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HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2003

OF THE CONDITION AND AFFAIRS OF THE

Great Lakes Health Plan

NAIC Group Code 0000 (Current Period) 0000 (Prior Period) NAIC Company Code 95467 Employer's ID Number 38-3204052

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health [ ] Property/Casualty [ ] Dental Service Corporation [ ]
Vision Service Corporation [ ] Other [ ] Health Maintenance Organization [X]
Hospital, Medical & Dental Service or Indemnity [ ] Is HMO, Federally Qualified? Yes [ ] No [X]

Incorporated 01/11/1994 Commenced Business 10/11/1994

Statutory Home Office 17117 W. Nine Mile Rd, (Street and Number), Southfield, MI 48075 (City or Town, State and Zip Code)

Main Administrative Office 17117 W. Nine Mile Rd, Suite 1600 (Street and Number)
Southfield, MI 48075 (City or Town, State and Zip Code) 248-559-5656 (Area Code) (Telephone Number)

Mail Address 17117 W. Nine Mile Rd (Street and Number or P.O. Box), Southfield, MI 48075 (City or Town, State and Zip Code)

Primary Location of Books and Records 17117 W. Nine Mile Rd, Suite 1600 (Street and Number)
Southfield, MI 48075 (City or Town, State and Zip Code) 248-331-4294 (Area Code) (Telephone Number)

Internet Website Address www.glhp.com

Statutory Statement Contact Jamie S Love (Name) 248-331-4294 (Area Code) (Telephone Number) (Extension)
jlove@glhp.com (E-mail Address) 248-331-4517 (FAX Number)

Policyowner Relations Contact 17117 W Nine Mile Rd; Ste 1600 (Street and Number)
Southfield, MI 48075 (City or Town, State and Zip Code) 248-559-5656 (Area Code) (Telephone Number) (Extension)

OFFICERS

President Mark Schlussel Secretary Eric Wexler
Treasurer Chris Scherer

VICE PRESIDENTS

Tim Holt, Janice Prewitt, Dawn Koehler
Eric Wexler, Chris Scherer

DIRECTORS OR TRUSTEES

Mark Schlussel, Chris Scherer, Joanne Jones
Adika Nyatiu

State of Michigan
County of Oakland } ss

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

Mark Schlussel	Eric Wexler	Chris Scherer
President	Secretary	Treasurer

Subscribed and sworn to before me this 27 day of February, 2004

a. Is this an original filing? Yes [X] No [ ]
b. If no,
1. State the amendment number
2. Date filed 02/27/2004
3. Number of pages attached

Luann Meitz

December 16, 2007

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	1,000,000		1,000,000	1,000,000
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	0		0	0
3.2 Other than first liens	0		0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)	572,544	85,882	486,662	541,842
4.2 Properties held for the production of income (less $ encumbrances)			0	0
4.3 Properties held for sale (less $ encumbrances)			0	0
5. Cash ($ 19,984,408 , Schedule E, Part 1), cash equivalents ($ 0 , Schedule E, Part 2) and short -term investments ($ 0 , Schedule DA)	19,984,408		19,984,408	(701,384)
6. Contract loans, (including $ premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivable for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	21,556,951	85,882	21,471,070	840,458
11. Investment income due and accrued	29,642		29,642	20,742
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	74,696		74,696	1,032,835
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ earned but unbilled premium)			0	0
12.3 Accrued retrospective premium			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	84,834		84,834	226,987
13.2 Funds held by or deposited with reinsured companies			0	0
13.3 Other amounts receivable under reinsurance contracts			0	0
14. Amounts receivable relating to uninsured plans			0	0
15.1 Current federal and foreign income tax recoverable and interest thereon			0	161,856
15.2 Net deferred tax asset			0	0
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software	4,281,345	3,348,344	933,001	877,796
18. Furniture and equipment, including health care delivery assets ($)	662,418	99,363	563,055	455,288
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
20. Receivables from parent, subsidiaries and affiliates	10,277,175	10,277,175	0	0
21. Health care ($) and other amounts receivable	7,155,439		7,155,439	4,829,683
22. Other assets nonadmitted	8,571,822	8,571,822	0	0
23. Aggregate write-ins for other than invested assets	735,538	569,000	166,538	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	53,429,859	22,951,586	30,478,273	8,445,646
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	53,429,859	22,951,586	30,478,273	8,445,646
DETAILS OF WRITE-INS				
0901.			0	0
0902.			0	0
0903.			0	0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. JV Receivable	569,000	569,000	0	0
2302. COB/Provider Negative Balance	166,538		166,538	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	735,538	569,000	166,538	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year 1 Covered	Current Year 2 Uncovered	Current Year 3 Total	Prior Year 4 Total
1. Claims unpaid (less $ ..... reinsurance ceded)	20,331,785		20,331,785	18,593,735
2. Accrued medical incentive pool and bonus amounts	0		0	0
3. Unpaid claims adjustment expenses	400,000		400,000	360,000
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserves			0	
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	4,126,804		4,126,804	1,632,159
10.1 Current federal and foreign income tax payable and interest thereon (including $ ..... on realized capital gains (losses))			0	
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others	0		0	0
13. Remittance and items not allocated			0	
14. Borrowed money (including $ 180,654 current) and interest thereon $ 14,452 (including $ 14,452 current)	195,097		195,097	123,009
15. Amounts due to parent, subsidiaries and affiliates	11,110		11,110	6,861
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with ($ ..... authorized reinsurers and $ ..... unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including $ ..... current)	0	0	0	0
22 Total liabilities (Lines 1 to 21)	25,064,796	0	25,064,796	20,715,764
23. Common capital stock	XXX	XXX		0
24 Preferred capital stock	XXX	XXX		0
25. Gross paid in and contributed surplus	XXX	XXX	6,449,949	5,750,000
26. Surplus notes	XXX	XXX	10,825,000	4,500,000
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
28. Unassigned funds (surplus)	XXX	XXX	(11,861,472)	(22,520,020)
29. Less treasury stock, at cost:				
29.1 ..... shares common (value included in Line 23 $ .....)	XXX	XXX		0
29.2 ..... shares preferred (value included in Line 24 $ .....)	XXX	XXX		0
30. Total capital and surplus (Lines 23 to 28 Less 29)	XXX	XXX	5,413,478	(12,270,020)
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	30,478,274	8,445,744
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2701.	XXX	XXX		
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

		Current Year 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1.	Member Months	XXX	1,153,051	1,068,784
2.	Net premium income (including non-health premium income)	XXX	185,811,501	163,223,524
3.	Change in unearned premium reserves and reserve for rate credits	XXX		0
4.	Fee-for-service (net of $ medical expenses)	XXX		0
5.	Risk revenue	XXX		0
6.	Aggregate write-ins for other health care related revenues	XXX	(7,330,645)	0
7.	Aggregate write-ins for other non-health revenues	XXX	0	0
8.	Total revenues (Lines 2 to 7)	XXX	178,480,856	163,223,524
	Hospital and Medical:			
9.	Hospital/medical benefits		108,315,965	111,033,816
10.	Other professional services		5,807,919	5,699,484
11.	Outside referrals			0
12.	Emergency room and out-of-area		9,292,560	11,524,208
13.	Prescription drugs		27,180,150	25,379,688
14.	Aggregate write-ins for other hospital and medical	0	0	0
15.	Incentive pool, withhold adjustments and bonus amounts			0
16.	Subtotal (Lines 9 to 15)	0	150,596,594	153,637,196
	Less:			
17.	Net reinsurance recoveries		841,730	0
18.	Total hospital and medical (Lines 16 minus 17)	0	149,754,864	153,637,196
19.	Non-health claims			
20.	Claims adjustment expenses		4,129,000	4,908,928
21.	General administrative expenses		14,340,699	16,837,926
22.	Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)		0	0
23.	Total underwriting deductions (Lines 18 through 22)	0	168,224,563	175,384,050
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	10,256,293	(12,160,527)
25.	Net investment income earned		104,827	177,354
26.	Net realized capital gains or (losses)			0
27.	Net investment gains or (losses) (Lines 25 plus 26)	0	104,827	177,354
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $)]			0
29.	Aggregate write-ins for other income or expenses	0	0	0
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	10,361,120	(11,983,173)
31.	Federal and foreign income taxes incurred	XXX	161,856	(148,642)
32.	Net income (loss) (Lines 30 minus 31)	XXX	10,199,264	(11,834,531)
	DETAILS OF WRITE-INS			
0601.	QAAP tax	XXX	(7,330,645)	0
0602.		XXX		
0603.		XXX		
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699.	Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	(7,330,645)	0
0701.		XXX		
0702.		XXX		
0703.		XXX		
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799.	Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.				0
1402.				0
1403.				
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499.	Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.				
2902.				
2903.				
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999.	Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

CAPITAL AND SURPLUS ACCOUNT

		1 Current Year	2 Prior Year
	CAPITAL AND SURPLUS ACCOUNT:		
33.	Capital and surplus prior reporting period	(12,270,020)	6,063,004
	GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34.	Net income or (loss) from Line 32	10,199,264	(11,834,531)
35.	Change in valuation basis of aggregate policy and claim reserves	0	0
36.	Net unrealized capital gains and losses	0	0
37.	Change in net unrealized foreign exchange capital gain or (loss)	0	0
38.	Change in net deferred income tax	0	0
39.	Change in nonadmitted assets	459,283	(6,498,493)
40.	Change in unauthorized reinsurance	0	0
41.	Change in treasury stock	0	0
42.	Change in surplus notes	6,325,000	0
43.	Cumulative effect of changes in accounting principles	0	0
44.	Capital Changes:		
	44.1 Paid in	0	0
	44.2 Transferred from surplus (Stock Dividend)	0	0
	44.3 Transferred to surplus	0	0
45.	Surplus adjustments:		
	45.1 Paid in	699,949	0
	45.2 Transferred to capital (Stock Dividend)	0	0
	45.3 Transferred from capital	0	0
46.	Dividends to stockholders	0	0
47.	Aggregate write-ins for gains or (losses) in surplus	0	0
48.	Net change in capital & surplus (Lines 34 to 47)	17,683,497	(18,333,024)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	5,413,477	(12,270,020)
	DETAILS OF WRITE-INS		
4701.			0
4702.			
4703.			
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0
4799.	Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	186,769,641	163,604,252
2. Net investment income	95,927	167,478
3. Miscellaneous income	(9,656,400)	0
4. Total (Lines 1 to 3)	177,209,167	163,771,729
5. Benefits and loss related payments	147,874,661	156,043,124
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	15,935,054	14,622,685
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) $ ..... net tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	163,809,715	170,665,809
11. Net cash from operations (Line 4 minus Line 10)	13,399,452	(6,894,080)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	0	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	30,702	237,363
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	30,702	237,363
14. Net increase (or decrease) in policy loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(30,702)	(237,363)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	6,325,000	0
16.2 Capital and paid in surplus, less treasury stock	699,949	0
16.3 Borrowed funds received	72,088	(2,127,353)
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	220,002	(4,680,658)
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	7,317,039	(6,808,011)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	20,685,789	(13,939,454)
19. Cash and short-term investments:		
19.1 Beginning of year	(701,382)	13,238,073
19.2 End of period (Line 18 plus Line 19.1)	19,984,407	(701,382)

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-term Care	12 Other Health	13 Other Non-Health
1. Net premium income	185,811,501							185,811,501					
2. Change in unearned premium reserves and reserve for rate credit	0												
3. Fee-for-service (net of $ ..... medical expenses)	0												XXX
4. Risk revenue	0												XXX
5. Aggregate write-ins for other health care related revenues	(7,330,645)	0	0	0	0	0	0	(7,330,645)	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	178,480,856	0	0	0	0	0	0	178,480,856	0	0	0	0	0
8. Hospital/medical/ benefits	108,315,965							108,315,965					XXX
9. Other professional services	5,807,919							5,807,919					XXX
10. Outside referrals	0												XXX
11. Emergency room and out-of-area	9,292,560							9,292,560					XXX
12. Prescription Drugs	27,180,150							27,180,150					XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0												XXX
15. Subtotal (Lines 8 to 14)	150,596,594	0	0	0	0	0	0	150,596,594	0	0	0	0	XXX
16. Net reinsurance recoveries	841,730							841,730					XXX
17. Total medical and hospital (Lines 15 minus 16)	149,754,864	0	0	0	0	0	0	149,754,864	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses	4,129,000							4,129,000					
20. General administrative expenses	14,340,699							14,340,699					
21. Increase in reserves for accident and health contracts	0												XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	168,224,563	0	0	0	0	0	0	168,224,563	0	0	0	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	10,256,293	0	0	0	0	0	0	10,256,293	0	0	0	0	0
DETAILS OF WRITE-INS													
0501. QAAP Assessment	(7,330,645)							(7,330,645)					XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(7,330,645)	0	0	0	0	0	0	(7,330,645)	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.													XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)				0
2. Medicare Supplement				0
3. Dental Only				0
4. Vision Only				0
5. Federal Employees Health Benefits Plan				0
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid	179,726,670		1,245,813	178,480,856
8. Stop Loss				0
9. Disability Income				0
10. Long-term care				0
11. Other health				0
12. Health subtotal (Lines 1 through 11)	179,726,670	0	1,245,813	178,480,856
13. Life				0
14. Property/Casualty				0
15. Totals (Lines 12 to 14)	179,726,670	0	1,245,813	178,480,856

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Payments during the year:													
1.1 Direct	148,858,544							148,858,544					
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	983,883							983,883					
1.4 Net	147,874,661	0	0	0	0	0	0	147,874,661	0	0	0	0	0
2. Paid medical incentive pools and bonuses	0							0					
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	20,331,785	0	0	0	0	0	0	20,331,785	0	0	0	0	0
3.3 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	20,331,785	0	0	0	0	0	0	20,331,785	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0							0					
4.2 Reinsurance assumed	0												
4.3 Reinsurance ceded	0												
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0							0					
6. Amounts recoverable from reinsurers December 31, current year	84,834							84,834					
7. Claim liability December 31, prior year from Part 2A:													
7.1 Direct	18,593,735	0	0	0	0	0	0	18,593,735					
7.2 Reinsurance assumed	0	0	0	0	0	0	0	0					
7.3 Reinsurance ceded	0	0	0	0	0	0	0	0					
7.4 Net	18,593,735	0	0	0	0	0	0	18,593,735	0	0	0	0	0
8. Claim reserve December 31, prior year from Part 2D:													
8.1 Direct	0	0	0	0	0	0	0	0					
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0					
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0					
8.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0					
10. Amounts recoverable from reinsurers December 31, prior year	226,987	0	0	0	0	0	0	226,987					
11. Incurred Benefits:													
11.1 Direct	150,596,593	0	0	0	0	0	0	150,596,593	0	0	0	0	0
11.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
11.3 Reinsurance ceded	841,730	0	0	0	0	0	0	841,730	0	0	0	0	0
11.4 Net	149,754,863	0	0	0	0	0	0	149,754,863	0	0	0	0	0
12. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1 Total	2 Comprehensive (Medical & Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan Premium	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	0												
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	20,331,785							20,331,785					
2.2. Reinsurance assumed	0												
2.3. Reinsurance ceded	0												
2.4. Net	20,331,785	0	0	0	0	0	0	20,331,785	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	0							0					
3.2. Reinsurance assumed	0												
3.3. Reinsurance ceded	0												
3.4. Net	0	0	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1. Direct	20,331,785	0	0	0	0	0	0	20,331,785	0	0	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	20,331,785	0	0	0	0	0	0	20,331,785	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5	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 (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan Premiums					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid	15,423,576	132,593,237	213,192	20,118,594	15,636,768	18,593,735
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	15,423,576	132,593,237	213,192	20,118,594	15,636,768	18,593,735
10. Other non-health					0	
11. Medical incentive pools, and bonus amounts					0	0
12. Totals (Lines 9 to 11)	15,423,576	132,593,237	213,192	20,118,594	15,636,768	18,593,735

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	13,522,076	14,114,040	13,948,547	13,948,547	13,960,247
2. 1999	33,374,140	50,657,274	51,172,776	51,372,143	51,380,993
3. 2000	XXX	56,195,589	69,431,612	69,621,881	69,451,941
4. 2001	XXX	XXX	68,872,929	89,007,693	89,360,294
5. 2002	XXX	XXX	XXX	86,378,286	101,404,505
6. 2003	XXX	XXX	XXX	XXX	115,436,750

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	14,691,536	14,117,607	13,952,114	13,952,114	13,960,247
2. 1999	59,738,704	51,141,075	51,175,193	51,372,143	51,380,993
3. 2000	XXX	70,528,887	69,973,863	69,621,881	69,451,941
4. 2001	XXX	XXX	85,216,573	89,002,693	89,360,294
5. 2002	XXX	XXX	XXX	104,822,914	101,617,697
6. 2003	XXX	XXX	XXX	XXX	117,341,526

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1999	XXX			XXX	0	XXX			0	XXX
2. 1999	103,454,413	51,372,143	0	0.0	51,372,143	49.7	0	0	51,372,143	49.7
3. 2000	126,617,174	69,621,881	0	0.0	69,621,881	55.0	0	0	69,621,881	55.0
4. 2001	143,699,068	89,007,693	7,083,075	8.0	96,090,768	66.9	0	63	96,090,831	66.9
5. 2002	163,223,524	86,378,286	4,427,341	5.1	90,805,627	55.6	18,445	297	90,824,368	55.6
6. 2003	179,726,670	87,202,661	4,129,000	4.7	91,331,661	50.8	1,887	40	91,333,588	50.8
7. Total (Lines 1 through 6)	XXX	383,582,664	15,639,416	XXX	399,222,080	XXX	20,332	400	399,242,812	XXX
8. Total (Lines 2 through 6)	716,720,849	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	13,522,076	14,114,040	13,948,547	13,948,547	13,960,247
2. 1999	33,374,140	50,657,274	51,172,776	51,372,143	51,380,993
3. 2000	XXX	56,195,589	69,431,612	69,621,881	69,451,941
4. 2001	XXX	XXX	68,872,929	89,007,693	89,360,294
5. 2002	XXX	XXX	XXX	86,378,286	101,404,505
6. 2003	XXX	XXX	XXX	XXX	115,436,750

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	14,691,536	14,117,607	13,952,114	13,952,114	13,960,247
2. 1999	59,738,704	51,141,075	51,175,193	51,372,143	51,380,993
3. 2000	XXX	70,528,887	69,973,863	69,621,881	69,451,941
4. 2001	XXX	XXX	85,216,573	89,002,693	89,360,294
5. 2002	XXX	XXX	XXX	104,822,914	101,617,697
6. 2003	XXX	XXX	XXX	XXX	117,341,526

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1999	XXX	0	0	XXX	0	XXX	0	0	0	XXX
2. 1999	103,454,413	51,372,143	0	0.0	51,372,143	49.7	0	0	51,372,143	49.7
3. 2000	126,617,174	69,621,881	0	0.0	69,621,881	55.0	0	0	69,621,881	55.0
4. 2001	143,699,068	89,007,693	7,083,075	8.0	96,090,768	66.9	0	63	96,090,831	66.9
5. 2002	163,223,524	86,378,286	4,427,341	5.1	90,805,627	55.6	18,445	297	90,824,368	55.6
6. 2003	179,726,670	87,202,661	4,129,000	4.7	91,331,661	50.8	1,887	40	91,333,588	50.8
7. Total (Lines 1 through 6)	XXX	383,582,664	15,639,416	XXX	399,222,080	XXX	20,332	400	399,242,812	XXX
8. Total (Lines 2 through 6)	716,720,849	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 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												
12. Totals (Gross)												
13. Reinsurance ceded												
14. Totals (Net) (Page 3, Line 7)												
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page												
0599. TOTALS (Lines 0501 thru 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 thru 1103 plus 1198) (Line 11 above)												

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administration Expenses	3 Investment Expenses	4 Total
1. Rent ($ ..... for occupancy of own building)		500,385		500,385
2. Salaries, wages and other benefits	3,275,268	6,549,240		9,824,509
3. Commissions (less $ ..... ceded plus $ ..... assumed)				0
4. Legal fees and expenses		172,406		172,406
5. Certifications and accreditation fees				0
6. Auditing, actuarial and other consulting services	281,466	1,766,578		2,048,044
7. Traveling expenses	3,635	287,924		291,558
8. Marketing and advertising		17,309		17,309
9. Postage, express and telephone	18,946	355,901		374,847
10. Printing and office supplies	15,622	532,285		547,907
11. Occupancy, depreciation and amortization	157,598	2,151,854		2,309,452
12. Equipment				0
13. Cost or depreciation of EDP equipment and software		743,802		743,802
14. Outsourced services including EDP, claims, and other services				0
15. Boards, bureaus and association fees	5,251	122,458		127,709
16. Insurance, except on real estate		440,647		440,647
17. Collection and bank service charges		60,658		60,658
18. Group service and administration fees	0	0		0
19. Reimbursements by uninsured accident and health plans				0
20. Reimbursements from fiscal intermediaries				0
21. Real estate expenses				0
22. Real estate taxes				0
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes				0
23.2 State premium taxes				0
23.3 Regulatory authority licenses and fees	175	138,915		139,090
23.4 Payroll taxes	279,549	453,500		733,049
23.5 Other (excluding federal income and real estate taxes)		(25,820)		(25,820)
24. Investment expenses not included elsewhere		(30,300)		(30,300)
25. Aggregate write-ins for expenses	91,490	102,959	0	194,449
26. Total expenses incurred (Lines 1 to 25)	4,129,000	14,340,699	0	(a) 18,469,699
27. Less expenses unpaid December 31, current year	400,000	4,126,804		4,526,804
28. Add expenses unpaid December 31, prior year	360,000	2,135,670		2,495,670
29. Amounts receivable related to uninsured accident and health plans, prior year				0
30. Amounts receivable related to uninsured accident and health plans, current year				0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	4,089,000	12,349,565	0	16,438,565
DETAIL OF WRITE-INS				
2501. Claims Adjustment Expense Accrual	40,000			40,000
2502. Management Fee	51,490	102,959		154,449
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	91,490	102,959	0	194,449

(a) Includes management fees of $ 154,449 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)	
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 7,170	7,617
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)	97,210
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	7,170	104,827
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		0
16.	Total (Lines 11 through 15)		0
17.	Net Investment Income - (Line 10 minus Line 16)		104,827
	DETAILS OF WRITE-INS		
0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

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

EXHIBIT OF CAPITAL GAINS (LOSSES)

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

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 12 to 20, Column 2	13,724,882	13,755,832	30,950
2. Other Non-Admitted Assets:			
2.1 Bills receivable		0	0
2.2 Leasehold improvements	85,882	0	(85,882)
2.3 Cash advanced to or in hands of officers and agents		0	0
2.4 Loans on personal security, endorsed or not		0	0
2.5 Commuted commissions		0	0
3. Total (Lines 2.1 to 2.5)	85,882	0	(85,882)
4. Aggregate write-ins for other assets	9,140,822	9,655,038	514,215
5. Total (Line 1 plus Lines 3 and Line 4)	22,951,586	23,410,870	459,283
0401. JV Receivable	569,000	569,000	0
0402. Goodwill	15,166,443	15,166,443	0
0403. Covenant Not to Compete	450,000	450,000	0
0498. Summary of remaining write-ins for Line 4 from overflow page	(7,044,621)	(6,530,405)	514,215
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	9,140,822	9,655,038	514,215

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health Maintenance Organizations	92,553	96,691	96,659	96,546	96,299	1,153,051
2. Provider Service Organizations	0					
3. Preferred Provider Organizations	0					
4. Point of Service	0					
5. Indemnity Only	0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	92,553	96,691	96,659	96,546	96,299	1,153,051
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

(1) **Significant Accounting Policies**

a. Basis of Presentation

The financial statements have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practice and Procedures except to the extent that State law differs.

b. Cash and Cash Equivalents

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

c. Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method based on the estimated useful life of the assets. The estimated useful life of the assets range from five to ten years for equipment and furniture.

d. Accrued Medical Claims

Accrued medical claims include amounts that were billed and not yet paid as well as an estimate of costs incurred for unbilled services provided to the balance sheet date.

e. Premiums

The plan recognizes premiums from members as income in the period to which health coverage relates.

f. Permitted practices

N/A

(2) Accounting Changes and Corrections of Errors

N/A

(3) Business Combinations and Goodwill

On June 1, 1999, the Company purchased, for $2,880,900, (consisting of cash, short-term debt totaling $746,000 and long-term debt totaling $659,900) the assets of the Thumb Area Health Plan ("TAHP"), increasing its Medicaid members by 10,335. In connection with the purchase, the Company recorded a covenant not to compete of $450,000 and goodwill of $2,430,900.

(4) Discontinued Operations

N/A

(5) Investments

N/A

(6) Joint Ventures, Partnerships and Limited Liability Companies

N/A

(7) Investment Income

The company has accrued investment income on its cash depository accounts at December 31, 2003 as follows:

Investment	Investment Balance	Interest Rate	Accrued Interest
Comerica Institutional Cash Investment Account	$10,168,001	.70%	5,782.29
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	1.99%	1,712.04
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	1.77%	1,506.56
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	1.65%	1,371.79
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	1.43%	1,192.16
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	1.53%	1,278.88
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	1.54%	1,285.95
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	1.48%	1,230.87
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	1.41%	1,174.09
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	1.44%	1,196.82
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	1.38%	1,150.02
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	1.30%	1,082.20
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	1.34%	1,117.75
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	1.13%	943.08
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	0.96%	798.88
US Bank Corporate Trust Services – First	1,000,000	0.85%	781.78

NOTES TO FINANCIAL STATEMENTS

American Prime Obligation FD CL D US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	0.82%	647.72
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	0.78%	684.18
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	0.80%	661.94
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	0.75%	660.50
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	1.02%	596.31
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	0.95%	501.60
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	0.88%	482.61
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	0.82%	450.84
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	0.75%	460.98
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	0.70%	443.11
US Bank Corporate Trust Services – First American Prime Obligation FD CL D	1,000,000	0.67%	446.86
			$29,641.81

(8) Derivative Investments

N/A

(9) Income Taxes

a. The Company's federal income tax return is combined with the following entities:

Great Lakes Health Plan, Inc.	38-3204052
F.C. Acquisition Corporation	38-3258535
First Care Health Plan, Inc.	38-3078624
F.C. Real Estate Corporation	38-3258533
Great Lakes Health Services LLC	38-3607324
Health Cor, Inc	38-3303214

b. The amount of federal income taxes incurred and available for recoupment in the event of future net losses is :

Current Year First Preceding Year	$ -
Second Preceding Year	247,677
Third Preceding Year	160,000

c. The Amount of net losses carried forward and available to offset future net income subject to federal income taxes is:

Current Year	$
First Preceding Year	$ -
Second Preceding Year	$ -
Third Preceding Year	$ -
Fourth Preceding Year	$ (12,278,617.00)
Fifth Preceding Year	$ (1,721,302.00)
Sixth Preceding Year	$ -

(10) **Information Concerning Parent, Subsidiaries and Affiliates**

a. The Company is directly owned by HealthCor, Inc.

Inter-co Activities			
Inter-Co Receivable Balance at 12/31/2002			10,085,690
Inter-Co Receivable Balance at 12/31/2003			10,277,176
Net Change			**191,486**
Description	Date of Transaction	Name of Affiliate	Value
Equipment Loan Payments	Beg of each Month	Healthcor	756,000
Line of Credit Payments and Advances	Jan-98 to Dec-98	Healthcor	4,484,241
Line of Credit Payments and Advances	Jan-99 to Dec-99	Healthcor	2,347,985
SBT & Property tax paid	Jan-00	Healthcor	39,349

NOTES TO FINANCIAL STATEMENTS

Line of Credit Payments and Advances	Jan-00 to Dec-00	Healthcor	(1,500,000)
Bridge Loan	December-01	HealthCor	1,998,819
Estimated Income Tax Payment	June-01	HealthCor	40,000
Line of Credit Payments and Advances	Jan-01 to Dec-01	HealthCor	1,429,466
Line of Credit Payments and Advances	Jan-02 to Dec-02	Healthcor	82,543
Line of Credit Payments and Advances	Jan-03 to Dec-03	HealthCor	3,500
Mortgage Payments, net of Rent Collected	Jan-00 to Dec-03	FC Real Estate	(23,603)
Property Tax	Jan-02 to Dec-03	FC Real Estate	92,773
Maintenance and Building Improvements	Jan-02 to Dec-03	FC Real Estate	69,723
Collection of insurance refunds	Jan-01 to Dec-03	FCHP	953
Employee Benefits/Salaries/PTO	Jul-01 to Dec-03	GLHS	563,738
Estimated Income Tax Payment	Jan-02 to Dec-03	GLHS	185,000
Leased Employee Fees	Jul-01 to Dec-03	GLHS	(402,672)
Asset Transfer from GLHP to GLHS	Jul-01	GLHS	109,361
Intercompany Receivable Balance at 12/31/2003			**10,277,176**

b.

Intercompany payable 12/31/2002	$ (6,861)
Intercompany payable 12/31/2003	(11,110)
Net Change	**4,249**

Description	Date of Transaction	Name of Affiliate	Value
Trade Receivables Collected	Jan-02 to Dec-02	FCA Medical	$(912)
Trade Receivables Collected	Jan-02 to Dec-02	FC Acquisition	$ (5,950)
Trade Receivables Collected	Jan-02 to Dec-03	FC Acquisition	$(4,249)
Intercompany Payable 12/31/2003			**$(11,110)**

c. The Company does not hold any investments in its parent or affiliate companies.

d. Transactions between the Company and its parent and affiliates are not health care delivery related transactions. Such transactions during 2003 resulted in an increase to the inter-company Receivable balance in the amount of $191,486 and an increase to the inter-company payable balance of $4,249.

(11) Debt

All debt is current. The balance of $180,645.16 at December 31, 2003 represents the discounted value of a capital lease relating to computer hardware. The repayment schedule for the next five years is as follows:

	Amount
Year Ending:	
December 31, 2004	$180,645.16

(12) Retirement Plans, Deferred Compensation, Postemployement Benefits and Compensated Absences and Other Postretirement Benefit Plans

N/A

(13) **Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

a. Dividend Restrictions

State law provides that dividends or other distributions may be paid only to the extent of surplus in excess of $1,500,000 as reported in the most recent financial statements file with the Department of Insurance and may be paid only out of positive retained earnings. In addition, legislation requires Department of Insurance approval of any dividend or other distribution exceeding the greater of 10% of net worth or net income for the prior year. The plan has no current intentions to pay dividends.

b. Quasi reorganization

Due to the losses the Company encountered in 1999 and prior years, the Company's net worth had gone below the minimum DOI requirement. In March 2000, the Company's Board of Directors approved a formal recapitalization and reorganization process. $5,000,000 of additional paid-in capital was infused into the Company by its stockholder.

In connection with the reorganization, the Company reclassed $16,818,838 of its accumulated deficit to contributed capital. Also, at the time of the reorganization, the Company recorded its fixed assets at their fair value, as determined by an independent appraiser (increasing the historical costs by approximately $351,000) and recorded a liability of approximately $351,000 relating to the costs associated with the reorganization. As such, the reorganization had no effect on total stockholders' equity.

NOTES TO FINANCIAL STATEMENTS

c.Surplus Notes
On September 25, 2003, the Company received a surplus note in the amount of $6,325,000 from it's parent corporation, HealthCor, Inc. The surplus note carries simple interest at 5% per annum. No interest has been accrued on the surplus notes. Subject to prior approval by OFIS, the note is to be repaid upon the occurrence of a "Change in Control." "Change of Control" means the occurrence of any of the following including without limitation:(i) a merger, consolidation or sale of stock of GLHP or its affiliates pursuant to which the shareholders of GLHP or its affiliates, as the case may be, immediately prior to such merger or consolidation will hold less than 50% of the voting securities of the surviving entity, or (ii) a sale of all or substantially all of the assets of GLHP or its affiliates. The surplus note has no stated maturity or repayment date

On March 17, 2000, the Company negotiated a claim settlement with two major hospitals in which the terms of the settlement totaled $8,000,000. In connection with this settlement, the Company paid $3,500,000 and issued surplus notes in the total amount of $4,500,000 - $2,000,000 issued to Detroit Medical Center and $2,500,000 issued to William Beaumont Hospital. The surplus notes carry simple interest at 5% per annum. No interest on surplus notes has been accrued. The entire principal and interest are payable upon ten days notice by the Hospitals and subject to the OFIS' approval and the availability of earned surplus, if any of the three conditions occur: (1) the Company pays a dividend to any of its stockholders, (2) the Company redeems more than 50% of the issued and outstanding shares or (3) expiration of six years from the date of surplus notes. The Hospitals have agreed to consider all claims with a date of service prior to October 1, 1999 as fully paid. The financial statements reflect all claims received and adjudicated in 1999 that were part of the settlement.

(14) Contingencies

a. During May 1999, Henry Ford Health System filed suit against the Plan alleging that Great Lakes Health Plan had failed to pay medical service claims submitted by the plaintiffs. Great Lakes denies that it is responsible for paying these claims and has asserted counterclaims for breach of contact, fraud, and violations of the Medicaid False Claims Act and Health Care False Claims Act. Great Lakes Health Plan alleges that plaintiffs have failed to obtain proper authorization for certain medical services as required under the contract and have submitted fraudulent claims and claims that Great Lakes is not responsible for paying.

b. The Company is involved in litigation primarily arising in the normal course of business. When ultimately concluded, these cased will not have a material adverse effect upon the Company's financial position or results of operation.

(15) Leases

a. The plan incurred rental expense of $ 500,385 in 2003 and $476,157 in 2002. The lease for the plan's office space contains a rent escalation clause in the amount of approximately $1,000 a year.

b. The Company leased a phone system and computer software in 2000 under capital leases. The terms of the leases were three years and did not include an escalation clause. Amortization expenses for the capital lease are included in depreciation and amortization for property and equipment.

The Company entered into a capital lease in 2003 for computer hardware acquired in conjunction with the implementation of the FACETS claims processing software. The term of the lease is three years. Amortization expenses for this capital lease are included in depreciation and amortization for computer equipment.

The following is an analysis of the leased property under capital lease at December 31, 2003 and the prior year.

Equipment	$ 279,953	$ 279,953
Computer Equipment	$ 180,645	$ -
Software	$ 310,000	$ 310,000
Accumulated Depreciation	$ (608,018)	$(471,962)
Total	$ 162,580	$ 117,991

Interest paid on the capital leases was $9,137 in 2003 and $29,070 in 2002. The telephone and software leases were paid in full in 2003.

c. Minimum rental payments due under a non-cancelable operating lease related to the Company's home office facility are as follows:

Year Ending December 31,	
2004	$ 465,564
2005	$ 483,092
2006	$ 483,092

(16) Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk
N/A

(17) Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
N/A

(18) **Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans**
N/A

NOTES TO FINANCIAL STATEMENTS

(19) Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
N/A

(20) Other Items
N/A

(21) Events Subsequent
The parent of GLHP has entered into an agreement with Americhoice Corp through which ownership of GLHP will transfer on February 29, 2004. The sales agreement has been approved by OFIS.

(22) Reinsurance
The reinsurance recoverable is composed of a refund for claims payments. Under an agreement with its reinsurer for claims refund, the Company is liable for the first $100,000 in medical costs per enrollee per year. Liability in excess of this amount is assumed by the reinsurer, subject to a 20% deductible and limits on maximum cost per day of hospitalization and other eligible medical cost. Premiums paid under the reinsurance arrangement in 2003 totaled $1,245,813.

(23) Retrospectively Rated Contracts & Contracts Subject to Redetermination
N/A

(24) Salvage and Subrogation
N/A

(25) Change in Incurred Claims and Claim Adjustment Expense
Health care costs are accrued in the period services are provided to the enrolled members based in part on estimates, including an accrual for medical services provided but not yet reported. Such estimates are based on historical payment patterns using actuarial techniques and are regularly reviewed and updated. Any adjustments resulting therefrom are reflected in current operations.

(26) Organization and Operation

a. Great Lakes Health Plan (the Company), a wholly-owned subsidiary of HealthCor, Inc. (HealthCor), was incorporated for the purpose of providing comprehensive health care services on a prepaid basis and establishing and operating a health maintenance organization in the State of Michigan. On July 12, 1996, the Company was issued a health maintenance organization license by the State of Michigan. Management believes the Company is in compliance with all applicable laws and regulations.
b. The company's prime source of premium income results from its contract with the Michigan Department of Community Health (DCH) and Department of Management and Budget (DMB) to provide health care services to Medicaid enrollees. The contract and capitation rates have been approved by DCH and DMB.

The statements of revenue and expenses reflect revenues, cost of health care services, and general and administrative expenses.

c. The plan contracts with independent primary care providers and hospital physician organization to provide medical services to its members. The plan pays capitation or negotiated fees for services provided by the physicians.

(27) Minimum Net Worth

As a condition of licensure with the State of Michigan, the Company is required to maintain a minimum deposit of $1,000,000 in a segregated account. These funds can only be used by the Company at the direction of the Insurance Commissioner of the State of Michigan. The deposited amounts are stated at fair value and consist of cash and money market funds

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities		0.000		0.000
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations	1,000,000	4.639	1,000,000	4.657
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA		0.000		0.000
1.512 Issued by FNMA and FHLMC		0.000		0.000
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC		0.000		0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC		0.000		0.000
1.523 All other privately issued		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.000		0.000
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company	572,544	2.656	486,662	2.267
5.2 Property held for the production of income (includes $ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale ($ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash and short-term investments	19,984,408	92.705	19,984,408	93.076
9. Other invested assets		0.000		0.000
10. Total invested assets	21,556,951	100.000	21,471,070	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 [X] No [ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] NA [ ]

1.3 State Regulating? Michigan

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [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. 12/31/2001

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. 12/31/2001

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). 10/15/2002

3.4 By what department or departments? Office of Financial and Insurance Services

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 or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

(continued)

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?..... Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Deloitte & Touche; 600 Renaissnace Center; Suite 900; Detroit, MI 48243-1895

10. 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?

Martin Staehlin; PricewaterhouseCoopers; 1 North Wacker; Chicago, Il 60606

11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

11.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?

11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [X] No [ ]

11.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [X]

11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] NA [X]

BOARD OF DIRECTORS

12. 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 [ ]

13. 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 [ ]

14. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person?. Yes [X] No [ ]

FINANCIAL

15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

15.11 To directors or other officers .. $ 0

15.12 To stockholders not officers ... $ 0

15.13 Trustees, supreme or grand (Fraternal only) ..... $ 0

15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

15.21 To directors or other officers ... $ 0

15.22 To stockholders not officers .... $ 0

15.23 Trustees, supreme or grand (Fraternal only) ..... $ 0

16.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? ..... Yes [ ] No [X]

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

16.21 Rented from others ..... $ 0

16.22 Borrowed from others ..... $ 0

16.23 Leased from others ..... $ 0

16.24 Other ..... $ 0

Disclose in Notes to Financial the nature of each obligation.

17.1 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]

17.2 If answer is yes,

17.21 Amount paid as losses or risk adjustment ..... $ 0

17.22 Amount paid as expenses ..... $ 0

17.23 Other amounts paid ..... $ 0

GENERAL INTERROGATORIES

(continued)

INVESTMENT

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

Class	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?	
					Yes	No	Yes	No
Preferred	0	0	0.000	0	[ ]	[X]	[ ]	[X]
Common	100,000	2,000	0.000	XXX	XXX	XXX	XXX	XXX

19.1. 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 3 - Special Deposits? ..... Yes [ ] No [X]

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

Restricted deposit held in trust at US Bank & Trust

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - 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 16.1) ..... Yes [ ] No [X]

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

20.21 Loaned to others ..... $.....
20.22 Subject to repurchase agreements ..... $.....
20.23 Subject to reverse repurchase agreements ..... $.....
20.24 Subject to dollar repurchase agreements ..... $.....
20.25 Subject to reverse dollar repurchase agreements ..... $.....
20.26 Pledged as collateral ..... $.....
20.27 Placed under option agreements ..... $.....
20.28 Letter stock or other securities restricted as to sale ..... $.....
20.29 Other ..... $.....

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

20.31 ..... 20.35 .....
20.32 ..... 20.36 .....
20.33 ..... 20.37 .....
20.34 ..... 20.38 .....
20.39 .....

For categories (20.21) and (20.23) 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.

20.4 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

22.1 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]

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

GENERAL INTERROGATORIES

(continued)

INVESTMENT

23. 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 [ ]

23.01 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
US Bank & Trust - James Kowalski	535 Griswold St; Suite 550; Detroit, MI 48226

23.02 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)	2 Complete Explanation(s)

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year? ..... Yes [ ] No [X]

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

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

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

1 Central Registration Depository Number(s)	2 Name	2 Address
	James Kowalski	535 Griswold St; Suite 550; Detroit, MI 48226

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? ..... Yes [ ] No [X]

24.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
9999999. TOTAL		0

24.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding Of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

GENERAL INTERROGATORIES

(continued)

OTHER

25.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? $ 127,709

25.2 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
Michigan Association of Health Plans	42,703

26.1 Amount of payments for legal expenses, if any? $ 253,216

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

1 Name	2 Amount Paid
Pepper Hamilton	91,146
Dykema Gossett	162,071

27.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 0

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

(continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U. S. business only $

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. $ 0

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. $ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives $ 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives $ 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives $ 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives $ 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 185,811,501	$ 163,223,524
2.2	Premium Denominator	$ 185,811,501	$ 163,223,524
2.3	Premium Ratio (2.1/2.2)	1.000	1.000
2.4	Reserve Numerator	$ 20,331,786	$ 18,593,735
2.5	Reserve Denominator	$ 20,331,785	$ 18,593,735
2.6	Reserve Ratio (2.4/2.5)	1.000	1.000

3.1 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]

3.2 If yes, give particulars:

4.1 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 [ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [ ]

5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No [ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical $ 100,000

5.32 Medical Only $

5.33 Medicare Supplement $

5.34 Dental $

5.35 Other Limited Benefit Plan $

5.36 Other $

6. 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:

7.1 Does the reporting entity set up its claim liability for provider services on a service data base? Yes [X] No [ ]

7.2 If no, give details:

8. Provide the following Information regarding participating providers:

8.1 Number of providers at start of reporting year 4,074

8.2 Number of providers at end of reporting year 3,911

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

9.22 Business with rate guarantees over 36 months

GENERAL INTERROGATORIES

(continued)

PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold and Bonus/ Arrangements in its provider contract? ..... Yes [X] No [ ]

10.2 If yes:

10.21 Maximum amount payable bonuses ..... $.....0

10.22 Amount actually paid for year bonuses ..... $.....0

10.23 Maximum amount payable withholds ..... $.....35,000

10.24 Amount actually paid for year withholds ..... $.....21,000

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, ... Yes [ ] No [X]

11.13 An Individual Practice Association (IPA), or, ... Yes [ ] No [X]

11.14 A Mixed Model (combination of above) ?..... Yes [ ] No [X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? ..... Yes [X] No [ ]

11.3 If yes, show the name of the state requiring such net worth. .....Michigan

11.4 If yes, show the amount required. ..... $.....

11.5 Is this amount included as part of a contingency reserve in stockholders equity? ..... Yes [ ] No [X]

11.6 If the amount is calculated, show the calculation.

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Arenac County, MI
Berrien County, MI
Calhoun County, MI
Cass County, MI
Hillsdale County, MI
Huron County, MI
Jackson County, MI
Lapeer County, MI
Lenawee County, MI
Oakland County, MI
Maccomb County, MI
Saginaw County, MI
Sanilac County, MI
St. Clair County, MI
Tuscola County, MI
Van Buren County, MI
Wayne County, MI

FIVE-YEAR HISTORICAL DATA

	1 2003	2 2002	3 2001	4 2000	5 1999
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	30,478,273	8,445,744	26,083,224	22,657,867	17,568,779
2. Total liabilities (Page 3, Line 22)	25,064,796	20,715,764	20,020,217	18,525,112	32,024,499
3. Statutory surplus	(11,861,472)	(23,117,944)	(4,186,993)	(6,117,245)	0
4. Total capital and surplus (Page 3, Line 30)	5,413,478	(12,270,020)	6,063,007	4,132,755	(14,455,720)
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	178,480,856	163,223,524	143,697,068	127,040,758	103,502,560
6. Total medical and hospital expenses (Line 18)	149,754,864	153,637,196	118,760,505	103,662,624	103,802,509
7. Total administrative expenses (Line 21)	14,340,699	16,837,926	12,509,657	16,173,218	11,978,669
8. Net underwriting gain (loss) (Line 24)	10,256,293	(12,160,527)	5,343,828	6,781,332	0
9. Net investment gain (loss) (Line 27)	104,827	177,354	338,534	423,584	0
10. Total other income (Lines 28 plus 29)	0	0	98,005	0	0
11. Net income (loss) (Line 32)	10,199,264	(11,834,531)	5,753,581	7,044,916	(12,278,618)
RISK - BASED CAPITAL ANALYSIS					
12. Total adjusted capital	5,413,478	(12,270,020)	6,038,843	4,132,755	(14,455,720)
13. Authorized control level risk-based capital	5,508,457	6,129,717	3,959,659	4,049,608	3,644,122
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	96,299	92,553	82,404	67,217	64,490
15. Total member months (Column 6, Line 7)	1,153,051	1,068,784	908,785	814,360	701,166
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 hospital and medical (Line 18)	80.6	94.1	82.6	81.9	100.3
18. Total underwriting deductions (Line 23)	90.5	107.5	96.3	0.0	0.0
19. Total underwriting gain (loss) (Line 24)	5.5	(7.5)	3.7	0.0	0.0
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 12, Col. 5)	15,636,768	21,350,165	14,130,701	16,628,275	16,347,641
21. Estimated liability of unpaid claims – [prior year (Line 12, Col. 6)]	18,593,735	16,402,789	16,705,979	27,261,025	10,417,885
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
26. Affiliated mortgage loans on real estate		0	0	0	0
27. All other affiliated		0	0	0	0
28. Total of above Lines 22 to 27	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS	1. United States	0	0	0	0
Governments	2. Canada	0	0	0	0
(Including all obligations guaranteed	3. Other Countries	0	0	0	0
by governments)	4. Totals	0	0	0	0
States, Territories and Possessions	5. United States	0	0	0	0
(Direct and guaranteed)	6. Canada	0	0	0	0
	7. Other Countries	0	0	0	0
	8. Totals	0	0	0	0
Political Subdivisions of States,	9. United States	0	0	0	0
Territories and Possessions	10. Canada	0	0	0	0
(Direct and guaranteed)	11. Other Countries	0	0	0	0
	12. Totals	0	0	0	0
Special revenue and special assessment					
obligations and all non-guaranteed	13. United States	0	0	0	0
obligations of agencies and authorities of	14. Canada	0	0	0	0
governments and their political subdivisions	15. Other Countries	0	0	0	0
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States	0	0	0	0
	18. Canada	0	0	0	0
	19. Other Countries	0	0	0	0
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant	21. United States	1,000,000	1,006,700	1,000,000	1,000,000
Loans (unaffiliated)	22. Canada	0	0	0	0
	23. Other Countries	0	0	0	0
	24. Totals	1,000,000	1,006,700	1,000,000	1,000,000
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. **Total Bonds**	1,000,000	1,006,700	1,000,000	1,000,000
PREFERRED STOCKS	27. United States	0	0	0	
Public Utilities (unaffiliated)	28. Canada	0	0	0	
	29. Other Countries	0	0	0	
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies	31. United States	0	0	0	
(unaffiliated)	32. Canada	0	0	0	
	33. Other Countries	0	0	0	
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States	0	0	0	
	36. Canada	0	0	0	
	37. Other Countries	0	0	0	
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. **Total Preferred Stocks**	0	0	0	
COMMON STOCKS	41. United States	0	0	0	
Public Utilities (unaffiliated)	42. Canada	0	0	0	
	43. Other Countries	0	0	0	
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies	45. United States	0	0	0	
(unaffiliated)	46. Canada	0	0	0	
	47. Other Countries	0	0	0	
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States	0	0	0	
	50. Canada	0	0	0	
	51. Other Countries	0	0	0	
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. **Total Common Stocks**	0	0	0	
	55. **Total Stocks**	0	0	0	
	56. **Total Bonds and Stocks**	1,000,000	1,006,700	1,000,000	

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

SCHEDULE D - VERIFICATION BETWEEN YEARS

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

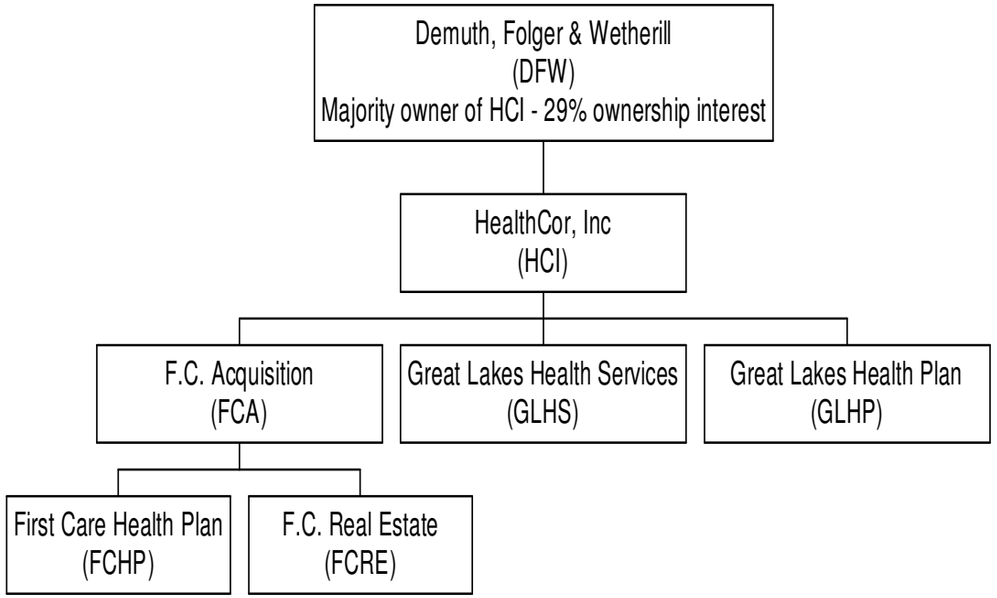
SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only 3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	8 Property/ Casualty Premiums
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI	No	Yes			179,726,670			
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56 Canada CN								
57. Aggregate other alien OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business)	XXX	(a) 1	0	0	179,726,670	0	0	0
DETAILS OF WRITE-INS								
5701.								
5702.								
5703.								
5798. Summary of remaining write-ins for Line 57 from overflow page			0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)			0	0	0	0	0	0

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

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

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

PART 1 - ORGANIZATIONAL CHART