



**HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2002**
OF THE CONDITION AND AFFAIRS OF THE
Cape Health Plan, Inc.

NAIC Group Code 0000 0000 NAIC Company Code 95759 Employer's ID Number 38-2455176
(Current Period) (Prior Period)

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 [] Property/Casualty [] Dental Service Corporation []
Vision Service Corporation [] Other [] Health Maintenance Organization [X]
Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]

Incorporated 04/29/1982 Commenced Business 04/29/1982

Statutory Home Office 26711 Northwestern Highway, Suite 300, Southfield, MI 48034
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 26711 Northwestern Highway, Suite 300
Southfield, MI 48034 248-386-3000
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 26711 Northwestern Highway, Suite 300, Southfield, MI 48034
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 26711 Northwestern Highway, Suite 300
Southfield, MI 48034 248-386-3003
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.capehealth.com

Statement Contact THOMAS ASHFORD MURAR MR. 248-386-3003
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Policyowner Relations Contact 26711 NORTHWESTERN HIGHWAY, SUITE 300
SOUTHFIELD, MI 48034 248-386-3003
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

President Nancy Wanchik Secretary William Brodhead
Treasurer Ralph Woronoff

VICE PRESIDENTS

Tom Murar Michele Lundberg Steve Stein MD
Rodger Prong

DIRECTORS OR TRUSTEES

Nancy Wanchik Ralph Woronoff Surjit Bhasin MD
Lynette Burns Etrude Bryant Shirley Lightsey
Tom Murar Sue Sarin William Brodhead
Janis Coleman Myra French Gladys Taylor

State of Michigan }
County of Macomb } ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Nancy Wanchik Thomas Murar Susan Sarin
President and Chief Operating Officer Chief Financial Officer Chief Executive Officer

Subscribed and sworn to before me this 27 day of February, 2003

- a. Is this an original filing? Yes [X] No []
b. If no
1. State the amendment number
2. Date filed 02/27/2003
3. Number of pages attached

Linda Rusie
Notary Public
March 26, 2003

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CAPE HEALTH PLAN, INC.

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds	1,004,000		1,004,000	1,189,000
2. Stocks:				
2.1 Preferred stocks .....	.0		.0	.0
2.2 Common stocks .....	.0		.0	.0
3. Mortgage loans on real estate:				
3.1 First liens .....			.0	.0
3.2 Other than first liens .....			.0	.0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			.0	.0
4.2 Properties held for the production of income (less \$ encumbrances) .....			.0	.0
4.3 Properties held for sale (less \$ encumbrances) .....			.0	.0
5. Cash (\$23,461,986 , Schedule E - Part 1) and short-term investments (\$0 , Schedule DA - Part 2)	23,461,986		23,461,986	19,540,349
6. Other long-term invested assets .....	.0		.0	.0
7. Receivable for securities .....			.0	.0
8. Aggregate write-ins for invested assets	3,125	.0	3,125	3,125
9. Subtotals, cash and invested assets (Lines 1 to 8)	24,469,111	.0	24,469,111	20,732,474
10. Accident and health premiums due and unpaid .....			.0	.0
11. Health care receivables	2,161,332		2,161,332	1,403,159
12. Amounts recoverable from reinsurers .....			.0	.0
13. Net adjustment in assets and liabilities due to foreign exchange rates .....			.0	.0
14. Investment income due and accrued .....			.0	.0
15. Amounts due from parent, subsidiaries and affiliates .....			.0	.0
16. Amounts receivable relating to uninsured accident and health plans .....			.0	.0
17. Furniture and equipment	256,175		256,175	300,192
18. Amounts due from agents .....			.0	.0
19. Federal and foreign income tax recoverable and interest thereon (including \$ net deferred tax asset) .....			.0	.0
20. Electronic data processing equipment and software	440,320	41,274	399,046	303,984
21. Other nonadmitted assets	262,746	262,746	.0	.0
22. Aggregate write-ins for other than invested assets	597,632	.0	597,632	653,413
23. Total assets (Lines 9 plus 10 through 22)	28,187,316	304,020	27,883,296	23,393,222
DETAILS OF WRITE-INS				
0801. Security Deposit.....	3,125		3,125	3,125
0802. Statutory Deposit.....			.0	.0
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page .....	.0	.0	.0	.0
0899. Totals (Lines 0801 thru 0803 plus 0898)(Line 8 above)	3,125	0	3,125	3,125
2201. Employee Loan.....			.0	.296
2202. Federal Income Tax.....	404,091		404,091	404,091
2203. SBT.....	132,389		132,389	175,000
2298. Summary of remaining write-ins for Line 22 from overflow page .....	.61,152	.0	.61,152	.74,026
2299. Totals (Lines 2201 thru 2203 plus 2298)(Line 22 above)	597,632	0	597,632	653,413

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CAPE HEALTH PLAN, INC.

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	13,750,000		13,750,000	12,080,208
2. Accrued medical incentive pool and bonus payments	480,000		480,000	496,369
3. Unpaid claims adjustment expenses			0	0
4. Aggregate policy reserves			0	0
5. Aggregate claim reserves			0	0
6. Premiums received in advance			0	0
7. General expenses due or accrued	6,427,388		6,427,388	2,199,537
8. Federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability)			0	0
9. Amounts withheld or retained for the account of others			0	0
10. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
11. Amounts due to parent, subsidiaries and affiliates			0	0
12. Payable for securities			0	0
13. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
14. Reinsurance in unauthorized companies			0	0
15. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
16. Liability for amounts held under uninsured accident and health plans			0	0
17. Aggregate write-ins for other liabilities (including \$ current)	345,660	0	345,660	557,409
18 Total liabilities (Lines 1 to 17).....	21,003,048	0	21,003,048	15,333,523
19. Common capital stock	XXX	XXX	1,000	1,000
20 Preferred capital stock	XXX	XXX		0
21. Gross paid in and contributed surplus	XXX	XXX		0
22. Surplus notes	XXX	XXX		0
23. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
24. Unassigned funds (surplus)	XXX	XXX	6,879,248	8,058,699
25. Less treasury stock, at cost:				
25.1 shares common (value included in Line 19 \$)	XXX	XXX		0
25.2 shares preferred (value included in Line 20 \$)	XXX	XXX		0
26. Total capital and surplus (Lines 19 to 24 Less 25)	XXX	XXX	6,880,248	8,059,699
27. Total liabilities, capital and surplus (Lines 18 and 26)	XXX	XXX	27,883,296	23,393,222
DETAILS OF WRITE-INS				
1701. Accrued Expenses.....	188,106		188,106	158,081
1702. Accrued PTO.....	118,694		118,694	111,530
1703. Deferred Income Tax.....	36,995		36,995	27,976
1798. Summary of remaining write-ins for Line 17 from overflow page	1,865	0	1,865	259,822
1799. Totals (Lines 1701 thru 1703 plus 1798) (Line 17 above)	345,660	0	345,660	557,409
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CAPE HEALTH PLAN, INC.

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	584,729	481,875
2. Net premium income	XXX	101,434,147	88,118,476
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Total revenues (Lines 2 to 6)	XXX	101,434,147	88,118,476
Medical and Hospital:			
8. Hospital/medical benefits		58,364,446	48,277,959
9. Other professional services		14,104,473	12,380,811
10. Outside referrals			0
11. Emergency room and out-of-area		6,018,602	4,200,999
12. Prescription Drugs		11,332,120	7,556,624
13. Aggregate write-ins for other medical and hospital	0	1,720,281	1,136,483
14. Incentive pool and withhold adjustments		308,230	480,000
15. Subtotal (Lines 8 to 14)	0	91,848,152	74,032,876
Less:			
16. Net reinsurance recoveries		170,969	0
17. Total medical and hospital (Lines 15 minus 16)	0	91,677,183	74,032,876
18. Claims adjustment expenses		(48,354)	0
19. General administrative expenses		10,291,971	11,108,761
20. Increase in reserves for accident and health contracts			0
21. Total underwriting deductions (Lines 17 through 20)	0	101,920,800	85,141,637
22. Net underwriting gain or (loss) (Lines 7 minus 21)	XXX	(486,653)	2,976,839
23. Net investment income earned		358,251	888,375
24. Net realized capital gains or (losses)			0
25. Net investment gains or (losses) (Lines 23 + 24)	0	358,251	888,375
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
27. Aggregate write-ins for other income or expenses	0	0	(423,561)
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)	0	(128,402)	3,441,653
29. Federal and foreign income taxes incurred	XXX	9,019	1,198,885
30. Net income (loss) (Lines 28 minus 29)	XXX	(137,421)	2,242,768
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
1301. Patient Transportation (Emergency and Non-Emer Trans).....	0	1,720,281	1,136,483
1302.			
1303.			
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	1,720,281	1,136,483
2701. Disposition of Fixed Assets.....			(423,561)
2702.			
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0	(423,561)

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
31. Capital and surplus prior reporting year	8,059,699	9,672,729
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
32. Net income or (loss) from Line 30	(137,421)	2,242,768
33. Change in valuation basis of aggregate policy and claim reserve		0
34. Net unrealized capital gains and losses		0
35. Change in net unrealized foreign exchange capital gain or (loss)		0
36. Change in net deferred income tax		0
37. Change in nonadmitted assets	207,970	144,202
38. Change in unauthorized reinsurance	0	0
39. Change in treasury stock		0
40. Change in surplus notes	0	0
41. Cumulative effect of changes in accounting principles		0
42. Capital Changes:		
42.1 Paid in		0
42.2 Transferred from surplus (Stock Dividend)		0
42.3 Transferred to surplus		0
43. Surplus adjustments:		
43.1 Paid in		0
43.2 Transferred to capital (Stock Dividend)		0
43.3 Transferred from capital		0
44. Dividends to stockholders	(1,250,000)	(4,000,000)
45. Aggregate write-ins for gains or (losses) in surplus	0	0
46. Net change in capital & surplus (Lines 32 to 45)	(1,179,451)	(1,613,030)
47. Capital and surplus end of reporting year (Line 31 plus 46)	6,880,248	8,059,699
DETAILS OF WRITE-INS		
4501.		
4502.		
4503.		
4598. Summary of remaining write-ins for Line 45 from overflow page	0	0
4599. Totals (Lines 4501 thru 4503 plus 4598) (Line 45 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CAPE HEALTH PLAN, INC.

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums and revenues collected net of reinsurance	101,434,147	88,118,476
2. Claims and claims adjustment expenses	90,023,760	75,205,985
3. General administrative expenses paid	10,291,971	11,108,761
4. Other underwriting income (expenses)	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	1,118,416	1,803,730
6. Net investment income	358,251	888,375
7. Other income (expenses)	48,354	(5,390)
8. Federal and foreign income taxes (paid) recovered	(9,019)	(1,198,885)
9. Net cash from operations (Lines 5 to 8)	1,516,002	1,487,830
Cash from Investments		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds	295,000	300,533
10.2 Stocks	0	0
10.3 Mortgage loans	0	0
10.4 Real estate	0	0
10.5 Other invested assets	0	0
10.6 Net gains or (losses) on cash and short-term investments	0	0
10.7 Miscellaneous proceeds	0	0
10.8 Total investment proceeds (Lines 10.1 to 10.7)	295,000	300,533
11. Cost of investments acquired (long-term only):		
11.1 Bonds	110,000	789,000
11.2 Stocks	0	0
11.3 Mortgage loans	0	0
11.4 Real estate	0	0
11.5 Other invested assets	0	0
11.6 Miscellaneous applications	0	0
11.7 Total investments acquired (Lines 11.1 to 11.6)	110,000	789,000
12. Net Cash from investments (Line 10.8 minus Line 11.7)	185,000	(488,467)
Cash from Financing and Miscellaneous Sources		
13. Cash provided:		
13.1 Surplus notes, capital and surplus paid in	0	0
13.2 Net transfers from affiliates	0	0
13.3 Borrowed funds received	0	0
13.4 Other cash provided	4,535,619	337,764
13.5 Total (Lines 13.1 to 13.4)	4,535,619	337,764
14. Cash applied:		
14.1 Dividends to stockholders paid	1,250,000	4,000,000
14.2 Net transfers to affiliates	0	0
14.3 Borrowed funds repaid	0	0
14.4 Other applications	1,064,984	1,295,621
14.5 Total (Lines 14.1 to 14.4)	2,314,984	5,295,621
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	2,220,635	(4,957,857)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	3,921,637	(3,958,494)
17. Cash and short-term investments:		
17.1 Beginning of year	19,540,349	23,498,843
17.2 End of year (Line 16 plus Line 17.1)	23,461,986	19,540,349

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CAPE HEALTH PLAN, INC.

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 Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other
1. Net premium income	101,434,147								101,434,147				
2. Change in unearned premium reserves and reserve for rate credit	0												
3. Fee-for-service (net of \$ medical expenses)	0												
4. Risk revenue	0												
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Total revenues (Lines 1 to 5)	101,434,147	0	0	0	0	0	0	0	101,434,147	0	0	0	0
7. Medical/hospital benefits	58,364,446								58,364,446				
8. Other professional services	14,104,473								14,104,473				
9. Outside referrals	0												
10. Emergency room and out-of-area	6,018,602								6,018,602				
11. Prescription Drugs	11,332,120								11,332,120				
12. Aggregate write-ins for other medical and hospital	1,720,281	0	0	0	0	0	0	0	1,720,281	0	0	0	0
13. Incentive pool and withhold adjustments	308,230								308,230				
14. Subtotal (Lines 7 to 13)	91,848,152	0	0	0	0	0	0	0	91,848,152	0	0	0	0
15. Net reinsurance recoveries	170,969								170,969				
16. Total medical and hospital (Lines 14 minus 15)	91,677,183	0	0	0	0	0	0	0	91,677,183	0	0	0	0
17. Claims adjustment expenses	(48,354)								(48,354)				
18. General administrative expenses	10,291,971								10,291,971				
19. Increase in reserves for accident and health contracts	0												
20. Total underwriting deductions (Lines 16 to 19)	101,920,800	0	0	0	0	0	0	0	101,920,800	0	0	0	0
21. Total underwriting gain or (loss) (Line 6 minus Line 20)	(486,653)	0	0	0	0	0	0	0	(486,653)	0	0	0	0
DETAILS OF WRITE-INS													
0501.													
0502.													
0503.													
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0	0
1201. Patient Transportation	1,720,281								1,720,281				
1202.													
1203.													
1298. Summary of remaining write-ins for Line 12 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	0
1299. Totals (Lines 1201 thru 1203 plus 1298) (Line 12 above)	1,720,281	0	0	0	0	0	0	0	1,720,281	0	0	0	0

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STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CAPE HEALTH PLAN, INC.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (medical and hospital) .....				.0
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan Premiums .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....	101,551,453	.0	117,306	101,434,147
8. Other .....				.0
9. Totals	101,551,453	0	117,306	101,434,147

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CAPE HEALTH PLAN, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (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	90,511,898							90,511,898	
1.2 Reinsurance assumed .....	.0								
1.3 Reinsurance ceded .....	.0								
1.4 Net	90,511,898	.0	.0	.0	.0	.0	.0	90,511,898	.0
2. Paid medical incentive pools and bonuses	324,599							324,599	
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	13,750,000	.0	.0	.0	.0	.0	.0	13,750,000	.0
3.3 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net	13,750,000	.0	.0	.0	.0	.0	.0	13,750,000	.0
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct	12,080,208							12,080,208	
4.2 Reinsurance assumed .....	.0								
4.3 Reinsurance ceded .....	.0								
4.4 Net	12,080,208	.0	.0	.0	.0	.0	.0	12,080,208	.0
5. Accrued medical incentive pools and bonuses, current year	480,000							480,000	
6. Amounts recoverable from reinsurers December 31, current year .....	.0							.0	
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	12,080,208	.0	.0	.0	.0	.0	.0	12,080,208	.0
7.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7.4 Net	12,080,208	.0	.0	.0	.0	.0	.0	12,080,208	.0
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct	11,990,000	.0	.0	.0	.0	.0	.0	11,990,000	.0
8.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.4 Net	11,990,000	.0	.0	.0	.0	.0	.0	11,990,000	.0
9. Accrued medical incentive pools and bonuses, prior year	496,369							496,369	
10. Amounts recoverable from reinsurers December 31, prior year	0							0	
11. Incurred Benefits:									
11.1 Direct	92,271,898	.0	.0	.0	.0	.0	.0	92,271,898	.0
11.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
11.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0
11.4 Net	92,271,898	0	0	0	0	0	0	92,271,898	0
12. Incurred medical incentive pools and bonuses	308,230	0	0	0	0	0	0	308,230	0

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STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CAPE HEALTH PLAN, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (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 .....	.0								
1.2. Reinsurance assumed .....	.0								
1.3. Reinsurance ceded .....	.0								
1.4. Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. Incurred but Unreported:									
2.1. Direct	13,750,000							13,750,000	
2.2. Reinsurance assumed .....	.0								
2.3. Reinsurance ceded .....	.0								
2.4. Net	13,750,000	.0	.0	.0	.0	.0	.0	13,750,000	.0
3. Amounts Withheld from Paid Claims and Capitations:									
3.1. Direct .....	.0								
3.2. Reinsurance assumed .....	.0								
3.3. Reinsurance ceded .....	.0								
3.4. Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. TOTALS:									
4.1. Direct	13,750,000	.0	.0	.0	.0	.0	.0	13,750,000	.0
4.2. Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3. Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.4. Net	13,750,000	0	0	0	0	0	0	13,750,000	0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CAPE HEALTH PLAN, INC.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	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		
1. Comprehensive (medical and hospital) .....					.0	.0
2. Medicare Supplement .....					.0	.0
3. Dental Only.....					.0	.0
4. Vision Only.....					.0	.0
5. Federal Employees Health Benefits Plan Premiums .....					.0	.0
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid.....	13,904,189	76,607,709		13,750,000	13,904,189	12,080,208
8. Other .....					.0	.0
9. Subtotal	13,904,189	76,607,709	.0	13,750,000	13,904,189	12,080,208
10. Medical incentive pools, accruals and disbursements	324,599		.0	480,000	324,599	496,369
11. Totals	14,228,788	76,607,709	0	14,230,000	14,228,788	12,576,577

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CAPE HEALTH PLAN, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

Section A - Paid Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior .....	.0	.0	.0	.0	.0
2. 1998 .....	.0	.0	.0	.0	.0
3. 1999	XXX	10,853,886	5,843,597	606,598	15,930
4. 2000	XXX	XXX	17,667,714	12,459,736	255,081
5. 2001	XXX	XXX	XXX	32,910,953	13,522,933
6. 2002	XXX	XXX	XXX	XXX	44,754,553

Section B - Incurred Claims- Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior .....	.0	.0	.0	.0	.0
2. 1998 .....	.0	.0	.0	.0	.0
3. 1999	XXX	21,227,563	6,537,227	606,598	15,930
4. 2000	XXX	XXX	28,964,084	12,459,370	255,081
5. 2001	XXX	XXX	XXX	44,991,161	13,622,933
6. 2002	XXX	XXX	XXX	XXX	58,404,553

Section C – Incurred Year Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1998.....	XXX			XXX	.0	XXX			.0	XXX
2. 1998.....				0.0	.0	0.0			.0	0.0
3. 1999.....	49,838,241	17,316,696	.0	0.0	17,316,696	34.7	.0	.0	17,316,696	34.7
4. 2000.....	67,137,385	30,383,026	.0	0.0	30,383,026	45.3	.0	.0	30,383,026	45.3
5. 2001.....	88,219,602	47,863,914	.0	0.0	47,863,914	54.3	100,000	.0	47,963,914	54.4
6. 2002	101,434,147	44,754,553	0	0.0	44,754,553	44.1	13,650,000	0	58,404,553	57.6
7. Total (Lines 1 through 6)	XXX	140,318,189	0	XXX	140,318,189	XXX	13,750,000	0	154,068,189	XXX
8. Total (Lines 2 through 6)	306,629,375	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

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STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CAPE HEALTH PLAN, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

Section A - Paid Claims- Grand Total

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior .....	.0	.0	.0	.0	.0
2. 1998 .....	.0	.0	.0	.0	.0
3. 1999	XXX	10,853,886	5,843,597	606,598	15,930
4. 2000	XXX	XXX	17,667,714	12,459,736	255,081
5. 2001	XXX	XXX	XXX	32,910,953	13,522,933
6. 2002	XXX	XXX	XXX	XXX	44,754,553

Section B - Incurred Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior .....	.0	.0	.0	.0	.0
2. 1998 .....	.0	.0	.0	.0	.0
3. 1999	XXX	21,227,563	6,537,227	606,598	15,930
4. 2000	XXX	XXX	28,964,084	12,459,370	255,081
5. 2001	XXX	XXX	XXX	44,991,161	13,622,933
6. 2002	XXX	XXX	XXX	XXX	58,404,553

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio - Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1998	XXX	.0	.0	XXX	.0	XXX	.0	.0	.0	XXX
2. 1998 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1999	49,838,241	17,316,696	.0	.0	17,316,696	34.7	.0	.0	17,316,696	34.7
4. 2000	67,137,385	30,383,026	.0	.0	30,383,026	45.3	.0	.0	30,383,026	45.3
5. 2001	88,219,602	47,863,914	.0	.0	47,863,914	54.3	100,000	.0	47,963,914	54.4
6. 2002	101,434,147	44,754,553	0	0.0	44,754,553	44.1	13,650,000	0	58,404,553	57.6
7. Total (Lines 1 through 6)	XXX	140,318,189	0	XXX	140,318,189	XXX	13,750,000	0	154,068,189	XXX
8. Total (Lines 2 through 6)	306,629,375	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CAPE HEALTH PLAN, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
POLICY RESERVE									
1. Unearned premium reserves .....	.0								
2. Additional policy reserves (a) .....	.0								
3. Reserve for future contingent benefits .....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income) .....	.0								
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net)(Page 3, Line 4)	0	0	0	0	0	0	0	0	0
CLAIM RESERVE									
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net)(Page 3, Line 5)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administration Expenses	3 Investment Expenses	4 Total
1. Rent (\$ for occupancy of own building).....		428,111		428,111
2. Salaries, wages and other benefits.....		5,128,090		5,128,090
3. Commissions (less \$ ceded plus \$ assumed).....				.0
4. Legal fees and expenses.....		392,899		392,899
5. Certifications and accreditation fees.....				.0
6. Auditing, actuarial and other consulting services.....		873,494		873,494
7. Traveling expenses.....		27,449		27,449
8. Marketing and advertising.....		982,603		982,603
9. Postage, express and telephone.....		317,703		317,703
10. Printing and office supplies.....		348,320		348,320
11. Occupancy, depreciation and amortization.....		468,348		468,348
12. Equipment.....		61,726		61,726
13. Cost or depreciation of EDP equipment and software.....				.0
14. Outsourced services including EDP, claims, and other services.....		486,124		486,124
15. Boards, bureaus and association fees.....		90,356		90,356
16. Insurance, except on real estate.....		71,434		71,434
17. Collection and bank service charges.....		17,741		17,741
18. Group service and administration fees.....				.0
19. Reimbursements by uninsured accident and health plans.....				.0
20. Reimbursements from fiscal intermediaries.....				.0
21. Real estate expenses.....				.0
22. Real estate taxes.....				.0
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes.....				.0
23.2 State premium taxes.....				.0
23.3 Regulatory authority licenses and fees.....				.0
23.4 Payroll taxes.....		323,516		323,516
23.5 Other (excluding federal income and real estate taxes).....		190,832		190,832
24. Investment expenses not included elsewhere.....				.0
25. Aggregate write-ins for expenses.....	0	83,225	0	83,225
26. Total expenses incurred (Lines 1 to 25).....	0	10,291,971	0	(a) 10,291,971
27. Add expenses unpaid December 31, prior year.....				.0
28. Less expenses unpaid December 31, current year.....				.0
29. Amounts receivable related to uninsured accident and health plans, prior year.....				.0
30. Amounts receivable related to uninsured accident and health plans, current year.....				.0
31. Total expenses paid (Lines 26 + 27 - 28 - 29 + 30)	0	10,291,971	0	10,291,971
DETAIL OF WRITE-INS				
2501. Meeting Expense.....		51,240		51,240
2502. Contribution.....		31,985		31,985
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	0	83,225	0	83,225

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 48,651	
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 309,600	
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	358,251	0
11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		0
17. Net Investment Income - (Line 10 minus Line 16)		0
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds					0
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)					0
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)					0
2.21 Common stocks of affiliates					0
3. Mortgage loans					0
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments					0
7. Derivative instruments					0
8. Other invested assets					0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	0	0	0	0	0
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

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 13 and 15 to 20, Column 2	41,274	9,709	(31,565)
2. Other Non-Admitted Assets:			
2.1 Bills receivable.....		0	0
2.2 Leasehold improvements.....		0	0
2.3 Cash advanced to or in hands of officers and agents.....		0	0
2.4 Loans on personal security, endorsed or not.....			0
2.5 Commuted commissions.....			0
3. Total (Lines 2.1 to 2.5)	0	0	0
4. Aggregate write-ins for other assets.....	262,746	502,281	239,535
5. Total (Line 1 plus Lines 3 and Line 4)	304,020	511,990	207,970
0401. Prepaid Expenses.....	137,760	131,254	(6,506)
0402. Goodwill.....	124,986	371,027	246,041
0403.		0	0
0498. Summary of remaining write-ins for Line 4 from overflow page	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	262,746	502,281	239,535

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CAPE HEALTH PLAN, INC.

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.....	43,768	45,039	46,488	52,591	54,171	584,729
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	43,768	45,039	46,488	52,591	54,171	584,729
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

Organization and Operation

CAPE Health Plan is a licensed HMO in the State of Michigan that is organized primarily as a network model. The health plan received its HMO license in March 1998. CAPE's primary care physician contracts pay the PCP's capitation with a referral withhold and risk-sharing component. All other providers are paid fee-for-service under a uniform fee schedule. All of the health plan's premium revenue is generated from its contract with the Michigan Department of Community Health (MDCH). The plan's principle line of business is Medicaid, which generates more than 99% of its premium revenue for 2002, the remainder being generated from its participation in the MiChild program. MDCH required all Qualified Health Plan (QHP) to re-bid their contracts with an effective date of October 2000. Through the bidding process, CAPE was awarded a contract for Wayne and Oakland counties. In 2002, CAPE expanded its service area to include Macomb & Washtenaw counties.

Significant Accounting Policies

CAPE Health Plan believes that the 2002 Annual Statement has been completed in accordance with NAIC Annual Statement Instructions and Accounting Practices and Procedures. There are no known deviations from those practices or procedures.

Cash and Cash Equivalents - The company recognizes investments with an original maturity of three months or less as cash equivalents.

Property and Maintenance - Property and equipment is carried at cost less accumulated depreciation. The depreciation methodology for carrying costs is straight line with assets lives between three and seven years.

Accrued Medical Claims - The plan estimates for accrued medical claims include claims billed and received and those incurred but unbilled for services provided up to the balance sheets date. The estimate is primarily based on historical payment patterns using actuarial techniques and these estimates are regularly reviewed and updated. Any adjustments resulting from such reviews are reflected in current operations.

Premiums - The plan recognizes premiums from members as income in the period to which health care coverage relates. The Plan's only source of premium revenue is MDCH.

Minimum Net Worth and Statutory Reserve - The State of Michigan Office of Financial and Insurance Services requires the health plan to maintain a \$ 1,000,000 statutory deposit. This deposit is restricted and is held in a jointly administered trust fund with Michigan Insurance Bureau.

Change in Accounting Estimates - See Accrued Medical Claims

Related Parties

Medical Services capitation of \$1,450,000 was paid to the companies whose owners are board members or employees of the company. Legal, accounting and management fees of approximately \$ 527,000 were incurred to companies who employ members of the management executive committee of the company.

Income Taxes

Effective January 1, 2001, CAPE revoked its S election and elected to be a C corporation for Federal and State income tax purposes. Hence, beginning in 2001, the company's earnings are subjected to Federal Income Tax.

Information concerning Parent Subsidiaries and Affiliates

CAPE Health Plan is a subsidiary of a holding company, HCLB, Inc. The holding company owns two other additional non-insurance affiliated companies, Springwater Management, Inc. and Cape Management, Inc. CAPE holds no investments in either the affiliates or the parent company and has no guarantees or contingent exposure with these entities. CAPE paid dividends of \$1,250,000 to HCLB, Inc. in the calendar year 2002.

Retirement Plans, Deferred Compensation and Other Postretirement Benefit Plans

The company sponsors a 401(k) plan covering substantially all employees. Participants may defer gross compensation up to federal limitations. The company makes matching contributions up to a maximum of 6% of employee compensation. The expense for the matching contribution was \$160,253 in 2002.

Dividend Restrictions

None

Commitments and Contingencies

None

Uncollectible Reinsurance

None

Commutation of Reinsurance

None

Borrowed Money

None

Leases

The company leases the office space that it occupies. In September 2001, the company moved from its Detroit location to Southfield, Michigan. The lease was signed for a six year term with an annual escalation clause of 50 cents per square foot.

Gain or Loss to the HMO from Uninsured A & H Plans

None

Events Subsequent

Other Items

None

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities	1,004,000	4.104	1,004,000	4.104
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA		0.000		0.000
1.512 Issued by FNMA and FHLMC		0.000		0.000
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC		0.000		0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC		0.000		0.000
1.523 All other privately issued		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.000		0.000
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash and short-term investments	23,461,986	95.896	23,461,986	95.896
9. Other invested assets		0.000		0.000
10. Total invested assets	24,465,986	100.000	24,465,986	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 []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] NA []
- 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 []
- 2.2 If yes, date of change:
 If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/1999
- 3.2 State 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.12/31/1999
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).12/31/1999
- 3.4 By what department or departments? OFFICE OF FINANCIAL AND INSURANCE SERVICES, STATE OF MICHIGAN
- 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 []
- 4.12 renewals? Yes [] No []
- 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 []
- 4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No []
- 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 []
- 7.2 If yes,
- 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
.....
.....

GENERAL INTERROGATORIES

(continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 DELOITTE & TOUCHE, DETROIT, MICHIGAN.....
9. 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?
 DAVID O. THOEN, FSA, MAAA, SENIOR MANAGER, DELOITTE & TOUCHE.....
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No []
12. 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 []
13. 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 likely to conflict with the official duties of such person?. Yes [X] No []

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|---|----------|---|
| 14.11 To directors or other officers .. | \$ | 0 |
| 14.12 To stockholders not officers ... | \$ | 0 |
| 14.13 Trustees, supreme or grand (Fraternal only) | \$ | 0 |
- 14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|---|----------|---|
| 14.21 To directors or other officers ... | \$ | 0 |
| 14.22 To stockholders not officers | \$ | 0 |
| 14.23 Trustees, supreme or grand (Fraternal only) | \$ | 0 |
- 15.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? Yes [] No [X]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
- | | |
|----------------------------------|----------|
| 15.21 Rented from others | \$ |
| 15.22 Borrowed from others | \$ |
| 15.23 Leased from others | \$ |
| 15.24 Other | \$ |
- Disclose in Notes to Financial Statements the nature of each of these obligations.
- 16.1 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]
- 16.2 If answer is yes,
- | | |
|--|----------|
| 16.21 Amount paid as losses or risk adjustment | \$ |
| 16.22 Amount paid as expenses | \$ |
| 16.23 Other amounts paid | \$ |

GENERAL INTERROGATORIES

(continued)
INVESTMENT

17. List the following capital stock information for the reporting entity:

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred	.0	.0	.000	.0	[]	[X]	[]	[X]
Common	1,000	10	100.000	XXX	XXX	XXX	XXX	XXX

18.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes [X] No []

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

19.1 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 the 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 15.1) Yes [] No [X]

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

19.21	Loaned to others	\$
19.22	Subject to repurchase agreements	\$
19.23	Subject to reverse repurchase agreements	\$
19.24	Subject to dollar repurchase agreements	\$
19.25	Subject to reverse dollar repurchase agreements	\$
19.26	Pledged as collateral	\$
19.27	Placed under option agreements	\$
19.28	Letter stock or other securities restricted as to sale ...	\$
19.29	Other	\$

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

19.31	19.35
19.32	19.36
19.33	19.37
19.34	19.38
	19.39

For categories (19.21) and (19.23) above, and for any other 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.

19.4 For category (19.28) provide the following:

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

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

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA [X]
If no, attach a description with this statement.

21.1 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]

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

22. 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]

22.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
.....
.....

GENERAL INTERROGATORIES

**(continued)
INVESTMENT**

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

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

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year?..... Yes [] No []

22.04 If yes, give full and complete information relating thereto:

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

22.05 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 Number(s)	2 Name	3 Address
.....
.....

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....23,614

23.2 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
.....	\$
.....	\$
.....	\$

24.1 Amount of payments for legal expenses, if any?..... \$.....392,899

24.2 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
Plunkett & Cooney, Inc.....	\$.....353,251
.....	\$
.....	\$

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$

25.2 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 departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES

(continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives \$0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives \$0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0
- 2.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No [X]
- 2.2 If yes, give particulars:
- 3.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency? Yes [X] No []
- 3.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No [X]
- 4.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No []
- 4.2 If no, explain:
- 4.3 Maximum retained risk (see instructions)
- 4.31 Comprehensive Medical \$
- 4.32 Medical Only \$
- 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:
- 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 7,050
- 7.2 Number of providers at end of reporting year 7,248
- 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
- 8.22 Business with rate guarantees over 36 months
- 9.1 Does the reporting entity have Bonus/Withhold Arrangements in its provider contract? 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 \$480,000
- 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
WAYNE, OAKLAND, MACOMB AND WASHTENAW COUNTIES IN THE STATE OF MICHIGAN.....
.....
.....
.....

FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	27,883,296	23,393,222	25,711,433	15,604,457	7,665,884
2. Total liabilities (Page 3, Line 18)	21,003,048	15,333,523	16,038,705	12,238,165	3,662,480
3. Statutory surplus	0	0	0	0	0
4. Total capital and surplus (Page 3, Line 26)	6,880,248	8,059,699	9,672,728	3,366,292	4,003,404
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	101,434,147	88,118,476	68,404,835	50,379,271	31,860,297
6. Total medical and hospital expenses (Line 17)	91,677,183	74,032,876	47,296,872	37,125,348	22,598,420
7. Total administrative expenses (Line 19)	10,291,971	11,108,761	8,618,330	7,314,424	4,794,862
8. Net underwriting gain (loss) (Line 22)	(486,653)	2,976,839	11,347,939	5,939,499	4,467,015
9. Net investment gain (loss) (Line 25)	358,251	888,375	1,155,210	0	0
10. Total other income (Lines 26 plus 27)	0	(423,561)	(13,516)	0	0
11. Net income (loss) (Line 30)	(137,421)	3,441,653	12,489,633	5,939,499	4,467,015
RISK - BASED CAPITAL ANALYSIS					
12. Total adjusted capital	6,880,248	8,059,699	9,672,729	3,366,292	4,049,790
13. Authorized control level risk-based capital	3,651,550	2,916,549	1,916,973	683,458	891,000
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	54,171	43,768	37,253	25,297	21,410
15. Total member months (Column 6, Line 7)	584,729	481,875	370,758	288,271	192,096
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Line 2, 3 and 5)					
16. Premiums earned (Line 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	90.4	84.0	70.6	74.5	71.2
18. Total underwriting deductions (Line 21)	100.5	96.6	81.7	88.2	86.0
19. Total underwriting gain (loss) (Line 22)	(0.5)	3.4	18.3	11.8	14.0
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	14,228,788	14,713,788	11,990,000	9,130,187	1,929,132
21. Estimated liability of unpaid claims – [prior year (Line 11, Col. 6)]	12,576,577	13,590,000	9,130,187	1,929,132	0

FIVE-YEAR HISTORICAL DATA (Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
26. Affiliated mortgage loans on real estate		0	0	0	0
27. All other affiliated		0	0	0	0
28. Total of above Lines 22 to 27	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CAPE HEALTH PLAN, INC.

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 1,004,000	0	1,004,000	1,004,000
	2. Canada 0	0	0	0
	3. Other Countries 0	0	0	0
	4. Totals 1,004,000	0	1,004,000	1,004,000
States, Territories and Possessions (Direct and guaranteed)	5. United States 0	0	0	0
	6. Canada 0	0	0	0
	7. Other Countries 0	0	0	0
	8. Totals 0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 0	0	0	0
	10. Canada 0	0	0	0
	11. Other Countries 0	0	0	0
	12. Totals 0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States 0	0	0	0
	14. Canada 0	0	0	0
	15. Other Countries 0	0	0	0
	16. Totals 0	0	0	0
Public Utilities (unaffiliated)	17. United States 0	0	0	0
	18. Canada 0	0	0	0
	19. Other Countries 0	0	0	0
	20. Totals 0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 0	0	0	0
	22. Canada 0	0	0	0
	23. Other Countries 0	0	0	0
	24. Totals 0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals 0	0	0	0
	26. Total Bonds 1,004,000	0	1,004,000	1,004,000
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States 0	0	0	
	28. Canada 0	0	0	
	29. Other Countries 0	0	0	
	30. Totals 0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States 0	0	0	
	32. Canada 0	0	0	
	33. Other Countries 0	0	0	
	34. Totals 0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States 0	0	0	
	36. Canada 0	0	0	
	37. Other Countries 0	0	0	
	38. Totals 0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals 0	0	0	
	40. Total Preferred Stocks 0	0	0	
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States 0	0	0	
	42. Canada 0	0	0	
	43. Other Countries 0	0	0	
	44. Totals 0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 0	0	0	
	46. Canada 0	0	0	
	47. Other Countries 0	0	0	
	48. Totals 0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States 0	0	0	
	50. Canada 0	0	0	
	51. Other Countries 0	0	0	
	52. Totals 0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals 0	0	0	
	54. Total Common Stocks 0	0	0	
	55. Total Stocks 0	0	0	
	56. Total Bonds and Stocks 1,004,000	0	1,004,000	

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

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 1,189,000	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 110,000	6.1 Column 17, Part 1 0
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Sec. 1 0
3.1 Column 16, Part 1 0	6.3 Column 11, Part 2, Sec. 2 0
3.2 Column 12, Part 2, Sec. 1 0	6.4 Column 11, Part 4 0
3.3 Column 10, Part 2, Sec. 2 0	7. Book/adjusted carrying value at end of current period 1,004,000
3.4 Column 10, Part 4 0	8. Total valuation allowance 0
4. Total gain (loss), Col. 14, Part 4 0	9. Subtotal (Lines 7 plus 8) 1,004,000
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 295,000	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 1,004,000

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CAPE HEALTH PLAN, INC.

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, 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				
2. Alaska	AK	No				
3. Arizona	AZ	No				
4. Arkansas	AR	No				
5. California	CA	No				
6. Colorado	CO	No				
7. Connecticut	CT	No				
8. Delaware	DE	No				
9. District of Columbia	DC	No				
10. Florida	FL	No				
11. Georgia	GA	No				
12. Hawaii	HI	No				
13. Idaho	ID	No				
14. Illinois	IL	No				
15. Indiana	IN	No				
16. Iowa	IA	No				
17. Kansas	KS	No				
18. Kentucky	KY	No				
19. Louisiana	LA	No				
20. Maine	ME	No				
21. Maryland	MD	No				
22. Massachusetts	MA	No				
23. Michigan	MI	No	0		101,434,147	
24. Minnesota	MN	No				
25. Mississippi	MS	No				
26. Missouri	MO	No				
27. Montana	MT	No				
28. Nebraska	NE	No				
29. Nevada	NV	No				
30. New Hampshire	NH	No				
31. New Jersey	NJ	No				
32. New Mexico	NM	No				
33. New York	NY	No				
34. North Carolina	NC	No				
35. North Dakota	ND	No				
36. Ohio	OH	No				
37. Oklahoma	OK	No				
38. Oregon	OR	No				
39. Pennsylvania	PA	No				
40. Rhode Island	RI	No				
41. South Carolina	SC	No				
42. South Dakota	SD	No				
43. Tennessee	TN	No				
44. Texas	TX	No				
45. Utah	UT	No				
46. Vermont	VT	No				
47. Virginia	VA	No				
48. Washington	WA	No				
49. West Virginia	WV	No				
50. Wisconsin	WI	No				
51. Wyoming	WY	No				
52. American Samoa	AS	No				
53. Guam	GU	No				
54. Puerto Rico	PR	No				
55. U.S. Virgin Islands	VI	No				
56. Canada	CN	No				
57. Aggregate other alien	OT	XXX	0	0	0	0
58. Total (Direct Business)	XXX	(a) 1	0	0	101,434,147	0
DETAILS OF WRITE-INS						
5701.						
5702.						
5703.						
5798. Summary of remaining write-ins for Line 57 from overflow page			0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)			0	0	0	0

Explanation of basis of allocation by states, premiums by state, etc.:

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

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

PART 1 - ORGANIZATIONAL CHART

HCLB, Inc
Holding Company
Tax ID 38-3435959

Subsidiaries:
CAPE Health Plan, Inc.
Licensed HMO - State of Michigan
Tax ID 38-2455176

Springwater Management, Inc.
Tax ID 38-3300867

Cape Management, Inc.
Tax ID 38-3511552