



ANNUAL STATEMENT

For the Year Ending December 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

Paramount Care of Michigan

NAIC Group Code 1212 , 1212 NAIC Company Code 95566 Employer's ID Number 38-3200310
(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[] No[X]

Date Incorporated or Organized 12/16/1993 Date Commenced Business 06/07/1996

Statutory Home Office 106 Park Place , Dundee, MI 48131
(Street and Number) (City, or Town, State and Zip Code)

Main Administrative Office 106 Park Place
(Street and Number)

Dundee, MI 48131 (734)529-7800
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 106 Park Place , Dundee, MI 48131
(Street and Number or P.O. Box) (City, or Town, State and Zip Code)

Primary Location of Books and Records 1901 Indian Wood Circle
(Street and Number)

Maumee, OH 43537 (419)887-2500
(City, or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.paramounthealthcare.com

Statement Contact Jeff Martin (419)887-2959
(Name) (Area Code)(Telephone Number)(Extension)

jeff.martin@promedica.org (419)887-2020
(E-Mail Address) (Fax Number)

Policyowner Relations Contact 1901 Indian Wood Circle
(Street and Number)

Maumee, OH 43537 (419)887-2500
(City, or Town, State and Zip Code) (Area Code) (Telephone Number)(Extension)

OFFICERS

Chairman John Charles Randolph Mr.
 President John Charles Randolph Mr.
 Secretary Jeffrey Craig Kuhn Mr.
 Treasurer Kathleen S. Hanley Mrs.
 Vice Chairman Marilyn Naomi Carnell Ms.

VICE PRESIDENTS

Robert James Kolodgy Mr. Neeraj Kumar Kanwal Dr.
 Mark Henry Moser Mr.

DIRECTORS OR TRUSTEES

John Charles Randolph Mr. Janet Elaine Bozek Ms.
 Marilyn Naomi Carnell Ms. Thomas Henry Gross Dr.
 Jeffrey Ray Lewis M.D.

State of Michigan
 County of Monroe 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)
 John Charles Randolph
(Printed Name)
 President

(Signature)
 Jeffrey Craig Kuhn
(Printed Name)
 Secretary

(Signature)
 Robert James Kolodgy
(Printed Name)
 Senior Vice President

a. Is this an original filing? Yes[] No[X]
 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)

EXHIBIT 3 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
0199999 Total individuals	4,170					4,170
0299998 Premium due and unpaid not individually listed	41,740					41,740
0299999 Total group	41,740					41,740
0399999 Premiums due and unpaid from Medicare entities						
0499999 Premiums due and unpaid from Medicaid entities						
0599999 Accident and health premiums due and unpaid (Page 2, Line 10) ..	45,910					45,910

EXHIBIT 4 - HEALTH CARE RECEIVABLES

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
NONE						
0599999 Health care receivables

EXHIBIT 5 - CLAIMS PAYABLE (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	203,987					203,987
0499999 Subtotals	203,987					203,987
0599999 Unreported claims and other claim reserves						1,409,278
0699999 Total Amounts Withheld						
0799999 Total Claims Payable						1,613,265
0899999 Accrued Medical Incentive Pool						

EXHIBIT 6 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliate	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	Admitted	
						7 Current	8 Non-Current
Individually listed receivables							
ProMedica Health System	1,419,803					1,419,803	
LHA	63,524					63,524	
0199999 Total - Individually listed receivables	1,483,327					1,483,327	
0299999 Receivables not individually listed							
0399999 Total gross amounts receivable	1,483,327					1,483,327	

EXHIBIT 7 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current
Individually listed payables				
ProMedica Health System .....	.....	16,900	16,900	.....
The Toledo Hospital .....	.....	1,991	1,991	.....
0199999 Total - Individually listed payables	X X X	18,891	18,891	.....
0299999 Payables not individually listed	X X X .....	.....	.....	.....
0399999 Total gross payables	X X X	18,891	18,891	.....

EXHIBIT 8 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total	3 Total Members Covered	4 Column 3 as a % of Total	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups	160,531	1.344	47,726	100.000	84,247	76,284
2. Intermediaries						
3. All other providers						
4. Total capitation payments	160,531	1.344	47,726	100.000	84,247	76,284
Other Payments:						
5. Fee-for-service	201,709	1.689	X X X	X X X		201,709
6. Contractual fee payments	11,582,282	96.967	X X X	X X X	6,485,049	5,097,233
7. Bonus/withhold arrangements - fee-for-service			X X X	X X X		
8. Bonus/withhold arrangements - contractual fee payments			X X X	X X X		
9. Non-contingent salaries			X X X	X X X		
10. Aggregate cost arrangements			X X X	X X X		
11. All other payments			X X X	X X X		
12. Total other payments	11,783,991	98.656	X X X	X X X	6,485,049	5,298,942
13. Total (Line 4 plus Line 12)	11,944,522	100.000	X X X	X X X	6,569,296	5,375,226

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EXHIBIT 8 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC
NONE					
9999999			X X X	X X X	X X X

EXHIBIT 9 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

		1	2	3	4	5	6
Description		Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1.	Administrative furniture and equipment	11,113		(8,694)		1,881	
2.	Medical furniture, equipment and fixtures						
3.	Pharmaceuticals and surgical supplies						
4.	Durable medical equipment						
5.	Other property and equipment						
6.	Total	11,113		(8,694)		1,881	



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION: 2. DIVISION:

NAIC Group Code 1212

BUSINESS IN THE STATE OF **GRAND TOTAL** DURING THE YEAR

NAIC Company Code 95566

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	3,241		2,295					946		
2. First Quarter	3,696		2,657					1,039		
3. Second Quarter	3,970		2,922					1,048		
4. Third Quarter	4,061		2,996					1,065		
5. Current Year	4,504		3,430					1,074		
6. Current Year Member Months	47,726		35,171					12,555		
Total Member Ambulatory Encounters for Year:										
7. Physician	57,107		26,289					30,818		
8. Non-Physician	30,484		1,806					28,678		
9. Total	87,591		28,095					59,496		
10. Hospital Patient Days Incurred	3,027		745					2,282		
11. Number of Inpatient Admissions	597		225					372		
12. Premiums Collected	13,442,963		6,399,627					7,043,336		
13. Premiums Earned	13,329,293		6,276,591					7,052,702		
14. Amount Paid for Provision of Health Care Services	11,944,523		5,241,051					6,703,472		
15. Amount of Incurred for Provision of Health Care Services	12,040,127		5,265,040					6,775,087		

34 Grand Total



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION: 2. DIVISION:

NAIC Group Code 1212

BUSINESS IN THE STATE OF **MICHIGAN** DURING THE YEAR

NAIC Company Code 95566

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35	Schedule A - Verification -	NONE
35	Schedule B - Verification -	NONE
35	Schedule BA - Verification -	NONE
36	Schedule D - Summary by Country -	NONE
36	Schedule D - Verification -	NONE
37	Schedule D Part 1A Sn 1 - #1 -	NONE
38	Schedule D Part 1A Sn 1 - #2 -	NONE
39	Schedule D Part 1A Sn 1 - #3 -	NONE
40	Schedule D Part 1A Sn 2 - #1 -	NONE
41	Schedule D Part 1A Sn 2 - #2 -	NONE
42	Schedule D Part 1A Sn 2 - #3 -	NONE
43	Schedule DA Part 2 -	NONE
44	Schedule DB Part A Verification -	NONE
44	Schedule DB Part B Verification -	NONE
45	Schedule DB Part C Verification -	NONE
45	Schedule DB Part D Verification -	NONE
45	Schedule DB Part E Verification -	NONE
46	Schedule DB Part F Sn 1 - Sum Replicated Assets -	NONE
47	Schedule DB Part F Sn 2 - Recon Replicated Assets -	NONE
48	Schedule S - Part 1 - Section 2 -	NONE
49	Schedule S - Part 2 -	NONE

SCHEDULE S - PART 3 - SECTION 2

Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year

1	2	3	4	5	6	7	8	9	Outstanding Surplus Relief		12	13
									10	11		
NAIC Company Code	Federal ID Number	Effective Date	Name of Company	Location	Type	Premiums	Unearned Premiums (estimated)	Reserve Credit Taken Other than for Unearned Premiums	Current Year	Prior Year	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
Non-Affiliates												
90611	41-1366075	01/01/2002	Allianz Life Ins Co Of North Amer	Minnesota	SSL/A	69,180						
0299999 Total - Non-Affiliates						69,180						
0399999 Totals						69,180						

SCHEDULE S - PART 4
Reinsurance Ceded To Unauthorized Companies

1	2	3	4	5	6	7	8	9	10	11	12	13	14
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsurer	Reserve Credit Taken	Paid and Unpaid Losses Recoverable (Debit)	Other Debits	Totals (Cols. 5 + 6 + 7)	Letters of Credit	Trust Agreements	Funds Deposited by and Withheld from Reinsurers	Other	Miscellaneous Balances (Credit)	Sum of Cols. 9+10+11+12+13 But Not in Excess of Col. 8
				NONE									
119999 Totals (General Account and Separate Accounts combined)													

SCHEDULE S - PART 5
Five-Year Exhibit of Reinsurance Ceded Business
(000 Omitted)

	1 2002	2 2001	3 2000	4 1999	5 1998
A. OPERATIONS ITEMS					
1. Premiums	33	22	12	15	2
2. Title XVIII-Medicare	36	22	20		
3. Title XIX - Medicaid					
4. Commissions and reinsurance expense allowance					
5. Total medical and hospital expenses					
B. BALANCE SHEET ITEMS					
6. Premiums receivable					
7. Claims payable					
8. Reinsurance recoverable on paid losses					
9. Experience rating refunds due or unpaid					
10. Commissions and reinsurance expense allowances unpaid					
11. Unauthorized reinsurance offset					
C. UNAUTHORIZED REINSURANCE					
(DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F)					
13. Letters of credit (L)					
14. Trust agreements (T)					
15. Other (O)					

SCHEDULE S - PART 6

Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 9)	2,853,500		2,853,500
2. Amounts recoverable from reinsurers (Line 12)			
3. Accident and health premiums due and unpaid (Line 10)	45,910		45,910
4. Net credit for ceded reinsurance	X X X		
5. All other admitted assets (Balance)	1,493,340		1,493,340
6. Total assets (Line 23)	4,392,750		4,392,750
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1)	1,613,265		1,613,265
8. Accrued medical incentive pool and bonus payments (Line 2)			
9. Premiums received in advance (Line 6)	292,440		292,440
10. Reinsurance in unauthorized companies (Line 14)			
11. All other liabilities (Balance)	64,641		64,641
12. Total liabilities (Line 18)	1,970,346		1,970,346
13. Total capital and surplus (Line 26)	2,422,404	X X X	2,422,404
14. Total liabilities, capital and surplus (Line 27)	4,392,750		4,392,750
NET CREDIT FOR CEDED REINSURANCE			
15. Claims unpaid			
16. Accrued medical incentive pool			
17. Premiums received in advance			
18. Reinsurance recoverable on paid losses			
19. Other ceded reinsurance recoverables			
20. Total ceded reinsurance recoverables			
21. Premiums receivable			
22. Unauthorized reinsurance			
23. Other ceded reinsurance payables/offsets			
24. Total ceded reinsurance payables/offsets			
25. Total net credit for ceded reinsurance			

SCHEDULE Y (continued)
PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/(Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
.. 95189 ..	.. 34-1549926 ..	Paramount Health Care .....	.. (3,800,000) ..	.....	.....	.....	.. (894,412) ..	.....	.....	.....	.. (4,694,412) ..	.....
.. 95566 ..	.. 38-3200310 ..	Paramount Care Of MI Inc .....	.....	.. 800,000 ..	.....	.....	.. (944,027) ..	.....	.....	.....	.. (144,027) ..	.....
.. 11518 ..	.. 01-0580404 ..	Promedica Life Ins Co .....	.....	.. 3,000,000 ..	.....	.....	.....	.....	.....	.....	.. 3,000,000 ..	.....
.. 00000 ..	.. 34-1623220 ..	Paramount Preferred Options, Inc. ....	.....	.....	.....	.....	.. (125,561) ..	.....	.....	.....	.. (125,561) ..	.....
.. 00000 ..	.. 34-1570675 ..	ProMedica Insurance Corporation .....	.. 3,800,000 ..	.. (3,800,000) ..	.....	.....	.....	.....	.....	.....	.....	.....
.. 00000 ..	.....	ProMedica Health System .....	.....	.....	.....	.....	.. 1,964,000 ..	.....	.....	.....	.. 1,964,000 ..	.....
9999999 Totals .....			.....	.....	.....	.....	.....	.....	X X X	.....	.....	.....

Schedule Y Part 2 Explanation:

OVERFLOW PAGE FOR WRITE-INS**UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES**

	1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
2504. Equipment Repair & Maintenance		589		589
2505. City Income Tax		113		113
2506. Staff Seminar		608		608
2507. Franchise Tax		150		150
2508. Entertainment		153		153
2509. 0				
2510. Professional Fees		3,823		3,823
2511. Misc. Expense		748		748
2512. Contributions		700		700
2513. Dietary Transfer		106		106
2514. Purchased Services		27,834		27,834
2515. Allocated General Admin	18,949	146,544		165,493
2597. Summary of overflow write-ins for Line 25	18,949	181,368		200,317

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