

ANNUAL STATEMENT

For the Year Ending December 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

OmniCare Health Plan

NAIC Group Code 0000 , 0000 NAIC Company Code 95582 Employer's ID Number 38-2031377
(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[] Hospital, Medical & Dental Service or Indemnity[]
 Dental Service Corporation[] Vision Service Corporation[] Health Maintenance Organization[X]
 Other[] Is HMO Federally Qualified? Yes[X] No[]

Date Incorporated or Organized 09/23/1972 Date Commenced Business 12/23/1973

Statutory Home Office 1155 Brewery Park, Suite 250 , Detroit, MI 48207
(Street and Number) (City, or Town, State and Zip Code)

Main Administrative Office 1155 Brewery Park, Suite 250
(Street and Number)

Detroit, MI 48207 (313)393-2379
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1155 Brewery Park, Suite 250 , Detroit, MI 48207
(Street and Number or P.O. Box) (City, or Town, State and Zip Code)

Primary Location of Books and Records 1155 Brewery Park, Suite 250
(Street and Number)

Detroit, MI 48207 (313)393-2379
(City, or Town, State and Zip Code) (Area Code) (Telephone Number)

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Policyowner Relations Contact _____
(Street and Number)

(City, or Town, State and Zip Code) (Area Code) (Telephone Number)(Extension)

OFFICERS

Deputy Rehabilitator Bobby L. Jones
 Deputy Rehabilitator Beverly Allen

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

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

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

Subscribed and sworn to before me this _____ day of _____, 2003

(Notary Public Signature)

ASSETS

	Current Year			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 (\$.....3,265,228, Schedule E - Part 1) and short-term investments (\$.....76,048, Schedule DA - Part 2)	3,341,276		3,341,276	24,719,402
6. Other long-term invested assets	(14,006)		(14,006)	398,949
7. Receivable for securities				
8. Aggregate write-ins for invested assets				
9. Subtotal, cash and invested assets (Lines 1 to 8)	4,520,858		4,520,858	26,272,566
10. Accident and health premiums due and unpaid	2,796,664		2,796,664	2,391,594
11. Health care receivables	5,672,873	2,310,750	3,362,123	5,076,848
12. Amounts recoverable from reinsurers	125,037		125,037	
13. Net adjustment in assets and liabilities due to foreign exchange rates				
14. Investment income due and accrued	15,013		15,013	19,016
15. Amounts due from parent, subsidiaries and affiliates				2,988,051
16. Amounts receivable relating to uninsured accident and health plans				
17. Furniture and equipment				
18. Amounts due from agents				
19. Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset)				
20. Electronic data processing equipment and software	225,283		225,283	
21. Other nonadmitted assets				
22. Aggregate write-ins for other than invested assets	481,676	359,897	121,779	218,716
23. Total assets (Lines 9 plus 10 through 22)	13,837,404	2,670,647	11,166,757	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. W.I.C. Receivable	121,779		121,779	61,941
2203. Prepaid Expenses	359,897	359,897	0	
2298. Summary of remaining write-ins for Line 22 from overflow page				
2299. TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above)	481,676	359,897	121,779	218,716

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

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$..... reinsurance ceded)	22,529,028	236,814	22,765,842	89,467,766
2. Accrued medical incentive pool and bonus payments	1,682,399		1,682,399	1,957,610
3. Unpaid claims adjustment expenses	175,489		175,489	518,570
4. Aggregate policy reserves				
5. Aggregate claim reserves				
6. Premiums received in advance				
7. General expenses due or accrued	20,794		20,793	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	64,379		64,379	
12. Payable to securities				
13. Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
14. Reinsurance in unauthorized companies				
15. Net adjustments in assets and liabilities due to foreign exchange rates				
16. Liability for amounts held under uninsured accident and health plans				
17. Aggregate write-ins for other liabilities (including \$..... current)	468,673		468,673	2,574,924
18. Total liabilities (Lines 1 to 17)	24,940,762	236,814	25,177,575	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	13,974,864	17,300,000
23. Aggregate write-ins for other than special surplus funds	X X X	X X X		
24. Unassigned funds (surplus)	X X X	X X X	(27,985,682)	(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 25)	X X X	X X X	(14,010,818)	(57,830,909)
27. Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	11,166,757	36,966,790
DETAILS OF WRITE-INS				
1701. Accrued Liabilities- FEHBP	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		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	998,782	1,169,125
2. Net premium income	X X X	172,814,334	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	161,967	197,505
7. Total revenues (Lines 2 to 6)	X X X	172,976,302	192,967,093
Medical and Hospital:			
8. Hospital/medical benefits	910,539	112,646,804	151,489,410
9. Other Professional Services			
10. Outside Referrals			
11. Emergency room and out-of-area	91,260	15,109,870	11,842,641
12. Prescription drugs		27,914,299	26,716,727
13. Aggregate write-ins for other medical and hospital			
14. Incentive pool and withhold adjustments		(123,812)	(472,487)
15. Subtotal (Lines 8 to 14)	1,001,799	155,547,161	189,576,291
LESS:			
16. Net reinsurance recoveries		(196,878)	(375,122)
17. Total medical and hospital (Lines 15 minus 16)	1,001,799	155,744,039	189,951,413
18. Claims adjustment expenses		1,175,048	1,565,368
19. General administrative expenses		14,572,367	19,412,921
20. Increase in reserves for accident and health contracts			
21. Total underwriting deductions (Lines 17 through 20)	1,001,799	171,491,454	210,929,702
22. Net underwriting gain or (loss) (Lines 7 minus 21)	X X X	1,484,848	(17,962,609)
23. Net investment income earned		(210,622)	497,294
24. Net realized capital gains or (losses)		300	1,281
25. Net investment gains or (losses) (Lines 23 plus 24)		(210,322)	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)		1,274,526	(17,464,034)
29. Federal and foreign income taxes incurred	X X X		
30. Net income (loss) (Lines 28 minus 29)	X X X	1,274,526	(17,464,034)
DETAILS OF WRITE-INS			
0601. Women, Infants and Children's Program Revenue	X X X	161,967	197,505
0602	X X X		
0603	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	161,967	197,505
1301			
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)			
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	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
31. Capital and surplus prior reporting year	(57,830,909)	(40,716,382)
GAINS AND LOSSES TO CAPITAL & SURPLUS		
32. Net income or (loss) from Line 30	1,274,526	(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	(2,670,646)	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	45,216,211	
46. Net change in capital and surplus (Lines 32 to 45)	43,820,091	(17,114,526)
47. Capital and surplus end of reporting year (Line 31 plus 46)	(14,010,818)	(57,830,908)
DETAILS OF WRITE-INS		
4501. Effect of Rehabilitation - reduction in liabilities	45,216,211	
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)	45,216,211	

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums and revenues collected net of reinsurance	166,275,445	194,241,149
2. Claims and claims adjustment expenses	179,565,513	155,644,992
3. General administrative expenses paid	13,802,229	22,696,098
4. Other underwriting income (expenses)	5,548,360	4,660,115
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(21,543,937)	20,560,174
6. Net investment income	339,155	458,110
7. Other income (expenses)		8,825
8. Federal and foreign income taxes (paid) recovered		
9. Net cash from operations (Line 5 to 8)	(21,204,782)	21,027,109
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		
10.7 Miscellaneous proceeds		
10.8 Total investment proceeds (Lines 10.1 to 10.7)	387,969	433,040
11. Cost of investments acquired (long-term only):		
11.1 Bonds	427,041	503,701
11.2 Stocks		
11.3 Mortgage loans		
11.4 Real estate		
11.5 Other invested assets	134,272	
11.6 Miscellaneous applications		
11.7 Total investments acquired (Lines 11.1 to 11.6)	561,313	503,701
12. Net cash from investments (Line 10.8 minus Line 11.7)	(173,344)	(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 stockholder 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)	(21,378,126)	20,956,448
17. Cash and short-term investments:		
17.1 Beginning of year	24,719,402	3,762,953
17.2 End of year (Line 16 plus Line 17.1)	3,341,276	24,719,401

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 Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other
1. Net premium income	172,814,334	33,558,551					7,382,250		131,873,533				
2. Change in unearned premium reserves and reserve for rate credit													
3. Fee-for-service (net of \$..... medical expenses)													
4. Risk revenue													
5. Aggregate write-ins for other health care related revenues	161,967												161,967
6. Total revenues (Lines 1 to 5)	172,976,302	33,558,551					7,382,250		131,873,533				161,967
7. Medical/hospital benefits	112,646,804	20,349,930					4,798,733		87,498,141				
8. Other professional services													
9. Outside referrals													
10. Emergency room and out-of-area	15,109,870	1,987,585					532,990		12,589,295				
11. Prescription drugs	27,914,299	4,340,594					1,235,428		22,338,277				
12. Aggregate write-ins for other medical and hospital													
13. Incentive pool and withhold adjustments	(123,812)	(110,680)							(13,132)				
14. Subtotal (Lines 7 to 13)	155,547,161	26,567,429					6,567,151		122,412,581				
15. Net reinsurance recoveries	(196,878)	49,050					(17,915)		(228,013)				
16. Total medical and hospital (Lines 14 minus 15)	155,744,039	26,518,379					6,585,066		122,640,594				
17. Claims adjustment expenses	1,175,048	211,509					58,752		904,786				
18. General administrative expenses	14,572,367	3,445,017					615,953		10,358,152				153,245
19. Increase in reserves for accident and health contracts													
20. Total underwriting deductions (Lines 16 to 19)	171,491,454	30,174,905					7,259,771		133,903,532				153,245
21. Net underwriting gain or (loss) (Line 6 minus Line 20)	1,484,848	3,383,646					122,479		(2,029,999)				8,722
DETAILS OF WRITE-INS													
0501. W I C Revenue	161,967												161,967
0502													
0503													
0598. Summary of remaining write-ins for Line 5 from overflow page													
0599. TOTAL (Lines 0501 through 0503 plus 0598) (Line 5 above)	161,967												161,967
1201. Pharmacy													
1202													
1203													
1298. Summary of remaining write-ins for Line 12 from overflow page													
1299. TOTAL (Lines 1201 through 1203 plus 1298) (Line 12 above)													

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (medical and hospital)	33,558,551		75,987	33,482,564
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan Premiums	7,382,250		17,915	7,364,335
6. Title XVIII - Medicare				
7. Title XIX - Medicaid	131,873,533		228,013	131,645,520
8. Other	161,967			161,967
9. TOTALS	172,976,301		321,915	172,654,386

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Payments during the year:									
1.1 Direct	177,534,229	31,545,571				7,195,628		138,793,030	
1.2 Reinsurance assumed									
1.3 Reinsurance ceded	321,915	75,987				17,915		228,013	
1.4 Net	177,212,314	31,469,584				7,177,713		138,565,017	
2. Paid medical incentive pools and bonuses	1,833,798	338,618				74,269		1,420,911	
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	22,765,841	6,187,385				1,098,591		15,479,865	
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net	22,765,841	6,187,385				1,098,591		15,479,865	
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct									
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net									
5. Accrued medical incentive pools and bonuses, current year	1,682,399	283,180				70,061		1,329,158	
6. Amounts recoverable from reinsurers December 31, current year	125,037	125,037							
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	89,467,767	26,107,675				6,349,274		57,010,818	
7.2 Reinsurance assumed									
7.3 Reinsurance ceded									
7.4 Net	89,467,767	26,107,675				6,349,274		57,010,818	
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct									
8.2 Reinsurance assumed									
8.3 Reinsurance ceded									
8.4 Net									
9. Accrued medical incentive pools and bonuses, prior year	1,957,610	443,020				80,547		1,434,043	
10. Amounts recoverable from reinsurers December 31, prior year									
11. Incurred benefits:									
11.1 Direct	110,832,303	11,625,281				1,944,945		97,262,077	
11.2 Reinsurance assumed									
11.3 Reinsurance ceded	446,952	201,024				17,915		228,013	
11.4 Net	110,385,351	11,424,257				1,927,030		97,034,064	
12. Incurred medical incentive pools and bonuses	1,558,587	178,778				63,783		1,316,026	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Reported in Process of Adjustment:									
1.1 Direct	10,675,361	3,945,457				514,192		6,215,713	
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	10,675,361	3,945,457				514,192		6,215,713	
2. Incurred but Unreported:									
2.1 Direct	12,090,479	2,241,928				584,399		9,264,152	
2.2 Reinsurance assumed									
2.3 Reinsurance ceded									
2.4 Net	12,090,479	2,241,928				584,399		9,264,152	
3. Amounts Withheld from Paid Claims and Capitations:									
3.1 Direct									
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net									
4. TOTALS									
4.1 Direct	22,765,840	6,187,385				1,098,591		15,479,865	
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net	22,765,840	6,187,385				1,098,591		15,479,865	

UNDERWRITING AND INVESTMENT EXHIBIT

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

	Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (medical and hospital)	9,862,459	21,634,062	1,520,053	4,667,332	11,382,512	26,107,675
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan Premiums	1,441,885	5,771,658	345,915	752,676	1,787,800	6,349,274
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid	29,757,349	109,263,694	3,314,018	12,165,847	33,071,367	57,010,818
8.	Other						
9.	Subtotal	41,061,693	136,669,414	5,179,986	17,585,855	46,241,679	89,467,767
10.	Medical incentive pools, accrual and disbursements	1,833,798			1,682,399	1,833,798	1,957,610
11.	TOTALS	42,895,491	136,669,414	5,179,986	19,268,254	48,075,477	91,425,377

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Grand Total

Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	34,589	2,060	509	126	
2.	1998	133,092	42,101	3,920	395	
3.	1999	X X X	104,393	30,722	3,575	708
4.	2000	X X X	X X X	127,944	41,231	2,335
5.	2001	X X X	X X X	X X X	109,799	39,851
6.	2002	X X X	X X X	X X X	X X X	143,537

Section B - Incurred Claims

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	37,284	2,695	634	126	
2.	1998	179,871	46,780	4,314	395	
3.	1999	X X X	138,690	34,297	3,575	708
4.	2000	X X X	X X X	172,280	52,565	2,335
5.	2001	X X X	X X X	X X X	190,410	45,031
6.	2002	X X X	X X X	X X X	X X X	161,347

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998										
3.	1999										
4.	2000										
5.	2001	192,770	149,651	1,565	1	151,216	78	5,180	18	156,414	81
6.	2002	172,814	143,537	1,175	1	144,712	84	19,269	158	164,139	95
7.	TOTAL (Lines 1 through 6)	X X X	293,188	2,740	X X X	295,928	X X X	24,449	176	320,553	X X X
8.	TOTAL (Lines 2 through 6)	365,584	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Total

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

Hospital and Medical
Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	19,536	1,260	263	83	
2. 1998	68,520	22,908	2,122	254	
3. 1999	X X X	47,291	12,759	2,076	401
4. 2000	X X X	X X X	43,145	11,561	907
5. 2001	X X X	X X X	X X X	29,417	8,892
6. 2002	X X X	X X X	X X X	X X X	22,002

Section B - Incurred Claims

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	21,142	1,607	346	83	
2. 1998	93,804	25,284	2,375	254	
3. 1999	X X X	62,126	14,835	2,076	401
4. 2000	X X X	X X X	55,506	14,405	907
5. 2001	X X X	X X X	X X X	53,300	12,603
6. 2002	X X X	X X X	X X X	X X X	26,701

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims 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 Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001	44,298	38,309	271	1	38,580	87	1,520	3	40,103	91
6. 2002	33,563	22,002	203	1	22,205	66	4,951	29	27,185	81
7. TOTAL (Lines 1 through 6)	X X X	60,311	474	X X X	60,785	X X X	6,471	32	67,288	X X X
8. TOTAL (Lines 2 through 6)	77,861	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Hospital and Medical

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Medicare Supplement Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X			
5.	2001	X X X	X X X	X X X		
6.	2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

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					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X			
5.	2001	X X X	X X X	X X X		
6.	2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998										
3.	1999										
4.	2000										
5.	2001										
6.	2002										
7.	TOTAL (Lines 1 through 6)	X X X			X X X		X X X				X X X
8.	TOTAL (Lines 2 through 6)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Medicare Supplement

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Dental Only

Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X			
5.	2001	X X X	X X X	X X X		
6.	2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

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					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X			
5.	2001	X X X	X X X	X X X		
6.	2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998										
3.	1999										
4.	2000										
5.	2001										
6.	2002										
7.	TOTAL (Lines 1 through 6)	X X X			X X X		X X X				X X X
8.	TOTAL (Lines 2 through 6)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Dental Only

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Vision Only

Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X			
5.	2001	X X X	X X X	X X X		
6.	2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

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					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X			
5.	2001	X X X	X X X	X X X		
6.	2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998										
3.	1999										
4.	2000										
5.	2001										
6.	2002										
7.	TOTAL (Lines 1 through 6)	X X X			X X X		X X X				X X X
8.	TOTAL (Lines 2 through 6)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Vision Only

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)
Federal Employees Health Benefits Plan Premiums

Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	1,294	96	11	1	
2. 1998	1,347	485	92	3	
3. 1999	X X X	984	1,111	83	91
4. 2000	X X X	X X X	9,547	1,672	206
5. 2001	X X X	X X X	X X X	2,484	1,219
6. 2002	X X X	X X X	X X X	X X X	5,824

Section B - Incurred Claims

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	1,403	108	12	1	
2. 1998	2,291	944	95	3	
3. 1999	X X X	2,178	1,194	83	91
4. 2000	X X X	X X X	10,471	2,231	206
5. 2001	X X X	X X X	X X X	8,404	1,314
6. 2002	X X X	X X X	X X X	X X X	6,585

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims 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 Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001	6,104	3,703	60	2	3,763	62	346	1	4,110	67
6. 2002	7,377	5,824	46	1	5,870	80	823	8	6,701	91
7. TOTAL (Lines 1 through 6)	X X X	9,527	106	X X X	9,633	X X X	1,169	9	10,811	X X X
8. TOTAL (Lines 2 through 6)	13,481	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Fed Emp HBPP

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Title XVIII - Medicare Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X			
5.	2001	X X X	X X X	X X X		
6.	2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

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					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X			
5.	2001	X X X	X X X	X X X		
6.	2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998										
3.	1999										
4.	2000										
5.	2001										
6.	2002										
7.	TOTAL (Lines 1 through 6)	X X X			X X X		X X X				X X X
8.	TOTAL (Lines 2 through 6)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Title XVIII-Medicare

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

Title XIX - Medicaid
Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior	13,759	704	235	42	
2. 1998	63,225	18,708	1,706	138	
3. 1999	X X X	56,118	16,852	1,416	216
4. 2000	X X X	X X X	75,252	27,998	1,222
5. 2001	X X X	X X X	X X X	77,898	29,740
6. 2002	X X X	X X X	X X X	X X X	115,711

Section B - Incurred Claims

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	14,739	980	276	42	
2. 1998	83,776	20,552	1,844	138	
3. 1999	X X X	74,386	18,268	1,416	216
4. 2000	X X X	X X X	106,303	35,929	1,222
5. 2001	X X X	X X X	X X X	128,706	31,114
6. 2002	X X X	X X X	X X X	X X X	128,061

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims 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 Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001	142,368	107,639	1,234	1	108,873	76	3,314	14	112,201	79
6. 2002	131,874	115,711	926	1	116,637	88	13,495	121	130,253	99
7. TOTAL (Lines 1 through 6)	X X X	223,350	2,160	X X X	225,510	X X X	16,809	135	242,454	X X X
8. TOTAL (Lines 2 through 6)	274,242	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Title XIX-Medicaid

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Other Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X			
5.	2001	X X X	X X X	X X X		
6.	2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

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					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X			
5.	2001	X X X	X X X	X X X		
6.	2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998										
3.	1999										
4.	2000										
5.	2001										
6.	2002										
7.	TOTAL (Lines 1 through 6)	X X X			X X X		X X X				X X X
8.	TOTAL (Lines 2 through 6)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
1. Rent (\$..... for occupancy of own building)	80,000	1,474,339		1,554,339
2. Salaries, wages and other benefits	870,923	6,065,846		6,936,769
3. Commissions (less \$..... ceded plus \$..... assumed)				
4. Legal fees and expenses	4,800	247,296		252,096
5. Certifications and accreditation fees				
6. Auditing, actuarial and other consulting services	57,786	1,957,526		2,015,312
7. Traveling expenses	7,915	49,357		57,272
8. Marketing and advertising		143,035		143,035
9. Postage, express and telephone	2,391	866,012		868,402
10. Printing and office supplies	19,692	654,386		674,078
11. Occupancy, depreciation and amortization		10,168		10,168
12. Equipment				
13. Cost or depreciation of EDP equipment and software	45,392	874,072		919,464
14. Outsourced services including EDP, claims, and other services		61,243		61,243
15. Boards, bureaus and association fees	1,849	14,009		15,858
16. Insurance, except on real estate	13,091	184,227		197,318
17. Collection and bank service charges		36,830	1,967	38,797
18. Group service and administration fees		321,889		321,889
19. Reimbursements by uninsured accident and health plans				
20. Reimbursements from fiscal intermediaries				
21. Real estate expenses				
22. Real estate taxes				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes				
23.2 State premium taxes				
23.3 Regulator authority licenses and fees				
23.4 Payroll taxes				
23.5 Other (excluding federal income and real estate taxes)				
24. Investment expenses not included elsewhere				
25. Aggregate write-ins for expenses	71,209	1,610,166		1,681,374
26. Total expenses incurred (Lines 1 to 25)	1,175,048	14,570,400	1,967	(a) 15,747,414
27. Add expenses unpaid December 31, prior year				
28. Less expenses unpaid December 31, current year				
29. Amounts receivable relating to uninsured accident and health plans, prior year				
30. Amounts receivable relating to uninsured accident and health plans, current year				
31. Total expenses paid (Lines 26 plus 27 minus 28 minus 29 plus 30)	1,175,048	14,570,400	1,967	15,747,414
DETAILS OF WRITE-INS				
2501. Temporary Personnel	53,048	1,138,094		1,191,142
2502. Licenses and Fees	14,520	90,795		105,315
2503. Other Admin. Expense	3,641	381,277		384,918
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above)	71,209	1,610,166		1,681,374

(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) 64,709	64,801
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) 275,899	273,771
7. Derivative instruments	(f)	
8. Other invested assets	(134,272)	(547,227)
9. Aggregate write-ins for investment income		
10. Total gross investment income	206,336	(208,655)
11. Investment expenses		(g) 1,967
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		
16. Total deductions (Lines 11 through 15)		1,967
17. Net Investment income (Line 10 minus Line 16)		(210,622)
DETAILS OF WRITE-INS		
0901		
0902		
0903		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501		
1502		
1503		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

- (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 excluding \$..... 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	2	3	4 Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	5 Total
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment		
1. U.S. Government bonds	300				300
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash/short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	300				300
DETAILS OF WRITE-INS					
0901					
0902					
0903					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

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	2,310,750		(2,310,750)
2. Other Nonadmitted Assets:			
2.1 Bills receivable			
2.2 Leasehold improvements			
2.3 Cash advanced to or in the hands of officers and agents			
2.4 Loans on personal security, endorsed or not			
2.5 Commuted commissions			
3. Total (Lines 2.1 to 2.5)			
4. Aggregate write-ins for other assets	359,896		(359,896)
5. TOTAL (Line 1 plus Line 3 and Line 4)	2,670,646		(2,670,646)
DETAILS OF WRITE-INS			
0401. Prepaid Expenses	359,896		(359,896)
0402			
0403			
0498. Summary of remaining write-ins for Line 4 from overflow page			
0499. TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above)	359,896		(359,896)

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	90,652	87,554	81,107	80,346	78,613	993,321
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service	3,566	430	665	520	52	5,461
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	94,218	87,984	81,772	80,866	78,665	998,782
DETAILS OF WRITE-INS						
0601						
0602						
0603						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the Plan have been prepared in conformity with the NAIC Accounting Practices and Procedures manual except to the extent that Michigan law differs.

The NAIC does not currently address the accounting practice for a debt restructuring, described below, that the Plan underwent in July 2002. Under the debt restructuring, a general restatement of the Plan's liabilities was approved by the Ingham County Circuit Court, and therefore, SSAP 36, *Troubled Debt Restructuring*, does not apply. As such, consistent with the Michigan's Office of Financial and Insurance Services instructions, the Plan reported the \$45.2 effect of the restructuring as a prior period adjustment. The following is a description of the transaction that occurred:

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 slightly 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, for discharge of \$67.7 million of medical claims payable, the Plan issued \$15.4 million to healthcare providers electing payment option A, and \$4.1 in cash and \$14.0 million in surplus notes to providers selecting payment option B. Also, in accordance with the approved First Amended Rehabilitation Plan, an additional \$2.6 and \$2.4 million will be paid in each of the years 2003 and 2004, respectively.

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, \$0.2 million of the \$1.8 million settlement 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. Likewise, upon final determination, the liability to the FEHBP for the 1996-2000 audit will be discharged at 20% of the agreed upon amount.

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 structure, decreasing surplus notes and increasing unassigned funds.

B. Use of Estimates

The presentation of the Financial Statements in conformity with the NAIC Accounting Practices and Procedures manual requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policies

(1) Cash and Cash Equivalents

Short-term investments with a maturity of three months or less at the time of purchase are reported as cash equivalents.

(2) Short-term Investments

Short-term investments consist of investments in debt securities with maturity dates of one year or less at the purchase date. Such investments are carried at cost less any valuation allowances and non-admitted amounts.

(3) Investments

Marketable Securities, including amounts reserved pursuant to State of Michigan requirements are stated at cost less any valuation allowances and non-admitted amounts and consist of U. S. Government obligations. \$1.0 million of these amounts represent a contingency fund under an agreement with the Office of Financial and Insurance Services (OFIS), Commissioner of the State of Michigan.

(4) Investment in Subsidiary and Joint Venture

Investment in subsidiary and joint venture is accounted for under the equity method.

(5) Medical Claims Payable

Medical claims payable include the cost of services for which providers have submitted claims, as well as

Notes to Financial Statement

management's estimate of the cost of claims that have been incurred but not reported (IBNR). The cost of claims that have been incurred but not reported has been estimated by management based on relevant industry data and historical trends. Management believes that methodologies employed to estimate the claim liability are reasonable and the claim liability recorded is appropriate.

(6) Medical Services Expense

The Plan contracts with various health care providers for the provision of certain medical services to its members and generally compensates those providers on a capitated and contractual payment basis.

(7) Premium Revenue

Membership contracts are negotiated on a yearly basis, subject to cancellation by the employer group or the Plan upon 30 days' written notice. Premiums are due monthly and are recognized as revenue during the period in which the Plan is obligated to provide services to members. Amounts collected in advance of the due date are recorded as a deferred premium revenue liability.

2. Accounting Changes and Corrections of Errors

As a result of the Plan having been placed in Rehabilitation on July 30, 2001, the Commissioner of OFIS, as Rehabilitator, filed a plan of rehabilitation with the Ingham County Circuit Court. The Rehabilitation Plan allowed for a general restatement of the Plan's liabilities July 30, 2001. As such, the Plan received approval from OFIS to restate December 31, 2001 net deficit as a permitted practice. The \$45.2 million effect of the restructuring is reported as a prior period adjustment.

3. Business Combinations and Goodwill

None

4. Discontinued Operations

At December 31, 2002, the Plan discontinued its Point of Service (POS) line of business. All employer groups previously having POS healthcare coverage either terminated their healthcare coverage with the Plan or accepted coverage under the Plan's traditional health maintenance organization (HMO) coverage. At December 31, 2002, the known liabilities for the POS line of business are approximately \$47,000 and the Plan has estimated an IBNR of less than \$0.1 million.

5. Investments

None

6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Plan has no investments in Joint Ventures, Partnerships or Limited Liability Companies at December 31, 2002.

At December 31, 2001, the Plan had a 60% interest in a joint venture with Blue Cross Blue Shield of Michigan, CasinoCare, LLC. The joint venture was dissolved on December 19, 2002. An additional \$0.1 million capital contribution to CasinoCare, LLC was necessary to dissolve the entity.

The following is a summary of the joint ventures' assets, liabilities and results of operations at, and for the year ended December 31, 2001.

TOTAL ASSETS	TOTAL LIABILITIES	NET INCOME
\$1,491,334	\$816,301	\$68,188

B. The Plan recognized a \$0.5 million write down for its investment in joint venture during the statement periods.

7. Investment Income

The Plan has not excluded any investment income due and accrued from surplus.

8. Derivative Instruments

None

9. Income Taxes

The Internal Revenue Service has ruled that the Plan qualifies as a tax-exempt entity under section 501(c)(4) of the Internal Revenue Code (IRC). Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. Plan management is not aware of any course of action or series of events that have occurred that might adversely affect the Plan's qualified status.

Notes to Financial Statement

10. Information Concerning Parent, Subsidiaries and Affiliates

- A.** Through October 31, 2002, the Plan had a management agreement with United American Healthcare Corporation (UAHC), whereby UAHC provided administrative services for a management fee. Effective August 1, 2001, the management agreement was amended whereby the Plan paid to UAHC actual administrative costs incurred on behalf of the Plan plus 4%. Prior to July 31, 2001, management fee expense was computed as 14% of earned revenue. Through February 2002, UAHC paid for, and was reimbursed by the Plan, for virtually all of the Plan's administrative costs. Beginning March 1, 2002, the administrative costs incurred on behalf of the Plan by UAHC were primarily limited to payroll, occupancy, insurance, and depreciation. For the year ended December 31, 2002 and 2001, management fee expense aggregated \$9.5 million and \$20.0 million, respectively under this agreement.

UAHC is an employer group, which offers the Plan's healthcare coverage to its employees. For the years ending December 31, 2002 and 2001, premium revenue earned from UAHC and its employees was approximately \$0.7 million and \$0.9 million, respectively.

- B.** The Plan is 100% owner of the outstanding common shares of its subsidiary, OmniCare TPA, Inc. Effective November 1, 2002, the Plan entered into a management agreement Omnicare TPA, Inc. , whereby Omnicare TPA, Inc. provides administrative services for the Plan for a management fee of 9% of the Plan's Medicaid capitation and commercial premium revenue. For the year ended December 31, 2002, management fee expense aggregated \$2.4 million. At December 31, 2002, approximately \$64,000 is due to Omnicare TPA, Inc.

Omnicare TPA, Inc. is an employer group, which offers the Plan's healthcare coverage to its employees. Premium revenue earned from Omnicare TPA, Inc. and its employees for the year ending December 31, 2002 was approximately \$0.2 million.

- C.** At December 31, 2002 and 2001, CasinoCare, the Plan's joint venture which was dissolved on December 19, 2002, owed the Plan \$0 and \$0.3 million, respectively, for reimbursement of claims paid on the joint venture's behalf.

11. Debt

None

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefits Plans

None

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- A.** In accordance with the requirements of the State of Michigan, unassigned funds have been reduced by \$2.7 million of prepaid expenses and provider advances.

- B.** On August 27, 2002, \$14.0 million of the Plan's unpaid claims at July 30, 2001 were converted to surplus notes, pursuant to the creditors' payment elections and the stipulations of the Plan's approved First Amended Rehabilitation Plan. The surplus notes do not bear interest, and have no stated maturity or repayment date. All surplus notes are subordinate to claims of creditors and members of the Plan and any other priority claims provided by Chapter 81 of the Michigan Insurance Code. The surplus notes shall be repaid only out of the surplus earnings of the Plan, and only with the prior written approval of the Michigan OFIS. If the Plan repays the principal in full at any time during years one through eight after the date of the issuance of the Surplus Notes, the principal shall be discounted to the amount equal to the applicable percentages of the unpaid principal. The applicable percentage shall be determined by the loan year in which the repayment in full is made, as follows:

Loan Year	Applicable Percentage of Principal to be Paid
2003	30%
2004	40%
2005	50%
2006	60%
2007	70%
2008	80%
2009	90%
2010	100%

The following are the surplus notes outstanding at December 31, 2002:

Holder of the Note	Amount
A. DAHHAN	\$ 29.58
ACTIVE REHAB CENTER INC.	1,017.73
ADVANCED FOOTCARE PC	327.15
ADVANCED ORTHO LAB. INC.	10,220.00
AKBAR NEPHROLOGY HTN	3,752.24
ALBINO F. GIMENEZ	508.52

Notes to Financial Statement

ALLEN PARK FIRE DEPT	1,241.49
ALLERGY & ASTHMA ASSOC. OF MI	4,407.03
ALTERNACARE PC	318.76
ANDREW MARCUS	146.49
ANGELA HOME HEALTH CARE	143.33
ANN M. REHM	105.81
ANNE-MARE ICE	6,975.69
ANTHONY D. UDO-INYANG	1,317.04
ARBOR-YBI FOOT @ ANKLE CTR	318.27
ARUNA J. PAREKH	98.26
ARVIND KUMAR	445.20
ASSOC IN RADIATION ONCOLOGY	9,180.09
ASSOCIATED SPECIALISTS INC.	281.63
ASSOCIATES IN MEDICINE	25,105.64
ASSOCIATES IN NEUROLOGY P.C.	3,098.51
BAHADUR S. BOHRA	2,174.37
BALBIN GANDHI	633.93
BRIGHTMOOR GENERAL	2,578.79
CARDIO-CEREBRAL MONITORING	201.65
CARDIOLOGY CONSUL. MI/OHIO	256.89
CATHERINE LEGALLEY	345.24
CHAKRADHAR C. REDDY, M.D.	4,470.48
CHARARA KASSEM	617.33
CHEST SPECIALIST, PC	823.13
CHIROPRACTIC WORKS, PC	457.08
CHRIS M. OLENECH	189.90
CITRUS RADIOLOGY ASSOCIATES	101.15
CITY OF GARDEN CITY FIRE DEPT	491.76
CITY OF HAZEL PARK	683.35
CITY OF WYANDOTTE	1,072.39
COMPREHENSIVE GERIATRIC SERV	91.73
CONVENIENT CARE AFTER HOURS	8,236.59
CRYSTAL HOME HEALTHCARE INC.	17,659.14
DAVID S. WEINGARDEN	293.41
DEARBORN ALLERGY & ASTHMA	1,819.63
DEARBORN SURGICAL ASSOC.	1,316.85
DEBORAH S. RUARK	570.29
DEBORAH W. SIMS	128.59
DENNIS M. EDER	138.44
DET PHYS THERAPY & REHAB CTR	2,353.75
DIAGNOSTIC RADIOLOGY	29.75
DONALD C. AUSTIN	530.77
DOWNRIVER PODIATRISTS PC	98.68
DOWNRIVER RADIOLOGY	1,221.80
DR TIMOTHY E. TRAX D.C.	233.75
DRS PARIS/BARRETTO/LEGASPI MD	538.98
DRS. LEVY & LEVY MD.PC.	3,088.40
EARL HECKER	235.44
EMC SPECIALISTS, P.C.	491.87
EMERGICARE PHYS PC	200.00
EMERGYSTAT INC.	493.85
ENT SURGICAL ASSOCIATES	11,206.37
ERNESTO C. TUAZON	124.32
FAMILY MEDICINE FACULTY	227.19
FARMINGTON HEALTH CARE	64,879.39
FARMINGTON HEALTH CARE	53,200.00
FARMINGTON HILLS FIRE DEPART	155.64
FERNDALE FIRE DEPARTMENT	1,131.26
FOOT SPECIALISTS, PC	111.99
FRANCIS THOMAS DAY II	280.33
FREDERICK D. BARTHOLOMEW	2,035.15
GAMIL Z. SOLIMAN	997.84
GARDEN CITY OSTEOPATHIC HOSPITAL	487,600.61
GARY G. GILYARD	5,191.29
GENERAL MEDICINE, P.C.	112.29
GENERAL ORTHOPEDICS	599.93
GEORGE A. LIGHTBOURN	1,003.30
GERALD A. SHIENER	195.00
GI MEDICINE ASSOC. PC	5,765.47
GLAUCOMA CENTER OF MICHIGAN	3,369.61
GORDON L GRENN	118.05

Notes to Financial Statement

GREGORY P. KARRIS	632.21
HARVEY RAIMI, DO, PC	1,076.75
HEARTCARE	1,688.22
HEMA A. DESAI	317.07
HENRY FORD HEALTH SYSTEM	6,406,938.52
HERMAN ZICHERMAN	425.15
HOUSE CALL PHYSICIANS	98.37
HOWARD B. SOBEL	123.13
HOWARD MEDICAL CLINIC, PC	39,592.01
IMMCO DIAGNOSTICS	170.00
JACQUELINE PHILLIPS	1,737.87
JAMES E. BUTLER III	819.85
JAMES M. NEWMAN	300.01
JAMES W. STUBBS JR.	3,610.35
JARDON EYE PROSTHETICS INC.	714.48
JASON H. BODZIN	637.00
JEFFERY LEVITT	342.57
JEFFREY A. HORAK	485.47
JERRY B. MARKOWITZ	4,826.30
JINWOO YOO	3,739.30
JOHN D. PARMELY	1,942.91
JOSEPH A. BEALS	1,367.01
JURE GRAHOVAC MD, PC	5,897.07
K. THAVARAJAH	72.48
KAISER MEDICAL CENTER PC	5,244.50
KAMIL ORTHOPEDIC GROUP	4,267.28
KEITH I. CURTIS	383.02
KEKE UZOKWE	2,288.82
KENNETH R. LAWRENCE	76.98
KEVIN D. NOLAN	1,273.73
KOMOL SURAKOMOL	3,436.49
LAURAN A. BRYAN	2,825.70
LEWIS CLAYMAN	1,334.01
LIFE + LINK INC.	1,116.55
LIVONIA RADIOLOGY GROUP, PC	4,912.24
LMT REHABILITATION ASSOCIATES, PC	2,049.91
LONG LAKE PODIATRISTS, PC	247.13
LUNG ASSOCIATES PC	951.44
MACOMB COUNTY VILLAGE CLINIC	2,922.23
MACOMB GASTROENTEROLOGY	289.90
MADAN GUPTA	8,626.72
MALCOLM E WILLIAMSON D.O., P.C.	522.20
MAMOUN DABBAGH	1,800.68
MARCIA B. CARDELLI	88.00
MARCOUX CHIROPRACTIC	26.00
MARK C. MCQUIGGAN	123.50
MARLETTE COMMUNITY HOSPITAL	112.55
MARY E. BARNA, DPM & ASSOC. PC	388.15
McFORD PEDIATRICS P.L.C.	312.67
MEDICINE CONSULTATION SERV	624.75
MERCY AMB SER INC	150.83
METROPOLITAN PAIN MANAGEMENT	144.00
MI SURG ASSOCIATES	5,452.86
MICHAEL D. SMITH	1,967.24
MICHAEL RUBIN	447.72
MICHIGAN ORTHOPEDIC SERVICE LLC	20,698.30
MURTAZA HUSSAIN	2,207.31
NAHED ZAKARIA	397.80
NATIONAL DIGITIZING SERVICES	148.88
NATIONAL PATHOLOGY SERVICE	108.81
NOEL UPFALL, PC	614.49
NORTH OAKLAND MEDICAL CENTER	475,017.76
OAKWOOD HOSP HERITAGE/TAYLOR	337.00
OAKWOOD HOSPITAL AND MEDICAL CENTER	722,226.58
OMAR A. MAJID	681.79
OPHTHAMOLOGY ASSOC. PC	2,941.65
PAUL G. SMITH	132.01
PEDIATRIC ACADEMIC ASSOC	19.55
PEDIATRIC NEUROSURGERY GROUP	18,301.58
PEDIATRIC PULMONARY ASSSOC.	29.84
PEDIATRIC SPECIAL CARE, INC	2,534.42

Notes to Financial Statement

PEDICARE PEDIATRIC CLINIC	247.94
PREMIER INTERNAL MED ASSOC	78.74
QUALITY HEALTHCARE PROVIDERS	529.93
RALPH ZICHERMAN	343.00
RASHMI GUPTA	2,430.48
RAVINDER GANDHI	824.86
RAYTEL CARDIAC SERVICES	3,355.56
REDFORD TOWNSHIP FIRE DEPT.	1,181.43
RENAISSANCE MEDICAL GROUP	771.56
RENE SANTIAGO	372.22
RICHARD A. POKRIEFKA DO, PC	3,542.89
RIVER CENTRE CLINIC	5,068.00
ROBERT A. BURNS, II	68.97
ROBERT A. DELP	1,749.36
ROBERT F. LEE	484.00
ROBERT J. SCHOENFELD	78.45
ROBERT T. CLARK M.D.,P.C.	357.18
ROCHESTER ANESTHESIOLOGISTS	2,523.75
RUSH FOUNDATION	77.17
SANDRA BROWN	4,182.87
SANFORD R. KANER	118.23
SEO YOUNG MD, PC	269.50
SHERWOOD MEDICAL CENTER	2,878.78
SION SOLEYMANI	2,678.45
SOUTHFIELD PED PHYS PC	3,215.75
SPECTRA DIAGNOSTIC LAB	442.70
ST JOHN ANESTHESIOLOGISTS	8,509.54
ST. ALEXIUS MEDICAL CENTER	975.20
ST. CLAIR SURGICAL SPEC., P.C.	2,517.94
ST. JOHN HEALTH SYSTEM	5,251,054.05
TECK SOO	35.76
THOMAS W. II BIGGS	430.65
TOM MADAHAVAN, MD, PC	421.05
TOTAL FAMILY HEALTH SERVICES	6,087.99
TRINITY MEDICAL CENTER	8,115.90
U.S. MEDICAL EQUIPMENT, INC.	33,781.20
UNIV. EMERG. PHYS. INC.	42.24
UNIVERSAL MACOMB AMBULANCE	25,242.11
UROLOGY ASSOC OF N.W. OHIO	67.91
VASCULAR SURGERY ASSOC.	186.89
VASU R. GARLAPATY	252.99
VISITING THERAPISTS, INC.	1,340.96
W. FRASER VIPOND	2,030.97
WEISBERG CANCER CENTER	2,302.96
WEISSMAN/GITLIN/HERKOWITZ PC.	13,491.28
WEST FLORIDA DIALYSIS CENTER	5,208.50
WILLIAM L. JORDAN	33,566.25
WOMENS HEALTH & WELLNESS CENTER	757.74
	\$13,974,864.12

The following surplus notes, which were outstanding at December 31, 2001, were discharged pursuant to the approved of the First Amended Rehabilitation Plan:

United American Healthcare Corporation, June 30, 1998	\$ 4,600,000
United American Healthcare Corporation, April 13, 2000	7,700,000
Detroit Medical Center (DMC), November 29, 2000	5,000,000
	\$ 17,300,000

14. Contingencies

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, upon final determination, the liability to the FEHBP for the 1996-2000 audit will be discharged at 20% of the agreed upon amount. The Plan has maintained a contingent liability \$0.5 million for potential amounts owed pursuant to this audit.

15. Leases

Notes to Financial Statement

None

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

None

18. Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans

None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

					Total
			Type of	Type of	Direct
	FEIN	Exclusive	Business	Authority	Premiums
Name and Address of TPA	Number	Contract	Written	Granted	Written by
UAHC 300 River Place Suite 4700 Detroit, MI 48207	382526913	Yes Through 10/31/02	Commercial HMO POS	C,CA,R, B,P,U	35,076,601
OmniCare TPA 1155 Brewery Park Blvd Suite 250 Detroit, MI 48207	383639256	Yes Beginning 11/01/02	Commercial HMO POS	C,CA,R, B,P,U	5,864,202

C - Claims Payment
 CA - Claims Adjustment
 R - Reinsurance Ceding
 B - Binding Authority
 P - Premium Collection
 U - Underwriting

20. September 11, Events

None

21. Other Items

The Plan reported noncash investing and financing activities in 2002 as a result of converting \$14.0 million of unpaid claim liability to surplus notes.

22. Events Subsequent

None

23. Reinsurance

Throughout 2002, the Plan had an agreement with an insurance company, Cologne GenRe, to provide reinsurance for subscribers' inpatient hospital services claims. After a deductible of \$200,000 is reached, coverage under this agreement ranges between 80% and 90% of net loss in excess of the Plan's deductible. The maximum annual reinsurance coverage for each member is \$2,000,000. The Plan pays a premium ranging from \$0.28 to \$0.38 per member per month for this coverage. At December 31, 2002, the Plan has recorded \$0.1 million of reinsurance recoverable under this contract.

Reinsurance premiums are reported as medical service expense, while related reinsurance recoveries are reported as deductions from medical service expense.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

None

25. Change in Incurred Claims and Claim Adjustment Expenses

Notes to Financial Statement

There were no changes in the provision of incurred claim and claim adjustment expenses attributable to insured events of prior years.

26. Intercompany Pooling Arrangements

None

27. Structured Settlements

Not applicable.

28. Health Care Receivables

			Actual	Actual
	Estimated		Rebates	Rebates
	Pharmacy		Collected	Collected
	Rebates as	Pharmacy	Within 90	Within 91 to
	Reported on	Rebates as	Days of	180 Days of
	Financial	Invoiced/	Invoicing	Invoicing
Quarter	Statements	Confirmed	Confirmation	Confirmation
12/31/2002	\$325,000	\$325,000	\$ -	\$ -
09/30/2002	325,000	325,000	-	-
06/30/2002	255,000	255,000	-	329,913
03/31/2002	255,000	255,000	-	297,835
12/31/2001	300,000	\$300,000	583	313,065
09/30/2001	300,000	300,000	-	315,347
06/30/2001	318,462	318,462		336,840
03/31/2001	303,162	303,162	-	303,162
12/31/2000	324,205	324,205	124,205	295,741
09/30/2000	-	-	16,968	-
06/30/2000	-	-	35,046	-
03/31/2000	-	-	148,559	
12/31/1999	-	-	119,089	-
09/30/1999	-	-	149,584	-
06/30/1999	-	-	188,566	-
03/31/1999	-	-	105,002	-

B. Health Care Receivables - Risk Sharing Receivables

		Risk Sharing			Actual Risk
		Receivable			Sharing
		as Estimate			Amounts
	Evaluation	and	Risk Sharing	Risk Sharing	Collected In
	Period	Reported In	Receivable	Receivable	The Year
Calendar	Year	The Current	Invoiced/	Not Invoiced	Invoiced/
Year	Ending	Year	Confirmed	Confirmed	Confirmed
2002	2002	\$ -	\$ -	\$ -	\$ -
2001	2001	\$ -	\$108,281	\$ -	\$108,281
2000	2000	\$ 108,281	\$436,776	\$799,126	\$436,776
1999	1999	\$1,235,902	-	-	-

29. Participating Policies

None

30. Premium Deficiency Reserves

At December 31, 2002 and 2001, a premium deficiency reserve was determined not to be necessary.

Notes to Financial Statement

31. Anticipated Salvage and Subrogation

At December 31, 2002 and 2001, the Plan had recorded a receivable of \$0.1 million and \$0, respectively for anticipated salvage and subrogation. Anticipated salvage and subrogation was not deducted from the liability for unpaid claims or losses.

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	652,411	14.431	652,411	14.431
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	100,232	2.217	100,232	2.217
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA				
1.512 Issued by FNMA and FHLMC	440,945	9.754	440,945	9.754
1.513 Privately issued				
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC				
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523 All other privately issued				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3 Property held for sale (\$..... including property acquired in satisfaction of debt)				
6. Policy loans				
7. Receivables for securities				
8. Cash and short-term investments	3,341,276	73.908	3,341,276	73.908
9. Other invested assets	(14,006)	(0.310)	(14,006)	(0.310)
10. Total invested assets	4,520,858	100.000	4,520,858	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[] No[X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the 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[] N/A[X]
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/1995.....
- 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.12/31/1995.....
- 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).12/31/1996.....
- 3.4 By what department or departments?
Michigan Insurance Bureau
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 - 4.11 sales of new business? Yes[] No[X]
 - 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 - 4.21 sales of new business? Yes[] No[X]
 - 4.22 renewals? Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement) Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[] No[X]
- 7.2 If yes,
 - 7.21 State the percentage of foreign control %
 - 7.22 State the nationality(s) of the foreign person(s) or 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, 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?
 KPMG,LLP, 150 W. Jefferson, Suite 1200, Detroit, MI 48226
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?
 KPMG, LLP, 303 East Wacker Drive, Chicago, ILL 60601
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? Yes[] No[] N/A[X]
 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[] No[] N/A[X]
 10.3 Have there been any changes made to any of the trust indentures during the year? Yes[] No[] N/A[X]
 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes?

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 is 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 \$
 - 14.12 To stockholders not officers \$
 - 14.13 Trustees, supreme or grand (Fraternal only) \$
- 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 \$
 - 14.22 To stockholders not officers \$
 - 14.23 Trustees, supreme or grand (Fraternal only) \$
- 15.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes[] No[X]
- 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 the nature of each obligation.
- 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:

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

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 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 securities restricted as to sale	\$
19.29 Other	\$

19.3 For each category above, if any of these assets are held by other, identify by whom held:
 19.31
 19.32
 19.33
 19.34
 19.35
 19.36
 19.37
 19.38
 19.39

For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 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[] N/A[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[X] No[]
 22.1 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

	1 Name of Custodian(s)	2 Custodian's Address
22.1001

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 [X]

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 advisers, 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
	Standard Federal Bank	20600 W. Big Beaver, Troy, MI 48084

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$

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?

\$ 178,634

24.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Dunk & Marchak	159,545

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

\$ 370,785

25.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
Beverly Allen	129,846
Bobby L. Jones	171,077

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 premium earned attributable to Canadian and/or Other Alien not included in Item (1.2) above. | \$ |
| 1.5 Indicate total incurred claims on all Medicare Supplement insurance. | \$ |
| 1.6 Individual policies - Most current three years: | \$ |
| 1.61 Total premium earned | \$ |
| 1.62 Total incurred claims | \$ |
| 1.63 Number of covered lives | \$ |
| All years prior to most current three years: | \$ |
| 1.64 Total premium earned | \$ |
| 1.65 Total incurred claims | \$ |
| 1.66 Number of covered lives | \$ |
| 1.7 Group policies - Most current three years: | \$ |
| 1.71 Total premium earned | \$ |
| 1.72 Total incurred claims | \$ |
| 1.73 Number of covered lives | \$ |
| All years prior to most current three years: | \$ |
| 1.74 Total premium earned | \$ |
| 1.75 Total incurred claims | \$ |
| 1.76 Number of covered lives | \$ |
| 2.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? | Yes[] No[X] |
| 2.2 If yes, give particulars: | |
| 3.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency? | Yes[X] No[] |
| 3.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? | Yes[] No[X] |
| 4.1 Does the reporting entity have stop-loss reinsurance? | Yes[X] No[] |
| 4.2 If no, explain: | |
| 4.3 Maximum retained risk (see instructions): | \$ |
| 4.31 Comprehensive Medical | \$ 200,000 |
| 4.32 Medical Only | \$ |
| 4.33 Medicare Supplement | \$ |
| 4.34 Dental | \$ |
| 4.35 Other Limited Benefit Plan | \$ |
| 4.36 Other | \$ |
| 5. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Contingency trust of \$1 Million; Continuation of benefits for the duration of the contract period through which premium has been received; Members confined in an inpatient facility have benefits continue until discharge; Hold harmless provisions included in contracts state providers will seek compensation only from the plan. | |
| 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 | 2379 |
| 7.2 Number of providers at end of reporting year | 2445 |
| 8.1 Does the reporting entity have business subject to premium rate guarantees? | Yes[] No[X] |
| 8.2 If yes, direct premium earned: | |
| 8.21 Business with rate guarantees between 15-36 months | 0 |
| 8.22 Business with rate guarantees over 36 months | 0 |
| 9.1 Does the reporting entity have Bonus/Withhold Arrangements in its provider contracts? | Yes[X] No[] |
| 9.2 If yes: | |
| 9.21 Maximum amount payable bonuses | \$ 978,805 |
| 9.22 Amount actually paid for year bonuses | \$ 558,771 |
| 9.23 Maximum amount payable withholds | \$ 1,957,610 |
| 9.24 Amount actually paid for year withholds | \$ 1,275,028 |
| 10. List service areas in which reporting entity is licensed to operate: | |

1
Name of Service Area
Wayne, Oakland, Macomb, Washtenaw, and Monore

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)	11,166,757	36,966,790	17,657,990	24,623,298	30,508,645
2. Total liabilities (Page 3, Line 18)	25,177,575	94,797,699	58,374,372	32,200,505	29,061,140
3. Statutory surplus	1,500,000	1,500,000	1,500,000	500,000	500,000
4. Total capital and surplus (Page 3, Line 26)	(14,010,818)	(57,830,909)	(40,716,382)	(7,577,207)	1,447,505
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	172,976,302	192,967,093	172,691,287	129,051,143	149,478,246
6. Total medical and hospital expenses (Line 17)	155,744,039	189,951,413	166,503,207	119,046,908	129,122,620
7. Total administrative expenses (Line 19)	14,572,367	19,412,921	22,273,723	19,028,947	22,040,243
8. Net underwriting gain (loss) (Line 22)	1,484,848	(17,962,609)	(16,617,766)	(9,024,712)	(1,684,617)
9. Net investment gain (loss) (Line 25)	(210,322)	498,575	616,723	17,000	
10. Total other income (Lines 26 plus 27)					
11. Net income or (loss) (Line 30)	1,274,526	(17,464,034)	(16,001,043)	(9,024,712)	(1,684,617)
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	(14,010,818)	(57,830,908)	(40,716,382)	(7,577,207)	1,447,505
13. Authorized control level risk-based capital	5,375,225	6,783,010	6,325,105	2,540,780	2,127,740
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	78,665	94,218	100,484	77,356	93,600
15. Total members months (Column 6, Line 7)	998,782	1,169,125	1,106,105	995,700	965,817
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	90.1	98.5	97.5		
18. Total underwriting deductions (Line 21)	99.2	109.4	109.1	0.9	0.9
19. Total underwriting gain (loss) (Line 22)	0.9	(9.3)	(9.7)		
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	48,075,477	57,118,958	53,784,593	27,192,732	21,730,756
21. Estimated liability of unpaid claims-[prior year (Line 11, Col. 6)]	91,425,377	57,118,958	24,295,969	27,250,000	18,925,965

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)					
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
26. Affiliated mortgage loans on real estate					
27. All other affiliated					
28. Total of above Lines 22 to 27					

SCHEDULE D - SUMMARY BY COUNTRY

Long-term Bonds and Stocks OWNED December 31 of Current Year

Description	1	2	3	4
	Book/Adjusted Carrying Value	Fair Value (a)	Actual Cost	Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States 1,193,588	2. Canada 1,279,163	3. Other Countries 1,193,588	4. Totals 1,178,000
	2. Canada 1,193,588	3. Other Countries 1,279,163	4. Totals 1,193,588	5. Totals 1,178,000
States, Territories and Possessions (Direct and Guaranteed)	5. United States	6. Canada	7. Other Countries	8. Totals
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9. United States	10. Canada	11. Other Countries	12. Totals
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	14. Canada	15. Other Countries	16. Totals
Public Utilities (unaffiliated)	17. United States	18. Canada	19. Other Countries	20. Totals
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	22. Canada	23. Other Countries	24. Totals
Parent, Subsidiaries and Affiliates	25. Totals	26. Total Bonds 1,193,588	27. Total Bonds 1,279,163	28. Total Bonds 1,193,588
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States	28. Canada	29. Other Countries	30. Totals
Banks, Trust and Insurance Companies (unaffiliated)	31. United States	32. Canada	33. Other Countries	34. Totals
Industrial and Miscellaneous (unaffiliated)	35. United States	36. Canada	37. Other Countries	38. Totals
Parent, Subsidiaries and Affiliates	39. Totals	40. Total Preferred Stocks	41. Total Preferred Stocks	42. Total Preferred Stocks
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States	42. Canada	43. Other Countries	44. Totals
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	46. Canada	47. Other Countries	48. Totals
Industrial and Miscellaneous (unaffiliated)	49. United States	50. Canada	51. Other Countries	52. Totals
Parent, Subsidiaries and Affiliates	53. Totals	54. Total Common Stocks	55. Total Common Stocks	56. Total Common Stocks
	54. Total Common Stocks	55. Total Stocks	56. Total Stocks	57. Total Stocks
	55. Total Stocks	56. Total Bonds and Stocks 1,193,588	57. Total Bonds and Stocks 1,279,163	58. Total Bonds and Stocks 1,193,588

(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.....	1,154,216	6. Foreign Exchange Adjustment	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	427,041	6.1 Column 17, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	
3.1 Column 16, Part 1.....		6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....		6.4 Column 11, Part 4.....	
3.3 Column 10, Part 2, Section 2.....		7. Book/adjusted carrying value at end of current period.....	1,193,889
3.4 Column 10, Part 4.....		8. Total valuation allowance.....	
4. Total gain (loss), Column 14, Part 4.....	300	9. Subtotal (Lines 7 plus 8).....	1,193,889
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4.....	387,668	10. Total nonadmitted assets.....	
		11. Statement value of bonds and stocks, current period.....	1,193,889

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	State, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed (Yes or No)	Direct Business Only			6 Federal Employees Health Benefits Program Premiums
				3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	
1.	Alabama	AL	No	No			
2.	Alaska	AK	No	No			
3.	Arizona	AZ	No	No			
4.	Arkansas	AR	No	No			
5.	California	CA	No	No			
6.	Colorado	CO	No	No			
7.	Connecticut	CT	No	No			
8.	Delaware	DE	No	No			
9.	District of Columbia	DC	No	No			
10.	Florida	FL	No	No			
11.	Georgia	GA	No	No			
12.	Hawaii	HI	No	No			
13.	Idaho	ID	No	No			
14.	Illinois	IL	No	No			
15.	Indiana	IN	No	No			
16.	Iowa	IA	No	No			
17.	Kansas	KS	No	No			
18.	Kentucky	KY	No	No			
19.	Louisiana	LA	No	No			
20.	Maine	ME	No	No			
21.	Maryland	MD	No	No			
22.	Massachusetts	MA	No	No			
23.	Michigan	MI	No	Yes	33,558,556	131,873,533	7,382,250
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		33,558,556	131,873,533	7,382,250

DETAILS OF WRITE-INS								
5701								
5702								
5703								
5798.	Summary of remaining write-ins for Line 57 from overflow page							
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)							

(a) Insert the number of yes responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

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