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QUARTERLY STATEMENT

AS OF JUNE 30, 2013

OF THE CONDITION AND AFFAIRS OF THE

Fidelis SecureCare of Michigan Inc.

NAIC Group Code 3744 (Current Period), 3744 (Prior Period) NAIC Company Code 10769 Employer's ID Number 30-0312489

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

Country of Domicile United States

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

Incorporated/Organized 12/09/2004 Commenced Business 07/15/2005

Statutory Home Office 20 North Martingale Road, Suite 180 (Street and Number), Schaumburg, IL, US 48152 (City or Town, State, Country and Zip Code)

Main Administrative Office 20 North Martingale Road, Suite 180 (Street and Number) Schaumburg, IL, US 60173 (City or Town, State, Country and Zip Code) 847-605-0501 (Area Code) (Telephone Number)

Mail Address 20 North Martingale Road, Suite 180 (Street and Number or P.O. Box), Schaumburg, IL, US 60173 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 20 North Martingale Road, Suite 180 (Street and Number) Schaumburg, IL, US 60173 (City or Town, State, Country and Zip Code) 847-592-9161 (Area Code) (Telephone Number)

Internet Web Site Address www.fidelissc.com

Statutory Statement Contact Daniel Mark Erickson Mr. (Name) 847-592-9161 (Area Code) (Telephone Number) (Extension)

dan.erickson@fidelissc.com (E-Mail Address) 847-517-1085 (Fax Number)

OFFICERS

Name	Title	Name	Title
Samuel Randolph Willcoxon Mr.	President	Samuel Randolph Willcoxon Mr.	Treasurer
Kim Rennard Tulsky Ms. #	Secretary		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Gregory Dean Bellware Mr. # Valerie Kim Bergeron Ms. # David Bruce Bosma Mr.

State of .....
County of ..... 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. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Samuel Randolph Willcoxon Mr.	Kim Rennard Tulsky Ms.	
President & Treasurer	Secretary	

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

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

b. If no,
1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds	525,000		525,000	532,952
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less $ ..... encumbrances)			0	0
4.2 Properties held for the production of income (less $ ..... encumbrances)			0	0
4.3 Properties held for sale (less $ ..... encumbrances)			0	0
5. Cash ($ 4,174,920), cash equivalents ($ 0) and short-term investments ($ 675,543)	4,850,463		4,850,463	6,094,146
6. Contract loans (including $ ..... premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	5,375,463	0	5,375,463	6,627,098
13. Title plants less $ ..... charged off (for Title insurers only)			0	0
14. Investment income due and accrued	9,497		9,497	456
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ..... earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	651,594		651,594	651,594
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset	274,000	274,000	0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets ($ .....)	523,925	523,925	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	539,993		539,993	30,481
24. Health care ($ 168,552) and other amounts receivable	482,911	314,359	168,552	205,085
25. Aggregate write-ins for other than invested assets	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	7,857,383	1,112,284	6,745,099	7,514,714
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	7,857,383	1,112,284	6,745,099	7,514,714
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	0	0	0	0
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $ ..... reinsurance ceded)	1,740,440		1,740,440	2,417,202
2. Accrued medical incentive pool and bonus amounts	46,815		46,815	63,002
3. Unpaid claims adjustment expenses	48,082		48,082	48,082
4. Aggregate health policy reserves, including the liability of $ ..... for medical loss ratio rebate per the Public Health Service Act	145,859		145,859	145,859
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	12,964		12,964	52,731
10.1 Current federal and foreign income tax payable and interest thereon (including $ ..... on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including $ ..... current) and interest thereon $ ..... (including $..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	334,921		334,921	359,199
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with $ ..... authorized reinsurers, $ ..... unauthorized reinsurers and $ ..... certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified ($ .....) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans			0	0
23. Aggregate write-ins for other liabilities (including $ ..... current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	2,329,081	0	2,329,081	3,086,075
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	1	1
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	2,624,999	2,624,999
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	1,791,018	1,803,639
32. Less treasury stock, at cost:				
32.1 ..... shares common (value included in Line 26 $ .....)	XXX	XXX		0
32.2 ..... shares preferred (value included in Line 27 $ .....)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	4,416,018	4,428,639
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	6,745,099	7,514,714
DETAILS OF WRITE-INS				
2301.			0	0
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	XXX	4,744	5,089	9,713
2. Net premium income (including $ ..... non-health premium income)	XXX	8,680,151	10,486,014	20,446,296
3. Change in unearned premium reserves and reserve for rate credits	XXX		0	0
4. Fee-for-service (net of $ ..... medical expenses)	XXX		0	0
5. Risk revenue	XXX		0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	8,680,151	10,486,014	20,446,296
Hospital and Medical:				
9. Hospital/medical benefits		4,357,314	3,357,683	6,660,463
10. Other professional services		1,283,696	1,805,431	3,385,083
11. Outside referrals			0	0
12. Emergency room and out-of-area		161,546	279,362	509,226
13. Prescription drugs		1,578,293	2,358,840	4,867,556
14. Aggregate write-ins for other hospital and medical	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		123,250	254,158	489,297
16. Subtotal (Lines 9 to 15)	0	7,504,099	8,055,474	15,911,625
Less:				
17. Net reinsurance recoveries			0	0
18. Total hospital and medical (Lines 16 minus 17)	0	7,504,099	8,055,474	15,911,625
19. Non-health claims (net)			0	0
20. Claims adjustment expenses, including $ ..... cost containment expenses		376,663	459,930	1,045,002
21. General administrative expenses		1,129,988	1,381,458	3,135,008
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	9,010,750	9,896,862	20,091,635
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(330,599)	589,152	354,661
25. Net investment income earned		6,067	1,661	4,040
26. Net realized capital gains (losses) less capital gains tax of $			0	0
27. Net investment gains (losses) (Lines 25 plus 26)	0	6,067	1,661	4,040
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $ .....) (amount charged off $ .....)]			0	0
29. Aggregate write-ins for other income or expenses	0	125,153	0	62,577
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(199,379)	590,813	421,278
31. Federal and foreign income taxes incurred	XXX	(67,789)	200,876	143,235
32. Net income (loss) (Lines 30 minus 31)	XXX	(131,590)	389,937	278,043
DETAILS OF WRITE-INS				
0601.	XXX			
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0	0
0701.	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901. Other income		125,153	0	62,577
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	125,153	0	62,577

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
	CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	4,428,644	4,500,513	4,500,513
34.	Net income or (loss) from Line 32	(131,590)	389,937	278,043
35.	Change in valuation basis of aggregate policy and claim reserves		0	0
36.	Change in net unrealized capital gains (losses) less capital gains tax of $		0	0
37.	Change in net unrealized foreign exchange capital gain or (loss)		0	0
38.	Change in net deferred income tax		0	(38,000)
39.	Change in nonadmitted assets	118,964	(276,349)	(311,912)
40.	Change in unauthorized and certified reinsurance	0	0	0
41.	Change in treasury stock		0	0
42.	Change in surplus notes	0	0	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		0	0
	45.2 Transferred to capital (Stock Dividend)	0	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	0
48.	Net change in capital and surplus (Lines 34 to 47)	(12,626)	113,588	(71,869)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	4,416,018	4,614,101	4,428,644
	DETAILS OF WRITE-INS			
4701.			0	0
4702.				
4703.				
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799.	Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	8,658,530	11,902,857	20,368,284
2. Net investment income	4,978	9,622	28,463
3. Miscellaneous income	0	0	0
4. Total (Lines 1 to 3)	8,663,508	11,912,479	20,396,747
5. Benefit and loss related payments	8,121,716	9,514,169	16,888,372
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	1,853,267	1,306,745	3,555,513
8. Dividends paid to policyholders		0	0
9. Federal and foreign income taxes paid (recovered) net of $ ..... tax on capital gains (losses)	(67,789)	200,876	143,235
10. Total (Lines 5 through 9)	9,907,194	11,021,790	20,587,120
11. Net cash from operations (Line 4 minus Line 10)	(1,243,686)	890,689	(190,373)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	0	0	0
12.2 Stocks	0	0	0
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0	0
12.7 Miscellaneous proceeds	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	0	0	0
13. Cost of investments acquired (long-term only):			
13.1 Bonds	0	0	0
13.2 Stocks	0	0	0
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	636,618
13.6 Miscellaneous applications	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	0	636,618
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	0	0	(636,618)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0	0
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	0	0	0
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	0	0	0
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(1,243,686)	890,689	(826,991)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	6,094,149	6,921,140	6,921,140
19.2 End of period (Line 18 plus Line 19.1)	4,850,463	7,811,829	6,094,149

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	737	0	0	0	0	0	0	737	0	0
2. First Quarter	738	0	0	0	0	0	0	738	0	0
3. Second Quarter	918							918		
4. Third Quarter	0									
5. Current Year	0									
6. Current Year Member Months	4,744							4,744		
Total Member Ambulatory Encounters for Period:										
7. Physician	0									
8. Non-Physician	0									
9. Total	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	892							892		
11. Number of Inpatient Admissions	197							197		
12. Health Premiums Written(a)	8,701,731							8,701,731		
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	8,680,151							8,680,151		
16. Property/Casualty Premiums Earned	0							0		
17. Amount Paid for Provision of Health Care Services	8,197,048							8,197,048		
18. Amount Incurred for Provision of Health Care Services	7,504,099							7,504,099		

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees $ 8,701,731

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (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
Claims unpaid (Reported)						
0199999 Individually listed claims unpaid	0	0	0	0	0	0
0299999 Aggregate accounts not individually listed-uncovered						0
0399999 Aggregate accounts not individually listed-covered	1,331,922	33,356				1,365,278
0499999 Subtotals	1,331,922	33,356	0	0	0	1,365,278
0599999 Unreported claims and other claim reserves	XXX	XXX	XXX	XXX	XXX	375,162
0699999 Total amounts withheld	XXX	XXX	XXX	XXX	XXX	
0799999 Total claims unpaid	XXX	XXX	XXX	XXX	XXX	1,740,440
0899999 Accrued medical incentive pool and bonus amounts	XXX	XXX	XXX	XXX	XXX	46,815

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 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 Dec. 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					0	0
6. Title XVIII - Medicare	1,833,113	6,224,498	135,282	1,605,158	1,968,395	2,417,202
7. Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	1,833,113	6,224,498	135,282	1,605,158	1,968,395	2,417,202
10. Health care receivables (a)					0	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	44,512	94,925		46,815	44,512	63,002
13. Totals (Lines 9-10+11+12)	1,877,625	6,319,423	135,282	1,651,973	2,012,907	2,480,204

(a) Excludes $ loans or advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

1.Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Fidelis SecureCare of Michigan Inc. are presented on the basis of accounting practices prescribed or permitted by the State of Michigan Department of Insurance.

Fidelis SecureCare of Michigan Inc is licensed and domiciled as a Health Maintenance Organization in the State of Michigan. The company is authorized to write Medicare business as a Medicare Advantage plan. The State of Michigan Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Michigan for determining and reporting the financial condition and results of operations of a Health Maintenance Organization, for determining its solvency under the Michigan Insurance Law. The statement has been completed in accordance with the NAIC *Accounting Practices and Procedures Manual.* In NAIC SAP, some assets, such as prepaid expenses are not admitted. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices.

Cash and Cash Equivalents – Cash and cash equivalents include highly liquid investments that are both readily convertible to known amounts of cash, and so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash includes savings accounts, and certificates of deposits with original maturities of three months or less. Cash equivalents are short-term investments that include investments with remaining maturities of greater than 90 days, but less than one year at the time of acquisition.

Bonds – Investments on bonds are carried at amortized costs. Bonds are amortized using the effective interest rate method. The amortized cost and estimated fair value of bonds as of June 30, 2013 are as follows:

	Amortized Cost	Unrealized Gain(Loss)	Fair Value
U.S. Gov't. obligations	$525,000	$0	$525,000

The statutory carrying value and the fair value of the bonds at September 30, 2012, by stated maturity, are shown below. These bonds are held in trust as required to be deposited in restricted accounts for member's protection pursuant to federal and state regulatory requirements.

	Amortized Cost	Unrealized Gain(Loss)	Fair Value
Due in less than 1 year	$525,000	$0	$525,000
Due in one through five yrs	$0	$0	$0
Due in over five years	$0	$0	$0

In December 2003, the Emerging Issues Task Force ("EITF") issued EITF 03-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments. EITF 03-1 specifies certain quantitative and qualitative disclosures for debt and marketable equity securities classified as available for sale or held-to maturity and where costs exceeds market value at the balance sheet date but for which an other-than-temporary impairment has not been recognized. As of June 30, 2013 the fair value of securities, $525,000 was equal to its book value (amortized cost) for US governments due to mature in less than 1 year from balance sheet date. The book value (amortized cost) of these instruments as of June 30, 2013 is $525,000.

A reconciliation of the Company's net income (loss) and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Michigan is shown below:

	State of		

NOTES TO FINANCIAL STATEMENTS

	Domicile	2013	2012
NET INCOME			
(1) Company state basis (page 4, Line 32, Columns 2 & 3)	Michigan	(131,590)	278,043
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:	Michigan	-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP:	Michigan	-	-
(4) NAIC SAP (1-2-3=4)	Michigan	(131,590)	278,043
SURPLUS			
(5) Company state basis (Page 3, Line 33, columns 3 & 4)	Michigan	4,416,018	4,428,644
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:	Michigan	-	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP:	Michgan	-	-
(8) NAIC SAP (5-6-7=8)	Michigan	4,416,018	4,428,644

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Health premiums are earned monthly over the terms of the related insurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

The amount of dividends to be paid to policyholders is determined annually by the Company's Board of Directors. The aggregate amount of policyholders' dividends is related to actual interest, mortality, morbidity, and expense experience for the year and judgment as to the appropriate level of statutory surplus to be retained by the Company.

In addition, the company uses the following accounting policies:

(1) Short-term investments are stated at amortized cost.
(2) Bonds not backed by other loans are stated at amortized cost using the constant yield interest method.
(3) Common stocks are stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 10% or more (per SSAP 88) are carried on the equity basis.
(4) Not applicable
(5) Not applicable
(6) Not applicable

NOTES TO FINANCIAL STATEMENTS

(7) Not applicable
(8) Not applicable
(9) Not applicable
(10) The Company does not consider anticipated investment income when calculating its premium deficiency reserves.
(11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
(12) The Company has not modified its capitalization policy from the prior period.
(13) Pharmaceutical rebates are estimated based on actual prior rebate information supplied to us by our third party pharmacy administrator, Partner's Rx. Each quarter, they supply us with updated information which is used to estimate the future rebate amounts.

2. Accounting Changes and Corrections of Errors

Not applicable

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.

7. Investment Income

Investment income includes interest and dividend income due and unpaid on short term investments. All amounts have been admitted at June 30, 2013.

8. Derivative Instruments

Not applicable

9. Income Taxes

NOTES TO FINANCIAL STATEMENTS

A. 1. Income Taxes - The components of the net deferred tax asset/(liability) at June 30, 2013 and December 31, 2012 are as follows:

		6/30/2013		
		(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
09A01A	Gross Deferred Tax Assets	274,000	-	274,000
09A01B	Statutory Valuation Allowance Adjustments	-	-	-
09A01C	Adjusted Gross Deferred Tax Assets (1a - 1b)	274,000	-	274,000
09A01D	Deferred Tax Assets Non-admitted	274,000	-	274,000
09A01E	Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	-	-	-
09A01F	Deferred Tax Liabilities	-	-	-
09A01G	Net Admitted Deferred Tax Asset/ (Net Deferred Tax Liability) (1e-1f)	-	-	-

		12/31/2012		
		(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
09A01A	Gross Deferred Tax Assets	274,000	-	274,000
09A01B	Statutory Valuation Allowance Adjustments	-	-	-
09A01C	Adjusted Gross Deferred Tax Assets (1a - 1b)	274,000	-	274,000
09A01D	Deferred Tax Assets Non-admitted	274,000	-	274,000
09A01E	Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	-	-	-
09A01F	Deferred Tax Liabilities	-	-	-
09A01G	Net Admitted Deferred Tax Asset/ (Net Deferred Tax Liability) (1e-1f)	-	-	-

		Change		
		(7) (Col 1-4)	(8) (Col 2-5)	(9) (Col 7+8) Total
09A01A	Gross Deferred Tax Assets	-	-	-
09A01B	Statutory Valuation Allowance Adjustments	-	-	-

NOTES TO FINANCIAL STATEMENTS

09A01C	Adjusted Gross Deferred Tax Assets (1a - 1b)	-	-	-
09A01D	Deferred Tax Assets Non-admitted	-	-	-
09A01E	Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	-	-	-
09A01F	Deferred Tax Liabilities	-	-	-
09A01G	Net Admitted Deferred Tax Asset/ (Net Deferred Tax Liability) (1e-1f)	-	-	-

2.	Admission Calculation Components SSAP No. 101	6/30/2013		
		(1) Ordinary Percent	(2) Capital Percent	(3) (Col 1+2) Total Percent
09A02A	Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	-	-	-
09A02B	Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	-	-	-
09A02B 1	Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	-	-	-
09A02B 2	Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	-	-	-
09A02C	Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2 (a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	-	-	-
09A02D	Deferred Tax Assets Admitted as a result of application of SSAP No. 101. Total (2(a) + 2(b) + 2c)	-	-	-

		12/31/2012		
		(4) Ordinary Percent	(5) Capital Percent	(6) (Col 4+5) Total Percent
09A02A	Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	-	-	-
09A02B	Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	-	-	-
09A02B 1	Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	-	-	-
09A02B 2	Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	-	-	-

NOTES TO FINANCIAL STATEMENTS

09A02C	Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2 (a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	-	-	-
09A02D	Deferred Tax Assets Admitted as a result of application of SSAP No. 101. Total (2(a) + 2(b) + 2c)	-	-	-

		Change		
		(7) (Col 1-4) Percent	(8) (Col 2-5) Percent	(9) (Col 7+8) Total Percent
09A02A	Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	-	-	-
09A02B	Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	-	-	-
09A02B 1	Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	-	-	-
09A02B 2	Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	-	-	-
09A02C	Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2 (a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	-	-	-
09A02D	Deferred Tax Assets Admitted as a result of application of SSAP No. 101. Total (2(a) + 2(b) + 2c)	-	-	-

3.		6/30/2013	12/31/2012
09A03A	Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount	-	-
09A03B	Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	-	-

4.	Impact of Tax Planning Strategies:	6/30/2013		
		(1) Ordinary Percent	(2) Capital Percent	(3) (Col 1+2) Total Percent
09A04A	Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	100	-	100
09A04B	Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	-	-	-
09A04C	Does the Company's tax-planning strategies include the use of reinsurance?	Yes	-	-

NOTES TO FINANCIAL STATEMENTS

		12/31/2012		
		(4) Ordinary Percent	(5) Capital Percent	(6) (Col 4+5) Total Percent
09A04A	Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	100	-	100
09A04B	Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	-	-	-
09A04C	Does the Company's tax-planning strategies include the use of reinsurance?	Yes	-	-

		Change		
		(7) (Col 1-4) Percent	(8) (Col 2-5) Percent	(9) (Col 7+8) Total Percent
09A04A	Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	-	-	-
09A04B	Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	-	-	-
09A04C	Does the Company's tax-planning strategies include the use of reinsurance?	-	-	-

B. The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities are as follows:

Deferred tax assets	6/30/2013 (1) Ordinary	(2) Capital	(3) (Col 1+2)
Start-up costs	252,000	-	252,000
Loss reserve discounting	22,000	-	22,000
Total deferred tax assets	274,000	-	274,000
Nonadmitted deferred tax assets	274,000	-	274,000
Net deferred tax asset admitted.	-	-	-

Deferred tax assets	12/31/2012 (4) Ordinary	(5) Capital	(6) (Col 4+5)
Start-up costs	252,000	-	252,000
Loss reserve discounting	22,000	-	22,000

NOTES TO FINANCIAL STATEMENTS

Total deferred tax assets	274,000	-	274,000
Nonadmitted deferred tax assets	274,000	-	274,000
Net deferred tax asset admitted.	-	-	-

	Change		
Deferred tax assets	(7) (Col 1-4)	(8) (Col 2-5)	(9) (Col 7+8)
Start-up costs	-	-	-
Loss reserve discounting	-	-	-
Total deferred tax assets	-	-	-
Nonadmitted deferred tax assets	-	-	-
Net deferred tax asset admitted.	-	-	-

C.	Current income taxes incurred consist of the following major components:	(1) 6/30/2013	(2) 12/31/2012	(3) (Col 1-2) Change
1.	Current Income Tax			
	09C1A Federal	(67,789)	143,235	(211,024)
	09C1B Foreign	-	-	-
	09C1C Subtotal	(67,789)	143,235	(211,024)
	09C1D Federal income tax on net capital gains	-	-	-
	09C1E Utilization of capital loss carry-forwards	-	-	-
	09C1F Other	-	-	-
	09C1G Federal and foreign income taxes incurred	(67,789)	143,235	(211,024)
2.	Deferred Tax Assets:	-	-	-
A.	Ordinary	-	-	-
	09C2A1 Discounting of unpaid losses	22,000	22,000	-
	09C2A2 Unearned premium reserve	-	-	-
	09C2A3 Policyholder reserves			

NOTES TO FINANCIAL STATEMENTS

	09C2A4 Investments	-	-	-
	09C2A5 Deferred acquisition costs	-	-	-
	09C2A6 Policyholder dividends accrual	-	-	-
	09C2A7 Fixed assets	-	-	-
	09C2A8 Compensation and benefits accrual	-	-	-
	09C2A9 Pension accrual	-	-	-
	09C2A10 Receivables - nonadmitted	-	-	-
	09C2A11 Net operating loss carry-forward	-	-	-
	09C2A12 Tax credit carry-forward	-	-	-
	09C2A13 Other (including items <5% of total ordinary tax assets)	252,000	252,000	-
	09C2A2A99 Subtotal	274,000	274,000	-
B.	09C2B Statutory valuation allowance adjustment	-	-	-
C.	09C2C Nonadmitted	274,000	274,000	-
D.	09C2D Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	-	-	-
E.	Capital:	-	-	-
	09C2E1 Investments	-	-	-
	09C2E2 Net capital loss carry-forward	-	-	-
	09C2E3 Real estate	-	-	-
	09C2E4 Other (including items <5% of total capital tax assets)	-	-	-
	09C2E2E99 Subtotal	-	-	-
F.	09C2F Statutory valuation allowance adjustment	-	-	-
G.	09C2G Nonadmitted	-	-	-
H.	09C2H Admitted capital deferred tax assets (2e99 - 2f - 2g)	-	-	-
I.	09C2I Admitted deferred tax assets (2d +2h)	-	-	-
3.	Deferred Tax Liabilities	-	-	-
A.	Ordinary	-	-	-
	09C3A1 Investments	-	-	-

NOTES TO FINANCIAL STATEMENTS

09C3A2 Fixed Assets	-	-	-
09C3A3 Deferred and uncollected premium	-	-	-
09C3A4 Policyholder reserves	-	-	-
09C3A5 Other (including items <5% of total ordinary tax liabilities)	-	-	-
09C3A3A99 Subtotal	-	-	-
B. Capital:	-	-	-
09C3B1 Investments	-	-	-
09C3B2 Real estate	-	-	-
09C3B3 Other (including items <5% of total capital tax liabilities)	-	-	-
09C3B99 Subtotal	-	-	-
C. 09C3C Deferred tax liabilities (3a99 + 3b99)	-	-	-
4. Net deferred tax assets/liabilities (2i - 3c)	-	-	-

D. No significant items to disclose.

E. There are no income taxes incurred in the current year that will be available for recoupment in the event of future losses.

F. Fidelis SecureCare of Michigan, Inc. files consolidated Federal Tax returns with its parent, Fidelis SeniorCare, Inc. Other affiliated companies, Fidelis SecureCare of North Carolina, Inc., Fidelis SecureCare of Texas, Inc., FSC of Washington, Inc., FSC of Washington HealthCare Services, PC, FSC of Washinton Health Services, Inc., FSC of Michigan PC Group, FSC of Michigan Management Services, Inc., and FSC of Michigan Services, Inc. also file in the consolidated federal tax return. The group's consolidated federal tax liability shall be apportioned for purposes of computing earnings and profits in accordance with the method provided in Section 1552(a)(1) of the Code and Regulations Section 1.552-1(a)(1). The group's unitary tax liability shall be apportioned for tax purposes in accordance with the requireents of applicable state law, or, if none, as reasonably determined by the Parent.

10. Information Concerning Parent, Subsidiaries and Affiliates

NOTES TO FINANCIAL STATEMENTS

A., B., C., & D.

The Company paid no dividends to the Parent Company for the periods ending June 30, 2013 and December 31, 2012. At June 30, 2013 and December 31, 2012, Fidelis SecureCare of Michigan reported $0 and $0 as amounts due from the Parent Company, Fidelis Senior Care Inc. and $539,993 and $30,482 as amounts due from FSC of Michigan Services, Inc. Amounts due from FSC of Michigan Services Inc. relate to capitation and rental agreements between the entities. Starting in October 2012, the Company entered into a Network Provider Agreement with FSC of Michigan Services. Included in the balance due from FSC of Michigan Services at June 30, 2013 was a $539,993 receivable from FSC of Michigan Services, Inc. relating to Part C and Part D claim payments. These were paid by Fidelis SecureCare of Michigan, Inc. on behalf of FSC of Michigan Services, Inc. They were reimbursable to Fidelis SecureCare of Michigan, Inc. Per a sub-lease agreement entered into in October 2012, the Company is paid monthly rental payments by FSC of Michigan Services.

As of June 30, 2013 and December 31, 2012, the Company has $327,715 and $336,862 due to the Parent and $7,206 and $19,337 due to Fidelis HealthCare Services Inc. respectively. Amounts due to the parent primarily relate to the administrative services agreement and the tax sharing agreement between the Parent and the Company. Amounts due to Fidelis Healthcare Services are related to services provided under the Provider Network Agreement. Fidelis SecureCare of Michigan generally settles all intercompany transactions within 45 days of the end of fiscal periods. Due to an administrative oversight, certain Part D claim expenses were not settled within the general 45 day time frame at June 30, 2013. These were ultimately settled in July 2013.

For the years ended June 30, 2013 and December 31, 2012, Fidelis SecureCare of Michigan incurred $1,392,084 and $4,112,245 in costs for the Parent Company, Fidelis SeniorCare, Inc. and $369,256 and $811,118 in costs for Fidelis HealthCare Services, Inc.

E. Not applicable

F. The Company has amounts due to the Parent Company, Fidelis SeniorCare, Inc., in accordance with the administrative services agreement and tax sharing agreement. The Company has amounts due to Fidelis Healthcare Services relating to services provided under the Provider Network Agreement. The Company has amounts due from FSC of Michigan Services in accordance with the Network Provider Collaboration agreement.

G. All outstanding shares of Fidelis SecureCare of Michigan are owned by the Parent Company, Fidelis SeniorCare Inc, is an insurance holding company domiciled in the State of Delaware.

H. Not applicable

I. Not applicable

J. Not applicable

K. Not applicable

L. Not applicable

11. Debt

Not applicable

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

NOTES TO FINANCIAL STATEMENTS

Not applicable

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

(1) The Company has 100 shares authorized, 100 shares issued and 100 shares outstanding. All shares are Common shares.
(2) The Company has no preferred stock outstanding.
(3) No extraordinary dividends or other extraordinary distributions to its shareholder until 30 days after the commissioner has received notice of the declaration thereof and has not within such period disapproved such payment within such thirty day period. For purposes of this section, an extraordinary dividend or distribution includes any dividend or distribution of cash or other property, whose fair market value together with that of other dividends or distributions made within the preceding twelve months exceeds the greater of ten percent of such insurer's surplus as regards policyholders as of December 31 next preceding, or the net gain from operations of such insurer, not including realized capital gains, for the twelve-month period ending December 31. Any other provision of law to the contrary notwithstanding, an insurer may declare an extraordinary dividend or distribution which is conditional upon the commissioner's approval thereof, and such a declaration confers no rights upon shareholders until the commissioner has approved the payment of such dividend or distribution or the commissioner has not disapproved such payment within the thirty-day period.
(4) Not applicable
(5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
(6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
(7) The total amount of advances to surplus not repaid is $0.
(8) Not applicable
(9) Not applicable
(10) Not applicable
(11) Not applicable
(12) Not applicable
(13) Not applicable

14. Contingencies

Not applicable

15. Leases

A. Not applicable

B. The Company is involved in a sub-leasing arrangement with an affiliate, but it is not a material or significant transaction according to its business activities.

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

Not applicable

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

Not applicable

NOTES TO FINANCIAL STATEMENTS

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

Not applicable

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

Not applicable

20. Fair Value Measurements

Not applicable

21. Other Items

A. Not applicable

B. Not applicable

C. Other Disclosures. Assets with a market value of $1,200,543 at June 30, 2013 were on deposit with JP Morgan as custodian in compliance with the Michigan Department of Insurance requirements. This consisted of Treasury Notes, with an amortized cost and market value of $525,000 and $675,543 in JP Morgan Federal Money Market.

D. Not applicable

E. Not applicable

F. Not applicable

G. Not applicable

H. Not applicable

22. Events Subsequent

Not applicable.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes ( ) No (X)

NOTES TO FINANCIAL STATEMENTS

If yes, give full details.

(2) Have any policies issued by the company been reinsured with a company chartered in a country other that the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes ( ) No (X)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( ) No (X)

a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate $_____.

b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement? $_____.

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured polices?

Yes ( ) No (X)

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

(1) What in the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. $_0_____

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes ( ) No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? $_____

-

NOTES TO FINANCIAL STATEMENTS

B. Uncollectible Reinsurance

The Company has written off in the current year reinsurance balances due (from the companies listed below) in the amount of: $_0_____, which is reflected as:

(1)	Losses incurred	$ 0_____
(2)	Loss adjustment expenses incurred	$ 0_____
(3)	Premiums earned	$ 0_____
(4)	Other	$ 0_____

C. Commutation of Ceded Reinsurance

The Company has reported $0 in its operations in the current year as a result of commutation of reinsurance.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable

25. Change in Incurred Claims and Claim Adjustment Expenses

	2013	2012
Balance at, January 1, 2013	$2,465,284	$3,839,163
Reinsurance balance recoverable for unpaid claims	0	0
Gross balance	2,465,284	3,839,163
Incurred claims and claims adjustment expense related to:		
Current year	8,389,684	17,337,415
Prior year	(632,171)	(870,084)
Total incurred claims and claims adjustment expenses	7,757,513	16,467,331
Less claims paid:		
Current year	6,601,161	14,874,342
Prior year	1,833,113	2,966,867
Total paid	8,434,274	17,841,210
Balance at, June 30, 2013	$1,788,522	$2,465,284

26. Intercompany Pooling Arrangements

Not applicable

27. Structured Settlements

Not applicable.

28. Health Care Receivables

NOTES TO FINANCIAL STATEMENTS

A. Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
6/30/2013	$ -	$ -	$ -	$ -	$ -
3/31/2013	-	98,825	-	-	-
12/31/2012	-	116,710	-	-	-
9/30/2012	-	109,124	-	-	109,124
6/30/2012	-	116,014	-	-	116,014
3/31/2012	-	137,142	-	-	137,142
12/31/2011	-	212,779	-	-	212,779
9/30/2011	-	195,825	-	-	195,825
6/30/2011	-	131,766	-	-	131,766
3/31/2011	-	117,364	-	-	117,364

B. Risk Sharing Receivables – Not applicable

29. Participating Policies

The Company paid dividends in the amount of $0 to policyholders and did not allocate any additional income to such policyholders.

30. Premium Deficiency Reserves

As of June 30, 2013 the Company had liabilities of $0 related to premium deficiency reserves. The Company does not consider anticipated investment income when calculating its premium deficiency reserves.

31. Anticipated Salvage and Subrogation

Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

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:

3.1 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]

3.2 If the response to 3.1 is yes, provide a brief description of those changes.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [X] NA [ ]
If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009

6.2 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. 12/31/2009

6.3 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). 08/02/2011

6.4 By what department or departments?
Michigan Department of Insurance

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [ ] No [ ] NA [X]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] NA [ ]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

7.2 If yes, give full information:

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 below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), 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 FDIC	6 SEC

GENERAL INTERROGATORIES

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:

9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 539,993

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [X]

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $ 0

13. Amount of real estate and mortgages held in short-term investments: $ 0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	$	$
14.22 Preferred Stock	$	$
14.23 Common Stock	$	$
14.24 Short-Term Investments	$	$
14.25 Mortgage Loans on Real Estate	$	$
14.26 All Other	$	$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 0	$ 0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	$	$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]

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

GENERAL INTERROGATORIES

16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:
16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 ..... $ 0
16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 ..... $ 0
16.3 Total payable for securities lending reported on the liability page ..... $ 0

17. Excluding items in Schedule E - Part 3 - Special Deposits, 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 Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? ..... Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian Address
JP Morgan Chase	Chase Manhattan Plaza New York, NY 10005

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

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

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? ..... Yes [ ] No [X]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? ..... Yes [X] No [ ]

18.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES

PART 2 - HEALTH

1.	1 Amount
1. Operating Percentages:	
1.1 A&H loss percent	86.5%
1.2 A&H cost containment percent	0.0%
1.3 A&H expense percent excluding cost containment expenses	0.0%
2.1 Do you act as a custodian for health savings accounts?	Yes [ ] No [X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.	$
2.3 Do you act as an administrator for health savings accounts?	Yes [ ] No [X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date.	$

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			ACCIDENT AND HEALTH AFFILIATES			
			ACCIDENT AND HEALTH NON-AFFILIATES			
27154	13-3362309	01/01/2013	Atlantic Specialty Insurance Company	NY	SSL/I/A	Yes
			LIFE AND ANNUITY AFFILIATES			
			LIFE AND ANNUITY NON-AFFILIATES			
			PROPERTY/CASUALTY AFFILIATES			
			PROPERTY/CASUALTY NON-AFFILIATES			

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

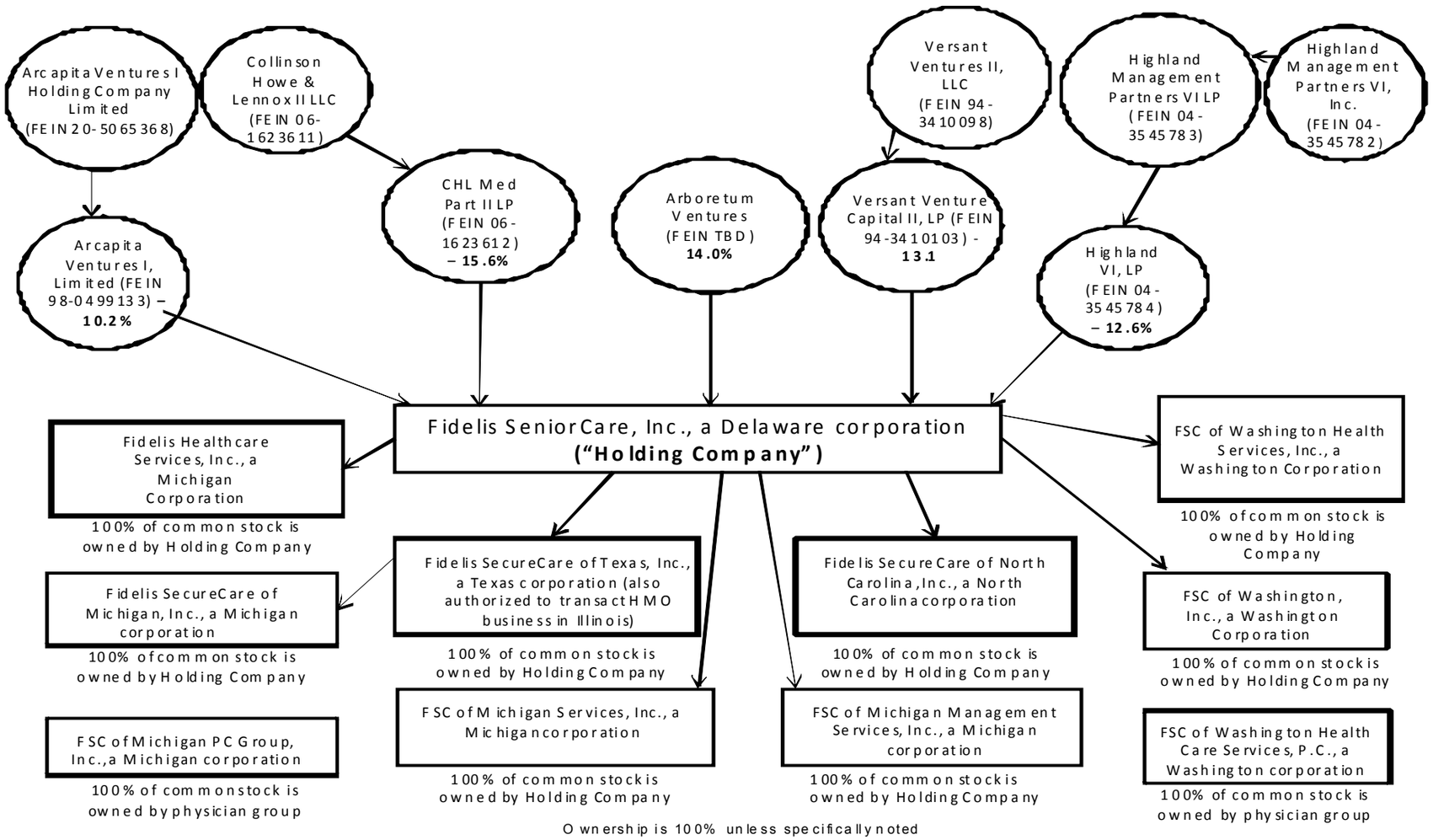
Current Year to Date - Allocated by States and Territories

	States, Etc.	1 Active Status	Direct Business Only 2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1.	Alabama AL	N							0	
2.	Alaska AK	N							0	
3.	Arizona AZ	N							0	
4.	Arkansas AR	N							0	
5.	California CA	N							0	
6.	Colorado CO	N							0	
7.	Connecticut CT	N							0	
8.	Delaware DE	N							0	
9.	Dist. Columbia DC	N							0	
10.	Florida FL	N							0	
11.	Georgia GA	N							0	
12.	Hawaii HI	N							0	
13.	Idaho ID	N							0	
14.	Illinois IL	N							0	
15.	Indiana IN	N							0	
16.	Iowa IA	N							0	
17.	Kansas KS	N							0	
18.	Kentucky KY	N							0	
19.	Louisiana LA	N							0	
20.	Maine ME	N							0	
21.	Maryland MD	N							0	
22.	Massachusetts MA	N							0	
23.	Michigan MI	L		8,701,731					8,701,731	
24.	Minnesota MN	N							0	
25.	Mississippi MS	N							0	
26.	Missouri MO	N							0	
27.	Montana MT	N							0	
28.	Nebraska NE	N							0	
29.	Nevada NV	N							0	
30.	New Hampshire NH	N							0	
31.	New Jersey NJ	N							0	
32.	New Mexico NM	N							0	
33.	New York NY	N							0	
34.	North Carolina NC	N							0	
35.	North Dakota ND	N							0	
36.	Ohio OH	N							0	
37.	Oklahoma OK	N							0	
38.	Oregon OR	N							0	
39.	Pennsylvania PA	N							0	
40.	Rhode Island RI	N							0	
41.	South Carolina SC	N							0	
42.	South Dakota SD	N							0	
43.	Tennessee TN	N							0	
44.	Texas TX	N							0	
45.	Utah UT	N							0	
46.	Vermont VT	N							0	
47.	Virginia VA	N							0	
48.	Washington WA	N							0	
49.	West Virginia WV	N							0	
50.	Wisconsin WI	N							0	
51.	Wyoming WY	N							0	
52.	American Samoa AS	N							0	
53.	Guam GU	N							0	
54.	Puerto Rico PR	N							0	
55.	U.S. Virgin Islands VI	N							0	
56.	Northern Mariana Islands MP	N							0	
57.	Canada CAN	N							0	
58.	Aggregate other alien OT	XXX	0	0	0	0	0	0	0	0
59.	Subtotal	XXX	0	8,701,731	0	0	0	0	8,701,731	0
60.	Reporting entity contributions for Employee Benefit Plans	XXX							0	
61.	Total (Direct Business)	(a) 1	0	8,701,731	0	0	0	0	8,701,731	0
	DETAILS OF WRITE-INS									
58001.		XXX								
58002.		XXX								
58003.		XXX								
58998.	Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered – Licensed Insurance Carrier or Domiciled RRG; (R) Registered – Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible – Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above – Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and other Alien.

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



SCHEDULE Y PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1 Group Code	2 Group Name	3 NAIC Company Code	4 Federal ID Number	5 Federal RSSD	6 CIK	7 Name of Securities Exchange if Publicly Traded (U.S. or International)	8 Names of Parent Subsidiaries or Affiliates	9 Domiciliary Location	10 Relationship to Reporting Entity	11 Directly Controlled by (Name of Entity/Person)	12 Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	13 If Control is Ownership Provide Percentage	14 Ultimate Controlling Entity(ies)/Person(s)	15 *
3744	Fidelis SeniorCare Inc	12288	20-2214150				Fidelis SecureCare of North Carolina, Inc	NC	UDP	Fidelis SeniorCare Inc	Ownership	100.0	Arcapita Ventures I Holding Company Limited, Collinson Howe & Lennox II LLC, Versant Ventures II LLC, Highland Management Partners VI, Inc., Arboretum Ventures	
3744	Fidelis SeniorCare Inc	10769	30-0312489				Fidelis SecureCare of Michigan, Inc	MI	UDP	Fidelis SeniorCare Inc	Ownership	100.0	Arcapita Ventures I Holding Company Limited, Collinson Howe & Lennox II LLC, Versant Ventures II LLC, Highland Management Partners VI, Inc., Arboretum Ventures	
3744	Fidelis SeniorCare Inc	12597	84-1704073				Fidelis SecureCare of Texas, Inc	TX	UDP	Fidelis SeniorCare Inc	Ownership	100.0	Arcapita Ventures I Holding Company Limited, Collinson Howe & Lennox II LLC, Versant Ventures II LLC, Highland Management Partners VI, Inc., Arboretum Ventures	
3744	Fidelis SeniorCare Inc						Fidelis Healthcare Services, Inc	MI	UDP	Fidelis SeniorCare Inc	Ownership	100.0	Arcapita Ventures I Holding Company Limited, Collinson Howe & Lennox II LLC, Versant Ventures II LLC, Highland Management Partners VI, Inc., Arboretum Ventures	

SCHEDULE Y PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1 Group Code	2 Group Name	3 NAIC Company Code	4 Federal ID Number	5 Federal RSSD	6 CIK	7 Name of Securities Exchange if Publicly Traded (U.S. or International)	8 Names of Parent Subsidiaries or Affiliates	9 Domiciliary Location	10 Relationship to Reporting Entity	11 Directly Controlled by (Name of Entity/Person)	12 Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	13 If Control is Ownership Provide Percentage	14 Ultimate Controlling Entity(ies)/Person(s)	15 *
3744	Fidelis SeniorCare Inc						FSC of Washington Health Services, Inc	WA	UDP	Fidelis SeniorCare Inc	Ownership	100.0	Arcapita Ventures I Holding Company Limited, Collinson Howe & Lennox II LLC, Versant Ventures II LLC, Highland Management Partners VI, Inc., Arboretum Ventures	
3744	Fidelis SeniorCare Inc						FSC of Washington, Inc	WA	UDP	Fidelis SeniorCare Inc	Ownership	100.0	Arcapita Ventures I Holding Company Limited, Collinson Howe & Lennox II LLC, Versant Ventures II LLC, Highland Management Partners VI, Inc., Arboretum Ventures	
3744	Fidelis SeniorCare Inc						FSC of Michigan Services, Inc	MI	UDP	Fidelis SeniorCare Inc	Ownership	100.0	Arcapita Ventures I Holding Company Limited, Collinson Howe & Lennox II LLC, Versant Ventures II LLC, Highland Management Partners VI, Inc., Arboretum Ventures	
3744	Fidelis SeniorCare Inc						FSC of Michigan Management Services, Inc	MI	UDP	Fidelis SeniorCare Inc	Ownership	100.0	Arcapita Ventures I Holding Company Limited, Collinson Howe & Lennox II LLC, Versant Ventures II LLC, Highland Management Partners VI, Inc., Arboretum Ventures	
3744	Fidelis SeniorCare Inc						FSC of Michigan, PC Group	MI	UIP	Fidelis SeniorCare Inc	Ownership	100.0	Arcapita Ventures I Holding Company Limited, Collinson Howe & Lennox II LLC, Versant Ventures II LLC, Highland Management Partners VI, Inc., Arboretum Ventures	

SCHEDULE Y PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1 Group Code	2 Group Name	3 NAIC Company Code	4 Federal ID Number	5 Federal RSSD	6 CIK	7 Name of Securities Exchange if Publicly Traded (U.S. or International)	8 Names of Parent Subsidiaries or Affiliates	9 Domiciliary Location	10 Relationship to Reporting Entity	11 Directly Controlled by (Name of Entity/Person)	12 Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	13 If Control is Ownership Provide Percentage	14 Ultimate Controlling Entity(ies)/Person(s)	15 *
3744	Fidelis SeniorCare Inc						FSC of Washington HealthCare Services, PC	WA	UIP	Fidelis SeniorCare Inc	Ownership	100.0	Arcapita Ventures I Holding Company Limited, Collinson Howe & Lennox II LLC, Versant Ventures II LLC, Highland Management Partners VI, Inc., Arboretum Ventures	

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

	RESPONSE
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	.....SEE EXPLANATION.....

Explanation:

1.Medicare Advantage plans are not required to file.

Bar Code:

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A - VERIFICATION

Real Estate

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Current year change in encumbrances		0
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		0
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other than temporary impairment recognized		0
8. Deduct current year's depreciation		0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

NONE

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and depreciation		0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	532,952	548,856
2. Cost of bonds and stocks acquired		0
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals		0
6. Deduct consideration for bonds and stocks disposed of		0
7. Deduct amortization of premium	7,952	15,904
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	525,000	532,952
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	525,000	532,952

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	528,976			(3,976)	528,976	525,000	0	532,952
2. Class 2 (a)	0				0	0	0	0
3. Class 3 (a)	0				0	0	0	0
4. Class 4 (a)	0				0	0	0	0
5. Class 5 (a)	0				0	0	0	0
6. Class 6 (a)	0				0	0	0	0
7. Total Bonds	528,976	0	0	(3,976)	528,976	525,000	0	532,952
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	528,976	0	0	(3,976)	528,976	525,000	0	532,952

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 $.....; NAIC 2 $.....; NAIC 3 $.....; NAIC 4 $.....; NAIC 5 $.....; NAIC 6 $.....

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999	675,543	XXX	675,543		

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	675,508	648,863
2. Cost of short-term investments acquired	35	26,645
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals		0
7. Deduct amortization of premium		0
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	675,543	675,508
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	675,543	675,508

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B- Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Sch. DB - Pt. A - Sn. 1 - Footnotes

NONE

Schedule DB - Part B - Section 1

NONE

Sch. DB - Pt. B - Sn. 1 - Footnotes

NONE

Schedule DB - Part D Section 1

NONE

Schedule DB - Part D Section 2

NONE

Schedule DB - Part D Section 2 [Cont.]

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Square One Bank, 496 Blackwell Street, Suite 340 Durham, NC 27701		0.200	2,866	656	4,443,897	5,789,641	4,174,920	XXX
0199998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	XXX	XXX						XXX
0199999 Totals - Open Depositories	XXX	XXX	2,866	656	4,443,897	5,789,641	4,174,920	XXX
0399999 Total Cash on Deposit	XXX	XXX	2,866	656	4,443,897	5,789,641	4,174,920	XXX
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0599999 Total	XXX	XXX	2,866	656	4,443,897	5,789,641	4,174,920	XXX

Schedule E - Part 2 - Cash Equivalents

NONE