



# HEALTH ANNUAL STATEMENT

## For the Year Ending December 31, 2001

### OF THE CONDITION AND AFFAIRS OF THE

# CARE CHOICES HMO

NAIC Group Code _____	NAIC Company Code <u>95452</u>	Employer's ID Number <u>38-2694901</u>	
<small>(Current Period)</small>	<small>(Prior Period)</small>		
Organized under the Laws of <u>Michigan</u>	State of Domicile or Port of Entry <u>Michigan</u>		
Country of Domicile <u>US</u>			
Licensed as business type:	Life, Accident & Health[ ] Vision Service Corporation[ ]	Property/Casualty[ ] Other[ ]	Health Service Corporation[ ] Health Maintenance Organization[X]
			Dental Service Corporation[ ] Is HMO Federally Qualified? Yes[X] No[ ]
Date Incorporated or Organized <u>07/08/1986</u>	Date Commenced Business <u>01/01/1987</u>		
Statutory Home Office <u>34605 Twelve Mile Road</u>	<u>Farmington Hills, MI 48331</u>		
	<small>(Street and Number)</small>	<small>(City, or Town, State and Zip Code)</small>	
Main Administrative Office <u>34605 Twelve Mile Road</u>	<u>Farmington Hills, MI 48331</u>	<u>(248)489-6321-</u>	
	<small>(Street and Number)</small>	<small>(Area Code) (Telephone Number)</small>	
Mail Address <u>34605 Twelve Mile Road</u>	<u>Farmington Hills, MI 48331</u>	<u>(248)489-6321-</u>	
	<small>(Street and Number or P.O. Box)</small>	<small>(City, or Town, State and Zip Code)</small>	
Primary Location of Books and Records <u>34605 Twelve Mile Road</u>	<u>Farmington Hills, MI 48331</u>	<u>(248)489-6321-</u>	
	<small>(Street and Number)</small>	<small>(Area Code) (Telephone Number)</small>	
Internet Website Address <u>www.carechoices.com</u>			
Statement Contact <u>Donna J. West</u>	<u>WESTD@trinity-health.org</u>	<u>(248)489-6321-</u>	
	<small>(Name)</small>	<small>(Area Code)(Telephone Number)(Extension)</small>	
	<small>(E-Mail Address)</small>	<u>(248)489-6191-</u>	
		<small>(Fax Number)</small>	

President and CEO	William R. Alvin
Secretary	vacant
Chief Financial Officer	Michael Koziara
Medical Director	Michael J. Baker MD

### VICE PRESIDENTS

### DIRECTORS OR TRUSTEES

James H. Combes  
Bruce Genovese MD  
Molly Resnik  
Michael Slubowski

Jay Herron  
William R. Alvin  
Mary Ellen Howard RSM  
Agnes Spitzza

Phyllis R. Robb  
Howard B. Weinblatt MD  
Lisa Reed  
Paul Hughes-Cromwick

State of Michigan  
County of Oakland 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 manuals 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.

_____ <small>(Signature)</small> <b>William R. Alvin</b> <small>(Printed Name)</small> President and CEO	_____ <small>(Signature)</small> <b>Michael J. Baker, MD</b> <small>(Printed Name)</small> Medical Director	_____ <small>(Signature)</small> <b>Michael Koziara</b> <small>(Printed Name)</small> Chief Financial Officer
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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	_____

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2002

\_\_\_\_\_  
(Notary Public Signature)

## ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets	Net Admitted Assets
1. Bonds .....				567,933
2. Stocks: .....				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate: .....				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A): .....				
4.1 Properties occupied by the company (less \$..... encumbrances) .....			(a)	
4.2 Properties held for the production of income (less \$..... encumbrances) .....				
4.3 Properties held for sale (less \$..... encumbrances) .....				
5. Cash (\$.....21,890,915, Schedule E - Part 1) and short-term investments (\$.....30,322,820, Schedule DA - Part 2) .....	52,396,675	182,940	52,213,735	35,075,078
6. Other long-term invested assets .....				
7. Receivable for securities .....				
8. Aggregate write-ins for invested assets .....				
9. Subtotals, cash and invested assets (Lines 1 to 8) .....	52,396,675	182,940	52,213,735	35,643,011
10. Accident and health premiums due and unpaid .....	1,574,129		1,574,129	1,487,980
11. Health care receivables .....	817,609		817,609	
12. Amounts recoverable from reinsurers .....	338,774		338,774	1,145,589
13. Net adjustment in assets and liabilities due to foreign exchange rates .....				
14. Investment income due and accrued .....	61,078		61,078	342,889
15. Amounts due from parent, subsidiaries and affiliates .....	830,977	1,976	829,001	7,075,977
16. Amounts receivable relating to uninsured accident and health plans .....				
17. Furniture and equipment .....				
18. Amounts due from agents .....				
19. Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset) .....				
20. Electronic data processing equipment and software .....				
21. Other nonadmitted assets .....				
22. Aggregate write-ins for other than invested assets .....				1,435,863
23. Total assets (Lines 9 plus 10 through 22) .....	56,019,242	184,916	55,834,326	47,131,309
<b>DETAILS OF WRITE-INS</b>				
0801 .....				
0802 .....				
0803 .....				
0898. Summary of remaining write-ins for Line 8 from overflow page .....				
0899. TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above) .....				
2201. State of Michigan - Psycotropic drug refund .....				1,428,754
2202. A/P Claims .....				7,109
2203 .....				
2298. Summary of remaining write-ins for Line 22 from overflow page .....				
2299. TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above) .....				1,435,863

(a) \$..... health care delivery assets included in Line 4.1, Column 3.

## LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$..... reinsurance ceded) .....	27,576,052		27,576,052	30,752,807
2. Accrued medical incentive pool and bonus payments .....				
3. Unpaid claims adjustment expenses .....				
4. Aggregate policy reserves .....				
5. Aggregate claim reserves .....				
6. Premiums received in advance .....	2,426,178		2,426,178	1,259,173
7. General expenses due or accrued .....				
8. Federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) (including \$..... net deferred tax liability) .....				
9. Amounts withheld or retained for account of others .....				
10. Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current) .....				
11. Amounts due to parent, subsidiaries and affiliates .....	5,117,335		5,117,335	2,543,415
12. Payable to securities .....				
13. Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers) .....				
14. Reinsurance in unauthorized companies .....				
15. Net adjustments in assets and liabilities due to foreign exchange rates .....				
16. Liability for amounts held under uninsured accident and health plans .....				
17. Aggregate write-ins for other liabilities (including \$..... current) .....	678,418		678,418	1,268,497
18. Total liabilities (Lines 1 to 17) .....	35,797,983		35,797,983	35,823,892
19. Common capital stock .....	X X X	X X X		
20. Preferred capital stock .....	X X X	X X X		
21. Gross paid in and contributed surplus .....	X X X	X X X	11,500,000	
22. Surplus notes .....	X X X	X X X	5,000,000	5,000,000
23. Aggregate write-ins for other surplus funds .....	X X X	X X X		
24. Unassigned funds (surplus) .....	X X X	X X X	3,536,343	6,307,417
25. Less treasury stock, at cost:	X X X	X X X		
25.1 ..... shares common (value included in Line 19 \$.....)	X X X	X X X		
25.2 ..... shares preferred (value included in Line 20 \$.....)	X X X	X X X		
26. Total capital and surplus (Lines 19 to 24 minus 25) .....	X X X	X X X	20,036,343	11,307,417
27. Total liabilities, capital and surplus (Lines 18 and 26) .....	X X X	X X X	55,834,326	47,131,309
<b>DETAILS OF WRITE-INS</b>				
1701. Risk Non-Affiliate .....	89,642		89,642	903,411
1702. Accrued Liabilities .....	588,776		588,776	362,629
1703. ....				2,457
1798. Summary of remaining write-ins for Line 17 from overflow page .....				
1799. TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above) .....	678,418		678,418	1,268,497
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		

# STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months .....	X X X	1,563,101	1,727,038
2. Net premium income .....	X X X	258,627,838	273,099,506
3. Change in unearned premium reserves and reserve for rate credits .....	X X X		
4. Fee-for-service (net of \$..... 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. TOTAL REVENUES (Lines 2 to 6) .....	X X X	258,627,838	273,099,506
<b>Medical and Hospital:</b>			
8. Hospital/medical benefits .....		175,335,196	199,206,359
9. Other Professional Services .....			
10. Outside Referrals .....			
11. Emergency Room and Out-of-Area .....		7,535,291	5,711,368
12. Aggregate Write-Ins for Other Medical and Hospital .....		48,306,192	52,838,094
13. Incentive Pool and Withhold Adjustments .....		2,066,183	(12,304,915)
14. Subtotal (Lines 8 to 13) .....		233,242,862	245,450,906
<b>LESS:</b>			
15. Net Reinsurance Recoveries .....		(272,395)	(1,432,782)
16. Total medical and Hospital (Lines 14 minus 15) .....		233,515,257	246,883,688
17. Claims adjustment expenses .....			
18. General administrative expenses .....		30,106,171	33,046,732
19. Increase in reserves for accident and health contracts .....			
20. Total underwriting deductions (Lines 16 through 19) .....		263,621,428	279,930,420
21. Net underwriting gain or (Loss) (Lines 7 minus 20) .....	X X X	(4,993,590)	(6,830,914)
22. Net investment income earned .....		1,526,522	2,389,970
23. Net realized capital gains or (Losses) .....		3,274	
24. Net investment gains or (Losses) (Lines 22 plus 23) .....		1,529,796	2,389,970
25. Net gain or (Loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)] .....			
26. Aggregate write-ins for other income or expenses .....		683,079	1,000,840
27. Net income or (Loss) before federal income taxes (Lines 21 plus 24 plus 25 plus 26) .....		(2,780,715)	(3,440,104)
28. Federal and foreign income taxes incurred .....	X X X		
29. Net income (Loss) (Lines 27 minus 28) .....	X X X	(2,780,715)	(3,440,104)
<b>DETAILS OF WRITE-INS</b>			
0601 .....	X X X		
0602 .....	X X X		
0603 .....	X X X		
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		
1201. Pharmacy Expense .....		48,306,192	52,838,094
1202 .....			
1203 .....			
1298. Summary of remaining write-ins for Line 12 from overflow page .....			
1299. TOTALS (Lines 1201 through 1203 plus 1298) (Line 12 above) .....		48,306,192	52,838,094
2601. Supplemental Interest Income .....		683,079	1,000,840
2602 .....			
2603 .....			
2698. Summary of remaining write-ins for Line 26 from overflow page .....			
2699. TOTALS (Lines 2601 through 2603 plus 2698) (Line 26 above) .....		683,079	1,000,840

## STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>		
30. Capital and surplus prior reporting year .....	11,307,417	13,590,793
<b>GAINS AND LOSSES TO CAPITAL &amp; SURPLUS</b>		
31. Net income or (Loss) from Line 29 .....	(2,780,715)	(3,440,104)
32. Change in valuation basis of aggregate policy and claim reserves .....		
33. Net unrealized capital gains and losses .....	168,339	876
34. Change in net unrealized foreign exchange capital gain or (Loss) .....		
35. Change in net deferred income tax .....		
36. Change in nonadmitted assets .....	(158,698)	1,155,852
37. Change in unauthorized reinsurance .....		
38. Change in treasury stock .....		
39. Change in surplus notes .....		
40. Cumulative effect of changes in accounting principles .....		
41. Capital Changes:		
41.1 Paid in .....		
41.2 Transferred from surplus (Stock Dividend) .....		
41.3 Transferred to surplus .....		
42. Surplus adjustments:		
42.1 Paid in .....	11,500,000	
42.2 Transferred to capital (Stock Dividend) .....		
42.3 Transferred from capital .....		
43. Dividends to stockholders .....		
44. Aggregate write-ins for gains or (Losses) in surplus .....		
45. Net change in capital and surplus (Lines 31 to 44) .....	8,728,926	(2,283,376)
46. Capital and surplus end of reporting year (Line 30 plus 45) .....	20,036,343	11,307,417
<b>DETAILS OF WRITE-INS</b>		
4401 .....		
4402 .....		
4403 .....		
4498. Summary of remaining write-ins for Line 44 from overflow page .....		
4499. TOTALS (Lines 4401 through 4403 plus 4498) (Line 44 above) .....		

## CASH FLOW

		1	2
		Current Year	Prior Year
<b>Cash from Operations</b>			
1.	Premiums and revenues collected net of reinsurance .....	258,599,543	269,334,213
2.	Claims and claims adjustment expenses .....	234,776,046	246,163,527
3.	General administrative expenses paid .....	30,106,171	33,046,732
4.	Other underwriting income (expenses) .....		
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....	(6,282,674)	(9,876,046)
6.	Net investment income .....	1,808,333	2,389,970
7.	Other income (expenses) .....	683,079	1,000,840
8.	Federal and foreign income taxes (paid) recovered .....		
9.	Net cash from operations (Line 5 to 8) .....	(3,791,262)	(6,485,236)
<b>Cash from Investments</b>			
10.	Proceeds from investments sold, matured or repaid:		
10.1 ...	Bonds .....	567,933	48,879
10.2 ...	Stocks .....		
10.3 ...	Mortgage loans .....		
10.4 ...	Real estate .....		
10.5 ...	Other invested assets .....		1,398,047
10.6 ...	Net gains or (losses) on cash and short-term investments .....	3,274	
10.7 ...	Miscellaneous proceeds .....		
10.8 ...	TOTAL investment proceeds (Lines 10.1 to 10.7) .....	571,207	1,446,926
11.	Cost of investments acquired (long-term only):		
11.1 ...	Bonds .....		
11.2 ...	Stocks .....		
11.3 ...	Mortgage loans .....		
11.4 ...	Real estate .....		
11.5 ...	Other invested assets .....		
11.6 ...	Miscellaneous applications .....		
11.7 ...	TOTAL investments acquired (Lines 11.1 to 11.6) .....		
12.	Net cash from investments (Line 10.8 minus Line 11.7) .....	571,207	1,446,926
<b>Cash from Financing and Miscellaneous Sources</b>			
13.	Cash provided:		
13.1 ...	Surplus notes, capital and surplus paid in .....	11,500,000	
13.2 ...	Net transfers from affiliates .....	8,820,896	1,213,073
13.3 ...	Borrowed funds received .....		
13.4 ...	Other cash provided .....	1,435,863	2,700,823
13.5 ...	TOTAL (Lines 13.1 to 13.4) .....	21,756,759	3,913,896
14.	Cash applied:		
14.1 ...	Dividends to stockholder paid .....		
14.2 ...	Net transfers to affiliates .....		
14.3 ...	Borrowed funds repaid .....		
14.4 ...	Other applications .....	1,398,047	
14.5 ...	TOTAL (Lines 14.1 to 14.4) .....	1,398,047	
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5) .....	20,358,712	3,913,896
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15) .....	17,138,657	(1,124,414)
17.	Cash and short-term investments:		
17.1 ...	Beginning of year .....	35,075,078	37,597,539
17.2 ...	End of year (Line 16 plus Line 17.1) .....	52,213,735	36,473,125

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

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplemental	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other
1. Net premium income .....	258,627,838	245,497,270						105,777	13,024,791				
2. Change in unearned premium reserves and reserve for rate credit .....													
3. Fee-for-service (net of \$..... medical expenses) .....													
4. Risk revenue .....													
5. Aggregate write-ins for other health care related revenues .....													
6. Total revenues (Lines 1 to 5) .....	258,627,838	245,497,270						105,777	13,024,791				
7. Medical/hospital benefits .....	175,335,196	168,281,409						(539,641)	7,593,428				
8. Other professional services .....													
9. Outside referrals .....													
10. Emergency Room and Out-of-Area .....	7,535,291	6,594,414						72,208	868,669				
11. Aggregate write-ins for other medical and hospital .....	48,306,192	45,656,593						(84,122)	2,733,721				
12. Incentive pool and withhold adjustments .....	2,066,183	1,570,785						434,612	60,786				
13. Subtotal (Lines 7 to 12) .....	233,242,862	222,103,201						(116,943)	11,256,604				
14. Net Reinsurance Recoveries .....	(272,395)	(366,162)						18,632	75,135				
15. Total medical and hospital (Lines 13 minus 14) .....	233,515,257	222,469,363						(135,575)	11,181,469				
16. Claims adjustment expenses .....													
17. General administrative expenses .....	30,106,171	28,181,490						17,040	1,907,641				
18. Increase in reserves for accident and health contracts .....													
19. Total underwriting deductions (Lines 15 to 18) .....	263,621,428	250,650,853						(118,535)	13,089,110				
20. Net underwriting gain or (Loss) (Line 6 minus Line 19) .....	(4,993,590)	(5,153,583)						224,312	(64,319)				
<b>DETAILS OF WRITE-INS</b>													
0501 .....													
0502 .....													
0503 .....													
0598. Summary of remaining write-ins for Line 5 from overflow page .....													
0599. TOTAL (Lines 0501 through 0503 plus 0598) (Line 5 above) .....													
1101. PHARMACY EXPENSES .....	48,306,192	45,656,593						(84,122)	2,733,721				
1102 .....													
1103 .....													
1198. Summary of remaining write-ins for Line 11 from overflow page .....													
1199. TOTAL (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	48,306,192	45,656,593						(84,122)	2,733,721				

## 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 (medical and hospital) .....	246,394,624		897,354	245,497,270
2. Medicare Supplemental .....				
3. Dental only .....				
4. Vision only .....				
5. Federal Employees Health Benefits Plan Premiums .....				
6. Title XVIII - Medicare .....	105,777			105,777
7. Title XIX - Medicaid .....	13,236,588		211,797	13,024,791
8. Other .....				
9. TOTALS .....	259,736,989		1,109,151	258,627,838

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Payments during the year:									
1.1 Direct .....	232,621,862	216,943,566					3,419,686	12,258,610	
1.2 Reinsurance assumed .....									
1.3 Reinsurance ceded .....									
1.4 Net .....	232,621,862	216,943,566					3,419,686	12,258,610	
2. Paid medical incentive pools and bonuses .....	1,731,571	1,731,571							
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct .....	27,576,052	25,054,925					310,180	2,210,947	
3.2 Reinsurance assumed .....									
3.3 Reinsurance ceded .....									
3.4 Net .....	27,576,052	25,054,925					310,180	2,210,947	
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 .....									
6. Amounts recoverable from reinsurers December 31, current year .....	338,774	234,662						104,112	
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct .....	30,752,806	23,197,647					4,281,421	3,273,738	
7.2 Reinsurance assumed .....									
7.3 Reinsurance ceded .....									
7.4 Net .....	30,752,806	23,197,647					4,281,421	3,273,738	
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct .....									
8.2 Reinsurance assumed .....									
8.3 Reinsurance ceded .....									
8.4 Net .....									
9. Accrued medical incentive pools and bonuses, prior year .....									
10. Amounts recoverable from reinsurers December 31, prior year .....	1,145,588	462,291					256,021	427,276	
11. Incurred benefits:									
11.1 Direct .....	229,445,108	218,800,844					(551,555)	11,195,819	
11.2 Reinsurance assumed .....									
11.3 Reinsurance ceded .....	(806,814)	(227,629)					(256,021)	(323,164)	
11.4 Net .....	230,251,922	219,028,473					(295,534)	11,518,983	
12. Incurred medical incentive pools and bonuses .....	1,731,571	1,731,571							

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Reported in Process of Adjustment:									
1.1 Direct .....	3,695,571	3,473,837						221,734	
1.2 Reinsurance assumed .....									
1.3 Reinsurance ceded .....									
1.4 Net .....	3,695,571	3,473,837						221,734	
2. Incurred but Unreported:									
2.1 Direct .....	22,377,391	20,314,607					269,739	1,793,045	
2.2 Reinsurance assumed .....									
2.3 Reinsurance ceded .....									
2.4 Net .....	22,377,391	20,314,607					269,739	1,793,045	
3. Amounts Withheld from Paid Claims and Capitations:									
3.1 Direct .....	1,503,090	1,266,482					40,441	196,167	
3.2 Reinsurance assumed .....									
3.3 Reinsurance ceded .....									
3.4 Net .....	1,503,090	1,266,482					40,441	196,167	
4. TOTALS									
4.1 Direct .....	27,576,052	25,054,926					310,180	2,210,946	
4.2 Reinsurance assumed .....									
4.3 Reinsurance ceded .....									
4.4 Net .....	27,576,052	25,054,926					310,180	2,210,946	

## 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 (medical and hospital) .....	18,422,345	198,521,222	1,780,990	23,273,935	20,203,335	23,197,647
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan Premiums .....						
6.	Title XVIII - Medicare .....	3,419,686		310,180		3,729,866	4,281,421
7.	Title XIX - Medicaid .....	2,499,267	9,759,342	321,212	1,889,734	2,820,479	3,273,738
8.	Other .....						
9.	Subtotals .....	24,341,298	208,280,564	2,412,382	25,163,669	26,753,680	30,752,806
10.	Medical incentive pools, accrual and disbursements .....		1,731,571				
11.	TOTALS .....	24,341,298	210,012,135	2,412,382	25,163,669	26,753,680	30,752,806

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

**Hospital and Medical**

**Section A**

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	41,660	1,178	24	(4)	(11)
2.	1997 .....	160,908	29,017	666	91	(13)
3.	1998 .....	X X X	179,273	27,185	1,203	24
4.	1999 .....	X X X	X X X	178,251	26,728	829
5.	2000 .....	X X X	X X X	X X X	180,912	17,593
6.	2001 .....	X X X	X X X	X X X	X X X	200,254

**Section B**

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	41,660	1,178	24	(4)	(11)
2.	1997 .....	196,747	29,017	666	91	(13)
3.	1998 .....	X X X	210,940	27,185	1,203	24
4.	1999 .....	X X X	X X X	195,188	26,728	829
5.	2000 .....	X X X	X X X	X X X	201,439	19,374
6.	2001 .....	X X X	X X X	X X X	X X X	219,926

12.1 Underwriting Invest Exh Pt 2C Sn A - Claims Incur. . . . . NONE

12.1 Underwriting Invest Exh Pt 2C Sn B - Claims Incur. . . . . NONE

12.2 Underwriting Invest Exh Pt 2C Sn A - Claims Incur. . . . . NONE

12.2 Underwriting Invest Exh Pt 2C Sn B - Claims Incur. . . . . NONE

12.3 Underwriting Invest Exh Pt 2C Sn A - Claims Incur. . . . . NONE

12.3 Underwriting Invest Exh Pt 2C Sn B - Claims Incur. . . . . NONE

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

**Federal Employees Health Benefits Plan Premiums**

**Section A**

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....					
2.	1997 .....		1,545	7		
3.	1998 .....	X X X	6,354	302		
4.	1999 .....	X X X	X X X	697		
5.	2000 .....	X X X	X X X	X X X		
6.	2001 .....	X X X	X X X	X X X	X X X	

**Section B**

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....					
2.	1997 .....		1,545	7		
3.	1998 .....	X X X	7,764	302		
4.	1999 .....	X X X	X X X	708		
5.	2000 .....	X X X	X X X	X X X		
6.	2001 .....	X X X	X X X	X X X	X X X	

12.4

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

**Title XVIII - Medicare**

**Section A**

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	9				
2.	1997 .....	35	319	2		
3.	1998 .....	X X X	5,212	1,819	39	3
4.	1999 .....	X X X	X X X	16,848	2,470	106
5.	2000 .....	X X X	X X X	X X X	20,018	3,311
6.	2001 .....	X X X	X X X	X X X	X X X	

**Section B**

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	9				
2.	1997 .....	43	319	2		
3.	1998 .....	X X X	7,213	1,971	39	3
4.	1999 .....	X X X	X X X	19,580	2,470	106
5.	2000 .....	X X X	X X X	X X X	22,828	3,581
6.	2001 .....	X X X	X X X	X X X	X X X	

12.5

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

**Title XIX - Medicaid**

**Section A**

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	3,452	121	1		(2)
2.	1997 .....	13,332	6,167	101	107	(2)
3.	1998 .....	X X X	13,475	4,846	464	146
4.	1999 .....	X X X	X X X	24,350	5,947	319
5.	2000 .....	X X X	X X X	X X X	20,493	2,038
6.	2001 .....	X X X	X X X	X X X	X X X	9,760

**Section B**

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	3,452	121	1		(2)
2.	1997 .....	16,301	6,167	101	107	(2)
3.	1998 .....	X X X	21,064	5,149	464	146
4.	1999 .....	X X X	X X X	33,009	5,947	319
5.	2000 .....	X X X	X X X	X X X	24,250	2,359
6.	2001 .....	X X X	X X X	X X X	X X X	11,454

12.6

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

**Other**

**Section A**

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....					
2.	1997 .....					
3.	1998 .....					
4.	1999 .....		XX			
5.	2000 .....		XX	XXX		
6.	2001 .....	XXX	XXX	XXX	XXX	

**Section B**

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....					
2.	1997 .....					
3.	1998 .....					
4.	1999 .....		XX			
5.	2000 .....		XX	XXX		
6.	2001 .....	XXX	XXX	XXX	XXX	

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

**Grand Total**

**Section A**

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	45,121	1,299	25	(4)	(13)
2.	1997 .....	174,275	37,048	776	198	(15)
3.	1998 .....	X X X	204,314	34,152	1,706	173
4.	1999 .....	X X X	X X X	220,146	35,145	1,254
5.	2000 .....	X X X	X X X	X X X	221,423	22,942
6.	2001 .....	X X X	X X X	X X X	X X X	210,014

**Section B**

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1997	2 1998	3 1999	4 2000	5 2001
1.	Prior .....	45,121	1,299	25	(4)	(13)
2.	1997 .....	213,091	37,048	776	198	(15)
3.	1998 .....	X X X	246,981	34,607	1,706	173
4.	1999 .....	X X X	X X X	248,485	35,145	1,254
5.	2000 .....	X X X	X X X	X X X	248,517	25,314
6.	2001 .....	X X X	X X X	X X X	X X X	231,380

12.8

## UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
<b>POLICY RESERVE</b>									
1. Unearned premium reserves .....									
2. Additional policy reserves (a) .....									
3. Reserve for future contingent benefits .....									
4. Reserve for rate credits or experience rating refunds (including \$#####) for investment income .....									
5. Aggregate write-ins for other policy reserves .....									
6. Totals (gross) .....									
7. Reinsurance ceded .....									
8. Totals (Net) (Page 3, Line 4) .....									
<b>CLAIM RESERVE</b>									
9. Present value of amounts not yet due on claims .....									
10. Reserve for future contingent benefits .....									
11. Aggregate write-ins for other claim reserves .....		<b>NONE</b>							
12. Totals (gross) .....									
13. Reinsurance ceded .....									
14. Totals (Net) (Page 3, Line 5) .....									
<b>DETAILS OF WRITE-INS</b>									
0501 .....									
0502 .....									
0503 .....									
0598. Summary of remaining write-ins for Line 5 from overflow page .....									
0599. Totals (Lines 0501 through 0503 plus 0598)(Line 5 above) .....									
1101 .....									
1102 .....									
1103 .....									
1198. Summary of remaining write-ins for Line 11 from overflow page .....									
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above) .....									

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

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

	1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
1. Rent (\$..... for occupancy of own building) .....				
2. Salaries, wages and other benefits .....		13,096,755		13,096,755
3. Commissions (less \$..... ceded plus \$..... assumed) .....				
4. Legal fees and expenses .....		260,181		260,181
5. Certifications and accreditation fees .....				
6. Auditing, actuarial and other consulting services .....		1,034,916		1,034,916
7. Traveling expenses .....		248,104		248,104
8. Marketing and advertising .....		1,529,697		1,529,697
9. Postage, express and telephone .....		811,276		811,276
10. Printing and office supplies .....		1,222,821		1,222,821
11. Occupancy, depreciation and amortization .....		3,946,281		3,946,281
12. Equipment .....		461,832		461,832
13. Cost or depreciation of EDP equipment and software .....				
14. Outsourced services including EDP, claims, and other services .....		5,827,653		5,827,653
15. Boards, bureaus and association fees .....				
16. Insurance, except on real estate .....				
17. Collection and bank service charges .....				
18. Group service and administration fees .....				
19. Reimbursements by uninsured accident and health plans .....				
20. Reimbursements from fiscal intermediaries .....				
21. Real estate expenses .....				
22. Real estate taxes .....				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes .....				
23.2 State premium taxes .....				
23.3 Regulator authority licenses and fees .....		165,259		165,259
23.4 Payroll taxes .....		1,083,361		1,083,361
23.5 Other (excluding federal income and real estate taxes) .....				
24. Investment expenses not included elsewhere .....		418,035		418,035
25. Aggregate write-ins for expenses .....				
26. Total expenses incurred (Lines 1 to 25) .....		30,106,171		(a) 30,106,171
27. Add expenses unpaid December 31, prior year .....				
28. Less expenses unpaid December 31, current year .....				
29. Amounts receivable relating to uninsured accident and health plans, prior year .....				
30. Amounts receivable relating to uninsured accident and health plans, current year .....				
31. Total expenses paid (Lines 26 plus 27 minus 28 plus 29 minus 30) .....		30,106,171		30,106,171
<b>DETAILS OF WRITE-INS</b>				
2501 .....				
2502 .....				
2503 .....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above) .....				

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

## UNDERWRITING AND INVESTMENT EXHIBIT PART 4 - INTEREST, DIVIDENDS AND REAL ESTATE INCOME

	Schedule	1 Collected During Year	Current Year			5 Prior Year Due and Accrued and Unearned	6 Earned During Year (Cols. 1 - 2 + 3 + 4 - 5)
			2 Unearned	3 Due and Accrued (g)	4 Foreign Exchange Adjustment		
1. Government bonds .....	D(a) ..						
1.1 Other bonds (unaffiliated) .....	D(a) ..						
1.2 Bonds of affiliates .....	D(a) ..						
2.1 Preferred stocks (unaffiliated) .....	D(b) ..						
2.11 Preferred stocks of affiliates .....	D(b) ..						
2.2 Common stocks (unaffiliated) .....	D ..						
2.21 Common stocks of affiliates .....	D ..						
3. Mortgage loans .....	B(c) ..						
4. Real estate .....	A(d) ..						
5.1 Cash on hand and on deposit .....		813,750		39,504		104,867	748,387
5.2 Short-term investments .....	DA(e) ..	994,583		21,574		238,022	778,135
6. Other invested assets .....	BA ..						
7. Derivative instruments .....	DB(f) ..						
8. Aggregate write-ins for investment income .....							
9. TOTALS .....		1,808,333		61,078		342,889	1,526,522

DEDUCTIONS						
10. Total investment expenses incurred (Part 3, Line 26, Col. 3) .....						
11. Interest expense .....	(h) ..					
12. Depreciation on real estate .....						
13. Aggregate write-ins for other deductions .....						
14. Total deductions (Lines 10 to 13) .....						
15. Net investment income earned (Line 9 minus Line 14)(to Page 4, Line 22) .....						1,526,522

DETAILS OF WRITE-INS							
0801 .....	X X X						
0802 .....	X X X						
0803 .....	X X X						
0898. Summary of remaining write-ins for Line 8 from overflow page .....	X X X						
0899. Totals (Lines 0801 through 0803 plus 0898)(Part 4, Line 8) .....	X X X						
1301 .....							
1302 .....							
1303 .....							
1398. Summary of remaining write-ins for Line 13 from overflow page .....							
1399. Totals (Lines 1301 through 1303 plus 1398)(Part 4, Line 13) .....							

- (a) Includes \$..... accrual of discount less \$..... amortization of premium.
- (b) Includes \$..... accrual of discount less \$..... amortization of premium.
- (c) Includes \$..... accrual of discount less \$..... amortization of premium.
- (d) Includes \$..... for corporation's occupancy of its own buildings.
- (e) Includes \$..... accrual of discount less \$..... amortization of premium.
- (f) Includes \$..... accrual of discount less \$..... amortization of premium.
- (g) Admitted items only. State basis of exclusions for corporation's occupancy of its own buildings:
- (h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.

### PART 4A - CAPITAL GAINS AND (LOSSES) ON INVESTMENTS

	1 Realized Profit (Loss) on Sale or Maturity	2 Realized Foreign Exchange Profit (Loss) on Sale or Maturity	3 Other Realized Adjustment	4 Increase (Decrease) by Adjustments	5 Unrealized Foreign Exchange Gain (Loss)	6 Net Gain (Loss) from Change in Difference Between Book/ Adjusted Carrying and Admitted Values	7 Total (Sum of Columns 1 to 6)
1.1 Other bonds (unaffiliated) .....							
1.2 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 .....				(a)			
5.1 Cash on hand and on deposit .....							
5.2 Short-term investments .....	3,274					182,940	186,214
6. Other invested assets .....							
7. Derivative instruments .....							
8. Aggregate write-ins for capital gains and (losses) .....							
9. TOTALS .....	3,274					182,940	186,214

(Distribution of Line 9, Col.7)							
10. Net realized capital gains or (losses) (Page 4, Line 23)(Line 9, Col. 1 + 2 + 3) .....							3,274
11. Net unrealized capital gains or (losses) .....							182,940

DETAILS OF WRITE-INS							
0801 .....							
0802 .....							
0803 .....							
0898. Summary of remaining write-ins for Line 8 from overflow page .....							
0899. TOTALS (Lines 0801 through 0803 plus 0898) (Part 4A, Line 8) .....							

(a) Excluding \$..... depreciation on real estate included in Part 4, Line 12.

**EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS**

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of items Page 2, Lines 10 to 16 and 19 to 20, Column 2 .....	1,976	9,768	7,792
2. Other Nonadmitted Assets:			
2.1 Furniture and Equipment .....			
2.2 Leasehold improvements .....			
2.3 Amounts due from agents .....			
3. TOTAL (Lines 2.1 to 2.3) .....			
4. Loans on company stock .....			
5. Aggregate write-ins for other than invested assets .....	182,940	16,450	(166,490)
6. TOTAL (Line 1 plus 3 through 5) .....	184,916	26,218	(158,698)
<b>DETAILS OF WRITE-INS</b>			
0501. Unrealized gain on short - term investments .....	182,940	14,604	(168,336)
0502. Bonds - Unrealized gain .....		1,846	1,846
0503 .....			
0598. Summary of remaining write-ins for Line 5 from overflow page .....			
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	182,940	16,450	(166,490)

### EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

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 .....	136,569	130,246	128,917	131,234	129,578	1,563,101
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....						
4. Point of Service .....						
5. Indemnity Only .....						
6. Aggregate write-ins for other lines of business .....						
7. Total .....	136,569	130,246	128,917	131,234	129,578	1,563,101
<b>DETAILS OF WRITE-INS</b>						
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

### 1. Organization and Operations

Care Choices HMO - Michigan ("Care Choices"), a membership corporation, is a wholly owned subsidiary of Trinity Health ("TH"). Care Choices and TH support the charitable healthcare mission of the Sisters of Mercy Regional Community of Detroit, the corporate sponsor. Care Choices has been determined to be a qualified health maintenance organization under Title XIII of the Public Health Service Act.

Care Choices arranges for the delivery of health care services to its enrollees through various contracts directly with providers and common provider entities ("CPEs"). The CPEs, are corporate joint ventures between physician and hospital providers. These CPEs, which are located in Michigan, arrange for the provision of covered services to Care Choices' enrollees through contracts with various physicians and hospitals. Profits or losses resulting from provision of services relative to the Medicaid program are shared between Care Choices and the CPE's. One of the hospitals with which a CPE has contracted, is a division of TH and an equity owner of the CPE.

All books and records are maintained by Trinity Health Plans and is located in Farmington Hills, Michigan.

### 2. Significant Accounting Policies

The accompanying financial statements have been prepared in conformity with the NAIC Annual Statement Instructions and Accounting Policies and Procedures except for the following item, which caused surplus to be increased by \$ 683,079. The Company received approval from the Office of Financial and Insurance Services of the State of Michigan ("OFIS") to record as other income a contribution of investment income allocated to the Company from Trinity Health of \$683,079 as a permitted practice.

*Cash and Cash Equivalents* for the purpose of the statements of cash flows are certificates of deposit, U.S. Government securities, commercial paper, repurchase agreements, corporate bonds and notes, and other short-term investments with original maturities of less than three months.

*Investments* - Investments are reported at cost adjusted for amortization of premiums or discounts using the straight-line method.

*Premium Revenue* - Enrollee contracts are negotiated on a yearly basis. Premiums are due monthly and are recognized as revenue during the period in which Care Choices is obligated to provide services to its enrollees. Premiums received prior to the period of coverage are reported as unearned premium revenue.

*Investment Income* - Investment income on cash, cash equivalents and marketable securities are recorded in these financial statements at the rate earned.

*Medical Expenses* - The liability for claims payable is accrued in the period such services are provided and includes estimates of services performed which have not been billed to Care Choices and losses on existing contracts related to the excess of expected future health care costs over anticipated future premiums. The method of making such estimates and for establishing the resulting liabilities is continually reviewed and updated, and any adjustments resulting therefrom are reflected in the activities expenses currently. Actual results could differ from these estimates.

*Income (Loss) from Operations* - The statement of operations includes income (loss) from operations. Changes in unrestricted net assets which are excluded from income from operations, consistent with industry practice, include unrealized gains and losses on investments and permanent transfers of assets to and from affiliates for other than goods and services.

### 3. Related Parties

For the years ended December 31, 2001 and 2000, Care Choices recorded premium revenue of approximately \$31,125,943 and \$27,309,044, respectively, attributable to Care Choices' affiliates.

Medical expenses paid to affiliates of Care Choices for the delivery of health care services totaled approximately \$73,956,016 and \$89,279,113 during 2001 and 2000 respectively.

Care Choices has an administrative services agreement with Mercy Health Plans, a subsidiary of TH, whereby Mercy Health Plans pays all salaries and provides all administrative services for Care Choices. Under the terms of the administrative services agreement, Care Choices was charged approximately \$29,936,072 and \$33,006,217 for the years ended December 31, 2001 and 2000, respectively. Administrative fees are charged based on a percent of premium revenue. The administrative services agreement was amended from July 2001 through December 2001, to

## Notes to Financial Statement

reduce administrative fees by \$ 5 million in order to avoid the company having a premium deficiency of \$ 5 million.

During the year, \$7,500,000 and \$4,000,000 of capital contributions were made by Trinity Health and Trinity Health Plans, respectively, to Care Choices.

4. Income Taxes

Care Choices, a Michigan not-for-profit corporation, is an organization described in the Internal Revenue Code (IRC) Section 501 (c) (4) and as such is exempt from Federal income taxes under Section 501(a) of the IRS.

5. Information Concerning Parent, Subsidiaries and Affiliates

Care Choices has an administrative services agreement with Mercy Health Plans, a subsidiary of TH, whereby Mercy Health Plans pays all salaries and provides all administrative services for Care Choices. Under the terms of the administrative services agreement, Care Choices was charged approximately \$29,936,072 and \$33,006,217 for the years ended December 31, 2001 and 2000, respectively. Administrative fees are charged based on a percent of premium revenue. The administrative services agreement was amended from July 2001 through December 2001, to reduce administrative fees by \$ 5 million in order to avoid the company having a premium deficiency of \$ 5 million.

6. Retirement Plans, Deferred Compensation and Other Postretirement Benefit Plans

Not applicable - Care Choices has no employees.

7. Dividend Restrictions

Care Choices is a non-profit organization and cannot pay dividends.

8. Commitments and Contingencies

Under the terms of its contracts with providers and CPEs, Care Choices is subject to audits of claims processed and arbitration and dispute resolution processes. Such audits and processes encompass the accuracy of the claims paid and the application of the various contract terms. Care Choices records and estimated amount for the resolution of such matters. Settlement of such matters are not expected to have a material adverse effect on Care Choices' financial position or results from operations.

Care Choices is involved in litigation arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on Care Choices future financial position or results of operations.

9. Reinsurance Recoveries

Reinsurance recoveries are stated at their net realizable amount.

10. Contigent Liabilities

None

11. Commutation of Reinsurance

Not applicable

12. Borrowed Money

The Company executed one surplus note issued by St. Joseph Mercy Health Systems on October 11, 1999 for \$5,000,000. The note accrues interest at the rate of 6.7% per annum, however for statutory purposes, interest has not been accrued or paid. Repayment of the surplus note and accrued interest must be approved by the Michigan Insurance Bureau.

13. Leases

Care Choices does not have any material lease obligations at this time.

## Notes to Financial Statement

14. Gain/Loss to the HMO from Uninsured AH Plans and the Uninsured Portion of Partially Insured Plans

Not applicable

15. Subsequent Events

None

16. Other Items

Care Choices HMO elected to use truncation in reporting amounts in the statement.

## 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 and corporate 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 Guaranteed by GNMA .....				
1.512 Issued by FNMA and FHLMC .....				
1.513 Privately issued .....				
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC .....				
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC .....				
1.523 All other privately issued .....				
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 .....				
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 .....				
5. Real estate investments:				
5.1 Property occupied by company .....				
5.2 Property held for production of income (includes \$..... of property acquired in satisfaction of debt) .....				
5.3 Property held for sale (\$..... including property acquired in satisfaction of debt) .....				
6. Policy loans .....				
7. Receivables for securities .....				
8. Cash and short-term investments .....			52,213,735	100.000
9. Other invested assets .....				
10. Total invested assets .....			52,213,735	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 principle 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. ..... 12/31/1999 .....
- 3.2 State as of what 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. ..... 12/31/1999 .....
- 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). ..... 09/25/2000 .....
- 3.4 By what department or departments? .....
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[ ] No[X]
- 4.12 renewals? Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[ ] No[X]
- 4.22 renewals? Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement) Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[ ] No[X]
- 7.2 If yes, ..... %
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s); or 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
.....	.....

## GENERAL INTERROGATORIES (continued)

8. What interest, direct or indirect, has this reporting entity in the capital stock of any other insurance company?  
none
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Deloitte & Touche LLP; Suite 900; 600 Renaissance Center, Detroit, MI 48243-1704
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
11. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement? Yes[ ] No[X]
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?  
none
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[X] No[ ]
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes[ ] No[X]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes[ ] No[ ] N/A[X]
13. Have the instructions for completing the blank required by this department been followed in every detail? Yes[X] No[ ]

### BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committees thereof? Yes[X] No[ ]
15. 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[ ]
16. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity? Yes[ ] No[X]
17. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person? Yes[X] No[ ]

### FINANCIAL

- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.11 To directors or other officers \$ .....
- 18.12 To stockholders not officers \$ .....
- 18.13 Trustees, supreme or grand (Fraternal only) \$ .....
- 18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.21 To directors or other officers \$ .....
- 18.22 To stockholders not officers \$ .....
- 18.23 Trustees, supreme or grand (Fraternal only) \$ .....
- 19.1 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]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- 19.21 Rented from others \$ .....
- 19.22 Borrowed from others \$ .....
- 19.23 Leased from others \$ .....
- 19.24 Other \$ .....
- Disclose in Notes to Financial the nature of each obligation.
- 20.1 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]
- 20.2 If answer is yes:
- 20.21 Amount paid as losses or risk adjustment \$ .....
- 20.22 Amount paid as expenses \$ .....
- 20.23 Other amounts paid \$ .....

## GENERAL INTERROGATORIES (continued)

### INVESTMENT

21.1 List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
1. Preferred .....	.....	.....	.....	.....	.... Yes[ ] No[X] ....	.... Yes[ ] No[X] ....
2. Common .....	.....	.....	.....	..... X X X .....	..... X X X .....	..... X X X .....

22.1 Were all the stocks, bonds and other securities owned December 31 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 2 - Special Deposits? Yes[X] No[ ]

22.2 If no, give full and complete information, relating thereto:

23.1 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 2 - 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 23.2) Yes[ ] No[X]

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

- 23.21 Loaned to others \$ .....
- 23.22 Subject to repurchase agreements \$ .....
- 23.23 Subject to reverse repurchase agreements \$ .....
- 23.24 Subject to dollar repurchase agreements \$ .....
- 23.25 Subject to reverse dollar repurchase agreements \$ .....
- 23.26 Pledged as collateral \$ .....
- 23.27 Placed under option agreements \$ .....
- 23.28 Letter stock or securities restricted as to sale \$ .....
- 23.29 Other \$ .....

23.3 For each category above, if any of these assets are held by other, identify by whom held:

- 23.31 N/A
- 23.32
- 23.33
- 23.34
- 23.35
- 23.36
- 23.37
- 23.38
- 23.39

For categories (23.21) and (23.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

23.4 For category (23.28) provide the following:

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

24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[ ] No[X]  
 24.2 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.

25.1 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]  
 25.2 If yes, state the amount thereof at December 31 of the current year \$ .....

## GENERAL INTERROGATORIES (continued)

### OTHER

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

26.2 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
.....	.....

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

27.2 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
.....	.....

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

28.2 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 department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	.....

29. What officials or heads of departments of the reporting entity supervised the making of this report?

30.1 Has any direct new business been solicited or written in any state where the reporting entity was not licensed? Yes  No

30.2 If yes, explain:

# 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 if Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ .....
- 1.31 Reason for excluding:
- 1.4 Indicate amount of premium earned 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 \$ .....
- 2.1 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]
- 2.2 If yes, give particulars:
- 3.1 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[ ]
- 3.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes[ ] No[X]
- 4.1 Does the reporting entity have stop-loss reinsurance? Yes[X] No[ ]
- 4.2 If no, explain:
- 4.3 Maximum retained risk (see instructions):
- 4.31 Comprehensive Medical \$ .....
- 4.32 Medical Only \$ ..... 150,000
- 4.33 Medicare Supplement \$ .....
- 4.34 Dental \$ .....
- 4.35 Other Limited Benefit Plan \$ .....
- 4.36 Other \$ .....
5. 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:  
 The State of Michigan requires "hold harmless" language in all Provider contracts. Our reinsurance coverage provides for insolvency by continuing benefits for members who are confined to an acute-care hospital on the date of insolvency until they are discharged. Plan benefits will continue for any member until the end of the contract period for which premium has been paid.
- 6.1 Does the reporting entity set up its claim liability for provider services on a service data base? Yes[X] No[ ]
- 6.2 If no, give details:
7. Provide the following information regarding participating providers:
- 7.1 Number of providers at start of reporting year ..... 4303
- 7.2 Number of providers at end of reporting year ..... 4436
- 8.1 Does the reporting entity have business subject to premium rate guarantees? Yes[ ] No[X]
- 8.2 If yes, direct premium earned:
- 8.21 Business with rate guarantees between 15-36 months ..... 0
- 8.22 Business with rate guarantees over 36 months ..... 0
- 9.1 Does the reporting entity have Bonus/Withhold Arrangements in its provider contracts? Yes[X] No[ ]
- 9.2 If yes:
- 9.21 Maximum amount payable bonuses \$ ..... 1,731,575
- 9.22 Amount actually paid for year bonuses \$ ..... 1,731,575
- 9.23 Maximum amount payable withholds \$ ..... 1,503,094
- 9.24 Amount actually paid for year withholds \$ ..... 459,015
10. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Clinton, MI .....
Eaton, MI .....
Kent, MI .....
Livingston, MI .....
Muskegon, MI .....
Ottawa, MI .....
Washtenaw, MI .....
Saginaw, MI .....
Lapeer, MI .....
Oakland, MI .....
Macomb, MI .....
Wayne, MI .....
Allegan, MI .....
Barry, MI .....
Ionia, MI .....
Shiawassee, MI .....
Calhoun, MI .....
St. Clair, MI .....

## FIVE-YEAR HISTORICAL DATA

	1 2001	2 2000	3 1999	4 1998	5 1997
<b>BALANCE SHEET ITEMS (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 23) .....	55,834,326	47,131,309	57,405,873	59,584,542	61,709,467
2. Total liabilities (Page 3, Line 18) .....	35,797,983	35,823,892	43,815,080	50,481,845	47,244,723
3. Statutory surplus .....					
4. Total capital and surplus (Page 3, Line 26) .....	20,036,343	11,307,417	13,590,793	9,102,697	14,464,744
<b>INCOME STATEMENT ITEMS (Page 4)</b>					
5. Total revenues (Line 7) .....	258,627,838	273,099,506	267,556,448	274,359,018	259,113,183
6. Total medical and hospital expenses (Line 14) .....	233,242,862	245,450,906	240,445,638	245,071,244	233,485,098
7. Total administrative expenses (Line 18) .....	30,106,171	33,046,732	29,679,515	37,817,153	33,492,562
8. Net underwriting gain (loss) Line 21) .....	(4,993,590)	(6,830,914)	(2,568,705)	(8,529,379)	(7,864,477)
9. Net investment gain (loss) Line 24) .....	1,529,796	2,389,970	2,713,022	3,721,898	4,305,136
10. Total other income (Lines 25 plus 26) .....	683,079	1,000,840			
11. Net income or (loss) Line 27) .....	(2,780,715)	(3,440,104)	144,317	(4,807,481)	(3,559,341)
<b>RISK-BASED CAPITAL ANALYSIS</b>					
12. Total adjusted capital .....	20,036,343	11,309,263	13,590,793		X X X
13. Authorized control level risk-based capital .....	8,378,448	8,282,408	8,758,044		X X X
<b>ENROLLMENT (Exhibit 2)</b>					
14. Total members at end of period (Column 5, Line 7) .....	129,578	136,569	155,589	169,822	176,796
15. Total members months (Column 6, Line 7) .....	1,563,101	1,727,038	1,831,307	2,043,280	2,078,584
<b>OPERATING PERCENT (Page 4)</b>					
<b>(Item divided by Page 4, Line 2)</b>					
16. Premiums earned (Line 2) .....	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 14) .....	90.2	89.9	90.0	0.9	0.9
18. Total underwriting deductions (Line 20) .....	101.9	102.5	101.0	103.1	103.0
19. Total underwriting gain (loss) (Line 21) .....	(1.9)	(2.5)	(1.0)	(3.1)	(3.0)
<b>UNPAID CLAIMS ANALYSIS</b>					
<b>(U&amp;I Exhibit, 2B)</b>					
20. Total claims incurred for prior years (Line 11, Col. 5) .....	26,753,680	34,983,136	39,173,502	43,201,715	45,930,430
21. Estimated liability of unpaid claims-prior year (Line 11, Col. 6) .....	30,752,806	31,700,992	46,354,538	42,822,825	41,332,600

## FIVE-YEAR HISTORICAL DATA (Continued)

	1 2001	2 2000	3 1999	4 1998	5 1997
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1) .....					
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) .....					
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2) .....					
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11) .....	<b>N O N E</b>				
26. Affiliated mortgage loans on real estate .....					
27. All other affiliated .....					
28. Total of above Lines 22 to 27 .....					

## 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 (a)	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b>					
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 .....	.....	.....	.....
<b>PREFERRED STOCKS</b>					
Public Utilities (unaffiliated)	27.	United States .....	<b>NONE</b>	.....	.....
	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 .....	.....	.....	.....
<b>COMMON STOCKS</b>					
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 .....	.....	.....	.....
	50.	Canada .....	.....	.....	.....
	51.	Other Countries .....	.....	.....	.....
	52.	Totals .....	.....	.....	.....
Parent, Subsidiaries and Affiliates	53.	Totals .....	.....	.....	.....
	54.	Total Common Stocks .....	.....	.....	.....
	55.	Total Stocks .....	.....	.....	.....
	56.	Total Bonds and Stocks .....	.....	.....	.....

(a) The aggregate value of bonds which are valued at other than actual market is \$.....

## SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year. <u>567,933</u>	6. Foreign Exchange Adjustment
2. Cost of bonds and stocks acquired, Column 6, Part 3. ....	6.1 Column 17, Part 1. ....
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Section 1. ....
3.1 Column 16, Part 1. ....	6.3 Column 11, Part 2, Section 2. ....
3.2 Column 12, Part 2, Section 1. ....	6.4 Column 11, Part 4. ....
3.3 Column 10, Part 2, Section 2. ....	7. Book/adjusted carrying value at end of current period. ....
3.4 Column 10, Part 4. ....	8. Total valuation allowance. ....
4. Total gain (loss), Column 14, Part 4. ....	9. Subtotal (Lines 7 plus 8). ....
5. Deduct consideration for bonds and stocks disposed of	10. Total nonadmitted assets. ....
Column 6, Part 4. .... <u>567,933</u>	11. Statement value of bonds and stocks, current period. ....

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

**Please note that the information is provided on the following pages**

# SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

## Allocated by States and Territories

	State, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed (Yes or No)	Direct Business Only			6 Federal Employees Health Benefits Program Premiums
				3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	
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	245,497,270	105,777	13,024,791
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	X X X	X X X			
58.	TOTAL (Direct Business)	X X X	1	245,497,270	105,777	13,024,791	
<b>DETAILS OF WRITE-INS</b>							
5701							
5702							
5703							
5798.	Summary of remaining write-ins for Line 57 from overflow page						
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)						