



HEALTH ANNUAL STATEMENT

For the Year Ending December 31, 2001

OF THE CONDITION AND AFFAIRS OF THE

MCARE INC.

NAIC Group Code	0000 <small>(Current Period)</small>	0000 <small>(Prior Period)</small>	NAIC Company Code	95449	Employer's ID Number	38-2649504
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[] 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	01/01/1986		Date Commenced Business	10/01/1986		
Statutory Home Office	2301 Commonwealth Blvd. <small>(Street and Number)</small>			Ann Arbor, MI 48105 <small>(City, or Town, State and Zip Code)</small>		
Main Administrative Office	2301 Commonwealth Blvd. <small>(Street and Number)</small>					
	Ann Arbor, MI 48105 <small>(City or Town, State and Zip Code)</small>			(734)747-8700 x <small>(Area Code) (Telephone Number)</small>		
Mail Address	2301 Commonwealth Blvd. <small>(Street and Number or P.O. Box)</small>			Ann Arbor, MI 48105 <small>(City, or Town, State and Zip Code)</small>		
Primary Location of Books and Records	2301 Commonwealth <small>(Street and Number)</small>					
	Ann Arbor, MI 48105 <small>(City, or Town, State and Zip Code)</small>			(734)747-8700 x <small>(Area Code) (Telephone Number)</small>		
Internet Website Address	www.mcare.net					
Statement Contact	Michele L. Laupmanis <small>(Name)</small>			(734)332-2623 x <small>(Area Code)(Telephone Number)(Extension)</small>		
	mlaupman@mcare.med.umich.edu <small>(E-Mail Address)</small>			(734)332-2177 x <small>(Fax Number)</small>		

OFFICERS

President	Zelda Geyer-Sylvia
Secretary	Larry Warren
Treasurer	Douglas L. Strong
Chief Financial Officer	Gregory A. Hawkins
Chairman	Gilbert S. Omenn M.D., Ph.D

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Gilbert S. Omenn M.D., Ph.D. Eugene N. Feingold Ph.D., J.D. Robert W. Vanderwiel Robert A. Kasdin J.D. Larry Warren Darrell A. Campbell, Jr. M.D. #	Douglas L. Strong Allen S. Lichter M.D. Sonya Mitrovich-Lozowski M.D. Zelda Geyer-Sylvia Miriam M. Weininger
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State of Michigan
 County of Washtenaw 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> Zelda Geyer-Sylvia <small>(Printed Name)</small> President	_____ <small>(Signature)</small> Gregory A. Hawkins <small>(Printed Name)</small> Chief Financial Officer	_____ <small>(Signature)</small> Douglas L. Strong <small>(Printed Name)</small> Treasurer
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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)

VICE PRESIDENTS (continued)

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds	6,919,114		6,919,114	565,896
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	8,320,840		8,320,840	
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 (\$.....44,389,710, Schedule E - Part 1) and short-term investments (\$.....66,362,275, Schedule DA - Part 2)	110,751,985		110,751,985	110,703,086
6. Other long-term invested assets				12,015,357
7. Receivable for securities				
8. Aggregate write-ins for invested assets	1,172,666	338,655	834,011	302,043
9. Subtotals, cash and invested assets (Lines 1 to 8)	127,164,605	338,655	126,825,950	123,586,382
10. Accident and health premiums due and unpaid	1,325,208	34,940	1,290,268	632,701
11. Health care receivables				
12. Amounts recoverable from reinsurers				
13. Net adjustment in assets and liabilities due to foreign exchange rates				
14. Investment income due and accrued	1,023,328		1,023,328	703,389
15. Amounts due from parent, subsidiaries and affiliates				
16. Amounts receivable relating to uninsured accident and health plans				
17. Furniture and equipment	876,674		876,674	1,135,035
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	2,308,478	756,956	1,551,522	2,002,458
21. Other nonadmitted assets				
22. Aggregate write-ins for other than invested assets				
23. Total assets (Lines 9 plus 10 through 22)	132,698,293	1,130,551	131,567,742	128,059,965
DETAILS OF WRITE-INS				
0801. Prepaid Expenses	338,655	338,655		
0802. Leasehold Improvements	834,011		834,011	302,043
0803				
0898. Summary of remaining write-ins for Line 8 from overflow page				
0899. TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above)	1,172,666	338,655	834,011	302,043
2201				
2202				
2203				
2298. Summary of remaining write-ins for Line 22 from overflow page				
2299. TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above)				

(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)	62,150,590		62,150,590	52,829,344
2. Accrued medical incentive pool and bonus payments	11,716,810		11,716,810	12,167,222
3. Unpaid claims adjustment expenses				
4. Aggregate policy reserves				
5. Aggregate claim reserves				
6. Premiums received in advance	13,398,063		13,398,063	24,870,372
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				
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)	3,611,178		3,611,178	6,581,789
18. Total liabilities (Lines 1 to 17)	90,876,641		90,876,641	96,448,727
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		
22. Surplus notes	X X X	X X X	4,331,446	4,331,446
23. Aggregate write-ins for other surplus funds	X X X	X X X		
24. Unassigned funds (surplus)	X X X	X X X	36,359,655	27,279,792
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	40,691,101	31,611,238
27. Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	131,567,742	128,059,965
DETAILS OF WRITE-INS				
1701. Accrued Salaries	2,001,010		2,001,010	1,998,056
1702. Other Payable				2,358,381
1703. Accrued Administrative Expenses	1,610,168		1,610,168	2,225,352
1798. Summary of remaining write-ins for Line 17 from overflow page				
1799. TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above)	3,611,178		3,611,178	6,581,789
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	2,353,728	2,179,112
2. Net premium income	X X X	488,779,461	417,751,891
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	488,779,461	417,751,891
Medical and Hospital:			
8. Hospital/medical benefits		343,353,517	283,535,675
9. Other Professional Services			
10. Outside Referrals			
11. Emergency Room and Out-of-Area		2,038,279	315,209
12. Aggregate Write-Ins for Other Medical and Hospital		89,506,246	78,978,699
13. Incentive Pool and Withhold Adjustments		11,716,810	12,167,222
14. Subtotal (Lines 8 to 13)		446,614,852	374,996,805
LESS:			
15. Net Reinsurance Recoveries			
16. Total medical and Hospital (Lines 14 minus 15)		446,614,852	374,996,805
17. Claims adjustment expenses			
18. General administrative expenses		36,799,929	37,067,273
19. Increase in reserves for accident and health contracts			
20. Total underwriting deductions (Lines 16 through 19)		483,414,781	412,064,078
21. Net underwriting gain or (Loss) (Lines 7 minus 20)	X X X	5,364,680	5,687,813
22. Net investment income earned		4,957,500	8,100,022
23. Net realized capital gains or (Losses)		60,489	
24. Net investment gains or (Losses) (Lines 22 plus 23)		5,017,989	8,100,022
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			
27. Net income or (Loss) before federal income taxes (Lines 21 plus 24 plus 25 plus 26)		10,382,669	13,787,835
28. Federal and foreign income taxes incurred	X X X		
29. Net income (Loss) (Lines 27 minus 28)	X X X	10,382,669	13,787,835
DETAILS OF WRITE-INS			
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. Direct Medical and Mental Health		20,559,834	18,957,497
1202. Pharmaceuticals		68,029,970	59,472,748
1203. Stop-Loss Insurance		916,442	548,454
1298. Summary of remaining write-ins for Line 12 from overflow page			
1299. TOTALS (Lines 1201 through 1203 plus 1298) (Line 12 above)		89,506,246	78,978,699
2601.			
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)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
30. Capital and surplus prior reporting year	31,611,238	17,621,714
GAINS AND LOSSES TO CAPITAL & SURPLUS		
31. Net income or (Loss) from Line 29	10,382,669	13,787,835
32. Change in valuation basis of aggregate policy and claim reserves		
33. Net unrealized capital gains and losses	(1,815,929)	
34. Change in net unrealized foreign exchange capital gain or (Loss)		
35. Change in net deferred income tax		
36. Change in nonadmitted assets	513,123	201,689
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		
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)	9,079,863	13,989,524
46. Capital and surplus end of reporting year (Line 30 plus 45)	40,691,101	31,611,238
DETAILS OF WRITE-INS		
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
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance	488,779,461	421,096,285
2.	Claims and claims adjustment expenses	446,614,852	388,143,637
3.	General administrative expenses paid	36,799,929	33,590,360
4.	Other underwriting income (expenses)		
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	5,364,680	(637,712)
6.	Net investment income	5,017,989	7,746,571
7.	Other income (expenses)		
8.	Federal and foreign income taxes (paid) recovered		
9.	Net cash from operations (Line 5 to 8)	10,382,669	7,108,859
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1 ...	Bonds		
10.2 ...	Stocks		
10.3 ...	Mortgage loans		
10.4 ...	Real estate		
10.5 ...	Other invested assets	6,628	
10.6 ...	Net gains or (losses) on cash and short-term investments	78,694	
10.7 ...	Miscellaneous proceeds	8,011,051	
10.8 ...	TOTAL investment proceeds (Lines 10.1 to 10.7)	8,096,373	
11.	Cost of investments acquired (long-term only):		
11.1 ...	Bonds	6,924,983	
11.2 ...	Stocks	9,063,272	
11.3 ...	Mortgage loans		
11.4 ...	Real estate		
11.5 ...	Other invested assets	170,686	
11.6 ...	Miscellaneous applications		(32,778,038)
11.7 ...	TOTAL investments acquired (Lines 11.1 to 11.6)	16,158,941	(32,778,038)
12.	Net cash from investments (Line 10.8 minus Line 11.7)	(8,062,568)	32,778,038
Cash from Financing and Miscellaneous Sources			
13.	Cash provided:		
13.1 ...	Surplus notes, capital and surplus paid in		
13.2 ...	Net transfers from affiliates		
13.3 ...	Borrowed funds received		
13.4 ...	Other cash provided	709,297	3,926,147
13.5 ...	TOTAL (Lines 13.1 to 13.4)	709,297	3,926,147
14.	Cash applied:		
14.1 ...	Dividends to stockholder paid		
14.2 ...	Net transfers to affiliates		
14.3 ...	Borrowed funds repaid		
14.4 ...	Other applications	2,980,499	
14.5 ...	TOTAL (Lines 14.1 to 14.4)	2,980,499	
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	(2,271,202)	3,926,147
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	48,899	43,813,044
17.	Cash and short-term investments:		
17.1 ...	Beginning of year	110,703,086	66,890,042
17.2 ...	End of year (Line 16 plus Line 17.1)	110,751,985	110,703,086

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	488,779,461	304,720,899					10,370,935	151,369,006	22,318,621				
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)	488,779,461	304,720,899					10,370,935	151,369,006	22,318,621				
7. Medical/hospital benefits	343,353,517	197,412,146					8,177,357	123,697,704	14,066,310				
8. Other professional services													
9. Outside referrals													
10. Emergency Room and Out-of-Area	2,038,279	1,444,531						507,318	86,430				
11. Aggregate write-ins for other medical and hospital	89,506,246	66,617,105					1,498,019	16,349,503	5,041,619				
12. Incentive pool and withhold adjustments	11,716,810	8,189,952						2,835,237	691,621				
13. Subtotal (Lines 7 to 12)	446,614,852	273,663,734					9,675,376	143,389,762	19,885,980				
14. Net Reinsurance Recoveries													
15. Total medical and hospital (Lines 13 minus 14)	446,614,852	273,663,734					9,675,376	143,389,762	19,885,980				
16. Claims adjustment expenses													
17. General administrative expenses	36,799,929	23,203,704					798,562	11,044,445	1,753,218				
18. Increase in reserves for accident and health contracts													
19. Total underwriting deductions (Lines 15 to 18)	483,414,781	296,867,438					10,473,938	154,434,207	21,639,198				
20. Net underwriting gain or (Loss) (Line 6 minus Line 19)	5,364,680	7,853,461					(103,003)	(3,065,201)	679,423				
DETAILS OF WRITE-INS													
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. Direct Medical and Mental Health	20,559,835	13,780,772					30,981	5,614,465	1,133,617				
1102. Pharmaceuticals	68,029,969	52,146,065					1,467,038	10,524,891	3,891,975				
1103. Stop-Loss Insurance	916,442	690,268						210,147	16,027				
1198. Summary of remaining write-ins for Line 11 from overflow page													
1199. TOTAL (Lines 1101 through 1103 plus 1198) (Line 11 above)	89,506,246	66,617,105					1,498,019	16,349,503	5,041,619				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (medical and hospital)	304,720,899			304,720,899
2. Medicare Supplemental				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan Premiums	10,370,935			10,370,935
6. Title XVIII - Medicare	151,369,006			151,369,006
7. Title XIX - Medicaid	22,318,621			22,318,621
8. Other				
9. TOTALS	488,779,461			488,779,461

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	239,289,511	131,905,753				4,253,682	101,811,719	1,318,357	
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	239,289,511	131,905,753				4,253,682	101,811,719	1,318,357	
2. Paid medical incentive pools and bonuses	7,347,346	7,839,522					(646,596)	154,420	
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	62,150,590	32,967,741				864,876	28,304,205	13,768	
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net	62,150,590	32,967,741				864,876	28,304,205	13,768	
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	11,716,810	8,189,952					2,835,237	691,621	
6. Amounts recoverable from reinsurers December 31, current year									
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	52,829,344	32,860,307					19,068,661	900,376	
7.2 Reinsurance assumed									
7.3 Reinsurance ceded									
7.4 Net	52,829,344	32,860,307					19,068,661	900,376	
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	12,167,222	8,450,059					3,983,024	(265,861)	
10. Amounts recoverable from reinsurers December 31, prior year									
11. Incurred benefits:									
11.1 Direct	248,610,757	132,013,187				5,118,558	111,047,263	431,749	
11.2 Reinsurance assumed									
11.3 Reinsurance ceded									
11.4 Net	248,610,757	132,013,187				5,118,558	111,047,263	431,749	
12. Incurred medical incentive pools and bonuses	6,896,934	7,579,415					(1,794,383)	1,111,902	

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	13,366,190	7,317,063					6,046,170	2,957	
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	13,366,190	7,317,063					6,046,170	2,957	
2. Incurred but Unreported:									
2.1 Direct	48,784,400	25,691,652				864,876	22,217,065	10,807	
2.2 Reinsurance assumed									
2.3 Reinsurance ceded									
2.4 Net	48,784,400	25,691,652				864,876	22,217,065	10,807	
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	62,150,590	33,008,715				864,876	28,263,235	13,764	
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net	62,150,590	33,008,715				864,876	28,263,235	13,764	

UNDERWRITING AND INVESTMENT EXHIBIT

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

		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)	25,529,573	106,376,180	625,931	32,341,810	26,155,504	32,860,307
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan Premiums	513,109	3,740,573	3,946	860,930	517,055	
6.	Title XVIII - Medicare	14,196,034	87,615,685	491,470	27,812,735	14,687,504	19,068,661
7.	Title XIX - Medicaid	1,199,121	119,235	10,221	3,547	1,209,342	900,376
8.	Other						
9.	Subtotals	41,437,837	197,851,673	1,131,568	61,019,022	42,569,405	52,829,344
10.	Medical incentive pools, accrual and disbursements	6,467,722	879,625	5,545,126	6,171,684	12,012,848	12,167,222
11.	TOTALS	47,905,559	198,731,298	6,676,694	67,190,706	54,582,253	64,996,566

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					
2.	1997					
3.	1998	X X X				
4.	1999	X X X	X X X	408		
5.	2000	X X X	X X X	X X X	25,122	
6.	2001	X X X	X X X	X X X	X X X	106,376

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	X X X				
4.	1999	X X X	X X X	419		
5.	2000	X X X	X X X	X X X	25,736	
6.	2001	X X X	X X X	X X X	X X X	138,718

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					
3.	1998	X X X				
4.	1999	X X X	X X X			
5.	2000	X X X	X X X	X X X	513	
6.	2001	X X X	X X X	X X X	X X X	3,741

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	X X X				
4.	1999	X X X	X X X			
5.	2000	X X X	X X X	X X X	517	
6.	2001	X X X	X X X	X X X	X X X	4,602

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					
2.	1997					
3.	1998	X X X				
4.	1999	X X X	X X X	377		
5.	2000	X X X	X X X	X X X	13,819	
6.	2001	X X X	X X X	X X X	X X X	87,616

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	X X X				
4.	1999	X X X	X X X	390		
5.	2000	X X X	X X X	X X X	14,298	
6.	2001	X X X	X X X	X X X	X X X	115,428

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					
2.	1997					
3.	1998	X X X				
4.	1999	X X X	X X X	34		
5.	2000	X X X	X X X	X X X	1,166	
6.	2001	X X X	X X X	X X X	X X X	119

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	X X X				
4.	1999	X X X	X X X	34		
5.	2000	X X X	X X X	X X X	1,176	
6.	2001	X X X	X X X	X X X	X X X	123

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		X X			
5.	2000		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					
3.	1998					
4.	1999		X X			
5.	2000		X X	X X X		
6.	2001	X X X	X X X	X X X	X X X	

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					
2.	1997					
3.	1998	X X X				
4.	1999	X X X	X X X	819		
5.	2000	X X X	X X X	X X X	40,619	
6.	2001	X X X	X X X	X X X	X X X	197,852

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	X X X				
4.	1999	X X X	X X X	843		
5.	2000	X X X	X X X	X X X	41,727	
6.	2001	X X X	X X X	X X X	X X X	258,871

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
POLICY RESERVE									
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)									
CLAIM RESERVE									
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves		NONE							
12. Totals (gross)									
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 5)									
DETAILS OF WRITE-INS									
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)		2,738,173		2,738,173
2. Salaries, wages and other benefits		22,922,279		22,922,279
3. Commissions (less \$..... ceded plus \$..... assumed)				
4. Legal fees and expenses				
5. Certifications and accreditation fees				
6. Auditing, actuarial and other consulting services		589,118		589,118
7. Traveling expenses		199,370		199,370
8. Marketing and advertising		1,528,802		1,528,802
9. Postage, express and telephone		1,638,484		1,638,484
10. Printing and office supplies		886,856		886,856
11. Occupancy, depreciation and amortization		782,045		782,045
12. Equipment		1,753,126		1,753,126
13. Cost or depreciation of EDP equipment and software		1,286,810		1,286,810
14. Outsourced services including EDP, claims, and other services		2,147,979		2,147,979
15. Boards, bureaus and association fees		120,313		120,313
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				
23.4 Payroll taxes				
23.5 Other (excluding federal income and real estate taxes)				
24. Investment expenses not included elsewhere			59,740	59,740
25. Aggregate write-ins for expenses		206,574		206,574
26. Total expenses incurred (Lines 1 to 25)		36,799,929	59,740	(a) 36,859,669
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)		36,799,929	59,740	36,859,669
DETAILS OF WRITE-INS				
2501. Bad Debt		60,000		60,000
2502. Miscellaneous		146,574		146,574
2503				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above)		206,574		206,574

(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)	31,730					31,730
1.1 Other bonds (unaffiliated)	D(a)	238,082					238,082
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	57,774					57,774
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		1,839,169		83,134			1,922,303
5.2 Short-term investments	DA(e)	2,864,495		940,194		703,389	3,101,300
6. Other invested assets	BA	170,686					170,686
7. Derivative instruments	DB(f)						
8. Aggregate write-ins for investment income							
9. TOTALS		5,201,936		1,023,328		703,389	5,521,875

		DEDUCTIONS	
10. Total investment expenses incurred (Part 3, Line 26, Col. 3)		59,740	
11. Interest expense	(h)	87,077	
12. Depreciation on real estate			
13. Aggregate write-ins for other deductions		417,558	
14. Total deductions (Lines 10 to 13)			564,375
15. Net investment income earned (Line 9 minus Line 14)(to Page 4, Line 22)			4,957,500

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. Reimbursement of UIP overpayment						417,558	
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)						417,558	

- (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. Government bonds							
1.1 Other bonds (unaffiliated)				(18,375)			(18,375)
1.2 Bonds of affiliates							
2.1 Preferred stocks (unaffiliated)							
2.11 Preferred stocks of affiliates							
2.2 Common stocks (unaffiliated)				(742,432)			(742,432)
2.21 Common stocks of affiliates							
3. Mortgage loans							
4. Real estate				(a)			
5.1 Cash on hand and on deposit			(18,352)				(18,352)
5.2 Short-term investments	78,694		147	(16,966)			61,876
6. Other invested assets	6,628		(6,628)	(1,038,157)			(1,038,157)
7. Derivative instruments							
8. Aggregate write-ins for capital gains and (losses)							
9. TOTALS	85,322		(24,833)	(1,815,930)			(1,755,441)

(Distribution of Line 9, Col.7)							
10. Net realized capital gains or (losses) (Page 4, Line 23)(Line 9, Col. 1 + 2 + 3)							60,489
11. Net unrealized capital gains or (losses)							(1,815,930)

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	791,896	1,314,907	523,011
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	338,655	328,767	(9,888)
6. TOTAL (Line 1 plus 3 through 5)	1,130,551	1,643,674	513,123
DETAILS OF WRITE-INS			
0501. Prepaid Expenses	338,655	328,767	(9,888)
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)	338,655	328,767	(9,888)

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	120,393	131,226	133,136	134,780	136,980	1,599,793
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service	31,379	28,819	27,964	27,268	28,319	343,284
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	31,516	33,855	35,395	35,173	32,422	410,651
7. Total	183,288	193,900	196,495	197,221	197,721	2,353,728
DETAILS OF WRITE-INS						
0601. Medicare	21,205	22,540	23,430	22,493	19,464	267,710
0602. Medicaid	10,311	11,315	11,965	12,680	12,958	142,941
0603						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. Totals (Lines 0601 through 0603 plus 0698)(Line 6 above)	31,516	33,855	35,395	35,173	32,422	410,651

Notes to Financial Statement

1. ORGANIZATION & OPERATION:

M-CARE is a not-for-profit corporation established by the Regents of the University of Michigan for the purpose of operating an HMO and in conjunction therewith, utilizes assets, title to which is vested in the Regents. M-CARE is licensed by the State of Michigan Office of Financial and Insurance Services, and must submit periodic filings under rules promulgated by the State of Michigan. The Regents of the University of Michigan, as sole members of the corporation, have ultimate responsibility for M-CARE, and as part of the University, the financial statements of M-CARE are included in the combined financial statements of the University. This plan is an IPA model, dealing predominately in the commercial group market. Approximately 42.926% of the membership is covered under capitation arrangements, the balance under various fee-for-service arrangements.

2. SIGNIFICANT ACCOUNTING POLICES

The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals except to the extent state law differs. Short term investments with a maturity of three months or less at the time of purchase are reported as cash equivalents. Investments are stated at fair value. Fair values are based on quoted market prices for similar securities. Investment income includes realized gains and losses on investments, interest income and dividends and is recognized as earned. Cash exceeding federal depository insurance is uninsured and uncollateralized as the University is precluded by state law from collateralizing its deposits. Property limited to Furniture, Fixtures, Moveable Equipment, and Leasehold Improvements, is depreciated on a straight line basis, generally over 5 years. The State of Michigan Office of Financial and Insurance Services has not accepted NAIC codification as it relates to the non-admittance of certain fixed assets. M-CARE reports these fixed assets in accordance to State guidelines. Accrued medical claims and related expense includes amounts billed and not paid and an estimate of costs incurred for unbilled services provided to the balance sheet date. Premiums are recognized as income in the period in which health care coverage relates. Premiums billed and collected in advance are recorded as unearned revenues. Under the laws of the State of Michigan, the plan is required to provide a contingency reserve of \$1,000,000.

M-CARE maintains a deposit in an investment trust, stated at cost which approximates market, in accordance with this requirement in the amount of \$1,048,032.

3. RELATED PARTIES

Subscription premiums of \$104,914,000 in 2001 and \$90,444,000 in 2000 were derived through a group contract with the University of Michigan for its employees. Health care expenses of \$166,665,000 in 2001 and \$152,822,000 in 2000 were incurred for services received by M-CARE subscribers under contractual arrangements with the University of Michigan Health System. As a result of these transactions, the corresponding receivable or (payable) with the University at December 31, 2001 and 2000 was (\$13,360,000) and (\$13,300,000), respectively. M-CARE reimburses the University for payroll, fringe benefits, payroll taxes, and payroll processing costs which amounts to approximately \$23,544,000 and \$22,587,000 in 2001 and 2000, respectively. University administrative recharges and recharge of business and finance expenditures for 2001 totaled \$621,960 and is represented under Management Agreements and Service Contracts on Schedule Y, Part 2 of the annual statement filing. The State Manual for Uniform Financial Reporting requires that the General Fund not subsidize support activities of self-supporting Auxiliary units. In compliance with those requirements, the General Fund portion of these costs are allocated to the University units based upon relative drivers of the activity. The Advisory Committee on University Budgets concluded that the methodologies used are appropriate and represent conceptually sound accounting practices.

4. INCOME TAX

The plan is a not-for-profit 501(C)(4) corporation, and is not subject to federal, state, or local income taxes. All required informational returns have been timely filed.

5. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

M-CARE is a not-for-profit corporation established by the Regents of the University of Michigan for the purpose of operating an HMO and in conjunction therewith, utilizes assets, title to which is vested in the Regents. The Regents of the University of Michigan, as sole members of the corporation, have ultimate responsibility for M-CARE, and as part of the University, the financial statements of M-CARE are included in the combined financial statements of the University. Therefore, M-CARE has no shares outstanding nor does M-CARE hold any shares of the University of Michigan.

6. RETIREMENT PLANS, DEFERRED COMPENSATIONS, AND POST-EMPLOYMENT BENEFITS

M-CARE staff participate in the University retirement plan, a defined contribution retirement plan through the Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF) and Fidelity Management Trust Company (FMTC) for all qualified employees. All primary staff are eligible to participate in the plan of their choice based on age and service requirements. Participants maintain individual annuity contracts with TIAA-CREF or accounts with FMTC, and are fully vested. Eligible employees generally contribute 5% of their pay and the University generally contributes an amount equal to 10% of employees' pay to the plan. Participants may elect to contribute additional amounts to the plan within specified limits which are not matched by University contributions. Contributions under the plan (excluding participants' additional contributions) are summarized as follows:

	Year Ended December 31,	
	2001	2000
	(In Thousands)	
University contributions	\$ 1,562	\$ 1,485
Employee contributions	\$ 764	\$ 737
Payroll covered under plan	\$ 18,418	\$ 18,402
Total Payroll	\$ 18,750	\$ 18,754

In addition to providing retirement income benefits, the University and M-CARE provides certain health care and other post-employment benefits for retired employees. Substantially all of the University's employees may become eligible for those benefits if they reach retirement age while working for the University.

Health care benefits for retirees and survivors are provided through insurance companies and health maintenance organizations, whose premiums are based in part on the benefits paid. The University and M-CARE recognizes the cost of providing these benefits on a pay-as-you-go basis. M-CARE's portion of this cost is currently not material.

7. DIVIDEND RESTRICTIONS

State law provides that there are certain restrictions on payments of dividends and other distributions. There is no stock ownership and therefore, M-CARE would not make such payments.

8. COMMITMENTS AND CONTINGENCIES

The plan has various operating leases and is committed to lease payments amounting to \$2,738,000 in 2001, \$2,687,000 in 2002, \$2,513,000 in 2003, \$2,513,000 in 2004, \$2,513,000 in 2005, \$1,766,000 in 2006 and \$2,275,000 in 2007 and thereafter. There are no known material contingencies.

Notes to Financial Statement

9. UNCOLLECTIBLE REINSURANCE

The plan has not written-off any uncollectible reinsurance balances during the period.

10. CONTINGENT LIABILITIES

M-CARE is not aware of any material contingent liabilities which require a commitment of any surplus funds to reserves, other than under the laws of the State of Michigan. M-CARE increased its current contingency reserve to \$1,000,000 in compliance with requirements. M-CARE maintains a deposit in an investment trust, stated at cost which approximates market, in accordance with this requirement in the amount of \$1,048,032.

11. COMMUTATION OF REINSURANCE

The plan has not commuted any reinsurance during the period.

12. BORROWED MONEY

Interest on the Corporation's subordinated note payable to the University totaling \$4,330,000 is computed annually based on the lesser of 7% or the interest yield on long-term Treasury Notes at December 31 each year. Interest rates ranged from 5.12% to 5.78% for 2001 and 5.49% to 6.63% for 2000. Annual principal payments plus interest are subject to approval by the Corporation's Board of Directors and the State of Michigan's Office of Financial and Insurance Services and are subordinate to the payment of administrative and health care costs. Interest payable to the University related to the note payable totaled \$2,209,000 and \$1,972,000 at December 31, 2001 and 2000, respectively. No principal or interest payments were made on the subordinated note in 2001 or 2000.

13. LEASES

The Company currently has various operating leases for its headquarters and satellite offices and is committed to lease payments amounting to \$2,687,000 in 2002, \$2,513,000 in 2003, \$2,513,000 in 2004, \$2,513,000 in 2005, \$1,766,000 in 2006, and \$2,275,000 in 2007 and thereafter.

14. GAIN OR LOSS TO THE HMO FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

The Company does not serve as an administrator for uninsured accident and health plans of partially insured plans and therefore does not have a gain or loss as a result of such operations.

15. EVENTS SUBSEQUENT

The Company did not have any events occurring subsequent to the close of the books or accounts for this statement which may have a material effect on the financial condition of the company.

16. OTHER ITEMS

The Company has not elected to use truncation in reporting amounts in the statement or inclusion of separate accounts business.

Cash & Investments - At December 31, 2000, primarily all of the cash, cash equivalents and investments of the Corporation were either held in the Corporation custody accounts or pooled with cash and investment accounts of the University. During 2001, the Corporation transferred the balance in the University Investment Pool and Long Term Portfolio to investments held in the Corporation custody accounts. The assets held in custody accounts maintained exclusively for the Corporation equaled \$132,772,000 and \$54,110,000 as of December 31, 2001 and 2000, respectively. Of these amounts \$109,561,000 and \$41,306,00, respectively, consisted of short-term cash equivalents, which were reported as cash and cash equivalents. Balances of \$9,019,000 and \$29,139,000, respectively, consisted of marketable fixed income securities and were reported as short-term investments. The remaining balance for 2001 consists of \$14,192,000 reported as long-term investments. For 2001, the remainder of the Corporation's cash and investments were pooled with other University assets in the University Investment Pool and Long Term Portfolio, but segregated for accounting purposes. In addition, the Corporation maintains a statutory deposit held in trust as required by the State of Michigan in the amount of \$1,048,000 and \$566,000, respectively. Income is recognized as earned.

At December 31, 2001, M-CARE's short term and long term investments, stated at fair value, were as follows:

	Short-Term	
	U.S. Government Securities	\$41,416,000
	Corporate Bonds	<u>\$24,946,000</u>
	Total Short-Term investments	<u>\$66,362,000</u>
	Long Term Investments	
	U.S. Government Bonds	\$ 1,048,000
	Corporate Bonds	\$ 5,871,000
	Corporate Common Stock	\$ 8,321,000
	Total Long-Term investments	\$15,240,000
	Total Short and Long Term Investments	\$81,602,000

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	1,048,032	0.826	1,048,032	0.826
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	14,191,922	11.190	14,191,922	11.190
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	110,751,985	87.326	110,751,985	87.326
9. Other invested assets	834,011	0.658	834,011	0.658
10. Total invested assets	126,825,950	100.000	126,825,950	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[] No[X]
- 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[] No[] N/A[X]
- 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. 12/31/2000
- 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. 08/30/2001
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 08/30/2001
- 3.4 By what department or departments?
 State of Michigan Office of Financial and Insurance Services
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[] No[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
Not Applicable

- 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
Not Applicable

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?
Price Waterhouse Coopers, 400 Renaissance Center, Detroit, MI 48243-1507
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?
Milliman USA, 15800 Bluemound Rd Ste 400, Brookfield, WI 53005-6069 - Actuary/ Consultant
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?
Not applicable
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[] No[X]
- 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[] No[X]
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[] No[X]

22.2 If no, give full and complete information, relating thereto:
Held in Trust with Mellon Bank.

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
- 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
NONE

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
NONE

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
NONE

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

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

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[X] No[]
- 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 \$ 200,000
- 4.32 Medical Only \$
- 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:
M-CARE currently has an insolvency arrangement with Allianz Life Insurance Company for insolvency protection.
- 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 5462
- 7.2 Number of providers at end of reporting year 6013
- 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 \$
- 9.22 Amount actually paid for year bonuses \$
- 9.23 Maximum amount payable withholds \$ 11,716,810
- 9.24 Amount actually paid for year withholds \$
10. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Clinton
Eaton
Ingham
Jackson
Lapeer
Livingston
Macomb
Monroe
Oakland
St. Clair
Shiawassee
Washtenaw
Wayne

FIVE-YEAR HISTORICAL DATA

	1 2001	2 2000	3 1999	4 1998	5 1997
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	131,567,742	128,059,965	84,822,248	79,609,276	72,572,353
2. Total liabilities (Page 3, Line 18)	90,876,641	96,448,727	67,200,538	64,084,465	40,520,583
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 26)	40,691,101	31,611,238	17,621,710	15,524,811	32,051,770
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	488,779,461	417,751,891	361,011,127	290,851,876	201,978,773
6. Total medical and hospital expenses (Line 14)	446,614,852	374,996,805	329,225,625	273,620,623	181,752,027
7. Total administrative expenses (Line 18)	36,799,929	37,067,273	37,063,678	36,480,532	33,414,421
8. Net underwriting gain (loss) Line 21)	5,364,680	5,687,813	(5,278,179)	(19,249,279)	(13,187,675)
9. Net investment gain (loss) Line 24)	5,017,989	8,100,022	4,313,913	5,125,631	3,838,395
10. Total other income (Lines 25 plus 26)					
11. Net income or (loss) Line 27)	10,382,669	13,787,835	(964,266)	(14,123,648)	(9,349,280)
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	40,691,101	31,611,238	17,621,710		X X X
13. Authorized control level risk-based capital	13,660,935	11,923,089	4,947,020		X X X
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	197,721	183,288	180,815	172,101	143,996
15. Total members months (Column 6, Line 7)	2,353,728	2,179,112	2,166,442	1,962,209	1,526,691
OPERATING PERCENT (Page 4)					
(Item divided by Page 4, Line 2)					
16. Premiums earned (Line 2)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 14)	91.4	89.8	91.2	94.1	90.0
18. Total underwriting deductions (Line 20)	98.9	98.6	101.5	106.6	106.5
19. Total underwriting gain (loss) (Line 21)	1.1	1.4	(1.5)	(6.6)	(6.5)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	54,582,253	27,510,924	38,133,390	26,387,977	13,540,826
21. Estimated liability of unpaid claims-prior year (Line 11, Col. 6)	64,996,566	37,864,165	41,038,760	25,627,784	18,052,628

FIVE-YEAR HISTORICAL DATA (Continued)

	1 2001	2 2000	3 1999	4 1998	5 1997
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
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)	N O N E				
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

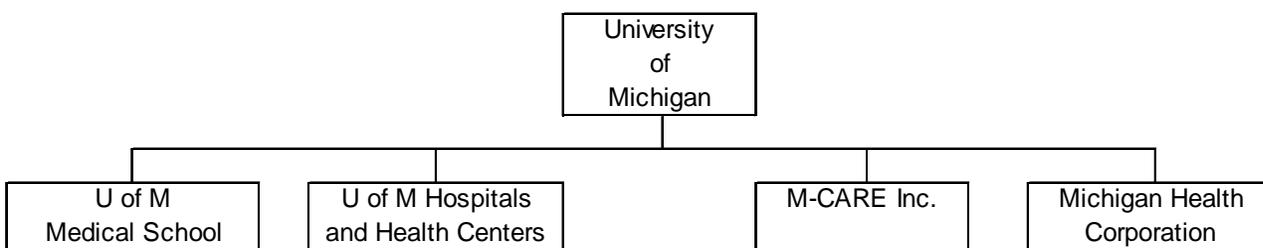
Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States 1,048,032	..... 1,048,032	..... 1,035,527	..... 1,020,304
	2. Canada .....	.....	.....	.....
	3. Other Countries .....	.....	.....	.....
	4. Totals .....	..... 1,048,032	..... 1,035,527	..... 1,020,304
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 5,871,082	..... 5,871,082	..... 5,889,456	..... 954,933
	22. Canada .....	.....	.....	.....
	23. Other Countries .....	.....	.....	.....
	24. Totals .....	..... 5,871,082	..... 5,889,456	..... 954,933
Parent, Subsidiaries and Affiliates	25. Totals .....	.....	.....	.....
	26. Total Bonds .....	..... 6,919,114	..... 6,924,983	..... 1,975,237
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 8,320,840	..... 8,320,840	..... 9,063,272	.....
	50. Canada .....	.....	.....	.....
	51. Other Countries .....	.....	.....	.....
	52. Totals .....	..... 8,320,840	..... 9,063,272	.....
Parent, Subsidiaries and Affiliates	53. Totals .....	.....	.....	.....
	54. Total Common Stocks .....	..... 8,320,840	..... 9,063,272	.....
	55. Total Stocks .....	..... 8,320,840	..... 9,063,272	.....
	56. Total Bonds and Stocks .....	..... 15,239,954	..... 15,988,255	.....

(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.	15,988,255	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.	(5,869)	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.	(742,432)	7. Book/adjusted carrying value at end of current period.	15,239,954
3.4 Column 10, Part 4.	(748,301)	8. Total valuation allowance.	
4. Total gain (loss), Column 14, Part 4.		9. Subtotal (Lines 7 plus 8).	15,239,954
5. Deduct consideration for bonds and stocks disposed of		10. Total nonadmitted assets.	
Column 6, Part 4.		11. Statement value of bonds and stocks, current period.	15,239,954

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURE PART 1 - ORGANIZATIONAL



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				
				3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program 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	304,720,899	151,369,006	22,318,621	10,370,935
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	304,720,899	151,369,006	22,318,621	10,370,935

DETAILS OF WRITE-INS							
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)						