



HEALTH QUARTERLY STATEMENT

AS OF September 30, 2002
OF THE CONDITION AND AFFAIRS OF THE
OmniCare Health Plan

NAIC Group Code	<u>0000</u>	<u>0000</u>	NAIC Company Code	<u>95582</u>	Employer's ID Number	<u>38-2031377</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[<input type="checkbox"/>] Dental Service Corporation[<input type="checkbox"/>] Other[<input type="checkbox"/>]		Property/Casualty[<input type="checkbox"/>] Vision Service Corporation[<input type="checkbox"/>] Is HMO Federally Qualified? Yes[X] No[<input type="checkbox"/>]		Hospital, Medical & Dental Service or Indemnity[<input type="checkbox"/>] Health Maintenance Organization[X]	
Date Incorporated or Organized	<u>09/23/1972</u>		Date Commenced Business	<u>12/23/1973</u>		
Statutory Home Office	<u>1155 Brewery Park, Suite 200</u>		<u>Detroit, MI 48207</u>			
	<small>(Street and Number)</small>		<small>(City, or Town, State and Zip Code)</small>			
Main Administrative Office	<u>1155 Brewery Park, Suite 200</u>					
	<small>(Street and Number)</small>					
	<u>Detroit, MI 48207</u>		<u>(313)393-4510 x</u>			
	<small>(City or Town, State and Zip Code)</small>		<small>(Area Code) (Telephone Number)</small>			
Mail Address	<u>1155 Brewery Park, Suite 200</u>		<u>Detroit, MI 48207</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>1155 Brewery Park, Suite 200</u>					
	<small>(Street and Number)</small>					
	<u>Detroit, MI 48207</u>		<u>(313)393-4510 x</u>			
	<small>(City, or Town, State and Zip Code)</small>		<small>(Area Code) (Telephone Number)</small>			
Internet Website Address	<u>WWW.ochp.com</u>					
Statutory Statement Contact	<u>Kenyata J. Rogers, Controller</u>		<u>(313)393-4510 x</u>			
	<small>(Name)</small>		<small>(Area Code)(Telephone Number)(Extension)</small>			
	<u>Krogers@ochp.com</u>		<u>(313)393-4743 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

Deputy Rehabilitator **Bobby L. Jones**
Deputy Rehabilitator **Beverly Allen**

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Frank M. Fitzgerald, Commissioner, OFIS
Tej Mattoo, M.D. Bruce R. Deschere, M.D., M.S.B.A.
Herman B. Gray, Jr. M.D.

State of Michigan
County of Wayne 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.

(Signature)
Bobby Jones

(Printed Name)
Deputy Rehabilitator

(Signature)
Beverly Allen

(Printed Name)
Deputy Rehabilitator

(Signature)

(Printed Name)
Treasurer

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	1,193,588		1,193,588	1,154,215
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$..... encumbrances)			(a).....	
4.2 Properties held for the production of income (less \$..... encumbrances)				
4.3 Properties held for sale (less \$..... encumbrances)				
5. Cash (\$.....5,405,956) and short-term investments (\$.....58,150)	5,464,107		5,464,107	24,719,402
6. Other long-term invested assets	475,453		475,453	398,949
7. Receivable for securities				
8. Aggregate write-ins for invested assets				
9. Subtotal cash and invested assets (Lines 1 to 8)	7,133,148		7,133,148	26,272,566
10. Accident and health premiums due and unpaid	2,965,850		2,965,850	2,391,594
11. Health care receivables	5,217,727		5,217,727	5,076,848
12. Amounts recoverable from reinsurers				
13. Net adjustment in assets and liabilities due to foreign exchange rates				
14. Investment income due and accrued	17,407		17,407	19,016
15. Amounts due from parent, subsidiaries and affiliates	422,696		422,696	2,988,051
16. Amounts receivable relating to uninsured accident and health plans				
17. Furniture and equipment	316,418		316,418	
18. Amounts due from agents				
19. Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset)				
20. Electronic data processing equipment and software				
21. Other nonadmitted assets				
22. Aggregate write-ins for other than invested assets	478,405	401,201	77,204	218,716
23. Total assets (Lines 9 plus 10 through 22)	16,551,651	401,201	16,150,450	36,966,790
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) (Line 8 above)				
2201. Reinsurance profit sharing receivable				156,775
2202. Prepaid Expenses	401,201	401,201		
2203. W.I.C. Receivable	77,204		77,204	61,941
2298. Summary of remaining write-ins for Line 22 from overflow page				
2299. TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above)	478,405	401,201	77,204	218,716

(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)	24,256,918		24,256,918	89,467,766
2. Accrued medical incentive pool and bonus payments	1,298,865		1,298,865	1,957,610
3. Unpaid claims adjustment expenses	255,017		255,017	518,570
4. Aggregate policy reserves				
5. Aggregate claim reserves				
6. Premiums received in advance	263,441		263,441	
7. General expenses due or accrued	709,149		709,149	278,829
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	205,130		205,130	
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)	468,673		468,673	2,574,924
18. Total liabilities (Lines 1 to 17)	27,457,192		27,457,192	94,797,699
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	13,191,741	17,300,000
23. Aggregate write-ins for other surplus funds	X X X	X X X		
24. Unassigned funds (surplus)	X X X	X X X	(24,498,483)	(75,130,909)
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	(11,306,742)	(57,830,909)
27. Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	16,150,450	36,966,790
DETAILS OF WRITE-INS				
1701. Accrued Liabilities	468,673		468,673	2,574,924
1702.				
1703.				
1798. Summary of remaining write-ins for Line 17 from overflow page				
1799. TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above)	468,673		468,673	2,574,924
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	760,197	1,169,125
2. Net premium income	X X X	131,630,833	192,769,588
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	2,177,332	197,505
7. TOTAL REVENUES (Lines 2 to 6)	X X X	133,808,165	192,967,093
Medical and Hospital:			
8. Hospital/medical benefits		86,610,832	151,489,410
9. Other professional services			
10. Outside referrals			
11. Emergency room and out-of-area		9,779,540	11,842,641
12. Prescription drugs		20,923,912	26,716,727
13. Aggregate write-ins for other medical and hospital		(29,964,531)	
14. Incentive pool and withhold adjustments		(123,811)	(472,487)
15. Subtotal (Lines 8 to 14)		87,225,942	189,576,291
LESS:			
16. Net reinsurance recoveries		(252,069)	(375,122)
17. Total medical and hospital (Lines 15 minus 16)		87,478,011	189,951,413
18. Claims adjustment expenses		1,587,660	518,570
19. General administrative expenses		11,222,201	20,459,719
20. Increase in reserves for accident and health contracts			
21. Total underwriting deductions (Lines 17 through 20)		100,287,872	210,929,702
22. Net underwriting gain or (loss) (Lines 7 minus 21)	X X X	33,520,292	(17,962,609)
23. Net investment income earned		213,336	497,294
24. Net realized capital gains or (losses)			1,281
25. Net investment gains or (losses) (Lines 23 plus 24)		213,336	498,575
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			
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)		33,733,628	(17,464,034)
29. Federal and foreign income taxes incurred	X X X		
30. Net income (loss) (Lines 28 minus 29)	X X X	33,733,628	(17,464,034)
DETAILS OF WRITE-INS			
0601. Women, Infants and Children Program Revenue	X X X	117,393	197,505
0602. Effect of Rehabilitation Restructuring - Premium Revenue	X X X	2,059,939	
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	2,177,332	197,505
1301. Effect of Rehabilitation Restructuring - Medical Expenses		(29,964,531)	
1302.			
1303			
1398. Summary of remaining write-ins for Line 13 from overflow page			
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)		(29,964,531)	
2701.			
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)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
31. Capital and surplus prior reporting year	(57,830,908)	(40,716,382)
GAINS AND LOSSES TO CAPITAL & SURPLUS		
32. Net income or (loss) from Line 30	33,733,628	(17,464,034)
33. Change in valuation basis of aggregate policy and claim reserves		
34. Net unrealized capital gains and losses		
35. Change in net unrealized foreign exchange capital gain or (loss)		
36. Change in net deferred income tax		
37. Change in nonadmitted assets	(401,202)	349,508
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	13,191,741	
46. Net change in capital and surplus (Lines 32 to 45)	46,524,167	(17,114,526)
47. Capital and surplus end of reporting period (Line 31 plus 46)	(11,306,741)	(57,830,908)
DETAILS OF WRITE-INS		
4501. Surplus Notes Issued	13,191,741	
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)	13,191,741	

CASH FLOW

		1 Current Year To Date	2 Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance	130,136,098	194,241,149
2.	Claims and claims adjustment expenses	140,067,305	155,644,992
3.	General administrative expenses paid	9,685,333	22,696,098
4.	Other underwriting income (expenses)		4,660,116
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(19,616,540)	20,560,175
6.	Net investment income	259,115	458,110
7.	Other income (expenses)	95,094	8,825
8.	Federal and foreign income taxes (paid) recovered		
9.	Net cash from operations (Lines 5 to 8)	(19,262,331)	21,027,110
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1	Bonds	387,969	433,040
10.2	Stocks		
10.3	Mortgage loans		
10.4	Real estate		
10.5	Other invested assets		
10.6	Net gains or (losses) on cash and short-term investments	46,109	
10.7	Miscellaneous proceeds		
10.8	TOTAL investment proceeds (Lines 10.1 to 10.7)	434,078	433,040
11.	Cost of investments acquired (long-term only):		
11.1	Bonds	427,042	503,701
11.2	Stocks		
11.3	Mortgage loans		
11.4	Real estate		
11.5	Other invested assets		
11.6	Miscellaneous applications		
11.7	TOTAL investments acquired (Lines 11.1 to 11.6)	427,042	503,701
12.	Net cash from investments (Line 10.8 minus Line 11.7)	7,036	(70,661)
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		
13.5	TOTAL (Lines 13.1 to 13.4)		
14.	Cash applied:		
14.1	Dividends to stockholders paid		
14.2	Net transfers to affiliates		
14.3	Borrowed funds repaid		
14.4	Other applications		
14.5	TOTAL (Lines 14.1 to 14.4)		
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)		
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	(19,255,295)	20,956,449
17.	Cash and short-term investments:		
17.1	Beginning of period	24,719,402	3,762,953
17.2	End of period (Line 16 plus Line 17.1)	5,464,107	24,719,402

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	94,218	260	23,560				4,032		66,366	
2. First Quarter	87,984	244	16,423				3,294		68,023	
3. Second Quarter	81,772	217	15,579				3,787		62,189	
4. Third Quarter	80,866	222	14,538				3,510		62,596	
5. Current Year										
6. Current Year Member Months	760,197	2,090	139,551				34,168		584,388	
Total Member Ambulatory Encounters for Period:										
7. Physician	515,692	1,418	94,664				23,179		396,431	
8. Non-Physician										
9. Total	515,692	1,418	94,664				23,179		396,431	
10. Hospital Patient Days Incurred	32,423	56	3,712				909		27,746	
11. Number of Inpatient Admissions	7,064	11	761				186		6,106	
12. Premiums Collected	130,136,098	343,865	23,636,868				6,271,971		99,883,394	
13. Premiums Earned	131,630,833	457,063	23,517,446				7,681,214		99,975,110	
14. Amount Paid for Provision of Health Care Services	146,524,309	516,137	24,906,774				5,712,168		115,389,230	
15. Amount Incurred for Provision of Health Care Services	117,442,542	600,721	19,807,692				5,158,547		91,875,582	

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
Individually Listed Claims Payable						
.....	4,007,248	836,270	200,920	90,858	5,964,154	11,099,450
0199999 Individually Listed Claims Payable	4,007,248	836,270	200,920	90,858	5,964,154	11,099,450
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered						
0499999 Subtotals	4,007,248	836,270	200,920	90,858	5,964,154	11,099,450
0599999 Unreported claims and other claim reserves						13,157,469
0699999 Total Amounts Withheld						
0799999 Total Claims Payable						24,256,918
0899999 Accrued Medical Incentive Pool						1,298,865

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)	9,598,942	15,485,350	1,575,921	2,585,561	11,174,863	26,107,675
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan Premiums	1,427,353	4,210,547		1,885,542	1,427,353	6,349,274
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid	28,878,845	85,089,474	4,429,196	13,780,698	33,308,041	57,010,818
8.	Other						
9.	Subtotal	39,905,140	104,785,371	6,005,117	18,251,801	45,910,257	89,467,767
10.	Medical incentive pools, accruals and disbursements	1,833,799			1,298,865	1,833,799	1,957,610
11.	TOTALS	41,738,939	104,785,371	6,005,117	19,550,666	47,744,056	91,425,377

Notes to Financial Statement

See the December 31, 2001 Annual Statement for footnotes 1 through 19 and footnotes 21 through 27.21.

20. Other Items

Troubled Debt Restructuring

On July 29, 2002, the Ingham County Circuit Court approved the Plan's First Amended Rehabilitation Plan. The debt restructuring under the First Amended Rehabilitation Plan provided creditors with two payment options for outstanding liabilities at July 30, 2001, Option A and Option B. Under Option A, creditors' liabilities were to be discharged upon a cash payment at the court approved rate. Under Option B, creditors were to receive a lower cash payment as well as surplus notes for the remainder of their outstanding claims.

In August 2002, pursuant to the approved First Amended Rehabilitation Plan, the Plan issued \$15.4 million to healthcare providers electing payment option A, and \$3.7 in cash and \$8.7 million in surplus notes to providers selecting payment option B. During 2002, a remaining \$0.2 million is expected to be paid to Option A providers, while an additional \$0.4 million in cash and \$5.3 million of surplus notes is remaining to be issued to Option B providers. Also, in accordance with the approved First Amended Rehabilitation Plan, an additional \$2.4 million will be paid in each of the years 2003 and 2004. The effect of the rehabilitation was to discharge medical liabilities in the amount of \$30.0 million, the impact of which is included in current year medical expenses.

On April 24, 2001, the Plan and the United States Office of Personnel Management (OPM) entered into a settlement agreement for amounts owed to OPM pursuant to an audit of the Federal Employees Health Benefit Plan (FEHBP) operations for the years 1988-1992 for certain overpayments made to the Plan in those years. At July 30, 2001, of the \$1.8 settlement, \$0.2 million remained outstanding. Additionally, in January 2002, the Plan received a draft audit report from OPM as a result of their audit of the Plan performed for the FEHBP for the years 1996-2000. In this draft report, the OPM asserted that the Plan owes additional amounts for overpayments and lost investment income for those years. At December 31, 2001, the Plan recorded a contingent liability of \$2.3 million for potential liabilities pursuant to this audit. In accordance with the approved First Amended Rehabilitation Plan, the \$0.2 million due on the settlement was discharged at 20% of the amount owed, or \$46,000. Likewise, upon final determination, the liability to the FEHBP for the 1996-2000 audit will be discharged at 20% of the agreed upon amount. The effect of the debt reduction, \$2.1 million, is included in current year revenue.

On April 13, 2000, and June 30, 1998, UAHC funded unsecured loans to the Plan, evidenced by surplus notes of \$7.7 million and \$4.6 million, respectively. Additionally, in November 2000, the Plan converted medical claims payable owed to the Detroit Medical Center, a provider hospital, to a surplus note in the amount of \$5.0 million. The surplus notes were discharged pursuant to the approved First Amended Rehabilitation Plan, resulting in a change in capital restructure, decreasing surplus notes and increasing unassigned funds.

The rehabilitation had the effect of increasing the Plan's net worth by \$45.2 million.

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: Yes[] No[X] N/A[]
- 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[] No[X]
- 2.2 If yes, has the report been filed with the domiciliary state? Yes[] No[X] N/A[]
- 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. Yes[] No[X]
- 4. Have there been any substantial changes in the organizational chart since the prior quarter end?
If yes attach an organizational chart. 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 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?
If yes, attach an explanation. Yes[X] No[] N/A[]
- 7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/1995
- 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. 12/31/1995
- 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). 12/31/1996
- 7.4 By what department or departments?
Michigan Insurance Bureau
- 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[X] No[]
 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	5,000	475,453
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)	5,000	475,453
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] N/A[]
 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[] No[X]
 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
.....

- 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
Standard Federal Bank	Rodney Weeks	20600 W. Big Beaver, Troy, MI 48084
Standard Federal Bank	Richard Hall	20600 W. Big Beaver, Troy, MI 48084

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				
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)				

NONE**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				
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				

NONE**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	398,949	5,000	5,000	357,767
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	(393,949)		470,453	41,182
5. Total profit (loss) on sale				
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	5,000	5,000	475,453	398,949
10. Total valuation allowance				
11. Subtotal (Lines 9 plus 10)	5,000	5,000	475,453	398,949
12. Total nonadmitted amounts				
13. Statement value of long-term invested assets at end of current period	5,000	5,000	475,453	398,949

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	1,193,588				1,194,948	1,193,588	1,193,588	1,154,215
2. Class 2								
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. TOTAL Bonds	1,193,588				1,194,948	1,193,588	1,193,588	1,154,215
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	1,193,588				1,194,948	1,193,588	1,193,588	1,154,215

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	58,150	X X X	58,150	164	

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	51,770	155,029	44,929	48,954
2. Cost of short-term investments acquired	247,169	63,663	13,704	384,657
3. Increase (decrease) by adjustment				
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	143,910	173,763	483	381,841
7. Book/adjusted carrying value, current period	155,029	44,929	58,150	51,770
8. Total valuation allowance				
9. Subtotals (Lines 7 plus 8)	155,029	44,929	58,150	51,770
10. Total nonadmitted amounts				
11. Statement value (Lines 9 minus 10)	155,029	44,929	58,150	51,770
12. Income collected during period	149	97	164	1,612
13. Income earned during period	142	109	177	1,520

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
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	23,974,509	99,975,110	7,681,214
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	23,974,509	99,975,110	7,681,214
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

NONE

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
E04	Schedule D Part 3	NONE
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 Depository		2 Rate of Interest	3 Amount of Interest Received During Current Quarter	4 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			8 *
					5 First Month	6 Second Month	7 Third Month	
open depositories								
Plan Depository Acct.	Standard Federal Bank				96,293	95,992	95,746	
Plan Depository Acct.	Standard Federal Bank				433,924	58,039	70,803	
Plan Repurchase Acct.	Standard Federal Bank				25,932,244	23,198,297	5,857,715	
Plus Depository Acct.	Standard Federal Bank				50,480	51,457	50,000	
Plus Depository Acct.	Comerica				403	(191)	6,098	
Plus Repurchase Acct.	Standard Federal Bank				1,101,653	1,154,095	580,179	
Plus Cash Mangement	Comerica				1,958	1,959	1,960	
Disbursement Acct. Plan	Standard Federal Bank				(873,452)	(20,002,175)	(1,208,860)	
Disbursement Acct. Plus	Standard Federal Bank				(31,569)	(575,652)	(47,685)	
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			26,711,934	3,981,822	5,405,956	
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			26,711,934	3,981,822	5,405,956	
0499999 Cash in Company's Office		X X X	X X X	X X X				
0599999 Total Cash		X X X			26,711,934	3,981,822	5,405,956	

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