



HEALTH QUARTERLY STATEMENT

AS OF March 31, 2002
OF THE CONDITION AND AFFAIRS OF THE
MCARE INC.

NAIC Group Code	<u>0000</u>	<u>0000</u>	NAIC Company Code	<u>95449</u>	Employer's ID Number	<u>38-2649504</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>United States of America</u>					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[X] No[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Date Incorporated or Organized	<u>01/01/1986</u>			Date Commenced Business	<u>10/01/1986</u>	
Statutory Home Office	<u>2301 Commonwealth Blvd.</u>			<u>Ann Arbor, MI 48105</u>		
	<small>(Street and Number)</small>			<small>(City, or Town, State and Zip Code)</small>		
Main Administrative Office	<u>2301 Commonwealth Blvd.</u>					
	<small>(Street and Number)</small>					
	<u>Ann Arbor, MI 48105</u>			<u>(734)747-8700 x</u>		
	<small>(City or Town, State and Zip Code)</small>			<small>(Area Code) (Telephone Number)</small>		
Mail Address	<u>2301 Commonwealth Blvd.</u>			<u>Ann Arbor, MI 48105</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>2301 Commonwealth</u>					
	<small>(Street and Number)</small>					
	<u>Ann Arbor, MI 48105</u>			<u>(734)747-8700 x</u>		
	<small>(City, or Town, State and Zip Code)</small>			<small>(Area Code) (Telephone Number)</small>		
Internet Website Address	<u>www.mcare.net</u>					
Statutory Statement Contact	<u>Michele L. Laupmanis</u>			<u>(734)332-2623 x</u>		
	<small>(Name)</small>			<small>(Area Code)(Telephone Number)(Extension)</small>		
	<u>mllaupman@mcare.med.umich.edu</u>			<u>(734)332-2177 x</u>		
	<small>(E-Mail Address)</small>			<small>(Fax Number)</small>		
Policyowner Relations Contact	<u></u>					
	<small>(Street and Number)</small>					
	<u></u>			<u></u>		
	<small>(City, or Town, State and Zip Code)</small>			<small>(Area Code) (Telephone Number)(Extension)</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. Sonya Mitrovich-Lozowski M.D. Zelda Geyer-Sylvia Miriam M. Weininger Sally Joy #	Douglas L. Strong Allen S. Lichter M.D. Robert A. Kasdin J.D. Larry Warren Darrell A. Campbell, Jr. M.D. # Colleen Cuneo #
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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.

<u>(Signature)</u> <u>Zelda Geyer-Sylvia</u> <small>(Printed Name)</small> President	<u>(Signature)</u> <u>Gregory A. Hawkins</u> <small>(Printed Name)</small> Chief Financial Officer	<u>(Signature)</u> <u>Douglas L. Strong</u> <small>(Printed Name)</small> Treasurer
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Subscribed and sworn to before me this _____ day of _____, 2002

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

Yes[X] No[]

 (Notary Public Signature)

ASSETS

	Current Period			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds	6,934,464		6,934,464	6,919,114
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	8,453,388		8,453,388	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 (\$.....53,302,701) and short-term investments (\$.....66,721,381)	120,024,082		120,024,082	110,751,985
6. Other long-term invested assets				
7. Receivable for securities				
8. Aggregate write-ins for invested assets	1,984,777	1,190,179	794,598	834,011
9. Subtotal cash and invested assets (Lines 1 to 8)	137,396,711	1,190,179	136,206,532	126,825,950
10. Accident and health premiums due and unpaid	3,526,734	176,590	3,350,144	1,290,268
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	1,097,569		1,097,569	1,023,328
15. Amounts due from parent, subsidiaries and affiliates				
16. Amounts receivable relating to uninsured accident and health plans				
17. Furniture and equipment	721,989		721,989	876,674
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	2,203,773	876,730	1,327,043	1,551,522
21. Other nonadmitted assets				
22. Aggregate write-ins for other than invested assets				
23. Total assets (Lines 9 plus 10 through 22)	144,946,776	2,243,499	142,703,277	131,567,742
DETAILS OF WRITE-INS				
0801. Prepaid Expenses	1,190,179	1,190,179		
0802. Leasehold Improvements	794,598		794,598	834,011
0803				
0898. Summary of remaining write-ins for Line 8 from overflow page				
0899. TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above)	1,984,777	1,190,179	794,598	834,011
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 Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$..... reinsurance ceded)	69,887,618		69,887,618	62,150,590
2. Accrued medical incentive pool and bonus payments	23,697,585		23,697,585	11,716,810
3. Unpaid claims adjustment expenses				
4. Aggregate policy reserves				
5. Aggregate claim reserves				
6. Premiums received in advance	4,785,498		4,785,498	13,398,063
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 for 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)	3,505,728		3,505,728	3,611,178
18. Total liabilities (Lines 1 to 17)	101,876,429		101,876,429	90,876,641
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	36,495,402	36,359,655
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, Less 25)	X X X	X X X	40,826,848	40,691,101
27. Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	142,703,277	131,567,742
DETAILS OF WRITE-INS				
1701. Accrued Salaries	1,873,982		1,873,982	2,001,010
1702. Accrued Administrative Expenses	1,631,746		1,631,746	1,610,168
1703				
1798. Summary of remaining write-ins for Line 17 from overflow page				
1799. TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above)	3,505,728		3,505,728	3,611,178
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 to Date		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	608,483	2,353,728
2. Net premium income	X X X	123,904,776	488,779,461
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	123,904,776	488,779,461
Medical and Hospital:			
8. Hospital/medical benefits		67,192,332	343,353,517
9. Other professional services			
10. Outside referrals			
11. Emergency room and out-of-area		671,168	2,038,279
12. Prescription drugs		12,585,729	68,029,970
13. Aggregate write-ins for other medical and hospital		9,668,693	21,476,276
14. Incentive pool and withhold adjustments		23,697,585	11,716,810
15. Subtotal (Lines 8 to 14)		113,815,507	446,614,852
LESS:			
16. Net reinsurance recoveries			
17. Total medical and hospital (Lines 15 minus 16)		113,815,507	446,614,852
18. Claims adjustment expenses			
19. General administrative expenses		9,254,039	36,799,929
20. Increase in reserves for accident and health contracts			
21. Total underwriting deductions (Lines 17 through 20)		123,069,546	483,414,781
22. Net underwriting gain or (loss) (Lines 7 minus 21)	X X X	835,230	5,364,680
23. Net investment income earned		790,313	4,957,500
24. Net realized capital gains or (losses)		(12,279)	60,489
25. Net investment gains or (losses) (Lines 23 plus 24)		778,034	5,017,989
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....), (amount charged off \$.....)]			
27. Aggregate write-ins for other income or expenses		(443,000)	
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)		1,170,264	10,382,669
29. Federal and foreign income taxes incurred	X X X		
30. Net income (loss) (Lines 28 minus 29)	X X X	1,170,264	10,382,669
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		
1301. Direct Medical and Mental Health		9,559,744	20,559,834
1302. Stop-Loss Insurance		108,949	916,442
1303			
1398. Summary of remaining write-ins for Line 13 from overflow page			
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)		9,668,693	21,476,276
2701. Interest expense on note payable		(443,000)	
2702			
2703			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)		(443,000)	

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
31. Capital and surplus prior reporting year	40,691,101	31,611,238
GAINS AND LOSSES TO CAPITAL & SURPLUS		
32. Net income or (loss) from Line 30	1,170,264	10,382,669
33. Change in valuation basis of aggregate policy and claim reserves		
34. Net unrealized capital gains and losses	78,431	(1,815,929)
35. Change in net unrealized foreign exchange capital gain or (loss)		
36. Change in net deferred income tax		
37. Change in nonadmitted assets	(1,112,948)	513,123
38. Change in unauthorized reinsurance		
39. Change in treasury stock		
40. Change in surplus notes		
41. Cumulative effect of changes in accounting principles		
42. Capital Changes:		
42.1 Paid in		
42.2 Transferred from surplus (Stock Dividend)		
42.3 Transferred to surplus		
43. Surplus adjustments:		
43.1 Paid in		
43.2 Transferred to capital (Stock Dividend)		
43.3 Transferred from capital		
44. Dividends to stockholders		
45. Aggregate write-ins for gains or (losses) in surplus		
46. Net change in capital and surplus (Lines 32 to 45)	135,747	9,079,863
47. Capital and surplus end of reporting period (Line 31 plus 46)	40,826,848	40,691,101
DETAILS OF WRITE-INS		
4501		
4502		
4503		
4598. Summary of remaining write-ins for Line 45 from overflow page		
4599. TOTALS (Lines 4501 through 4503 plus 4598) (Line 45 above)		

CASH FLOW

		1 Current Year To Date	2 Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance	113,090,685	488,779,461
2.	Claims and claims adjustment expenses	94,097,704	446,614,852
3.	General administrative expenses paid	9,254,039	36,799,929
4.	Other underwriting income (expenses)		
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	9,738,942	5,364,680
6.	Net investment income	778,034	5,017,989
7.	Other income (expenses)	(443,000)	
8.	Federal and foreign income taxes (paid) recovered		
9.	Net cash from operations (Lines 5 to 8)	10,073,976	10,382,669
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	369,029	78,694
10.7	Miscellaneous proceeds		8,011,051
10.8	TOTAL investment proceeds (Lines 10.1 to 10.7)	369,029	8,096,373
11.	Cost of investments acquired (long-term only):		
11.1	Bonds	56,207	6,924,983
11.2	Stocks	1,332	9,063,272
11.3	Mortgage loans		
11.4	Real estate		
11.5	Other invested assets		170,686
11.6	Miscellaneous applications		
11.7	TOTAL investments acquired (Lines 11.1 to 11.6)	57,539	16,158,941
12.	Net cash from investments (Line 10.8 minus Line 11.7)	311,490	(8,062,568)
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	379,164	709,297
13.5	TOTAL (Lines 13.1 to 13.4)	379,164	709,297
14.	Cash applied:		
14.1	Dividends to stockholders paid		
14.2	Net transfers to affiliates		
14.3	Borrowed funds repaid		
14.4	Other applications	1,492,533	2,980,499
14.5	TOTAL (Lines 14.1 to 14.4)	1,492,533	2,980,499
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	(1,113,369)	(2,271,202)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	9,272,097	48,899
17.	Cash and short-term investments:		
17.1	Beginning of period	110,751,985	110,703,086
17.2	End of period (Line 16 plus Line 17.1)	120,024,082	110,751,985

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	197,721	368	164,931					19,464	12,958	
2. First Quarter	202,643	338	176,807					12,145	13,353	
3. Second Quarter										
4. Third Quarter										
5. Current Year										
6. Current Year Member Months	608,483	1,014	529,584					38,073	39,812	
Total Member Ambulatory Encounters for Period:										
7. Physician	123,777		98,260					14,657	10,860	
8. Non-Physician	13,704		11,573					1,527	604	
9. Total	137,481		109,833					16,184	11,464	
10. Hospital Patient Days Incurred	15,709		7,354					7,182	1,173	
11. Number of Inpatient Admissions	3,640		2,279					1,084	277	
12. Premiums Collected	123,904,777		89,658,195				4,208,229	24,079,474	5,958,879	
13. Premiums Earned	138,962,037		104,715,455				4,208,229	24,079,474	5,958,879	
14. Amount Paid for Provision of Health Care Services	113,815,508		84,498,799				1,299,720	22,772,431	5,244,558	
15. Amount Incurred for Provision of Health Care Services	121,552,537		87,006,181				487,490	28,814,707	5,244,159	

CLAIMS PAYABLE (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
0199999 Individually Listed Claims Payable						
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	38,394,584	5,688,635			931,374	45,014,593
0499999 Subtotals	38,394,584	5,688,635			931,374	45,014,593
0599999 Unreported claims and other claim reserves						24,873,025
0699999 Total Amounts Withheld						
0799999 Total Claims Payable						69,887,618
0899999 Accrued Medical Incentive Pool						23,697,585

UNDERWRITING AND INVESTMENT EXHIBIT**ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE**

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1	2	3	4	Claims Incurred in Prior Years (Columns 1+3)	Estimated Claim Reserve and Claim Liability Dec.31 of Prior Year
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec.31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (Hospital & Medical)	15,511,651	16,951,205	9,868,059	25,607,063	25,379,710	32,967,740
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan Premiums ..	619,245	680,475	26,380	26,266	645,625	864,876
6. Title XVIII - Medicare	17,876,075	8,252,988	9,678,960	24,667,521	27,555,035	28,304,205
7. Title XIX - Medicaid	16,980		13,369		30,349	13,768
8. Other						
9. Subtotal	34,023,951	25,884,668	19,586,768	50,300,850	53,610,719	62,150,589
10. Medical incentive pools, accruals and disbursements ..	2,436,025		8,903,914	14,793,671	11,339,939	11,716,810
11. TOTALS	36,459,976	25,884,668	28,490,682	65,094,521	64,950,658	73,867,399

Notes to Financial Statement

The State of Michigan has yet to adopt codification.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? Yes[] No[X]
- 1.2 If yes, explain:
- 2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes[X] No[]
- 2.2 If yes, has the report been filed with the domiciliary state? Yes[X] No[]
- 3.1 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]
- 3.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 4. Have there been any substantial changes in the organizational since the prior quarter end? Yes[] No[X]
If yes attach an organizational chart.
- 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 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. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes[] No[X] N/A[]
If yes, attach an explanation.
- 7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2000
- 7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 08/30/2001
- 7.3 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
- 7.4 By what department or departments?
State of Michigan Office of Financial and Insurance Services
- 8.1 Has this 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]
- 8.2 If yes, give full information

GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

INVESTMENT

- 9.1 Has there been any changes in the reporting entity's own preferred or common stock? Yes[] No[X]
 9.2 If yes, explain:
- 10.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes[] No[X]
 10.2 If yes, give full and complete information relating thereto:
11. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$
12. Amount of real estate and mortgages held in short-term investments: \$
- 13.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes[] No[X]
 13.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
13.21 Bonds		
13.22 Preferred Stock		
13.23 Common Stock		
13.24 Short-Term Investments		
13.25 Mortgages, Loans or Real Estate		
13.26 All Other		
13.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 13.21 to 13.26)		
13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above		
13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above		

- 14.1 Does the reporting entity have any hedging transactions reported in Schedule DB? Yes[] No[X]
 14.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[] No[X]
 If no, attach a description with this statement.
15. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV, H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No[]
- 15.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Bank One Trust Co. NA	611 Woodward Ave, Suite MI1-8110, Detroit, MI 48226
Mellon Trust	135 Santilli Highway, Everett, MA 02149

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

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

- 15.3 Have there been any changes, including name changes, in the custodian(s) identified in 15.1 during the current year? Yes[] No[X]
 15.4 If yes, give full and complete information relating thereto:

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

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

1 Central Registration Depository	2 Name(s)	3 Address

SCHEDULE A - VERIFICATION

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period				
2. Increase (decrease) by adjustment				
3. Cost of acquired				
4. Cost of additions to and permanent improvements				
5. Total profit (loss) on sales				
6. Increase (decrease) by foreign exchange adjustment	NONE			
7. Amount received on sales				
8. Book/adjusted carrying value at end of current period				
9. Total valuation allowance				
10. Subtotal (Lines 8 plus 9)				
11. Total nonadmitted amounts				
12. Statement value, current period (Page 2, real estate lines, current period)				

SCHEDULE B - VERIFICATION

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/recorded investment excluding accrued interest on mortgages owned, beginning of period				
2. Amount loaned during period:				
2.1 Actual cost at time of acquisitions				
2.2 Additional investment made after acquisitions				
3. Accrual of discount and mortgage interest points and commitment fees				
4. Increase (decrease) by adjustment				
5. Total profit (loss) on sale	NONE			
6. Amounts paid on account or in full during the period				
7. Amortization of premium				
8. Increase (decrease) by foreign exchange adjustment				
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period				
10. Total valuation allowance				
11. Subtotal (Lines 9 plus 10)				
12. Total nonadmitted amounts				
13. Statement value of mortgages owned at end of current period				

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

Description	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, beginning of period				
2. Cost of acquisitions during period:				
2.1 Actual cost at time of acquisitions				
2.2 Additional investment made after acquisitions				
3. Accrual of discount				
4. Increase (decrease) by adjustment				
5. Total profit (loss) on sale	NONE			
6. Amounts paid on account or in full during the period				
7. Amortization of premium				
8. Increase (decrease) by foreign exchange adjustment				
9. Book/adjusted carrying value of long-term invested assets at end of current period				
10. Total valuation allowance				
11. Subtotal (Lines 9 plus 10)				
12. Total nonadmitted amounts				
13. Statement value of long-term invested assets at end of current period				

SCHEDULE D - PART 1B
Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Statement Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Statement Value End of First Quarter	6 Statement Value End of Second Quarter	7 Statement Value End of Third Quarter	8 Statement Value December 31 Prior Year
BONDS								
1. Class 1	70,930,828	78,396,663	(15,490,234)	(63,322,583)	101,495,142			70,930,828
2. Class 2	2,350,560	1,161,647	(328,632)	(42,404)	3,798,436			2,350,560
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. TOTAL Bonds	73,281,388	79,558,310	(15,818,866)	(63,364,987)	105,293,578			73,281,388
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. TOTAL Preferred Stock								
15. TOTAL Bonds & Preferred Stock	73,281,388	79,558,310	(15,818,866)	(63,364,987)	105,293,578			73,281,388

SCHEDULE DA - PART 1**Short - Term Investments Owned End of Current Quarter**

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Amount of Interest Received Current Quarter	5 Paid for Accrued Interest
8099999. TOTALS	66,721,381	X X X	66,746,268	476,462	(112,637)

SCHEDULE DA - PART 2 - Verification**Short-Term Investments Owned**

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period	66,362,275			54,110,349
2. Cost of short-term investments acquired	79,502,102			369,981,914
3. Increase (decrease) by adjustment	(88,297)			(8,175,460)
4. Increase (decrease) by foreign exchange adjustment				
5. Total profit (loss) on disposal of short-term investments				
6. Consideration received on disposal of short-term investments	79,054,699			349,554,528
7. Book/adjusted carrying value, current period	66,721,381			66,362,275
8. Total valuation allowance				
9. Subtotals (Lines 7 plus 8)	66,721,381			66,362,275
10. Total nonadmitted amounts				
11. Statement value (Lines 9 minus 10)	66,721,381			66,362,275
12. Income collected during period	589,099			2,864,495
13. Income earned during period	638,505			3,101,301

16 Schedule DB Part F Section 1..... NONE

17 Schedule DB Part F Section 2..... NONE

18 Schedule S Ceded Reinsurance..... NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

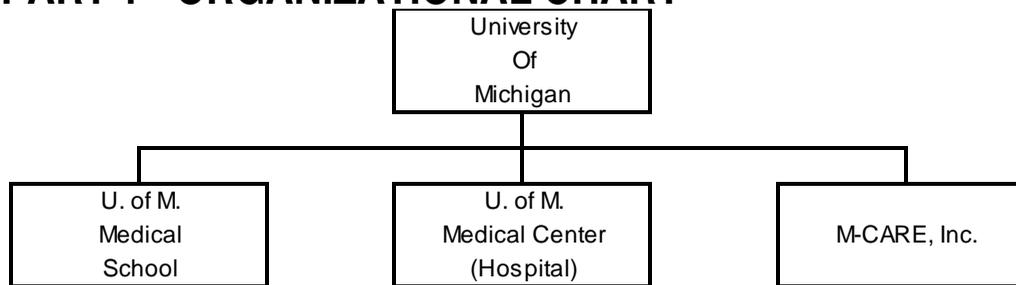
	State, Etc.		Direct Business Only Year-to-Date					
			1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed (Yes or No)	3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums
1.	Alabama	AL	No	No				
2.	Alaska	AK	No	No				
3.	Arizona	AZ	No	No				
4.	Arkansas	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	89,658,195	24,079,474	5,958,879	4,208,229
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	(a) 1	89,658,195	24,079,474	5,958,879	4,208,229
DETAILS OF WRITE-INS								
5701			X X X	X X X				
5702			X X X	X X X				
5703			X X X	X X X				
5798.	Summary of remaining write-ins for Line 57 from overflow page		X X X	X X X				
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)		X X X	X X X				

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

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

All insurer members of a Holding Company Group that has acquired and/or disposed of any domestic insurer (s) since filing the last annual or quarterly statement shall prepare a common schedule for inclusion in each of the individual quarterly statements

PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

RESPONSES

No

1. Will the SVO Compliance Certification be filed with this statement?

Explanation:

Bar Code:



E01 **Schedule A Part 2** **NONE**

E01 **Schedule A Part 3** **NONE**

E02 **Schedule B Part 1** **NONE**

E02 **Schedule B Part 2** **NONE**

E03 **Schedule BA Part 1** **NONE**

E03 **Schedule BA Part 2** **NONE**

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Quarter

1 CUSIP Identification	2 Description	3 Date Acquired	4 Name of Vendor	5 Number of Shares of Stock	6 Actual Cost	7 Par Value	8 Paid for Accrued Interest and Dividends	9 NAIC Designation (a)
Bonds - Industrial and Miscellaneous								
202681300	CIF LOW DURATION BOND FUND	01/01/2002	MELLON TRUST	X X X	9,882	978		1PE
202681300	CIF LOW DURATION BOND FUND	02/01/2002	MELLON TRUST	X X X	12,467	1,231		1PE
202681300	CIF LOW DURATION BOND FUND	03/01/2002	MELLON TRUST	X X X	14,064	1,399		1PE
202681409	CIF CORE PLUS BOND FUND	01/01/2002	MELLON TRUST	X X X	5,142	507		1PE
202681409	CIF CORE PLUS BOND FUND	02/02/2002	MELLON TRUST	X X X	5,601	548		1PE
202681409	CIF CORE PLUS BOND FUND	03/01/2002	MELLON TRUST	X X X	9,051	903		1PE
4599999 Subtotal - Bonds - Industrial and Miscellaneous					56,207	5,566		
6099997 Subtotal - Bonds - Part 3					56,207	5,566		
6099998 Summary Item for Bonds Bought and Sold This Quarter								
6099999 Subtotal - Bonds					56,207	5,566		
6599998 Summary Item for Preferred Stock Bought and Sold This Quarter								
Common Stock - Industrial and Miscellaneous								
202681508	CIF CORE EQUITY FUND	01/01/2002	MELLON TRUST	153.000	1,332	X X X		PE
6899999 Subtotal - Common Stock - Industrial and Miscellaneous					1,332	X X X		
7099997 Subtotal - Common Stock - Part 3					1,332	X X X		
7099998 Summary Item for Common Stock Bought and Sold This Quarter						X X X		
7099999 Subtotal - Common Stock					1,332	X X X		
7199999 Subtotal - Preferred and Common Stock					1,332	X X X		
7299999 Total - Bonds, Preferred and Common Stock					57,539	X X X		

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues

E04

E05 Schedule D Part 4..... NONE

E06 Schedule DB Part A Section 1..... NONE

E06 Schedule DB Part B Section 1..... NONE

E07 Schedule DB Part C Section 1..... NONE

E07 Schedule DB Part D Section 1..... NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1		2	3	4	Book Balance at End of Each Month During Current Quarter			8
Depository		Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	5	6	7	*
					First Month	Second Month	Third Month	
open depositories								
Bank One	Dearborn, MI				(7,634,389)	(8,409,694)	(12,052,973)	
MCARE Institutional Cash	Ann Arbor, MI	0.170	15,150		8,151,261	(1,551,386)	2,309,092	
MCARE Cash Outside UIP	Ann Arbor, MI					(11,000)	(4,208,907)	
Mellon Trust, Dreyfus Cash		2.380	368,705	107,968	52,244,053	64,722,884	66,637,856	
Mellon Trust, Demand Deposit Account							617,633	
0199998 Deposits in depositories which do not exceed the allowable limit in any one depository (See Instructions) - open depositories		X X X						
0199999 Totals - Open Depositories		X X X	383,855	107,968	52,760,925	54,750,804	53,302,701	
0299998 Deposits in depositories which do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories		X X X						
0299999 Totals - Suspended Depositories		X X X						
0399999 Total Cash On Deposit		X X X	383,855	107,968	52,760,925	54,750,804	53,302,701	
0499999 Cash in Company's Office		X X X	X X X	X X X				
0599999 Total Cash		X X X	383,855	107,968	52,760,925	54,750,804	53,302,701	

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