52563201220100100 2012 Document Code: 201

ANNUAL STATEMENT

For the Year Ending December 31, 2012

OF THE CONDITION AND AFFAIRS OF THE

Meridian Health Plan of Michigan, Inc.

NAIC Group Code 4640 (Current Period), 4640 (Prior Period) NAIC Company Code 52563 Employer's ID Number 38-3253977

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

Country of Domicile United States of America

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

Incorporated/Organized 12/31/1995 Commenced Business 12/31/1995

Statutory Home Office 777 Woodward Ave. Suite 600 (Street and Number), Detroit, MI, US 48226 (City or Town, State, Country and Zip Code)

Main Administrative Office 777 Woodward Ave. Suite 600 (Street and Number)
Detroit, MI, US 48226 (City or Town, State, Country and Zip Code) (313)324-3700 (Area Code) (Telephone Number)

Mail Address 777 Woodward Ave. Suite 600 (Street and Number or P.O. Box), Detroit, MI, US 48226 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records Same (Street and Number)
Same, , (City or Town, State, Country and Zip Code) (313)324-3700 (Area Code) (Telephone Number)

Internet Website Address www.mhplan.com

Statutory Statement Contact Julie Secord (Name) (313)324-3700 (Area Code)(Telephone Number)(Extension)
julie.secord@mhplan.com (E-Mail Address) (313)202-1290 (Fax Number)

OFFICERS

Name	Title
Jon B. Cotton	President/COO
Sean P. Cotton	Secretary/CLC
Janice Torosian	Treasurer/CFO

OTHERS

DIRECTORS OR TRUSTEES

George Ellis
Thomas Lauzon
Karie Pasternak

State of Michigan
County of Wayne ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures 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.

(Signature)	(Signature)	(Signature)
Jon B. Cotton	Sean P. Cotton	Janice Torosian
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this
_____ day of _____, 2013

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

(Notary Public Signature)

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)	58,651,760		58,651,760	46,394,454
2. Stocks (Schedule D)				
2.1 Preferred stocks				29,361
2.2 Common Stocks	8,234,271		8,234,271	6,692,825
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $.....0 encumbrances)				
4.2 Properties held for the production of income (less $.....0 encumbrances)				
4.3 Properties held for sale (less $.....0 encumbrances)				
5. Cash ($.....91,673,175 Schedule E Part 1), cash equivalents ($.....0 Schedule E Part 2) and short-term investments ($.....18,433,332 Schedule DA)	110,106,507		110,106,507	120,807,957
6. Contract loans (including $.....0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	1,710,427	1,400,000	310,427	343,775
9. Receivables for securities				
10. Securities Lending Reinvested Collateral Assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	178,702,965	1,400,000	177,302,965	174,268,372
13. Title plants less $.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	716,190		716,190	480,533
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including $.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	376,789		376,789	353,463
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	878,992		878,992	326,124
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets ($.....0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care ($.....12,294,010) and other amounts receivable	12,294,010		12,294,010	7,325,910
25. Aggregate write-ins for other than invested assets	144,717	141,690	3,027	4,786
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	193,113,663	1,541,690	191,571,973	182,759,188
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	193,113,663	1,541,690	191,571,973	182,759,188
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Deposits	3,027		3,027	4,786
2502. Acquired Memberships	141,690	141,690		
2503. Prepaid Expenses				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	144,717	141,690	3,027	4,786

LIABILITIES, CAPITAL AND SURPLUS

		Current Year 1 Covered	Current Year 2 Uncovered	Current Year 3 Total	Prior Year 4 Total
1.	Claims unpaid (less $.....0 reinsurance ceded)	101,381,102		101,381,102	94,945,497
2.	Accrued medical incentive pool and bonus amounts	2,365,797		2,365,797	3,575,271
3.	Unpaid claims adjustment expenses	444,000		444,000	172,000
4.	Aggregate health policy reserves, including the liability of $.....0 for medical loss ratio rebate per the Public Health Service Act	514,000		514,000	174,000
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	2,736,862		2,736,862	3,933,433
10.1	Current federal and foreign income tax payable and interest thereon (including $.....0 on realized capital gains (losses))	216,885		216,885	2,377,583
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	1,932,827		1,932,827	
16.	Derivatives				
17.	Payable for securities				
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties (with $.....0 authorized reinsurers, $.....0 unauthorized reinsurers and $.....0 certified reinsurers)				
20.	Reinsurance in unauthorized and certified ($.....0) companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans				
23.	Aggregate write-ins for other liabilities (including $.....0 current)				
24.	TOTAL Liabilities (Lines 1 to 23)	109,591,473		109,591,473	105,177,784
25.	Aggregate write-ins for special surplus funds	XXX	XXX		
26.	Common capital stock	XXX	XXX	44,700	44,700
27.	Preferred capital stock	XXX	XXX		
28.	Gross paid in and contributed surplus	XXX	XXX	251,363	251,363
29.	Surplus notes	XXX	XXX		
30.	Aggregate write-ins for other than special surplus funds	XXX	XXX		
31.	Unassigned funds (surplus)	XXX	XXX	81,684,437	77,285,341
32.	Less treasury stock, at cost:				
	32.1 .....0 shares common (value included in Line 26 $.....0)	XXX	XXX		
	32.2 .....0 shares preferred (value included in Line 27 $.....0)	XXX	XXX		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	81,980,500	77,581,404
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	XXX	XXX	191,571,973	182,759,188
DETAILS OF WRITE-INS					
2301.					
2302.					
2303.					
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				
2501.		XXX	XXX		
2502.		XXX	XXX		
2503.		XXX	XXX		
2598.	Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX		
3001.		XXX	XXX		
3002.		XXX	XXX		
3003.		XXX	XXX		
3098.	Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

		Current Year 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1.	Member Months	XXX	3,504,919	3,429,167
2.	Net premium income (including $.....0 non-health premium income)	XXX	957,354,646	960,550,710
3.	Change in unearned premium reserves and reserve for rate credits	XXX		
4.	Fee-for-service (net of $.....0 medical expenses)	XXX		
5.	Risk revenue	XXX		
6.	Aggregate write-ins for other health care related revenues	XXX	12	6
7.	Aggregate write-ins for other non-health revenues	XXX		
8.	TOTAL Revenues (Lines 2 to 7)	XXX	957,354,658	960,550,716
Hospital and Medical:				
9.	Hospital/medical benefits		663,856,333	633,326,444
10.	Other professional services		4,777,843	3,835,877
11.	Outside referrals		29,780,670	28,118,015
12.	Emergency room and out-of-area		15,221,093	14,529,092
13.	Prescription drugs		98,130,198	91,592,747
14.	Aggregate write-ins for other hospital and medical		315,863	227,942
15.	Incentive pool, withhold adjustments and bonus amounts		9,652,527	11,664,725
16.	Subtotal (Lines 9 to 15)		821,734,527	783,294,842
Less:				
17.	Net reinsurance recoveries		427,905	352,235
18.	TOTAL Hospital and Medical (Lines 16 minus 17)		821,306,622	782,942,607
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including $.....0 cost containment expenses		4,011,886	3,334,249
21.	General administrative expenses		125,379,995	156,545,626
22.	Increase in reserves for life and accident and health contracts (including $.....0 increase in reserves for life only)		340,000	
23.	TOTAL Underwriting Deductions (Lines 18 through 22)		951,038,503	942,822,482
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	6,316,155	17,728,234
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,283,036	1,339,342
26.	Net realized capital gains (losses) less capital gains tax of $.....352,202		654,089	235,324
27.	Net investment gains (losses) (Lines 25 plus 26)		1,937,125	1,574,666
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
29.	Aggregate write-ins for other income or expenses			
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	8,253,280	19,302,900
31.	Federal and foreign income taxes incurred	XXX	3,038,815	6,393,053
32.	Net income (loss) (Lines 30 minus 31)	XXX	5,214,465	12,909,847
DETAILS OF WRITE-INS				
0601.	Miscellaneous Income	XXX	12	6
0602.		XXX		
0603.		XXX		
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	12	6
0701.		XXX		
0702.		XXX		
0703.		XXX		
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	XXX		
1401.	Hearing/Speech devices		315,863	227,942
1402.				
1403.				
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		315,863	227,942
2901.				
2902.				
2903.				
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year	2 Prior Year
	CAPITAL & SURPLUS ACCOUNT		
33.	Capital and surplus prior reporting year	77,581,404	65,115,046
34.	Net income or (loss) from Line 32	5,214,465	12,909,847
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of $.....(25,718)	(48,200)	(445,849)
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	455,987	(89,483)
39.	Change in nonadmitted assets	(1,223,156)	91,843
40.	Change in unauthorized and certified reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
	44.1 Paid in		
	44.2 Transferred from surplus (Stock Dividend)		
	44.3 Transferred to surplus		
45.	Surplus adjustments:		
	45.1 Paid in		
	45.2 Transferred to capital (Stock Dividend)		
	45.3 Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	4,399,096	12,466,358
49.	Capital and surplus end of reporting year (Line 33 plus 48)	81,980,500	77,581,404
DETAILS OF WRITE-INS			
4701.	0		
4702.			
4703.			
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	952,613,402	962,466,337
2.	Net investment income	1,641,596	1,575,783
3.	Miscellaneous income	12	6
4.	Total (Lines 1 through 3)	954,255,010	964,042,126
5.	Benefit and loss related payments	816,443,817	769,288,686
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	130,316,447	160,292,911
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	5,225,230	6,683,608
10.	Total (Lines 5 through 9)	951,985,494	936,265,205
11.	Net cash from operations (Line 4 minus Line 10)	2,269,516	27,776,921
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	25,801,871	14,142,512
	12.2 Stocks	8,537,272	4,496,015
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets	32,210	286,097
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds	22,018	237,539
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	34,393,371	19,162,163
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	38,607,425	23,410,972
	13.2 Stocks	9,158,404	4,615,192
	13.3 Mortgage loans		
	13.4 Real estate		
	13.5 Other invested assets	1,400,000	
	13.6 Miscellaneous applications	351,917	126,713
	13.7 Total investments acquired (Lines 13.1 to 13.6)	49,517,746	28,152,877
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(15,124,375)	(8,990,714)
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders		
	16.6 Other cash provided (applied)	2,153,410	249,611
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	2,153,410	249,611
	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)	(10,701,449)	19,035,818
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	120,807,957	101,772,139
	19.2 End of year (Line 18 plus Line 19.1)	110,106,507	120,807,957

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		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 Other Health	10 Other Non-Health
1.	Net premium income	957,354,646						3,875,431	953,479,215		
2.	Change in unearned premium reserves and reserve for rate credit										
3.	Fee-for-service (net of $.....0 medical expenses)										XXX
4.	Risk revenue										XXX
5.	Aggregate write-ins for other health care related revenues	12							12		XXX
6.	Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7.	TOTAL Revenues (Lines 1 to 6)	957,354,658						3,875,431	953,479,227		
8.	Hospital/medical benefits	663,856,333						2,115,747	661,740,586		XXX
9.	Other professional services	4,777,843						55,474	4,722,369		XXX
10.	Outside referrals	29,780,670						134,542	29,646,128		XXX
11.	Emergency room and out-of-area	15,221,093						88,341	15,132,752		XXX
12.	Prescription drugs	98,130,198						1,068,734	97,061,464		XXX
13.	Aggregate write-ins for other hospital and medical	315,863						141	315,722		XXX
14.	Incentive pool, withhold adjustments and bonus amounts	9,652,527							9,652,527		XXX
15.	Subtotal (Lines 8 to 14)	821,734,527						3,462,979	818,271,548		XXX
16.	Net reinsurance recoveries	427,905							427,905		XXX
17.	TOTAL Hospital and Medical (Lines 15 minus 16)	821,306,622						3,462,979	817,843,643		XXX
18.	Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19.	Claims adjustment expenses including $.....0 cost containment expenses	4,011,886						16,917	3,994,969		
20.	General administrative expenses	125,379,995						317,926	125,062,069		
21.	Increase in reserves for accident and health contracts	340,000						340,000			XXX
22.	Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23.	TOTAL Underwriting Deductions (Lines 17 to 22)	951,038,503						4,137,822	946,900,681		
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	6,316,155						(262,391)	6,578,546		
DETAILS OF WRITE-INS											
0501.	Miscellaneous Revenue	12							12		XXX
0502.											XXX
0503.											XXX
0598.	Summary of remaining write-ins for Line 5 from overflow page										XXX
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	12							12		XXX
0601.			XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.			XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.			XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698.	Summary of remaining write-ins for Line 6 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301.	Hearing/Speech Devices	315,863						141	315,722		XXX
1302.											XXX
1303.											XXX
1398.	Summary of remaining write-ins for Line 13 from overflow page										XXX
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	315,863						141	315,722		XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical)				
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan				
6.	Title XVIII - Medicare	3,877,840		2,409	3,875,431
7.	Title XIX - Medicaid	955,274,981		1,795,766	953,479,215
8.	Other health				
9.	Health subtotal (Lines 1 through 8)	959,152,821		1,798,175	957,354,646
10.	Life				
11.	Property/casualty				
12.	TOTALS (Lines 9 to 11)	959,152,821		1,798,175	957,354,646

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 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	805,646,395						3,139,013	802,507,382		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	404,579							404,579		
1.4 Net	805,241,816						3,139,013	802,102,803		
2. Paid medical incentive pools and bonuses	10,862,001							10,862,001		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	101,381,102						631,555	100,749,547		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	101,381,102						631,555	100,749,547		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	2,365,797							2,365,797		
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year	376,789							376,789		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	94,945,497						307,589	94,637,908		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	94,945,497						307,589	94,637,908		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	3,575,271							3,575,271		
11. Amounts recoverable from reinsurers December 31, prior year	353,463							353,463		
12. Incurred benefits:										
12.1 Direct	812,082,000						3,462,979	808,619,021		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	427,905							427,905		
12.4 Net	811,654,095						3,462,979	808,191,116		
13. Incurred medical incentive pools and bonuses	9,652,527							9,652,527		

(a) Excludes $.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT 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 Other Health	10 Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	5,870,741						28,584	5,842,157		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	5,870,741						28,584	5,842,157		
2. Incurred but Unreported:										
2.1 Direct	95,510,361						602,971	94,907,390		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	95,510,361						602,971	94,907,390		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	101,381,102						631,555	100,749,547		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	101,381,102						631,555	100,749,547		

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare	254,513	2,884,500		631,555	254,513	307,589
7. Title XIX - Medicaid	81,940,944	720,138,533	5,578,334	95,171,213	87,519,278	94,637,908
8. Other health						
9. Health subtotal (Lines 1 to 8)	82,195,457	723,023,033	5,578,334	95,802,768	87,773,791	94,945,497
10. Healthcare receivables (a)						
11. Other non-health						
12. Medical incentive pool and bonus amounts	3,023,686	7,838,315		2,365,797	3,023,686	3,575,271
13. TOTALS (Lines 9 - 10 + 11 + 12)	85,219,143	730,861,348	5,578,334	98,168,565	90,797,477	98,520,768

(a) Excludes $.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

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

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	31,723	31,679	31,749	31,756	31,756
2. 2008	319,508	354,657	355,010	355,020	355,020
3. 2009	XXX	478,778	536,186	538,808	538,803
4. 2010	XXX	XXX	614,644	693,306	693,301
5. 2011	XXX	XXX	XXX	687,048	772,277
6. 2012	XXX	XXX	XXX	XXX	730,861

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	31,761	31,679	31,749	31,756	31,756
2. 2008	354,748	354,657	355,010	355,020	355,020
3. 2009	XXX	530,847	537,000	538,808	538,803
4. 2010	XXX	XXX	698,357	693,841	693,301
5. 2011	XXX	XXX	XXX	784,726	777,855
6. 2012	XXX	XXX	XXX	XXX	829,030

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2008	423,942	355,020	1,803	0.508	356,823	84.168			356,823	84.168
2. 2009	651,901	538,803	2,412	0.448	541,215	83.021			541,215	83.021
3. 2010	873,177	693,301	2,093	0.302	695,394	79.640			695,394	79.640
4. 2011	960,551	772,277	4,307	0.558	776,584	80.848	5,578		782,162	81.429
5. 2012	957,354	730,861	3,210	0.439	734,071	76.677	98,169	444	832,684	86.978

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP . . . . . NONE

UNDERWRITING AND INVESTMENT EXHIBIT

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

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		255
6. 2012	XXX	XXX	XXX	XXX	2,884

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		255
6. 2012	XXX	XXX	XXX	XXX	3,516

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2008										
2. 2009										
3. 2010										
4. 2011	767	255	2	0.779	257	33.506			257	33.506
5. 2012	3,875	2,884	13	0.451	2,897	74.762	632	2	3,531	91.123

UNDERWRITING AND INVESTMENT EXHIBIT

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

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	31,723	31,679	31,749	31,756	31,756
2. 2008	319,508	354,657	355,010	355,020	355,020
3. 2009	XXX	478,778	536,186	538,808	538,803
4. 2010	XXX	XXX	614,644	693,306	693,301
5. 2011	XXX	XXX	XXX	687,048	772,022
6. 2012	XXX	XXX	XXX	XXX	727,977

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	31,761	31,679	31,749	31,756	31,756
2. 2008	354,748	354,657	355,010	355,020	355,020
3. 2009	XXX	530,847	537,000	538,808	538,803
4. 2010	XXX	XXX	698,357	693,841	693,301
5. 2011	XXX	XXX	XXX	784,726	777,600
6. 2012	XXX	XXX	XXX	XXX	825,514

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2008	423,942	355,020	1,803	0.508	356,823	84.168			356,823	84.168
2. 2009	651,901	538,803	2,412	0.448	541,215	83.021			541,215	83.021
3. 2010	873,177	693,301	2,093	0.302	695,394	79.640			695,394	79.640
4. 2011	959,784	772,022	4,305	0.558	776,327	80.886	5,578		781,905	81.467
5. 2012	953,479	727,977	3,197	0.439	731,174	76.685	97,537	442	829,153	86.961

UNDERWRITING AND INVESTMENT EXHIBIT

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

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009					
4. 2010		XXX			
5. 2011		XXX	XXX		
6. 2012	XXX	XXX	XXX	XXX	

NONE

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009					
4. 2010		XXX			
5. 2011		XXX	XXX		
6. 2012	XXX	XXX	XXX	XXX	

NONE

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2008										
2. 2009										
3. 2010										
4. 2011										
5. 2012										

NONE

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 Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
1. Unearned premium reserves									
2. Additional policy reserves (a)	514,000						514,000		
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including $.....0 for investment income)									
5. Aggregate write-ins for other policy reserves									
6. TOTALS (Gross)	514,000						514,000		
7. Reinsurance ceded									
8. TOTALS (Net) (Page 3, Line 4)	514,000						514,000		
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 through 0503 plus 0598) (Line 5 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)									

(a) Includes $.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($.....0 for occupancy of own building)		227,209	6,398,924		6,626,133
2. Salaries, wages and other benefits		1,886,593	57,559,069		59,445,662
3. Commissions (less $.....0 ceded plus $.....0 assumed)					
4. Legal fees and expenses			969,275		969,275
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services			732,381	144,945	877,326
7. Traveling expenses		1,089	2,606,270		2,607,359
8. Marketing and advertising			1,052,936		1,052,936
9. Postage, express and telephone		27,640	3,249,267		3,276,907
10. Printing and office supplies		1,605	822,083		823,688
11. Occupancy, depreciation and amortization			6,626,817		6,626,817
12. Equipment			4,498,293		4,498,293
13. Cost or depreciation of EDP equipment and software					
14. Outsourced services including EDP, claims, and other services		1,866,539	12,147,509		14,014,048
15. Boards, bureaus and association fees		1,211			1,211
16. Insurance, except on real estate			440,156		440,156
17. Collection and bank service charges			150,847		150,847
18. Group service and administration fees			2,060,254		2,060,254
19. Reimbursements by uninsured plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			579,613		579,613
23.2 State premium taxes					
23.3 Regulatory authority licenses and fees			340,192		340,192
23.4 Payroll taxes					
23.5 Other (excluding federal income and real estate taxes)			21,377,162		21,377,162
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses			3,768,947		3,768,947
26. TOTAL Expenses Incurred (Lines 1 to 25)		4,011,886	125,379,995	144,945	(a) 129,536,826
27. Less expenses unpaid December 31, current year		444,000	2,736,860		3,180,860
28. Add expenses unpaid December 31, prior year		172,000	3,933,433		4,105,433
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)		3,739,886	126,576,568	144,945	130,461,399
DETAILS OF WRITE-INS					
2501. Charitable Giving/Activities			3,768,947		3,768,947
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)			3,768,947		3,768,947

(a) Includes management fees of $.....95,893,257 to affiliates and $.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 301,583	223,736
1.1	Bonds exempt from U.S. tax	(a) 449,661	586,789
1.2	Other bonds (unaffiliated)	(a) 292,768	317,739
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	113,899	111,744
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 82,475	187,973
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	1,240,386	1,427,981
11.	Investment expenses		(g) 144,945
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		144,945
17.	Net Investment income (Line 10 minus Line 16)		1,283,036
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

(a) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(b) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued dividends on purchases.
(c) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(d) Includes $.....0 for company's occupancy of its own buildings; and excludes $.....0 interest on encumbrances.
(e) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(f) Includes $.....0 accrual of discount less $.....0 amortization of premium.
(g) Includes $.....0 investment expenses and $.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $.....0 interest on surplus notes and $.....0 interest on capital notes.
(i) Includes $.....0 depreciation on real estate and $.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	(119)		(119)		
1.1	Bonds exempt from U.S. tax	7,793		7,793		
1.2	Other bonds (unaffiliated)	38,294		38,294		
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	15,789		15,789		
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	944,530		944,530	(72,780)	
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets				(1,138)	
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	1,006,287		1,006,287	(73,918)	
DETAILS OF WRITE-INS						
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

EXHIBIT OF NONADMITTED ASSETS

		1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
	2.1 Preferred stocks			
	2.2 Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
	3.1 First liens			
	3.2 Other than first liens			
4.	Real estate (Schedule A):			
	4.1 Properties occupied by the company			
	4.2 Properties held for the production of income			
	4.3 Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Derivatives (Schedule DB)			
8.	Other invested assets (Schedule BA)	1,400,000		(1,400,000)
9.	Receivables for securities			
10.	Securities lending reinvested collateral assets (Schedule DL)			
11.	Aggregate write-ins for invested assets			
12.	Subtotals, cash and invested assets (Lines 1 to 11)	1,400,000		(1,400,000)
13.	Title plants (for Title insurers only)			
14.	Invested income due and accrued			
15.	Premium and considerations:			
	15.1 Uncollected premiums and agents' balances in the course of collection			
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
	15.3 Accrued retrospective premiums			
16.	Reinsurance:			
	16.1 Amounts recoverable from reinsurers			
	16.2 Funds held by or deposited with reinsured companies			
	16.3 Other amounts receivable under reinsurance contracts			
17.	Amounts receivable relating to uninsured plans			
18.1	Current federal and foreign income tax recoverable and interest thereon			
18.2	Net deferred tax asset		71,164	71,164
19.	Guaranty funds receivable or on deposit			
20.	Electronic data processing equipment and software			
21.	Furniture and equipment, including health care delivery assets			
22.	Net adjustment in assets and liabilities due to foreign exchange rates			
23.	Receivables from parent, subsidiaries and affiliates			
24.	Health care and other amounts receivable			
25.	Aggregate write-ins for other than invested assets	141,690	247,370	105,680
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,541,690	318,534	(1,223,156)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28.	Total (Lines 26 and 27)	1,541,690	318,534	(1,223,156)
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198.	Summary of remaining write-ins for Line 11 from overflow page			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501.	Deposits			
2502.	Acquired Memberships	141,690	242,370	100,680
2503.	Prepaid Expenses		5,000	5,000
2598.	Summary of remaining write-ins for Line 25 from overflow page			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	141,690	247,370	105,680

EXHIBIT 1 - 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	290,587	292,683	292,095	291,223	295,260	3,504,919
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	290,587	292,683	292,095	291,223	295,260	3,504,919
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

MERIDIAN HEALTH PLAN OF MICHIGAN, INC.
NAIC Company Code 52563
NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2012

Note 1 – Nature of Business and Summary of Significant Accounting Policies

Meridian Health Plan of Michigan, Inc. (formerly known as Health Plan of Michigan, Inc.) (the "Company") operates as a state-licensed health maintenance organization (HMO). Meridian Health Plan of Michigan, Inc. provides medical services to persons in sixty-seven Michigan counties who subscribe as recipients of state health benefits (Medicaid benefits). The Company also operates a Medicare Advantage Dual Eligible Special Needs Plan to provide medical services to dual eligible members (those eligible for both Medicaid and Medicare benefits).

Physician and Hospital Contracts – The Company contracts directly with physician/physician groups and hospitals for the provision of medical care and compensates the providers on either a capitation or fee for service basis. The Company has a risk sharing agreement with some primary care physicians, and a portion of the capitation payments may be retained for settlement of risk-sharing agreements.

Funds Maintained Under Statutory Requirements – The Company maintains funds under statutory or contractual requirements to protect members and health care providers in the event the Company is unable to meet its contractual obligations. These funds can be issued only at the direction of the applicable insurance commissioner or other regulatory agency in accordance with statutory and contractual provisions. The Company can utilize interest earned on these funds. At December 31, 2012 and 2011, $1,224,378 and $1,224,256, respectively, were held in cash to fulfill these requirements.

Statutory Basis of Accounting – The financial statements have been prepared in accordance with NAIC *Accounting Practices and Procedures* manual and the statutory accounting principles as prescribed by the Michigan Office of Financial and Insurance Regulation. Statutory accounting principles differ from generally accepted accounting principles ("GAAP") in certain respects and include the following accounting practices:

Certain assets designated as "non-admitted assets" are excluded from the statement of admitted asset, liabilities, and capital and surplus by a direct charge to surplus. Such items include intangible assets, prepaid assets, and certain deferred tax assets and receivables.

Deferred federal income taxes are calculated in accordance with Statement of Statutory Accounting Principles (SSAP) 101, which requires changes in deferred tax assets and deferred tax liabilities to be recorded as a direct adjustment to surplus.

Bonds are valued at amortized cost regardless of the level of portfolio activity

Adjustments reflecting the revaluation of stocks and bonds are carried to the surplus account as unrealized investment gains or losses, net of applicable taxes.

The statement of cash flows is prepared in the prescribed statutory format.

Because of the differences in accounting methods noted above, GAAP net assets exceed statutory net assets by approximately $2,600,000 and $1,370,000 at December 31, 2012 and 2011, respectively. The Company adopted the NAIC's Codification of Statutory Accounting Principles on January 1, 2003 at the direction of the Michigan Office of Financial and Insurance Regulation. There are no significant differences between statutory accounting principles prescribed by the NAIC and the State of Michigan accounting requirements that are applicable to the Company, except for the prescribed practice for SSAP 84, *Certain Health Care Receivables and Receivables Under Government Insured Plans*. There is no impact on statutory surplus of the difference in accounting principles prescribed by the NAIC and the State of Michigan, due to the prescribed practice referenced above.

Cash and Cash Equivalents – The Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents. Certificates of deposit in banks

Notes to Financial Statements

or similar financial institutions with maturity dates of one year or less from the acquisition date are also considered cash under statutory accounting principles, and are reported at fair market value.

Accounts Receivable – Management believes all receivables are fully collectible; accordingly, no amounts have been reflected as non-admitted assets.

Bonds – Bonds are stated at amortized cost using the interest method.

Common Stocks – Common stocks are stated at fair market value, as prescribed by the NAIC Securities Valuation Office.

Preferred stocks – The company does not have preferred stocks.

Mortgage Loans – The Company does not have mortgage loans.

Loan Backed Securities – Loan backed securities are generally stated at amortized cost; the prospective adjustment method is used to value all loan-backed securities.

Investments in Subsidiaries, Controlled and Affiliated Companies – The Company does not have Investments in Subsidiaries, Controlled and Affiliated Companies.

Investments in Joint Ventures, Partnerships and Limited Liability Companies − Investments in limited partnerships are accounted for using the equity method.

Derivatives – The Company does not have investments in derivatives.

Premium Deficiency Calculation – The Company has calculated a premium deficiency reserve of $514,000 and $174,000 on the Medicare line of business at December 31, 2012 and 2011, respectively.

Capitalization Policy – This is not applicable to the Company.

Pharmaceutical Rebates – The Company has pharmaceutical rebates receivable of $265,940 and $385,881 at December 31, 2012 and 2011, respectively.

Real Estate Investments – The Company does not have investments in real estate.

Property and Equipment – The Company does not have property and equipment.

Income Taxes - The Company accounts for income taxes as prescribed by SSAP Number 101. A current liability or asset is recognized for the estimated taxes payable or refundable on the current year tax return. Deferred liabilities or assets are recognized for the estimated future tax effects of temporary differences between statutory and tax accounting methods. Changes in deferred tax assets and liabilities are recorded as adjustments to surplus.

Revenue Recognition - Capitation premiums are recognized in the period members are entitled to related health care services.

Recognition of Health Care Service Costs - Health care service costs and the related liabilities for claims payable are recorded when medical services are authorized, as well as when services are provided without authorization to the extent such services are expected to be ultimately authorized. Claims payable includes an actuarially determined estimate of the ultimate cost of settling claims.

Use of Estimates - The preparation of financial statements in conformity with accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Regulation requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Certain significant estimates exist relating to claims payable. It is at least reasonably possible that these estimates will be materially revised in the near term.

Notes to Financial Statements

Note 2 – Accounting Changes and Corrections of Errors

This Note is not applicable to the Company.

Note 3 – Business Combinations and Goodwill

This Note is not applicable to the Company.

Note 4 – Discontinued Operations

This Note is not applicable to the Company.

Note 5 – Investments

This Note is not applicable to the Company.

Note 6 – Joint Ventures, Partnerships, and Limited Liability Companies

The Company has no investment in joint ventures, partnerships, or limited liability companies that exceed 10% of the admitted assets of the Company.

Note 7 – Investment Income

This Note is not applicable to the Company.

Note 8 – Derivative Instruments

This Note is not applicable to the Company.

Note 9 – Income Taxes

A. The components of the net deferred tax asset (liability) at December 31 are as follows:

1.

	December 31, 2012			December 31, 2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross Deferred Tax Assets	$ 878,992	$ 161,000	$1,039,992	$ 410,954	$ 142,315	$ 553,269	$ 468,038	$ 18,685	$ 486,723
Statutory Valuation Allowance Adjustments	-	-	-	-	-	-	-	-	-
Adjusted Gross Deferred Tax Assets	878,992	161,000	1,039,992	410,954	142,315	553,269	468,038	18,685	486,723
Deferred Tax Assets Nonadmitted	-	-	-	71,164	-	71,164	(71,164)	-	(71,164)
Subtotal Net Admitted Deferred Tax Asset	878,992	161,000	1,039,992	339,790	142,315	482,105	539,202	18,685	557,887
Deferred Tax Liabilities	-	161,000	161,000	-	155,981	155,981	-	5,019	5,019
Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability)	**$ 878,992**	**$ -**	**$ 878,992**	**$ 339,790**	**$ (13,666)**	**$ 326,124**	**$ 539,202**	**$ 13,666**	**$ 552,868**

2.

	December 31, 2012			December 31, 2011			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	$ 878,992	$ -	$ 878,992	$ -	$ -	$ -	$ 878,992	$ -	$ 878,992
Adjusted Gross Deferred Tax Assets Expected to be Realized:	-	-	-	-	-	-	-	-	-
Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	-	-	-	326,124	-	326,124	(326,124)	-	(326,124)
Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshhold			-	-		-	-		-
Adjusted Gross Deferred Tax Assets Offset by Gross Deferred Tax Liabilities	-	161,000	161,000	-	155,981	155,981	-	5,019	5,019
Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101	**$ 878,992**	**$ 161,000**	**$ 1,039,992**	**$ 326,124**	**$ 155,981**	**$ 482,105**	**$ 552,868**	**$ 5,019**	**$ 557,887**

Notes to Financial Statements

3.

		2012 Percentage	2011 Percentage
(a)	Determine Recovery Period and Threshold Limitation	- %	10%
(b)	Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b)2 Above	-	26,697,003

4. The Company has not entered into any tax planning strategies that would impact the determination of deferred tax assets.

B. Regarding deferred tax liabilities that are not recognized:

Not applicable

C. Current income taxes incurred consist of the following major components:

The significant components of current income taxes for the periods ending December 31 are as follows:

1. Current income tax:

	December 31, 2012	December 31, 2011	Change
Federal	$ 3,038,815	$ 6,393,053	$ (3,354,238)
Federal income tax on net capital gains	352,202	126,713	225,489
Federal and foreign income taxes incurred	**$ 3,391,017**	**$ 6,519,766**	**$ (3,128,749)**

2. Deferred tax assets:

	2012	2011	Change
Ordinary - Discounting of unpaid losses	$ 363,174	$ 324,374	$ 38,800
Premium deficiency reserve	179,900	-	179,900
Other (including items < 5% of total ordinary tax asset)	286,326	-	286,326
Other assets - nonadmitted	49,592	86,580	(36,988)
Subtotal	878,992	410,954	468,038
Nonadmitted	-	71,164	(71,164)
Admitted ordinary deferred tax assets	878,992	339,790	539,202
Capital - Investments	161,000	142,315	18,685
Admitted deferred tax assets	**$ 1,039,992**	**$ 482,105**	**$ 557,887**

Notes to Financial Statements

The significant components of deferred tax liabilities at December 31 are as follows:

3. Deferred tax liabilities:

	2012	2011	Change
Capital - Investments	$ 161,000	$ 155,981	$ 5,019

	2012	2011	Change
Net deferred tax assets	$ 878,992	$ 326,124	$ 552,868

D. Among the more significant book to tax adjustments were the following:

The significant items causing a difference between the statutory federal income tax rate and the Company's effective income tax rate are as follows:

	2012	Effective Tax Rate	2011	Effective Tax Rate
Provision computed at statutory rate	$ 2,888,651	35.00%	$ 6,756,015	35.00%
Tax exempt income deduction	(195,932)	-2.37%	(158,281)	-0.82%
Non-deductible contributions	48,055	0.58%	33,961	0.18%
Other	194,256	2.35%	(22,446)	-0.12%
Total statutory income taxes	$ 2,935,030	35.56%	$ 6,609,249	34.24%
Federal income taxes incurred	$ 3,038,815	36.82%	$ 6,393,053	33.12%
Realized capital gains (losses) tax	352,202	4.27%	126,713	0.66%
Change in net deferred income taxes	(455,987)	-5.52%	89,483	0.46%
Total statutory income taxes	$ 2,935,030	35.56%	$ 6,609,249	34.24%

E. Income tax carryforwards:

At December 31, 2012, the Company had net operating loss carryforwards expiring through the year of 2031 of $0.

At December 31, 2012, the Company had capital loss carryforwards expiring through the year 2016 of $0.

At December 31, 2012, the Company had an AMT credit carryforward, which does not expire, in the amount of $0.

The following is income tax expense for 2012 and 2011 that is available for recoupment in the event of future net losses:

Year	Amount
2012	$ 3,391,017
2011	6,516,802

The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Cod.

F. Consolidated federal income tax return:

The Company's federal income tax return is consolidated with the following entities:

Caidan Holding Company, Inc. (Parent)
Meridian Health Plan of Illinois, Inc.
Meridian Health Plan of Iowa, Inc.
Granite Care - Meridian Health Plan of New Hampshire, Inc.

Notes to Financial Statements

Federal income tax will be allocated to the Company as if the Company were filing a separate income tax return. The Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

The Company is a wholly owned subsidiary of a holding company, Caidan Holding Company, Inc.

The Company contracted with Caidan Management Company, LLC, a third-party administrator related through common ownership, for administrative services. The Company paid management fees to Caidan Management Company totaling $95,893,257 and $87,566,498 in 2012 and 2011, respectively. The Company had outstanding amounts due to Caidan Management Company, LLC totaling $1,773,533 at December 31, 2012 related to this agreement.

Effective January 1, 2011, the Company entered into an agreement with MeridianRx, a third-party administrator related through common ownership, for pharmacy benefit management services. During 2012 and 2011, the Company incurred expenses totaling $98,130,197 and $91,171,970, respectively. The Company had outstanding amounts due to MeridianRx totaling $5,530,474 and $4,271,670 at December 31, 2012 and 2011, respectively, related to this agreement. The Company also had amounts outstanding due to MeridianRx totaling $159,294 and $0 at December 31, 2012 and 2011, respectively, related to accrued claims tax.

Note 11 – Debt

The Company has no outstanding debt at December 31, 2012.

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

This Note is not applicable to the Company.

Note 13 – Capital and Surplus, Stockholders' Dividend Restrictions, and Quasi-Reorganizations

The Company has 100,000 common shares authorized and 1,000 shares issued and outstanding at December 31, 2012 and 2011. All shares are common stock with a stated value of $44.70 per share.

Subject to other regulatory limitations on capital and surplus and working capital, the Company is limited by statute to paying dividends no greater than 10 percent of surplus without prior approval of the Michigan Office of Financial and Insurance Regulation.

The portion of unassigned funds (surplus) represented by changes in non-admitted asset values is $(1,223,156) and $91,843 at December 31, 2012 and 2011, respectively. The portion of unassigned funds (surplus) represented by unrealized gains and losses, net of taxes, is $(48,200) and $(445,849) at December 31, 2012 and 2011, respectively.

Note 14 – Contingencies

This Note is not applicable to the Company.

Note 15 – Leases

This Note is not applicable to the Company.

Note 16 – Information About Financial Instruments with Off-balance-sheet Risk and Financial Instruments with Concentrations of Credit Risk

This Note is not applicable to the Company.

Note 17 – Sale, Transfer, and Servicing of Financial Assets and Extinguishments of Liabilities

This Note is not applicable to the Company

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

Notes to Financial Statements

This Note is not applicable to the Company.

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

This Note is not applicable to the Company.

Note 20 – Fair Value Measurements

The following table presents information about the Company's assets and liabilities measured at fair value at December 31, 2012, and the valuation techniques used by the Company to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Company's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The fair value of bonds was determined primarily based on Level 2 inputs. The Company obtains the fair value of these investments based on values determined and provided by the investment custodians.

A. Fair Value Measurements at Reporting Date

	Level 1	Level 2	Level 3	Total
Common stock - Industrial & Miscellaneous	$ 8,234,271	$ -	$ -	$ 8,234,271

C.

	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Carrying Value
Bonds	$ 60,332,511	$ 58,651,760	$ -	$ 60,332,511	$ -	$ 58,651,760
Short-term investments	18,433,332	18,433,332	-	18,433,332	-	18,433,332
	$ 78,765,843	$ 77,085,092	$ -	$ 78,765,843	$ -	$ 77,085,092

Note 21 – Other Items

At December 31, 2012 and 2011, the Company had admitted assets of $ 12,021,273 and $6,940,029 respectively, in accounts receivable for amounts due from governmental entities and other healthcare providers. The Company routinely assesses the collectability of these receivables. At December 31, 2012 and 2011 the Company has determined there are no uncollectible receivables.

The Company did not have exposure to subprime mortgages (either directly or through other investments) at December 31, 2012 or 2011.

Note 22 – Events Subsequent

This note is not applicable to the Company.

Note 23 – Reinsurance

The Company maintains a reinsurance policy to provide coverage on an annual per member basis after a deductible for eligible services is reached. The Company has two reinsurance policies in effect. The first agreement is with a related party and the deductible is $175,000. This reinsurance policy will

Notes to Financial Statements

cover losses incurred per member from $175,000 to $300,000. The second agreement has a deductible of $300,000. The maximum agreement period reinsurance indemnity payable is $2,000,000 per member. The Company has reported premiums net of reinsurance ceded of $1,798,175 and $1,082,210 as of December 31, 2012 and 2011, respectively. Losses recovered by the Company totaled approximately $428,000 and $352,000 in 2012 and 2011, respectively. At December 31, 2012 and 2011, the Company has a reinsurance receivable recorded of $376,789 and $353,463, respectively.

The Company does not have reinsurance assumed, uncollectible reinsurance, or retroactive reinsurance.

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

This Note is not applicable to the Company.

Note 25 – Change in Incurred Claims and Claim Adjustment Expenses

An enrolled actuary has determined the estimated reserve for claims incurred but not reported. Although management believes that the provision for unpaid claims is adequate, no assurance can be given that the ultimate settlement of these liabilities may not be greater or less than such estimates. Any future adjustments to these amounts will affect the reported results of future periods.

Reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years has decreased by $7,723,291 primarily due to the re-estimation of unpaid claims and claim adjustment expenses. This change is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

Note 26 – Intercompany Pooling Arrangements

This Note is not applicable to the Company.

Note 27 – Structured Settlements

This Note is not applicable to the Company.

Note 28 – Health Care Receivables

The Company has Pharmaceutical Rebate Receivables of $ 265,940 and $385,881 at December 31, 2012 and 2011, respectively.

The Company has no accounts receivable from risk sharing arrangements at December 31, 2012 and 2011.

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
12/31/2012	$ 265,940	$ 265,940	$ 31,797	$ -	$ -
9/30/2012	-	-	-	-	-
6/30/2012	-	-	-	-	-
3/31/2012	-	-	-	-	-
12/31/2011	$ 385,881	$ 385,881	$ 189,589	$ 170,107	$ -
9/30/2011	-	-	-	-	-
6/30/2011	-	-	-	-	-
3/31/2011	-	-	-	-	-

Note 29 – Participating Policies

This Note is not applicable to the Company.

Notes to Financial Statements

Note 30 – Premium Deficiency Reserves

As of December 31, 2012 and 2011, the Company has liabilities of $514,000 and $ 174,000, respectively, related to premium deficiency reserves on the Medicare line of business. Anticipated investment income was not utilized as a factor in the premium deficiency calculation.

Note 31 – Anticipated Salvage and Subrogation

This Note is not applicable to the Company.

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[ ] N/A[ ]

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:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011

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. 12/31/2011

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). 10/01/2012

3.4 By what department or departments?
State of Michigan Office of Financial and Insurance Regulation

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[ ] No[ ] N/A[X]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[ ] N/A[ ]

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? 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 0.000%
7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

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 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
		Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Plante & Moran, PLLC 2601 Cambridge Court, Suite 500 Auburn Hills, MI 48326

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[ ] No[X]

10.2 If response to 10.1 is "yes," provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes[ ] No[X]

10.4 If response to 10.3 is "yes," provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[ ] N/A[ ]

10.6 If the response to 10.5 is "NO" or "N/A" please explain:

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Larry Pfannerstill, Milliman USA 15800 Bluemound Rd. Suite 400 Brookfield, WI 53005-6069; Actuary/consultant with an actuarial firm

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes[ ] No[X]

GENERAL INTERROGATORIES (Continued)

12.11 Name of real estate holding company
12.12 Number of parcels involved 0
12.13 Total book/adjusted carrying value $ 0
12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[ ] No[ ] N/A[X]
13.3 Have there been any changes made to any of the trust indentures during the year? Yes[ ] No[ ] N/A[X]
13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes[ ] No[ ] N/A[X]

14.1 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.
14.11 If the response to 14.1 is no, please explain:
14.2 Has the code of ethics for senior managers been amended? Yes[ ] No[X]
14.21 If the response to 14.2 is yes, provide information related to amendment(s).
14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[ ] No[X]
14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes[ ] No[X]
15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001				

BOARD OF DIRECTORS

16. 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[ ]

17. 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[ ]

18. 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 that is in conflict or is likely to conflict with the official duties of such person? Yes[X] No[ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes[ ] No[X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
20.11 To directors or other officers $ 0
20.12 To stockholders not officers $ 0
20.13 Trustees, supreme or grand (Fraternal only) $ 0
20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
20.21 To directors or other officers $ 0
20.22 To stockholders not officers $ 0
20.23 Trustees, supreme or grand (Fraternal only) $ 0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes[ ] No[X]
21.2 If yes, state the amount thereof at December 31 of the current year:
21.21 Rented from others $ 0
21.22 Borrowed from others $ 0
21.23 Leased from others $ 0
21.24 Other $ 0

22.1 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]
22.2 If answer is yes:
22.21 Amount paid as losses or risk adjustment $ 0
22.22 Amount paid as expenses $ 0
22.23 Other amounts paid $ 0

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[ ] No[X]
23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 0

INVESTMENT

24.01 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? (other than securities lending programs addressed in 24.03) Yes[X] No[ ]
24.02 If no, give full and complete information, relating thereto
24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes[ ] No[ ] N/A[X]
24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $ 0
24.06 If answer to 24.04 is no, report amount of collateral for other programs. $ 0
24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes[ ] No[ ] N/A[X]
24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes[ ] No[ ] N/A[X]
24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes[ ] No[ ] N/A[X]

GENERAL INTERROGATORIES (Continued)

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. $ 0
24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. $ 0
24.103 Total payable for securities lending reported on the liability page. $ 0

25.1 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, 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 21.1 and 24.03). Yes[X] No[ ]
25.2 If yes, state the amount thereof at December 31 of the current year:
25.21 Subject to repurchase agreements $ 0
25.22 Subject to reverse repurchase agreements $ 0
25.23 Subject to dollar repurchase agreements $ 0
25.24 Subject to reverse dollar repurchase agreements $ 0
25.25 Pledged as collateral $ 0
25.26 Placed under option agreements $ 0
25.27 Letter stock or securities restricted as to sale $ 0
25.28 On deposit with state or other regulatory body $ 1,224,378
25.29 Other $ 0
25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[ ] No[X]
26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[ ] No[ ] N/A[X]
If no, attach a description with this statement.

27.1 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]
27.2 If yes, state the amount thereof at December 31 of the current year. $ 0

28. 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 I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No[ ]
28.01 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
Comerica Bank	500 Woodward Ave, Detroit, MI 48226

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes[ ] No[X]
28.04 If yes, give full and complete information relating thereto:

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

28.05 Identify all investment advisers, 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 Number(s)	2 Name	3 Address
123286	Roble Asset Management	5700 Corporate Drive, Pittsburgh,PA 15237
114949	Madison Scottsdale	8777 N. Gainey Center Dr, Ste 200, Scottsdale, AZ 85258
8174	UBS	89 Kercheval Ave., Grosse Pointe Farms, MI 48236

29.1 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[X] No[ ]
29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
09251T509	BLACKROCK GLB ALLOCATION FD	2,034,856
32008F606	FIRST EAGLE FDS INC	2,068,641
466001864	IVY FDS TR	2,071,780
94987W307	WELLS FARGO FDS TR	2,058,994
29.2999 Total		8,234,271

GENERAL INTERROGATORIES (Continued)

29.3 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
BLACKROCK GLB ALLOCATION FD	US TREASURY NOTE 3.5%	37,848	12/31/2012
FIRST EAGLE FDS INC	GOLD COMMODITY IN OUNCES	101,984	12/31/2012
IVY FDS INC	GOLD BULLION	205,927	12/31/2012
WELLS FARGO FDS TR	GMO IMPLEMENTATION	1,121,386	12/31/2012

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	77,085,092	78,763,292	1,678,200
30.2	Preferred stocks			
30.3	Totals	77,085,092	78,763,292	1,678,200

30.4 Describe the sources or methods utilized in determining the fair values
Month end market analysis/valuation

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes[X] No[ ]
31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes[X] No[ ] N/A[ ]
31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[ ]
32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? $ 0
33.2 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

34.1 Amount of payments for legal expenses, if any? $ 0
34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? $ 0
35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Public Affairs Associates	15,000

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: $ 0
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $ 0
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	957,354,646	960,550,710
2.2	Premium Denominator	957,354,646	960,550,710
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	104,260,899	98,694,768
2.5	Reserve Denominator	104,260,899	98,694,768
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 dependents 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[X] N/A[ ]

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 $ 345,000
5.32 Medical Only $ 0
5.33 Medicare Supplement $ 0
5.34 Dental & Vision $ 0
5.35 Other Limited Benefit Plan $ 0
5.36 Other $ 0

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:
Hold harmless provisions, Insolvency coverage under reinsurance policy and State Mandated Trust Fund

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? 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 21,186
8.2 Number of providers at end of reporting year 25,981

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 0
9.22 Business with rate guarantees over 36 months 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes[X] No[ ]
10.2 If yes:
10.21 Maximum amount payable bonuses $ 9,669,268
10.22 Amount actually paid for year bonuses $ 7,419,780
10.23 Maximum amount payable withholds $ 521,718
10.24 Amount actually paid for year withholds $ 418,577

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. $ 55,753,808
11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes[ ] No[X]
11.6 If the amount is calculated, show the calculation.
RBC 200% of Authorized Control Level

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

1 Name of Service Area
Alcona
Allegan
Alpena
Antrim
Arenac
Barry
Bay
Benzie

GENERAL INTERROGATORIES (Continued)

1 Name of Service Area
Berrien
Branch
Calhoun
Cass
Charlevoix
Cheboygan
Clare
Clinton
Crawford
Eaton
Emmet
Genesee
Gladwin
Grand Traverse
Gratiot
Hillsdale
Huron
Ingham
Ionia
Iosco
Isabella
Jackson
Kalamazoo
Kalkaska
Kent
Lake
Lapeer
Lenawee
Livingston
Macomb
Manistee
Mason
Mecosta
Midland
Missaukee
Monroe
Montcalm
Montmorency
Muskegon
Newaygo
Oakland
Oceana
Ogemaw
Osceola
Oscoda
Otsego
Ottawa
Presque Isle
Roscommon
Saginaw
Sanilac
Shiawassee
St. Clair
St. Joseph
Tuscola
Van Buren
Washtenaw
Wayne
Wexford

13.1 Do you act as a custodian for health savings accounts? Yes[ ] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date: $ 0

13.3 Do you act as an administrator for health savings accounts? Yes[ ] No[X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date: $ 0

FIVE-YEAR HISTORICAL DATA

	1 2012	2 2011	3 2010	4 2009	5 2008
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	191,571,973	182,759,188	156,590,188	117,105,525	95,274,105
2. TOTAL Liabilities (Page 3, Line 24)	109,591,473	105,177,784	91,475,142	57,092,623	44,996,195
3. Statutory surplus	55,753,808	53,394,006	48,486,790	36,866,500	25,337,446
4. TOTAL Capital and Surplus (Page 3, Line 33)	81,980,500	77,581,404	65,115,046	60,012,902	50,277,910
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	957,354,658	960,550,716	873,176,910	651,900,988	423,942,604
6. TOTAL Medical and Hospital Expenses (Line 18)	821,306,622	782,942,607	704,937,385	530,673,477	354,195,781
7. Claims adjustment expenses (Line 20)	4,011,886	3,334,249	2,656,015	2,238,131	1,686,531
8. TOTAL Administrative Expenses (Line 21)	125,379,995	156,545,626	149,440,212	99,138,278	44,790,407
9. Net underwriting gain (loss) (Line 24)	6,316,155	17,728,234	16,143,298	19,851,102	23,269,885
10. Net investment gain (loss) (Line 27)	1,937,125	1,574,666	1,837,444	1,517,144	1,589,029
11. TOTAL Other Income (Lines 28 plus 29)				35,366	1,052
12. Net income or (loss) (Line 32)	5,214,465	12,909,847	11,576,215	14,342,371	16,511,460
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	2,269,516	27,776,921	46,104,492	25,356,358	22,904,486
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	81,980,500	77,581,404	65,115,046	60,012,902	50,277,910
15. Authorized control level risk-based capital	27,876,904	26,697,003	24,243,395	18,415,227	12,668,552
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	295,260	290,587	279,585	236,770	167,207
17. TOTAL Members Months (Column 6, Line 7)	3,504,919	3,429,167	3,131,834	2,399,409	1,817,726
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	85.8	81.5	80.7	80.4	79.0
20. Cost containment expenses					
21. Other claims adjustment expenses	0.4	0.3	0.3	0.3	0.4
22. TOTAL Underwriting Deductions (Line 23)	99.3	98.2	98.2	95.7	89.4
23. TOTAL Underwriting Gain (Loss) (Line 24)	0.7	1.8	1.8	3.0	5.2
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	90,797,477	81,836,326	58,645,022	35,103,805	31,761,506
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	98,520,768	84,527,722	52,069,774	35,278,314	32,313,988
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					
33. TOTAL investment in parent included in Lines 26 to 31 above					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[ ] No[ ] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

ALLOCATED BY STATES AND TERRITORIES

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	L		3,877,840	955,274,981				959,152,821	
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	N								
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Marianas Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	XXX								
59. Subtotal	XXX		3,877,840	955,274,981				959,152,821	
60. Reporting entity contributions for Employee Benefit Plans	XXX								
61. TOTAL (Direct Business)	(a) 1		3,877,840	955,274,981				959,152,821	
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX								

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

Caidan Enterprises, Inc. (MI; Federal Employer Identification # 52-2422207)
Organization Governance and Ownership Structure:
Equity Shareholders
Board of Directors
Shareholders at March 31, 2012:

D. Cotton, MD	32.4%
S. Cotton	31.6%
J. Cotton	10.0% - Non Voting Stock
S.P. Cotton	10.0% - Non Voting Stock
M. Cotton	10.0% - Non Voting Stock
T. Lauzon	6.0%

Caidan Management Company, LLC (MI; Federal Employer Identification # 26-4004494)
Organization Governance and Ownership Structure:
Equity Shareholders
Board of Directors
Shareholders at March 31, 2012:
Caidan Enterprises, Inc. 100%

Meridian Rx, LLC (MI; Federal Employer Identification # 27-1339224)
Organization Governance and Ownership Structure:
Equity Shareholders
Board of Directors
Shareholders at March 31, 2012:
Caidan Enterprises, Inc. 100%

Health Management, Inc. (MI; Federal Employer Identification # 38-3360283)
(common ownership with Caidan Enterprises, Inc. majority shareholder)
Organization Governance and Ownership Structure:
Equity Shareholders
Shareholders at March 31, 2012:
D. Cotton, MD 100%

Caidan Holding Company, Inc. (MI; Federal Employer Identification # 26-4004578)
Organization Governance and Ownership Structure:
Equity Shareholders
Board of Directors
Shareholders at March 31, 2012:
Caidan Enterprises, Inc. 100%

Meridian Health Plan of Michigan, Inc. (MI; NAIC # 52563; Federal Employer Identification # 38-3253977)
Organization Governance and Ownership Structure:
Equity Shareholders
Board of Directors
Shareholders at March 31, 2012:
Caidan Holding Company, Inc. 100%

Meridian Health Plan of Illinois, Inc. (IL; NAIC # 13189; Federal Employer Identification # 20-3209671)
Organization Governance and Ownership Structure:
Equity Shareholders
Board of Directors
Shareholders at March 31, 2012:
Caidan Holding Company, Inc. 100%

Meridian Health Plan of Iowa, Inc. (IA; NAIC # 14145; Federal Employer Identification # 45-1749180)
Organization Governance and Ownership Structure:
Equity Shareholders
Board of Directors
Shareholders at March 31, 2012:
Caidan Holding Company, Inc. 100%

Granite Care - Meridian Health Plan of New Hampshire, Inc. (NH; NAIC # 14228; Federal Employer Identification # 36-4717033)
Organization Governance and Ownership Structure:
Equity Shareholders
Board of Directors
Shareholders at March 31, 2012:
Caidan Holding Company, Inc. 100%

INDEX TO HEALTH ANNUAL STATEMENT

Analysis of Operations By Lines of Business 7
Assets 2
Cash Flow 6
Exhibit 1 - Enrollment By Product Type for Health Business Only 17
Exhibit 2 - Accident and Health Premiums Due and Unpaid 18
Exhibit 3 - Health Care Receivables 19
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus 20
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates 21
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates 22
Exhibit 7 - Part 1 - Summary of Transactions With Providers 23
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries 23
Exhibit 8 - Furniture, Equipment and Supplies Owned 24
Exhibit of Capital Gains (Losses) 15
Exhibit of Net Investment Income 15
Exhibit of Nonadmitted Assets 16
Exhibit of Premiums, Enrollment and Utilization (State Page) 29
Five-Year Historical Data 28
General Interrogatories 26
Jurat Page 1
Liabilities, Capital and Surplus 3
Notes To Financial Statements 25
Overflow Page For Write-ins 44
Schedule A - Part 1 ..... E01
Schedule A - Part 2 ..... E02
Schedule A - Part 3 ..... E03
Schedule A - Verification Between Years SI02
Schedule B - Part 1 ..... E04
Schedule B - Part 2 ..... E05
Schedule B - Part 3 ..... E06
Schedule B - Verification Between Years SI02
Schedule BA - Part 1 ..... E07
Schedule BA - Part 2 ..... E08
Schedule BA - Part 3 ..... E09
Schedule BA - Verification Between Years SI03
Schedule D - Part 1 ..... E10
Schedule D - Part 1A - Section 1 ..... SI05
Schedule D - Part 1A - Section 2 ..... SI08
Schedule D - Part 2 - Section 1 ..... E11
Schedule D - Part 2 - Section 2 ..... E12
Schedule D - Part 3 ..... E13
Schedule D - Part 4 ..... E14
Schedule D - Part 5 ..... E15
Schedule D - Part 6 - Section 1 ..... E16
Schedule D - Part 6 - Section 2 ..... E16
Schedule D - Summary By Country SI04
Schedule D - Verification Between Years SI03
Schedule DA - Part 1 ..... E17
Schedule DA - Verification Between Years SI10
Schedule DB - Part A - Section 1 ..... E18
Schedule DB - Part A - Section 2 ..... E19
Schedule DB - Part A - Verification Between Years SI11
Schedule DB - Part B - Section 1 ..... E20
Schedule DB - Part B - Section 2 ..... E21
Schedule DB - Part B - Verification Between Years SI11
Schedule DB - Part C - Section 1 ..... SI12
Schedule DB - Part C - Section 2 ..... SI13
Schedule DB - Part D E22
Schedule DB - Verification SI14
Schedule DL - Part 1 ..... E23

INDEX TO HEALTH ANNUAL STATEMENT

Schedule DL - Part 2 ..... E24
Schedule E - Part 1 - Cash E25
Schedule E - Part 2 - Cash Equivalents E26
Schedule E - Part 3 - Special Deposits E27
Schedule E - Verification Between Years SI15
Schedule S - Part 1 - Section 2 30
Schedule S - Part 2 31
Schedule S - Part 3 - Section 2 32
Schedule S - Part 4 33
Schedule S - Part 5 34
Schedule S - Part 6 36
Schedule S - Part 7 37
Schedule T - Part 2 - Interstate Compact 39
Schedule T - Premiums and Other Considerations 38
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group 40
Schedule Y - Part 1A - Detail of Insurance Holding Company System 41
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates 42
Statement of Revenue and Expenses 4
Summary Investment Schedule SI01
Supplemental Exhibits and Schedules Interrogatories 43
Underwriting and Investment Exhibit - Part 1 8
Underwriting and Investment Exhibit - Part 2 9
Underwriting and Investment Exhibit - Part 2A 10
Underwriting and Investment Exhibit - Part 2B 11
Underwriting and Investment Exhibit - Part 2C 12
Underwriting and Investment Exhibit - Part 2D 13
Underwriting and Investment Exhibit - Part 3 14