income Security Act of 1974. Contributions are intended to provide not only the benefits attributed to services to date, but also those expected to be earned in the future. The Plan's 2006 pension expense amount was \$151,326.
- E. Post employment Benefits and Compensated Absences: They are accrued.
13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations
- (1) Capital stock: None
- (2) Preferred stock: None
- (3) Dividend restrictions: The Commissioner (State of Michigan) shall consider the following factors regarding dividends:
- (a.) The adequacy of the level of surplus as regards policyholders remaining after the dividend payment(s);
- (b.) The quality of the Plan's earnings and the extent to which the reported earnings include extraordinary items, such as surplus relief insurance transactions and reserve destrengthening;
- (c.) The quality and liquidity of investments in subsidiaries;
- (d.) If the Commissioner determines that the Plan's surplus as regards policyholders is not reasonable in relation to the Plan's outstanding liabilities and is not adequate to its financial needs, the commissioner shall limit or disallow the payment of shareholder dividends.
- (e.) Dividends shall be declared or paid only from earned surplus, unless approved by the Commissioner.
- (4) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (5) Restrictions placed on surplus: None
- (6) Advances of surplus not paid: None
- (7) Amount of stock held for special purposed: None
- (8) Special surplus funds: None
- (9) Unassigned funds (surplus) represented or reduced: None
- (10) Surplus notes: None
- (11) Quasi-reorganization: None

Notes to Financial Statement

(12) Quasi-reorganization: None

14. Contingencies

A. Contingent Commitments

None

B. Assessments

None

C. Gain Contingencies: None

D. All Other Contingencies

The Plan is susceptible to various legal actions related to Plan activities. Management is of the opinion that no litigation matters are outstanding or pending that will have a material effect on its financial position or results of operations.

15. Leases

None

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

None

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

A. Transfers of Receivables Reported as Sales. None.

B. Transfer and Servicing of Financial Assets. None

C. Wash Sales. None

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

None

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

None

20. September 11 Events

1. Nature and amounts of losses. None

2. Contingencies resulting from September 11. None

3. Applicable disclosures related to risks and uncertainties pursuant to SSAP No. 1. None

4. Applicable disclosures about environmental obligations (and recoveries) pursuant to paragraphs 152, 153, 157, 158 & 159 of AICPA Statement of Position 96-1. None.

21. Other Items

A. Extraordinary Items

None

B. Troubled Debt Restructuring: Debtors. None

C. Other Disclosures. None

D. Balance uncollectible for assets covered by SSAP No. 6. None

E. Business Interruption Insurance Recoveries. None

22. Events Subsequent

The Plan had no events occurring subsequent to the close of the books or accounts for this statement that may have a material effect on the financial condition of the Plan.

Notes to Financial Statement

23. Reinsurance

A. Ceded Reinsurance Report

Section 1-General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? No.
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? No.

Section 2 - Ceded Reinsurance Report–Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit? No.
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? No.

Section 3 - Ceded Reinsurance Report–Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business in making this estimate. None.
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? No.

B. Uncollectible Reinsurance

None

C. Commutation of Ceded Reinsurance

None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

None

25. Change in Incurred Claims and Claim Adjustment Expenses None

26. Intercompany Pooling Arrangements None

27. Structured Settlements Not Applicable

28. Health Care Receivables

A. Pharmacy Rebate–The Health Plan is entitled to receive rebates, per the Michigan Medicaid contract with the Health Plan, from the State of Michigan for psychographics paid for by the Health Plan but covered by the State. That amount for December was \$348,944.

Notes to Financial Statement

Pharmacy manufacturer rebate receivable:

Quarter	A/R	Confirmed	Received with in		
			90 days	91-180 days	>180 days
12/31/2006	\$395,493	\$395,493	\$0	\$0	\$395,493
09/30/2006	\$0				
06/30/2006	\$0				
03/30/2006					
12/31/2005	\$133,414	\$133,414	\$0	\$0	\$133,414
09/30/2005	\$0				
06/30/2005	\$0				
03/30/2005	\$0				
12/31/2004	\$104,915	\$104,915	\$0	\$0	\$104,915
09/30/2004	\$0				
06/30/2004	\$0				
03/31/2004	\$0				

B. Risk Sharing Receivables - None

29. Participating Policies None
30. Premium Deficiency Reserves None
31. Anticipated Salvage and Subrogation None

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities				
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or Guaranteed by GNMA				
1.512 Issued or Guaranteed by FNMA and FHLMC				
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
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				
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated	1,120,813	2.322	1,120,813	2.322
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company	2,746,291	5.689	2,746,291	5.689
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities				
8. Cash, cash equivalents and short-term investments	44,390,257	91.949	44,390,257	91.949
9. Other invested assets	19,482	0.040	19,482	0.040
10. Total invested assets	48,276,843	100.000	48,276,843	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[] 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: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2003
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2003
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 01/27/2005
- 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 common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[] No[X]
- 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[] No[X]
- 4.22 renewals? Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? 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, 0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, 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
		.. Yes[] No[X] ..				

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PLANTE AND MORAN LLP, 1111 MICHIGAN AVE. EAST LANSING MI 48823
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?
JOHN VATAHA, ASA, MAAA ACTUARY CONSULTANT, 183 MONROE COURT, HOLLAND, PA 18966
- 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 \$ 0
- 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[] N/A[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes[] No[] N/A[X]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes[] No[] N/A[X]

GENERAL INTERROGATORIES (Continued)

BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes[X] No[]
14. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes[X] No[]
15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes[X] No[]

FINANCIAL

- 16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.11 To directors or other officers \$ 0
- 16.12 To stockholders not officers \$ 0
- 16.13 Trustees, supreme or grand (Fraternal only) \$ 0
- 16.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.21 To directors or other officers \$ 0
- 16.22 To stockholders not officers \$ 0
- 16.23 Trustees, supreme or grand (Fraternal only) \$ 0
- 17.1 Were any 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: \$ 848,730

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 \$ 0
- 21.22 Subject to repurchase agreements \$ 0
- 21.23 Subject to reverse repurchase agreements \$ 0
- 21.24 Subject to dollar repurchase agreements \$ 0
- 21.25 Subject to reverse dollar repurchase agreements \$ 0
- 21.26 Pledged as collateral \$ 0
- 21.27 Placed under option agreements \$ 0
- 21.28 Letter stock or securities restricted as to sale \$ 0
- 21.29 Other \$ 0
- 21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[] No[X]
- 22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[] No[] N/A[X]
If no, attach a description with this statement.
- 23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[] No[X]
- 23.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No[]
- 24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
JPMORGAN CHASE BANK, NA	1111 POLARIS PARKWAY, COLUMBUS OH 43240

- 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:

GENERAL INTERROGATORIES (Continued)

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

24.05 Identify all investment advisers, 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

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/Adjusted Carrying Value
25.2999 Total		

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

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

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			
26.2 Preferred stocks			
26.3 Totals			

26.4 Describe the sources of methods utilized in determining the fair values

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? \$..... 0

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

29.1 Amount of payments for legal expenses, if any? \$..... 8,906

29.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
PAYNE, PAYNE, BRODER & FOSSEE PC	7,469

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

30.2 List the name of 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 department of government during the period covered by this statement.

GENERAL INTERROGATORIES (Continued)

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: \$ 0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ 0
- 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ 0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ 0
- 1.6 Individual policies - Most current three years:
- 1.61 Total premium earned \$ 0
- 1.62 Total incurred claims \$ 0
- 1.63 Number of covered lives 0
- All years prior to most current three years:
- 1.64 Total premium earned \$ 0
- 1.65 Total incurred claims \$ 0
- 1.66 Number of covered lives 0
- 1.7 Group policies - Most current three years:
- 1.71 Total premium earned \$ 0
- 1.72 Total incurred claims \$ 0
- 1.73 Number of covered lives 0
- All years prior to most current three years:
- 1.74 Total premium earned \$ 0
- 1.75 Total incurred claims \$ 0
- 1.76 Number of covered lives 0

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator	122,777,812	108,326,081
2.2 Premium Denominator	122,777,812	108,326,081
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4 Reserve Numerator	2,836,708	2,617,717
2.5 Reserve Denominator	17,880,394	15,584,506
2.6 Reserve Ratio (2.4 / 2.5)	0.159	0.168

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes[X] No []
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No[X]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes[X] No []
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical \$ 196,500
- 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:
ALL ABOVE TOPICS ARE INCLUDED IN ALL PROVIDER CONTRACTS WITH LANGUAGE APPROVED BY THE MICHIGAN OFFICE OF FINANCE & INSURANCE
- 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 2,651
- 8.2 Number of providers at end of reporting year 3,815
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months 0
- 9.22 Business with rate guarantees over 36 months 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes[X] No []
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ 0
- 10.22 Amount actually paid for year bonuses \$ 0
- 10.23 Maximum amount payable withholds \$ 2,836,708
- 10.24 Amount actually paid for year withholds \$ 86,715
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes [] No[X]
- 11.13 An Individual Practice Association (IPA), or, Yes [] No[X]
- 11.14 A Mixed Model (combination of above)? Yes [] No[X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes[X] No []
- 11.3 If yes, show the name of the state requiring such net worth.
MICHIGAN
- 11.4 If yes, show the amount required. \$ 8,748,118
- 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.
200% OF AUTHORIZED CONTROL LEVEL
- 12. List service areas in which the reporting entity is licensed to operate:

1 Name of Service Area
ARENAC COUNTY
BAY COUNTY
CLINTON COUNTY
CRAWFORD COUNTY
EATON COUNTY
INGHAM COUNTY
GENESSEE COUNTY
GRATIOT COUNTY

GENERAL INTERROGATORIES (Continued)

1 Name of Service Area
LAPEER COUNTY
OGEMAW COUNTY
OSCODA COUNTY
ROSCOMMON COUNTY
SAGINAW COUNTY
SHIAWASSEE COUNTY
TUSCOLA COUNTY
ISABELLA COUNTY
IONIA COUNTY
MACOMB COUNTY

FIVE-YEAR HISTORICAL DATA

	1 2006	2 2005	3 2004	4 2003	5 2002
BALANCE SHEET (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	50,744,198	39,862,766	28,905,858	23,060,362	16,998,566
2. Total liabilities (Page 3, Line 22)	22,449,276	19,355,095	13,908,595	11,061,202	10,695,684
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 31)	28,294,923	20,507,671	14,997,262	11,999,159	6,302,883
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	115,094,851	102,070,328	71,774,856	49,155,508	35,445,114
6. Total medical and hospital expenses (Line 18)	102,337,196	90,613,378	59,778,783	39,521,730	29,939,395
7. Claims adjustment expenses (Line 20)	200,344	207,240	477,436	446,730	
8. Total administrative expenses (Line 21)	6,477,778	6,811,568	5,226,488	3,276,019	1,798,627
9. Net underwriting gain (loss) (Line 24)	6,079,533	4,438,142	6,292,149	5,911,029	2,650,756
10. Net investment gain (loss) (Line 27)	1,615,701	719,229	64,376	12,505	181,315
11. Total other income (Lines 28 plus 29)			(1,754)		
12. Net income or (loss) (Line 32)	7,695,234	5,157,371	6,354,770	5,923,534	2,832,071
RISK-BASED CAPITAL ANALYSIS					
13. Total adjusted capital	28,294,923	20,507,671	14,997,262	11,999,159	6,302,883
14. Authorized control level risk-based capital	4,374,059	3,926,273	2,742,889	2,078,865	1,631,693
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	56,307	52,530	46,495	29,464	20,830
16. Total members months (Column 6, Line 7)	663,627	610,505	435,119	307,551	224,742
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	83	84	79	79	85
19. Cost containment expenses	0	0		X X X	X X X
20. Other claims adjustment expenses	0	0	1		
21. Total underwriting deductions (Line 23)	89	90	86	86	93
22. Total underwriting gain (loss) (Line 24)	5	4	8	12	7
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Column 5)	16,166,033	12,085,697	7,524,778	6,468,008	7,841,477
24. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	15,587,506	12,085,697	8,673,483	9,271,112	8,985,868
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Column 1)					
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1)					
27. Affiliated common stocks (Sch. D Summary, Line 53, Column 2)					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Column 5, Line 11)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated					
31. Total of above Lines 25 to 30					

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1.	United States			
	2.	Canada			
	3.	Other Countries			
	4.	Totals			
States, Territories and Possessions (Direct and Guaranteed)	5.	United States			
	6.	Canada			
	7.	Other Countries			
	8.	Totals			
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States			
	10.	Canada			
	11.	Other Countries			
	12.	Totals			
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States			
	14.	Canada			
	15.	Other Countries			
	16.	Totals			
Public Utilities (unaffiliated)	17.	United States			
	18.	Canada			
	19.	Other Countries			
	20.	Totals			
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States			
	22.	Canada			
	23.	Other Countries			
	24.	Totals			
Parent, Subsidiaries and Affiliates	25.	Totals			
	26.	Total Bonds			
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27.	United States			
	28.	Canada			
	29.	Other Countries			
	30.	Totals			
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States			
	32.	Canada			
	33.	Other Countries			
	34.	Totals			
Industrial and Miscellaneous (unaffiliated)	35.	United States			
	36.	Canada			
	37.	Other Countries			
	38.	Totals			
Parent, Subsidiaries and Affiliates	39.	Totals			
	40.	Total Preferred Stocks			
COMMON STOCKS					
Public Utilities (unaffiliated)	41.	United States			
	42.	Canada			
	43.	Other Countries			
	44.	Totals			
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States			
	46.	Canada			
	47.	Other Countries			
	48.	Totals			
Industrial and Miscellaneous (unaffiliated)	49.	United States	1,120,813	1,120,813	1,120,813
	50.	Canada			
	51.	Other Countries			
	52.	Totals	1,120,813	1,120,813	1,120,813
Parent, Subsidiaries and Affiliates	53.	Totals			
	54.	Total Common Stocks	1,120,813	1,120,813	1,120,813
	55.	Total Stocks	1,120,813	1,120,813	1,120,813
	56.	Total Bonds and Stocks	1,120,813	1,120,813	1,120,813

SCHEDULE D - Verification Between Years

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	1,071,323	7. Amortization of premium	
2. Cost of bonds and stocks acquired, Column 7, Part 3	1,151,214	8. Foreign Exchange Adjustment:	
3. Accrual of discount		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 Column 15 - 17, Part 2, Section 1		8.4 Column 15, Part 4	
4.3 Column 15, Part 2, Section 2			
4.4 Column 11 - 13, Part 4		9. Book/adjusted carrying value at end of current period	1,120,814
5. Total gain (loss), Column 19, Part 4		10. Total valuation allowance	
6. Deduct consideration for bonds and stocks disposed of		11. Subtotal (Lines 9 plus 10)	1,120,814
Column 7, Part 4	1,101,724	12. Total nonadmitted assets	
		13. Statement value of bonds and stocks, current period	1,120,814

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS ALLOCATED BY STATES AND TERRITORIES

	1	2	Direct Business Only					7	8
			3	4	5	6			
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 & 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	214,767		123,248,011				
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. Northern Marianas Islands (MP)	No	No							
57. Canada (CN)	No	No							
58. Aggregate other alien (OT)	X X X	X X X							
59. Subtotal	X X X	X X X	214,767		123,248,011				
60. Reporting entity contributions for Employee Benefit Plans	X X X	X X X							
61. TOTAL (Direct Business)	X X X	(a) 1	214,767		123,248,011				
DETAILS OF WRITE-INS									
5801.	X X X	X X X							
5802.	X X X	X X X							
5803.	X X X	X X X							
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X	X X X							
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	X X X							

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

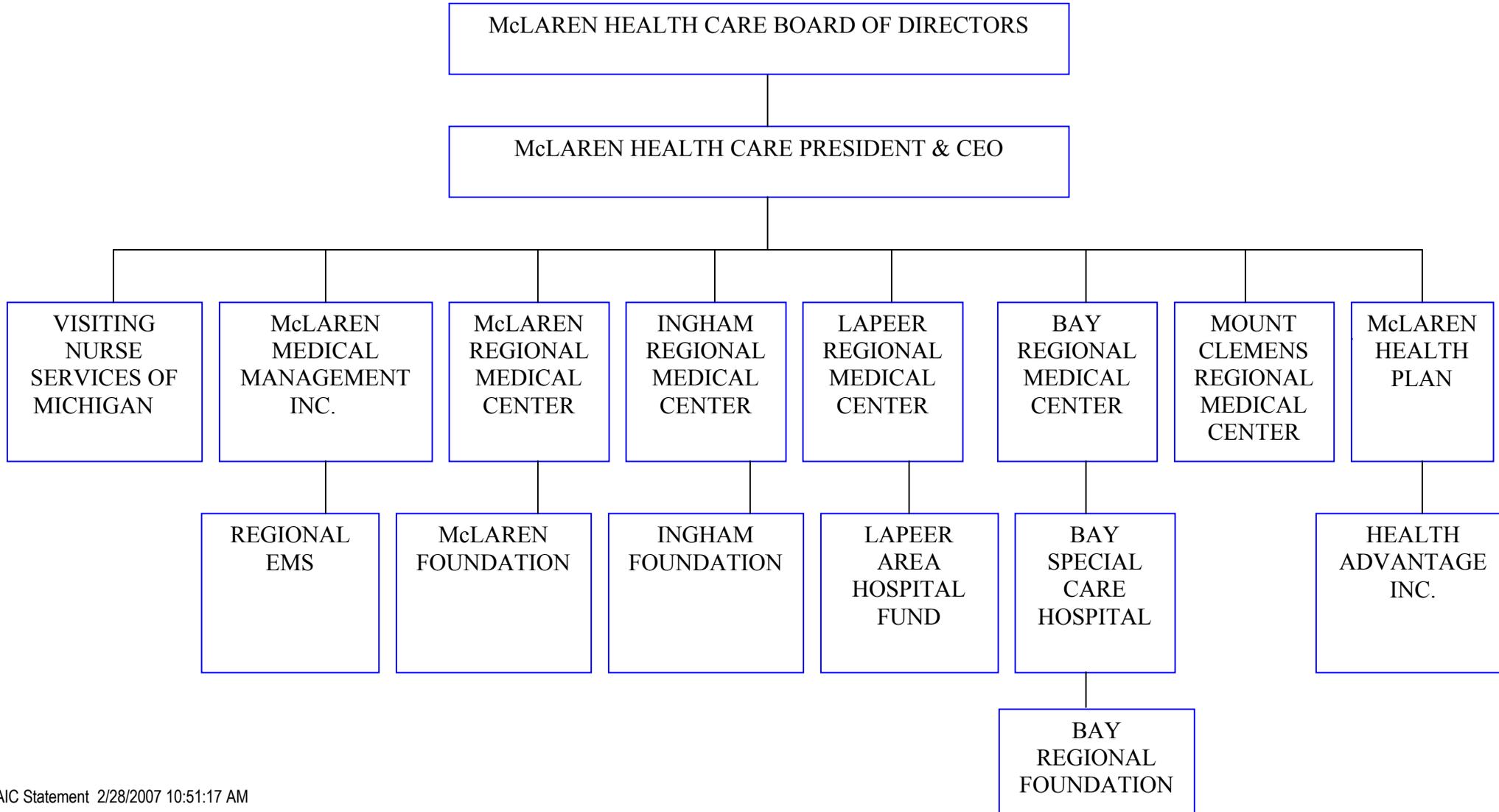
MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

McLaren Health Care

Organizational Chart

2006



52