



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2007

OF THE CONDITION AND AFFAIRS OF THE

Aetna Health Inc. (a Michigan corporation)

NAIC Group Code **0001** **0001** NAIC Company Code **95756** Employer's ID Number **23-2861565**
(Current Period) (Prior Period)

Organized under the Laws of **Michigan**

State of Domicile or Port of Entry **Michigan**

Country of Domicile **United States**

Licensed as business type: Life, Accident & Health []
Dental Service Corporation []
Other []

Property/Casualty []
Vision Service Corporation []
Is HMO Federally Qualified? Yes []

Hospital, Medical & Dental Service or Indemnity []
Health Maintenance Organization [X]

Incorporated/Organized **September 10, 1996**

Commenced Business **April 1, 1998**

Statutory Home Office **26933 Northwestern Highway, Suite 100** **Southfield** **MI** **48033-4716**
(Street and Number) (City, State and Zip Code)

Main Administrative Office **26933 Northwestern Highway, Suite 100**
(Street and Number)

..... **Southfield .. MI .. 48033-4716** **248-208-8600**
(City, State and Zip Code) (Area Code) (Telephone Number)

Mail Address **26933 Northwestern Highway, Suite 100** **Southfield** **MI** **48033-4716**
(Street and Number or P. O. Box) (City, State and Zip Code)

Primary Location of Books and Records **980 Jolly Road**
(Street and Number)

..... **Blue Bell** **PA** **19422-1904** **800-872-3862**
(City, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address **www.aetna.com**

Statutory Statement Contact **Alicia Helene Bolton** **215-775-6508**
(Name) (Area Code) (Telephone Number) (Extension)

..... **Aetna.HMOReporting@aetna.com** **215-775-6790**
(E-mail Address) (Fax Number)

OFFICERS

Allan Ira Greenberg, President
Edward Chung-I Lee, Vice President and Secretary #
Alicia Helene Bolton, Principal Financial Officer and Controller #

OTHER **Burton Fred Vanderlaan, M.D., Senior Medical Director**
Elaine Rose Cofrancesco, Treasurer
Gregory Stephen Martino, Vice President
Kevin James Casey, Senior Investment Officer
David William Braun, Assistant Controller #

DIRECTORS OR TRUSTEES

Allan Ira Greenberg

Gregory Stephen Martino

Burton Fred Vanderlaan, M.D.

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

(Signature)
Edward Chung-I Lee
Vice President and Secretary@

(Signature)
Alicia Helene Bolton
Principal Financial Officer and Controller@@

State of..... Illinois
County of..... Cook
Subscribed and sworn to before me this
day of _____ 2008

State of..... Connecticut
County of..... Hartford
@Subscribed and sworn to before me this
day of _____ 2008

State of..... Pennsylvania
County of..... Montgomery
@@Subscribed and sworn to before me this
day of _____ February 2008

NOTARY PUBLIC (Seal)

NOTARY PUBLIC (Seal)

NOTARY PUBLIC (Seal)

- 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

Statement as of December 31, 2007 of the Aetna Health Inc. (a Michigan corporation)

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	1,095,774	0	1,095,774	1,095,130
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	0	0	0	0
2.2 Common stocks.....	0	0	0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	0	0	0	0
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	0	0	0	0
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$....407,934, Sch. E-Part 1), cash equivalents (\$....4,851,668, Sch. E-Part 2) and short-term investments (\$....2,115, Sch. DA).....	5,261,717	0	5,261,717	6,358,337
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Other invested assets (Schedule BA).....	0	0	0	0
8. Receivables for securities.....	0	0	0	0
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	6,357,491	0	6,357,491	7,453,467
11. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
12. Investment income due and accrued.....	17,676	0	17,676	17,959
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	8,227	8,227	0	141,717
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	0	0	0	0
13.3 Accrued retrospective premiums.....	0	0	0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	0	0	0	0
14.2 Funds held by or deposited with reinsured companies.....	0	0	0	0
14.3 Other amounts receivable under reinsurance contracts.....	0	0	0	0
15. Amounts receivable relating to uninsured plans.....	0	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon.....	33,748	0	33,748	30,348
16.2 Net deferred tax asset.....	4,960	0	4,960	98,184
17. Guaranty funds receivable or on deposit.....	0	0	0	0
18. Electronic data processing equipment and software.....	0	0	0	0
19. Furniture and equipment, including health care delivery assets (\$.....0).....	0	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
21. Receivables from parent, subsidiaries and affiliates.....	0	0	0	0
22. Health care (\$....2,239) and other amounts receivable.....	2,239	0	2,239	6,186
23. Aggregate write-ins for other than invested assets.....	0	0	0	13,912
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	6,424,341	8,227	6,416,114	7,761,773
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. TOTALS (Lines 24 and 25).....	6,424,341	8,227	6,416,114	7,761,773

DETAILS OF WRITE-INS

0901.....	0	0	0	0
0902.....	0	0	0	0
0903.....	0	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	0
2301. Current state income tax receivable.....	0	0	0	13,912
2302.....	0	0	0	0
2303.....	0	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	0	0	0	13,912

Statement as of December 31, 2007 of the Aetna Health Inc. (a Michigan corporation)

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	306,643	8,488	315,131	518,437
2. Accrued medical incentive pool and bonus amounts.....	0	0	0	0
3. Unpaid claims adjustment expenses.....	5,375	0	5,375	12,134
4. Aggregate health policy reserves.....	30,040	0	30,040	287,744
5. Aggregate life policy reserves.....	0	0	0	0
6. Property/casualty unearned premium reserve.....	0	0	0	0
7. Aggregate health claim reserves.....	8,485	0	8,485	19,491
8. Premiums received in advance.....	9,204	0	9,204	251,819
9. General expenses due or accrued.....	244	0	244	0
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....	0	0	0	0
10.2 Net deferred tax liability.....	0	0	0	0
11. Ceded reinsurance premiums payable.....	538	0	538	1,197
12. Amounts withheld or retained for the account of others.....	0	0	0	0
13. Remittances and items not allocated.....	0	0	0	0
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates.....	1,072,875	0	1,072,875	1,864,562
16. Payable for securities.....	0	0	0	0
17. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers).....	0	0	0	0
18. Reinsurance in unauthorized companies.....	0	0	0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0	0	0
20. Liability for amounts held under uninsured plans.....	0	0	0	0
21. Aggregate write-ins for other liabilities (including \$.....0 current).....	0	0	0	0
22. Total liabilities (Lines 1 to 21).....	1,433,404	8,488	1,441,892	2,955,384
23. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	0
24. Common capital stock.....	XXX	XXX	10	10
25. Preferred capital stock.....	XXX	XXX	0	0
26. Gross paid in and contributed surplus.....	XXX	XXX	10,099,990	10,099,990
27. Surplus notes.....	XXX	XXX	0	0
28. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
29. Unassigned funds (surplus).....	XXX	XXX	(5,125,778)	(5,293,611)
30. Less treasury stock at cost:				
30.1 .....0.000 shares common (value included in Line 24 \$.....0).....	XXX	XXX	0	0
30.2 .....0.000 shares preferred (value included in Line 25 \$.....0).....	XXX	XXX	0	0
31. Total capital and surplus (Lines 23 to 29 minus Line 30).....	XXX	XXX	4,974,222	4,806,389
32. Total liabilities, capital and surplus (Lines 22 and 31).....	XXX	XXX	6,416,114	7,761,773

DETAILS OF WRITE-INS

2101.	0	0	0	0
2102.	0	0	0	0
2103.	0	0	0	0
2198. Summary of remaining write-ins for Line 21 from overflow page.....	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above).....	0	0	0	0
2301.	XXX	XXX	0	0
2302.	XXX	XXX	0	0
2303.	XXX	XXX	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	XXX	XXX	0	0
2801.	XXX	XXX	0	0
2802.	XXX	XXX	0	0
2803.	XXX	XXX	0	0
2898. Summary of remaining write-ins for Line 28 from overflow page.....	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above).....	XXX	XXX	0	0

Statement as of December 31, 2007 of the Aetna Health Inc. (a Michigan corporation)
STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX	12,694	22,136
2. Net premium income (including \$.....0 non-health premium income).....	XXX	3,520,525	6,128,652
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	835	6,765
4. Fee-for-service (net of \$.....0 medical expenses).....	XXX	0	0
5. Risk revenue.....	XXX	0	0
6. Aggregate write-ins for other health care related revenues.....	XXX	0	0
7. Aggregate write-ins for other non-health revenues.....	XXX	0	0
8. Total revenues (Lines 2 to 7).....	XXX	3,521,360	6,135,417
Hospital and Medical:			
9. Hospital/medical benefits.....	30,545	2,618,825	3,856,770
10. Other professional services.....	0	48	151
11. Outside referrals.....	49,327	49,327	169,477
12. Emergency room and out-of-area.....	6,908	230,281	363,795
13. Prescription drugs.....	0	516,489	518,228
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....	0	0	0
16. Subtotal (Lines 9 to 15).....	86,780	3,414,970	4,908,421
Less:			
17. Net reinsurance recoveries.....	0	0	186,069
18. Total hospital and medical (Lines 16 minus 17).....	86,780	3,414,970	4,722,352
19. Non-health claims (net).....	0	0	0
20. Claims adjustment expenses, including \$....24,649 cost containment expenses.....	0	71,714	107,985
21. General administrative expenses.....	0	621,417	908,579
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....	0	(256,869)	128,106
23. Total underwriting deductions (Lines 18 through 22).....	86,780	3,851,232	5,867,022
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	(329,872)	268,395
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	0	563,604	334,376
26. Net realized capital gains or (losses) less capital gains tax of \$....(37).....	0	(72)	0
27. Net investment gains or (losses) (Lines 25 plus 26).....	0	563,532	334,376
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....	0	0	0
29. Aggregate write-ins for other income or expenses.....	0	0	0
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	233,660	602,771
31. Federal and foreign income taxes incurred.....	XXX	(15,379)	262,446
32. Net income (loss) (Lines 30 minus 31).....	XXX	249,039	340,325

DETAILS OF WRITE-INS

0601.	XXX	0	0
0602.	XXX	0	0
0603.	XXX	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	XXX	0	0
0701.	XXX	0	0
0702.	XXX	0	0
0703.	XXX	0	0
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	XXX	0	0
1401.	0	0	0
1402.	0	0	0
1403.	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	0	0	0
2901.	0	0	0
2902.	0	0	0
2903.	0	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	0	0

Statement as of December 31, 2007 of the **Aetna Health Inc. (a Michigan corporation)**
STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	4,806,389	4,416,444
34. Net income or (loss) from Line 32.....	249,039	340,325
35. Change in valuation basis of aggregate policy and claim reserves.....	0	0
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....0.....	0	0
37. Change in net unrealized foreign exchange capital gain or (loss).....	0	0
38. Change in net deferred income tax.....	(101,390)	51,542
39. Change in nonadmitted assets.....	20,184	(1,922)
40. Change in unauthorized reinsurance.....	0	0
41. Change in treasury stock.....	0	0
42. Change in surplus notes.....	0	0
43. Cumulative effect of changes in accounting principles.....	0	0
44. Capital changes:		
44.1 Paid in.....	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....	0	0
45. Surplus adjustments:		
45.1 Paid in.....	0	0
45.2 Transferred to capital (Stock Dividend).....	0	0
45.3 Transferred from capital.....	0	0
46. Dividends to stockholders.....	0	0
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	167,833	389,945
49. Capital and surplus end of reporting period (Line 33 plus 48).....	4,974,222	4,806,389

DETAILS OF WRITE-INS

4701.	0	0
4702.	0	0
4703.	0	0
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	3,430,986	6,282,225
2. Net investment income.....	563,243	333,457
3. Miscellaneous income.....	0	0
4. Total (Lines 1 through 3).....	3,994,229	6,615,682
5. Benefit and loss related payments.....	3,625,335	4,895,997
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	699,646	1,023,530
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	(12,016)	435,381
10. Total (Lines 5 through 9).....	4,312,965	6,354,908
11. Net cash from operations (Line 4 minus Line 10).....	(318,736)	260,774
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	0	0
12.2 Stocks.....	0	0
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(109)	0
12.7 Miscellaneous proceeds.....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	(109)	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	0	0
13.2 Stocks.....	0	0
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	0	0
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14).....	(109)	0
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	(777,775)	1,048,330
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(777,775)	1,048,330
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	(1,096,620)	1,309,104
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	6,358,337	5,049,233
19.2 End of year (Line 18 plus Line 19.1).....	5,261,717	6,358,337
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001	0	0

Statement as of December 31, 2007 of the Aetna Health Inc. (a Michigan corporation)

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical).....	3,529,411	0	8,886	3,520,525
2. Medicare supplement.....	0	0	0	0
3. Dental only.....	0	0	0	0
4. Vision only.....	0	0	0	0
5. Federal employees health benefits plan.....	0	0	0	0
6. Title XVIII - Medicare.....	0	0	0	0
7. Title XIX - Medicaid.....	0	0	0	0
8. Other health.....	0	0	0	0
9. Health subtotal (Lines 1 through 8).....	3,529,411	0	8,886	3,520,525
10. Life.....	0	0	0	0
11. Property/casualty.....	0	0	0	0
12. Totals (Lines 9 to 11).....	3,529,411	0	8,886	3,520,525

Statement as of December 31, 2007 of the Aetna Health Inc. (a Michigan corporation)
UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct.....	3,625,335	3,625,335	.0	.0	.0	.0	.0	.0	.0	.0
1.2 Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.3 Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.4 Net.....	3,625,335	3,625,335	.0	.0	.0	.0	.0	.0	.0	.0
2. Paid medical incentive pools and bonuses.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	315,131	315,131	.0	.0	.0	.0	.0	.0	.0	.0
3.2 Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net.....	315,131	315,131	.0	.0	.0	.0	.0	.0	.0	.0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	8,485	8,485	.0	.0	.0	.0	.0	.0	.0	.0
4.2 Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3 Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.4 Net.....	8,485	8,485	.0	.0	.0	.0	.0	.0	.0	.0
5. Accrued medical incentive pools and bonuses, current year.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Net healthcare receivables (a).....	(3,947)	(3,947)	.0	.0	.0	.0	.0	.0	.0	.0
7. Amounts recoverable from reinsurers December 31, current year.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	518,437	518,437	.0	.0	.0	.0	.0	.0	.0	.0
8.2 Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.3 Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.4 Net.....	518,437	518,437	.0	.0	.0	.0	.0	.0	.0	.0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct.....	19,491	19,491	.0	.0	.0	.0	.0	.0	.0	.0
9.2 Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.3 Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.4 Net.....	19,491	19,491	.0	.0	.0	.0	.0	.0	.0	.0
10. Accrued medical incentive pools and bonuses, prior year.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
11. Amounts recoverable from reinsurers December 31, prior year.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Incurred benefits:										
12.1 Direct.....	3,414,970	3,414,970	.0	.0	.0	.0	.0	.0	.0	.0
12.2 Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.3 Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.4 Net.....	3,414,970	3,414,970	.0	.0	.0	.0	.0	.0	.0	.0
13. Incurred medical incentive pools and bonuses.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	46,217	46,217	0	0	0	0	0	0	0	0
1.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
1.4 Net.....	46,217	46,217	0	0	0	0	0	0	0	0
2. Incurred but unreported:										
2.1 Direct.....	268,914	268,914	0	0	0	0	0	0	0	0
2.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
2.4 Net.....	268,914	268,914	0	0	0	0	0	0	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	0	0	0	0	0	0	0	0	0	0
3.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
3.4 Net.....	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct.....	315,131	315,131	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	315,131	315,131	0	0	0	0	0	0	0	0

Statement as of December 31, 2007 of the Aetna Health Inc. (a Michigan corporation)

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 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	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		
1. Comprehensive (hospital and medical).....	356,727	3,268,608	21,465	302,151	378,192	537,928
2. Medicare supplement.....	0	0	0	0	0	0
3. Dental only.....	0	0	0	0	0	0
4. Vision only.....	0	0	0	0	0	0
5. Federal employees health benefits plan.....	0	0	0	0	0	0
6. Title XVIII - Medicare.....	0	0	0	0	0	0
7. Title XIX - Medicaid.....	0	0	0	0	0	0
8. Other health.....	0	0	0	0	0	0
9. Health subtotal (Lines 1 to 8).....	356,727	3,268,608	21,465	302,151	378,192	537,928
10. Healthcare receivables (a).....	0	2,239	0	0	0	6,186
11. Other non-health.....	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts.....	0	0	0	0	0	0
13. Totals (Lines 9 - 10 + 11 + 12).....	356,727	3,266,369	21,465	302,151	378,192	531,742

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior.....	2,933	3,135	3,151	3,152	3,152
2. 2003.....	8,933	9,882	9,918	9,912	9,909
3. 2004.....	.XXX	6,297	7,324	7,312	7,312
4. 2005.....	.XXX	.XXX	6,047	6,602	6,607
5. 2006.....	.XXX	.XXX	.XXX	4,389	4,744
6. 2007.....	.XXX	.XXX	.XXX	.XXX	3,266

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior.....	3,187	3,193	3,162	3,152	3,152
2. 2003.....	10,173	9,960	9,937	9,916	9,909
3. 2004.....	.XXX	7,291	7,365	7,319	7,315
4. 2005.....	.XXX	.XXX	6,730	6,616	6,614
5. 2006.....	.XXX	.XXX	.XXX	4,902	4,756
6. 2007.....	.XXX	.XXX	.XXX	.XXX	3,569

12.GT

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2003.....	12,393	9,909	291	2.9	10,200	82.3	0	0	10,200	82.3
2. 2004.....	9,403	7,312	199	2.7	7,511	79.9	3	0	7,514	79.9
3. 2005.....	7,835	6,607	147	2.2	6,754	86.2	7	0	6,761	86.3
4. 2006.....	6,135	4,744	110	2.3	4,854	79.1	12	0	4,866	79.3
5. 2007.....	3,521	3,266	71	2.2	3,337	94.8	302	5	3,644	103.5

Statement as of December 31, 2007 of the Aetna Health Inc. (a Michigan corporation)

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior.....	2,933	3,135	3,151	3,152	3,152
2. 2003.....	8,933	9,882	9,918	9,912	9,909
3. 2004.....	.XXX	6,297	7,324	7,312	7,312
4. 2005.....	.XXX	.XXX	6,047	6,602	6,607
5. 2006.....	.XXX	.XXX	.XXX	4,389	4,744
6. 2007.....	.XXX	.XXX	.XXX	.XXX	3,266

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior.....	3,187	3,193	3,162	3,152	3,152
2. 2003.....	10,173	9,960	9,937	9,916	9,909
3. 2004.....	.XXX	7,291	7,365	7,319	7,315
4. 2005.....	.XXX	.XXX	6,730	6,616	6,614
5. 2006.....	.XXX	.XXX	.XXX	4,902	4,756
6. 2007.....	.XXX	.XXX	.XXX	.XXX	3,569

12.HM

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2003.....	12,393	9,909	291	2.9	10,200	82.3	0	0	10,200	82.3
2. 2004.....	9,403	7,312	199	2.7	7,511	79.9	3	0	7,514	79.9
3. 2005.....	7,835	6,607	147	2.2	6,754	86.2	7	0	6,761	86.3
4. 2006.....	6,135	4,744	110	2.3	4,854	79.1	12	0	4,866	79.3
5. 2007.....	3,521	3,266	71	2.2	3,337	94.8	302	5	3,644	103.5

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Dental
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Dental
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Dental
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Vision
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Vision
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Vision
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Fed Emp Health
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Fed Emp Health
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Fed Emp Health
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicaid
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicaid
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicaid
NONE**

Statement as of December 31, 2007 of the **Aetna Health Inc. (a Michigan corporation)**
UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS
(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior.....	NONE	0	0	0	0
2. 2003.....	0	0	0	0	0
3. 2004.....	.XXX	0	0	0	0
4. 2005.....	.XXX	.XXX	0	0	0
5. 2006.....	.XXX	.XXX	.XXX	0	0
6. 2007.....	.XXX	.XXX	.XXX	.XXX	0

SECTION B - INCURRED HEALTH CLAIMS - OTHER

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior.....	NONE	0	0	0	0
2. 2003.....	0	0	0	0	0
3. 2004.....	.XXX	0	0	0	0
4. 2005.....	.XXX	.XXX	0	0	0
5. 2006.....	.XXX	.XXX	.XXX	0	0
6. 2007.....	.XXX	.XXX	.XXX	.XXX	0

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2003.....	0	0	0	0.0	0	0.0	0	0	0	0.0
2. 2004.....	0	0	0	0	0	0.0	0	0	0	0.0
3. 2005.....	0	0	0	0.0	0	0.0	0	0	0	0.0
4. 2006.....	0	0	0	0.0	0	0.0	0	0	0	0.0
5. 2007.....	0	0	0	0.0	0	0.0	0	0	0	0.0

Statement as of December 31, 2007 of the Aetna Health Inc. (a Michigan corporation)
UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
POLICY RESERVE									
1. Unearned premium reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. Additional policy reserves (a).....	30,040	30,040	.0	.0	.0	.0	.0	.0	.0
3. Reserve for future contingent benefits.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income.....)	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Aggregate write-ins for other policy reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross).....	30,040	30,040	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8. Totals (net) (Page 3, Line 4).....	30,040	30,040	.0	.0	.0	.0	.0	.0	.0
CLAIM RESERVE									
9. Present value of amounts not yet due on claims.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
10. Reserve for future contingent benefits.....	8,485	8,485	.0	.0	.0	.0	.0	.0	.0
11. Aggregate write-ins for other claim reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross).....	8,485	8,485	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
14. Totals (net) (Page 3, Line 7).....	8,485	8,485	.0	.0	.0	.0	.0	.0	.0
DETAILS OF WRITE-INS									
0501. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0502. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0503. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1101. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1102. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1103. ....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0

13

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

Statement as of December 31, 2007 of the Aetna Health Inc. (a Michigan corporation)
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building).....	0	932	2,137	101	3,170
2. Salaries, wages and other benefits.....	22,455	15,410	79,732	4,213	121,810
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....	0	0	97,925	0	97,925
4. Legal fees and expenses.....	567	1,298	4,266	210	6,341
5. Certifications and accreditation fees.....	0	0	0	0	0
6. Auditing, actuarial and other consulting services.....	0	2,725	6,433	0	9,158
7. Traveling expenses.....	0	1,147	2,599	128	3,874
8. Marketing and advertising.....	0	0	9,863	0	9,863
9. Postage, express and telephone.....	0	2,510	6,017	284	8,811
10. Printing and office supplies.....	0	1,219	3,459	135	4,813
11. Occupancy, depreciation and amortization.....	0	143	1,498	20	1,661
12. Equipment.....	0	2,725	6,129	304	9,158
13. Cost or depreciation of EDP equipment and software.....	0	5,379	12,938	0	18,317
14. Outsourced services including EDP, claims, and other services.....	1,159	6,588	17,808	866	26,421
15. Boards, bureaus and association fees.....	49	22	267	14	352
16. Insurance, except on real estate.....	74	2,364	6,016	0	8,454
17. Collection and bank service charges.....	0	215	462	27	704
18. Group service and administration fees.....	345	85	979	0	1,409
19. Reimbursements by uninsured plans.....	0	0	0	0	0
20. Reimbursements from fiscal intermediaries.....	0	0	0	0	0
21. Real estate expenses.....	0	1,219	2,873	135	4,227
22. Real estate taxes.....	0	215	489	0	704
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....	0	0	16,197	0	16,197
23.2 State premium taxes.....	0	0	0	0	0
23.3 Regulator authority licenses and fees.....	0	0	352	0	352
23.4 Payroll taxes.....	0	2,869	6,670	325	9,864
23.5 Other (excluding federal income and real estate taxes).....	0	0	6,943	0	6,943
24. Investment expenses not included elsewhere.....	0	0	0	0	0
25. Aggregate write-ins for expenses.....	0	0	329,365	0	329,365
26. Total expenses incurred (Lines 1 to 25).....	24,649	47,065	621,417	6,762	(a).....699,893
27. Less expenses unpaid December 31, current year.....	1,847	3,528	244	0	5,619
28. Add expenses unpaid December 31, prior year.....	4,045	8,089	0	0	12,134
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year.....	0	0	0	0	0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	26,847	51,626	621,173	6,762	706,408

DETAILS OF WRITE-INS

2501. Intercompany Interest Expense.....	0	0	324,687	0	324,687
2502. Pharmacy Rebate Expense.....	0	0	4,678	0	4,678
2503.	0	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	0	329,365	0	329,365

(a) Includes management fees of \$.....352,247 to affiliates and \$.....0 to non-affiliates.

Statement as of December 31, 2007 of the Aetna Health Inc. (a Michigan corporation)

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....47,394	.....47,394
1.1 Bonds exempt from U.S. tax.....	(a).....0	.....0
1.2 Other bonds (unaffiliated).....	(a).....0	.....0
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....0	.....0
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....0
2.21 Common stocks of affiliates.....	.....0	.....0
3. Mortgage loans.....	(c).....0	.....0
4. Real estate.....	(d).....0	.....0
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....523,065	.....522,782
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....0	.....0
9. Aggregate write-ins for investment income.....	.....190	.....190
10. Total gross investment income.....	.....570,649	.....570,366
11. Investment expenses.....		(g).....6,437
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....325
13. Interest expense.....		(h).....0
14. Depreciation on real estate and other invested assets.....		(i).....0
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....6,762
17. Net investment income (Line 10 minus Line 16).....		.....563,604

DETAILS OF WRITE-INS

0901. Miscellaneous Investment Interest.....	.....120	.....120
0902. Interest Earned on Loaned Securities.....	.....70	.....70
0903. ....	.....0	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....190	.....190
1501. ....		.....0
1502. ....		.....0
1503. ....		.....0
1598. Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		.....0

- (a) Includes \$.644 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 \$.521,248 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.....	.....0	.....0	.....0	.....0	.....0
1.1 Bonds exempt from U.S. tax.....	.....0	.....0	.....0	.....0	.....0
1.2 Other bonds (unaffiliated).....	.....0	.....0	.....0	.....0	.....0
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....0	.....0	.....0	.....0	.....0
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....0	.....0	.....0	.....0
2.21 Common stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
3. Mortgage loans.....	.....0	.....0	.....0	.....0	.....0
4. Real estate.....	.....0	.....0	.....0	.....0	.....0
5. Contract loans.....	.....0	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	.....(109)	.....0	.....(109)	.....0	.....0
7. Derivative instruments.....	.....0	.....0	.....0	.....0	.....0
8. Other invested assets.....	.....0	.....0	.....0	.....0	.....0
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....(109)	.....0	.....(109)	.....0	.....0

DETAILS OF WRITE-INS

0901. ....	.....0	.....0	.....0	.....0	.....0
0902. ....	.....0	.....0	.....0	.....0	.....0
0903. ....	.....0	.....0	.....0	.....0	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

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).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	0	0	0
2.2 Common stocks.....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	0	0	0
7. Other invested assets (Schedule BA).....	0	0	0
8. Receivables for securities.....	0	0	0
9. Aggregate write-ins for invested assets.....	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	0	0	0
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued.....	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection.....	8,227	20,245	12,018
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
13.3 Accrued retrospective premiums.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers.....	0	0	0
14.2 Funds held by or deposited with reinsured companies.....	0	0	0
14.3 Other amounts receivable under reinsurance contracts.....	0	0	0
15. Amounts receivable relating to uninsured plans.....	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0
16.2 Net deferred tax asset.....	0	8,166	8,166
17. Guaranty funds receivable or on deposit.....	0	0	0
18. Electronic data processing equipment and software.....	0	0	0
19. Furniture and equipment, including health care delivery assets.....	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0
21. Receivable from parent, subsidiaries and affiliates.....	0	0	0
22. Health care and other amounts receivable.....	0	0	0
23. Aggregate write-ins for other than invested assets.....	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	8,227	28,411	20,184
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. TOTALS (Lines 24 and 25).....	8,227	28,411	20,184

DETAILS OF WRITE-INS

0901.....	0	0	0
0902.....	0	0	0
0903.....	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0
2301.....	0	0	0
2302.....	0	0	0
2303.....	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	0	0	0

Statement as of December 31, 2007 of the **Aetna Health Inc. (a Michigan corporation)**

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....	1,596	1,181	1,063	939	768	12,684
2. Provider service organizations.....	0	0	0	0	0	0
3. Preferred provider organizations.....	0	0	0	0	0	0
4. Point of service.....	114	0	0	0	0	10
5. Indemnity only.....	0	0	0	0	0	0
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total.....	1,710	1,181	1,063	939	768	12,694

DETAILS OF WRITE-INS

0601.	0	0	0	0	0	0
0602.	0	0	0	0	0	0
0603.	0	0	0	0	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies

Accounting practices

The accompanying statutory financial statements of Aetna Health Inc. (a Michigan corporation) (the Company), indirectly a wholly-owned subsidiary of Aetna Inc. (Aetna), have been prepared in conformity with accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Services. Such practices vary from U.S. generally accepted accounting principles (GAAP) principally in that certain assets reportable under GAAP are "nonadmitted" and have been excluded from the accompanying Statements of Assets, Liabilities, Capital and Surplus and charged directly to capital and surplus, certain investments which would be carried at estimated fair value under GAAP are carried at amortized cost in the accompanying Statements of Assets, Liabilities, Capital and Surplus, and changes in net deferred tax assets and liabilities are reflected as changes in surplus. Under GAAP, such deferred tax changes are reflected in operations.

The Michigan Office of Financial and Insurance Services recognizes only statutory accounting practices prescribed or permitted by the State of Michigan for determining and reporting the financial condition and results of operations of an insurance company. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Michigan.

The Company's net income and capital and surplus as stated on a NAIC SAP basis and on the basis of practices prescribed or permitted by the State of Michigan were the same as of and for the years ended December 31, 2007 and 2006.

Use of estimates in the preparation of the financial statements

The preparation of the financial statements in conformity with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses. Actual results could differ from those estimates.

Significant accounting policies

The Company uses the following accounting principles:

Cash, cash equivalents and short-term investments

Cash and cash equivalents consist of all highly liquid instruments which mature within three months from the date of purchase. Short-term investments consist primarily of investments purchased with an original maturity of 91 days to one year. The carrying amounts of cash and cash equivalents and short-term investments reported in the accompanying Statements of Assets approximate fair value. Drafts that have not been presented for payment and remain outstanding at the balance sheet date are reported as a liability on the Statements of Liabilities, Capital and Surplus.

Bonds

Bonds, which include special deposits, are carried at amortized cost except for those bonds with a NAIC designation of 3 through 6 which are reported at the lower of amortized cost or fair value. Bond premiums and discounts are amortized using the scientific interest method. Fair values for bonds that are rated by the Securities Valuation Office (SVO) are based on current NAIC prices if available. If current NAIC prices are not available, fair values are based on quoted market prices from brokers/dealers. The Company conducts regular reviews to assess whether other-than-temporary impairments exist. Investments could be adversely effected by specific issuers, specific industries, or changing global or regional economic conditions. Declines deemed to be other-than-temporary impairments in the cost basis are recognized as realized capital losses. The cost of bonds sold is based on the specific identification method. Bonds include all investments whose maturity is greater than one year when purchased.

The Company regularly reviews debt and equity securities to determine whether a decline in fair value below the carrying value is other-than-temporary. If a decline in fair value is considered other-than-temporary, the cost basis/carrying amount of the security is written down, and the amount of the write-down is included on the Statements of Revenue and Expenses.

The Company did not have any common or preferred stocks.

Securities lending

The Company loans certain securities from its portfolio to other institutions for short periods of time. Restricted use collateral, primarily cash, which is required at a rate of 102% of the market value of the loaned domestic securities, is deposited by the borrower with a lending agent, and retained and invested by the lending agent to generate additional income for the Company. The market value of the loaned securities is monitored on a daily basis, with additional collateral obtained or refunded as the market value of the loan securities fluctuates. At December 31, 2007 and 2006, the Company had no loaned securities.

Investments

The Company did not have any mortgage loans.

The Company did not have any loan-backed securities.

The Company did not hold any investments in any affiliate.

Joint ventures, partnerships, and limited liability companies

The Company did not have any joint ventures, partnerships, or limited liability companies that exceeded 10% of its admitted assets.

Derivative instruments

The Company did not have any derivative instruments.

Capitalization policy

There has been no change.

Premiums and amounts due and unpaid

Premium revenue for prepaid health care is recognized as income in the month in which the enrollees are entitled to health care services. Premiums collected in advance are reported as premiums received in advance.

Nonadmitted amounts consist of all premiums receivable greater than 90 days due, with the exception of amounts due under government insured plans, which may be admitted assets. In addition, for any customer in which the premiums receivable which are greater than 90 days due is more than a de minimus portion of the entire premiums receivable balance for that customer, the entire premiums receivable balance for that customer is nonadmitted. Management also performs a specific review of accounts and based on the results of the review, consideration is given to nonadmitting additional amounts. Uncollectible amounts are generally written off and charged to revenue in the period in which the customer reconciliations are completed and agreed to by the customer (retroactivity) or when the account is determined to be uncollectible (bad debt).

Pharmaceutical rebate receivables

The Company estimates pharmaceutical rebates receivable based upon the historical payment trends, actual utilization and other variables. Pharmaceutical rebates for a quarter are invoiced in the month subsequent to that quarter's end. Estimated rebates are adjusted in a subsequent month's estimate to reflect actual billings after bills are rendered. Differences between estimated pharmacy rebates and actual invoices are reflected as income or expense in the period in which differences are known. The Company reports pharmaceutical rebates receivable as health care receivables. Pharmacy rebates over 90 days due are nonadmitted. All rebates are processed and settled with an affiliated entity.

Hospital and medical costs and claims adjustment expenses and related reserves

Hospital and medical costs consist principally of medical claims and capitation costs. Claims unpaid include estimates of payments to be made on claims reported as of the Statements of Assets, Liabilities, Capital and Surplus date and estimates of health care services incurred but not reported to the Company as of the Statements of Assets, Liabilities, Capital and Surplus date. Such estimates are developed using actuarial principles and assumptions which consider, among other things, historical and projected claim submission and processing patterns, medical cost trends, historical utilization of health care services, claim inventory levels, changes in membership and product mix, seasonality and other relevant factors. The Company reflects changes in estimates in hospital and medical costs in the Statements of Revenues and Expenses in the period they are determined. Capitation costs represent contractual monthly fees paid to participating physicians and other medical providers for providing medical care.

The Company uses the triangulation method to estimate the required claims incurred but not reported reserves. The method of triangulation makes estimates of completion factors which are then applied to the total paid claims net of coordination of benefits to date for each incurral month. This provides an estimate of the total projected incurred claims and total amount outstanding or claims incurred but not reported (claims unpaid). Consideration is also given to changes in turnaround time and claim processing which may impact the completion factors.

Claims adjustment expenses represent costs incurred related to the claim settlement process such as costs to record, process and adjust claims. These expenses, which are included in the Company's management agreement described in Note 10, are calculated using a percentage of current hospital and medical costs, which is based on historical cost experience.

For the most current dates of service where there is insufficient paid claim data to rely solely on the completion factor method, the Company examines cost and utilization trends as well as environmental factors, plan changes, provider contracts, membership changes, and historical seasonal patterns to estimate the reserve required for these months.

Aggregate health policy reserves and related expenses

The Company offers individual conversion policies to qualifying group policyholders. These policies are generally renewable at the option of the policyholder and statutory regulations preclude the Company from canceling coverages and may limit premium rate increases. The Company has established an individual conversion reserve (ICR) for such policies. The ICR represents the net present value of future benefits to be paid to or on behalf of policyholders and related expenses less the present value of future net premiums. The Company estimates its ICR using actuarial principles and assumptions which consider, among other things, contracted requirements, future premium increases, discount rates, historical utilization trends and payment patterns, persistency of membership and other relevant factors based on the Company's experience. ICR expenses are recorded as an increase in reserves for life and accident and health contracts. The ICR balances of \$30,040 and \$86,909 were included in aggregate health policy reserves in the Statements of Liabilities, Capital and Surplus as of December 31, 2007 and 2006, respectively.

Premium deficiency reserves (PDR) are recognized when it is probable that the expected future medical costs, including maintenance costs, will exceed anticipated future premiums and reinsurance recoveries on existing contracts. Contracts are grouped in a manner consistent with the method of acquiring, servicing and measuring the profitability of such contracts. The Company considered anticipated investment income when calculating its premium deficiency reserves. The Company had no PDR at December 31, 2007. The PDR balance of \$200,000 was included in aggregate health policy reserves in the Statements of Liabilities, Capital and Surplus as of December 31, 2006.

Unearned premium reserves (UEP) are recognized for premiums that are recorded by the Company that have not been earned as of the statement date. The Company had no UEP at December 31, 2007. The UEP balance of \$835 was included in aggregate health policy reserves in the Statements of Liabilities, Capital and Surplus as of December 31, 2006.

Aggregate health claim reserves

The reserve for future contingent benefits includes the estimated cost of services which will continue to be incurred after the Statements of Liabilities, Capital and Surplus date if the Company is obligated to pay for such services in accordance with contract provisions or regulatory requirements. The balance recorded in aggregate health claim reserves in the Statements of Liabilities, Capital and Surplus is estimated using a percentage of current hospital and medical costs, which is based on historical cost experience.

Covered and uncovered expenses and related liabilities

Covered expenses and related liabilities represent costs for health care expenses for which a member is not responsible in the event of the insolvency of the Company. Uncovered expenses and related liabilities represent costs to the Company for health care services that are the obligation of the Company and for which a member may also be liable in the event of the Company's insolvency.

Federal and state income taxes

In accordance with the written tax sharing agreement, the Company's current Federal income tax provisions are generally computed as if the Company were filing a separate Federal income tax return; current income tax benefits, including those resulting from net operating losses, are recognized to the extent realized in the consolidated return. Pursuant to this agreement, 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.

Deferred income tax assets and liabilities represent the expected future tax consequences of temporary differences generated by statutory accounting. Deferred income tax assets and liabilities are computed by means of identifying temporary differences which are measured using a Statements of Assets, Liabilities, Capital and Surplus approach whereby statutory and tax basis Statements of Assets, Liabilities, Capital and Surplus are compared. Current income tax recoverables include all current income taxes, including interest, reasonably expected to be recovered in a subsequent accounting period.

Deferred income tax assets are admitted in an amount equal to the sum of (1) previously paid Federal income taxes which are expected to be recovered through loss carrybacks for existing temporary differences which reverse within a year and (2) the lesser of the amount of gross deferred tax assets expected to be realized within one year of the Statements of Assets, Liabilities, Capital and Surplus date, or ten percent of statutory capital and surplus and (3) the amount of gross deferred tax assets, after the application of (1) and (2), that can be offset against existing gross deferred tax liabilities. NAIC SAP requires that deferred tax assets can only be admitted through loss carrybacks to the extent that the Company paid or was allocated taxes as a separate legal entity. In addition, deferred tax assets that the Company expects to realize within one year of the Statements of Assets, Liabilities, Capital and Surplus date on a separate legal entity basis cannot be admitted if the Company projects a tax loss, even if the loss could offset taxable income of other members in the consolidated group.

Changes in deferred tax assets and deferred tax liabilities are recognized as a separate component of gains and losses in surplus ("Changes in net deferred tax assets") except to the extent allocated to changes in unrealized gains and losses. Changes in deferred tax assets and liabilities allocated to unrealized gains and losses are netted against the related changes in unrealized gains and losses and are reported as "Net unrealized capital gains and losses", also a separate component of gains and losses in surplus.

State income tax expense is recorded in general and administrative expenses on the Statement of Revenue and Expenses. The Company did not incur any state income tax expense for the years ended December 31, 2007 and 2006. At December 31, 2007, the Company had state income taxes payable of \$245, which was included as a write-in on the Statements of Liabilities, Capital and Surplus. At December 31, 2006, the Company had state income taxes receivable of \$13,912, which was included as a write-in on the Statements of Assets.

2. Accounting changes and corrections of errors

During 2007, the Company began accruing an estimated true-up of administrative costs under an administrative service agreement with an affiliate (refer to Note 10) for the calendar year 2007. Under the administrative service agreement, administrative costs are subject to a true-up based on actual membership and this true-up is settled in the first calendar quarter following the end of the year (that is, in the first quarter of 2008 for the year ending December 31, 2007). Prior to 2007, the Company did not have an accurate process to estimate this true-up prior to the actual true-up calculated by the affiliate. Due to the improved judgment and insight that was gained during 2007, the accrual of the 2007 true-up in the 2007 calendar year is categorized as a change in estimate. The amount of the true-up is detailed in Note 10.

The Company did not have any corrections of errors in the years ending December 31, 2007 and 2006.

3. Business combinations and goodwill

The Company was not a part of any business combinations that involved the statutory purchase method, a statutory merger, or an impairment loss.

4. Discontinued operations

The Company is withdrawing from the market effective December 31, 2007. The Company provided such information to the Michigan Office of Financial and Insurance Services on November 7, 2006 pursuant to M.C.L.A. Section 500.3712.

5. Investments

- A. The Company did not have any mortgage loans.
- B. The Company did not have any debt restructuring.
- C. The Company did not have any reverse mortgages.
- D. The Company did not have any loan-backed securities.
- E. The Company did not have any repurchase agreements.
- F. The Company did not have any real estate.
- G. The Company did not have any low-income housing tax credits.

6. Joint ventures, partnerships, and limited liability companies

The Company did not have any joint ventures, partnerships, or limited liability companies that exceeded 10% of its admitted assets.

7. Investment income

Investment income due and accrued with amounts that are over 90 days old was zero.

8. Derivative instruments

The Company did not have any derivative instruments.

9. Income taxes

A. The components of the net deferred tax assets recognized in the Company's Statements of Assets, Liabilities, Capital and Surplus were as follows:

	December 31	
	2007	2006
Total of gross deferred tax assets	\$16,278	\$129,099
Total of deferred tax liabilities	(11,318)	(22,749)
Net deferred tax asset	4,960	106,350
Deferred tax asset nonadmitted	-	(8,166)
Net admitted deferred tax asset	4,960	98,184
(Increase) decrease in nonadmitted asset	\$8,166	-

B. There are no deferred tax liabilities that were not recognized.

C.1 The provisions (benefit) for incurred taxes on earnings for the years ended December 31 were:

	2007	2006
Federal income tax on operations	\$(15,379)	\$262,446
Federal income tax on net capital gains	(37)	-
Federal income taxes incurred	\$(15,416)	\$262,446

C.2 The tax effects of temporary differences that gave rise to deferred tax assets and liabilities were as follows:

	December 31	
	2007	2006
Deferred tax assets:		
Discounted unpaid losses	\$2,220	\$3,720
Uncollected premiums - nonadmitted	2,879	7,086
Premium deficiency reserve	-	70,000
Unearned premium	623	17,686
Individual conversion reserve	10,514	30,418
Other	42	189
Total deferred tax assets	16,278	129,099
Nonadmitted deferred tax assets	-	(8,166)
Admitted deferred tax assets	16,278	120,933
Deferred tax liabilities:		
Allowance for billing adjustment	459	7,086
Individual conversion reserve - IRC Section 481(a) adj.	10,069	15,104
Other	790	559
Total deferred tax liabilities	11,318	22,749
Net admitted deferred tax assets	\$4,960	\$98,184

The change in net deferred income taxes was comprised of the following:

	December 31		Change
	2007	2006	
Total deferred tax assets	\$16,278	\$129,099	\$(112,821)
Total deferred tax liabilities	(11,318)	(22,749)	11,431
Net deferred tax asset (liability)	\$4,960	\$106,350	(101,390)
Tax effect of unrealized gains (losses)			-
Change in net deferred income tax			\$(101,390)

Statement as of December 31, 2007 of the **Aetna Health Inc. (a Michigan corporation)**

D. The provision for Federal income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes. The items causing this difference were as follows:

	December 31, 2007	Effective tax rate	December 31, 2006	Effective tax rate
Provision computed as statutory rate	\$81,768	35.0%	\$210,970	35.0%
Change in nonadmitted assets	4,206	1.8%	(66)	0.0%
Total	<u>\$85,974</u>	<u>36.8%</u>	<u>\$210,904</u>	<u>35.0%</u>
Federal and foreign income taxes incurred	\$(15,416)	(6.6)%	\$262,446	43.5%
Change in net deferred income taxes	101,390	43.4%	(51,542)	(8.5)%
Total statutory income taxes	<u>\$85,974</u>	<u>36.8%</u>	<u>\$210,904</u>	<u>35.0%</u>

E.1 As of December 31, 2007 the Company had no net capital loss or net operating loss carryforwards for tax purposes.

E.2 The amount of Federal income taxes incurred that are available for recoupment in the event of future net losses are:

<u>Year</u>	<u>Amount</u>
2007	-
2006	\$262,492

F.1 As of December 31, 2007 the Company's Federal Income Tax Return was consolidated with the following entities:

- | | |
|--|--|
| Parent Company - Aetna Inc. | Aetna Health of the Carolinas Inc. |
| @Credentials Inc. | Aetna Insurance Company of Connecticut |
| Active Health Management, Inc. | Aetna Integrated Informatics, Inc. |
| AE Fourteen, Incorporated | Aetna IntelliHealth, Inc. |
| Aelan Inc. | Aetna Life and Casualty (Bermuda) Limited |
| AET Health Care Plan, Inc. (TX) | Aetna Life Assignment Company |
| AET Health Care Plan of California, Inc. | Aetna Life Insurance Company |
| Aetna/AREA Corporation | Aetna Risk Indemnity Company, Ltd. |
| Aetna Affordable Housing, Inc. | AHP Holdings, Inc. |
| Aetna Criterion Communications, Inc. | AUSHC Holdings, Inc. (Connecticut) |
| Aetna Dental Inc. (New Jersey) | BPC Equity Inc. |
| Aetna Dental Inc. (Texas) | Broadspire National Services, Inc. |
| Aetna Dental of California Inc. | Chickering Benefit Planning Insurance Agency, Inc. |
| Aetna Family Plans of Georgia Inc. | Chickering Claims Administrators, Inc. |
| Aetna Family Plans of Pennsylvania Inc. | CMBS Holdings, Inc. II |
| Aetna Health and Life Insurance Company | Cofinity, Inc. (FKA HMS Healthcare, Inc.) |
| Aetna Health Inc. (Arizona) | Corporate Health Insurance Company |
| Aetna Health Inc. (Colorado) | Delaware Physicians Care, Incorporated |
| Aetna Health Inc. (Connecticut) | Delaware Physicians Care - Medicare, Incorporated |
| Aetna Health Inc. (Delaware) | Health Cost Consultants, Inc. |
| Aetna Health Inc. (Florida) | Health Data & Management Solutions, Inc. |
| Aetna Health Inc. (Georgia) | Integrated Pharmacy Solutions, Inc. |
| Aetna Health Inc. (Maine) | Luettgens Limited |
| Aetna Health Inc. (Maryland) | Managed Care Coordinators, Inc. |
| Aetna Health Inc. (Massachusetts) | Missouri Care, Incorporated |
| Aetna Health Inc. (Michigan) | Mountain Medical Affiliates, Inc. |
| Aetna Health Inc. (Missouri) | NYLCare Health Plans, Inc. |
| Aetna Health Inc. (New Hampshire) | SABH of Arizona, Incorporated |
| Aetna Health Inc. (New Jersey) | Sanus of New York and New Jersey, Inc. |
| Aetna Health Inc. (New York) | Schaller Anderson Behavioral Health, Incorporated |
| Aetna Health Inc. (Ohio) | Schaller Anderson Medical Administrators, Incorporated |
| Aetna Health Inc. (Oklahoma) | Schaller Anderson of Delaware, Incorporated |
| Aetna Health Inc. (Pennsylvania) | Schaller Anderson, Incorporated |
| Aetna Health Inc. (Tennessee) | Sloans Lake Managed Care, Inc. |
| Aetna Health Inc. (Texas) | Sloan's Lake Management Corp. |
| Aetna Health Inc. (Washington) | Strategic Resource Company |
| Aetna Health Information Solutions, Inc. | |

Aetna Health Insurance Company
of New York
Aetna Health of California Inc.
Aetna Health of Illinois Inc.

Trumbull Four, Inc.
Trumbull One, Inc.
U.S. Healthcare Properties, Inc.

F.2 As explained in Note 1, the Company participates in a tax sharing agreement with Aetna and Aetna's other subsidiaries.

10. Information concerning parent, subsidiaries, and affiliates

The Company had the following significant transactions with affiliates:

The Company and Aetna Health Management, LLC (AHM), indirectly a wholly-owned subsidiary of Aetna, are parties to an agreement under which AHM provides certain administrative services, including accounting and processing of premiums and claims. Under this agreement, the Company remits a percentage of its earned commercial, Medicaid and Medicare premium revenue, as applicable, to AHM as a fee, subject to an annual true-up mechanism as defined in the agreement. The true-up amounts are recorded as an increase or decrease of expense by the Company in the year in which the true-up is calculated, consistent with the obligations of AHM to the Company and pursuant to the administrative service agreements approved by the Company's regulators. For these services, the Company was charged \$352,247 in 2007 and \$929,863 in 2006, which included true-up payments made by the Company to AHM for the previous contract years of \$(66,356) and \$66,275, respectively. Pursuant to the change in accounting estimate described in Note 2, the Company accrued \$(38,917) in estimated true-up payments related to 2007, which will be settled in April 2008 in accordance with the agreement. The agreement also provides for interest on all intercompany balances. Interest incurred on amounts due to affiliates was \$324,687 in 2007 and \$82,830 in 2006. At December 31, 2007 and 2006, the Company reported \$1,072,875 and \$1,864,562, respectively, as amounts due to AHM related to the administrative service agreement. The terms of settlement require that these amounts be settled within 45 days after the end of the calendar quarter.

The amounts reported on the Underwriting and Investment Exhibit, Part 3 represent the expenses incurred under the terms of the administrative agreement, allocated to the Company in accordance with SSAP 70 – Allocation of Expenses. SSAP 70 states "shared expenses, including expenses under the terms of a management contract, shall be apportioned to the entities incurring the expense as if the expense had been paid solely by the incurring entity. The apportionment shall be completed based upon specific identification to the entity incurring the expense. Where specific identification is not feasible, apportionment shall be based upon pertinent factors or ratios." The Company allocates these expenses based upon a percentage calculated using actual general and administrative expenses incurred by AHM.

The Company is a party to an agreement which enables it to receive manufacturers' pharmacy rebates from AHM under which the Company remits 10% of its earned pharmacy rebates to AHM as a fee. The Company earned pharmacy rebates of \$46,778 in 2007 and \$75,161 in 2006, which were recorded as a reduction of medical costs. The Company incurred pharmacy rebate fees, which was recorded as administrative expense, of \$4,678 in 2007 and \$7,516 in 2006. At December 31, 2007 and 2006, the Company reported \$2,239 and \$6,186, respectively, as amounts due from AHM related to the pharmacy rebate agreement which were reflected in health care and other amounts receivable. The terms of settlement require that these amounts be settled within 45 days after the end of the calendar quarter.

The Company has coverage for certain litigation exposures (\$10,000,000 per claim and in the aggregate including defense costs) through an Aetna affiliated captive insurance company.

As explained in Note 1, the Company participates in a tax sharing agreement with Aetna and Aetna's other subsidiaries. All Federal income tax receivables/payables were due from/due to Aetna.

The Company is a party to a specific excess loss reinsurance agreement with Corporate Health Insurance Company (CHI), a wholly-owned subsidiary of Aetna. The agreement provides for the Company to be reimbursed for 100% of eligible losses, as defined, paid on behalf of any insured during the policy period. Reimbursement is subject to a specific deductible of \$500,000. The policy period is defined as the twelve month period beginning on the effective date of the agreement. The Company had no reinsurance recoverables in 2007 and 2006. At December 31, 2007 and 2006, the Company reported \$538 and \$1,197, respectively, as ceded reinsurance premiums payable to CHI related to the reinsurance agreement.

The Company paid reinsurance premiums of \$8,886 in 2007 and \$15,495 in 2006. The Company realized net reinsurance recoveries of \$186,069 in 2006. There were no reinsurance recoveries in 2007.

This agreement has terminated effective January 1, 2008. The termination was approved by the Michigan Office of Financial and Insurance Services on December 13, 2007.

The Company did not hold any investments in any affiliate.

The Company did not own any shares of any upstream intermediate or Aetna.

The Company did not make any guarantees for the benefit of an affiliate.

Amounts due to and due from affiliates shown on the accompanying Statements of Assets, Liabilities, Capital and Surplus include the Company's net receipts and disbursements processed by affiliates and administrative services transactions.

11. Debt

The Company did not have any debt.

12. Retirement plans, deferred compensation postemployment benefits and compensated absences and other postretirement benefit plans

The Company did not have a retirement plan, deferred compensation plan, or other postretirement benefit plan.

13. Capital and surplus, shareholders' dividend restrictions and quasi-reorganizations

The Company has 5,000 shares of common stock with \$.01 par value authorized, 1,000 shares issued and outstanding.

The Company has 50 shares of preferred stock with \$.01 par value authorized, no shares issued and outstanding.

Dividend restrictions

Shareholder dividends shall be declared or paid only from earned surplus, unless the Commissioner approves the dividend prior to payment. Dividends not requiring prior approval are limited to the greater of 10% of the insured's surplus as regards policyholders as of December 31 of the immediately preceding year, or the net income, not including realized capital gains, for the 12 month period ending December of the immediately preceding year. Ordinary dividends are ultimately limited to earned surplus.

The portion of the Company's profits that may be paid as ordinary dividends to stockholders is \$0.

There were no restrictions placed on the Company's surplus, including for whom the surplus was being held.

The Company did not hold any stock for any special purposes.

The portion of unassigned funds (surplus) represented or reduced by unrealized gains and (losses) was \$0.

The Company did not have any special surplus funds, surplus notes, or quasi-reorganizations.

The Company did not pay dividends in 2007 or 2006. The Company did not receive capital contributions in 2007 or 2006.

14. Contingencies

A. The Company did not have any contingent commitments.

B. The Company did not have any contingent assessments.

C. The Company did not have any gain contingencies.

D. The Company did not have any claims related extra contractual obligation and bad faith losses stemming from lawsuits in 2007.

E. All other contingencies

Aetna and its subsidiaries, including the Company, are involved in certain claims and legal actions arising, for the most part, in the ordinary course of business operations, concerning benefit plan coverage, medical liability actions, claim payment practices, contractual disputes with providers and other litigation and uncertainties. If found liable in such actions, which are vigorously defended on several grounds, Aetna and its subsidiaries may bear financial responsibility. In addition, the Company's business practices are subject to review by various state health care regulatory authorities and Federal regulatory authorities. Recently, there has been heightened review by these regulators of the managed health care industry's business practices, including utilization management, delegated arrangements and claim payment practices. The Company is regularly the subject of such reviews. These reviews may result in changes to or clarifications of the Company's business practices, and may result in fines, penalties or other sanctions.

The Company is unable to predict at this time the ultimate outcome of such litigation and regulatory proceedings and it is reasonably possible that their outcome could be material to the financial position and results of operations of the Company, after consideration of the defenses available to Aetna and its subsidiaries, applicable insurance coverage and any related reserves established.

15. Leases

The Company did not have any material lease obligations at this time.

16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk

The Company did not have any financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk.

17. Sale, transfer and servicing of financial assets and extinguishments of liabilities

A. Transfers of receivables reported as sales

The Company did not have any transfers of receivables as sales.

B. Transfer and servicing of financial assets

1. Not applicable.

2. The Company did not have any loaned securities as of December 31, 2007.

3. Not applicable.

C. Wash sales

The Company did not have any wash sales.

18. Gain or loss to the HMO from uninsured A&H plans and the uninsured portion of partially insured plans

The Company did not serve as an Administrative Services Only or as an Administrative Services Contract plan administrator for uninsured accident and health plans or the uninsured portion of partially insured plans.

19. Direct premium written/produced by managing general agents/third party administrators

The Company did not have any direct premiums written through/produced by managing general agents or third party administrators.

20. Other items

A. Extraordinary items

The Company did not have any extraordinary items.

B. Troubled debt restructuring: debtors

The Company did not have any troubled debt restructuring.

C. Other disclosures

Minimum capital and surplus

Under the laws of the State of Michigan, for a health maintenance organization that does not contract or employ providers in numbers sufficient to provide 90% of the health maintenance organization's benefit payout, minimum capital and surplus is the greatest of the following: 1) \$3,000,000, 2) ten percent of the health maintenance organization's subscription revenue, or 3) three months' uncovered expenditures. At December 31, 2007 and 2006, the Company's capital and surplus exceeded all such requirements.

The NAIC and the State of Michigan adopted risk-based capital (RBC) standards for health organizations, including HMOs, that are designed to identify companies that may be under capitalized by comparing the company's adjusted statutory capital and surplus to its required statutory capital and surplus (RBC ratio). The RBC ratio is designed to reflect the risk profile of the company. Within certain ratio ranges, regulators have increasing authority to take action as the RBC ratio decreases. There are four levels of regulatory action, ranging from requiring insurers to submit a comprehensive plan to the state insurance commissioner to requiring the state insurance commissioner to place the insurer under regulatory control. At December 31, 2007 and 2006, the Company had capital and surplus that exceeded the highest threshold specified by the RBC rules.

D. The Company did not have any receivable balances due from insurance agents or brokers, and it did not have uninsured plans or retrospectively rated contracts. Therefore, there were no balances for assets that would be reasonably possible to be uncollectible.

- E. The Company did not have any business interruption insurance recoveries.
- F. The Company did not have any state transferable tax credits.
- G. The Company did not have any deposits admitted under Section 6602 of the Internal Revenue Service Code.
- H. The Company did not have any hybrid securities.
- I. The Company did not have any subprime mortgage related risk exposures.

21. Events subsequent

The Company did not have any material subsequent events.

22. Reinsurance

Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?
Yes () No (X)
If yes, give full details.
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?
Yes () No (X)
If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than nonpayment of premium or other similar credit?
Yes () No (X)
 - a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the HMO to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate.
\$ N/A
 - b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement?
\$ N/A
- (2) Does the HMO have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?
Yes () No (X)
If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the insurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.
\$ (538).

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

Yes () No (X)

If yes, what is the amount of reinsurance credit, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$ N/A.

The Company did not have any uncollectible reinsurance or commutation of ceded reinsurance.

See Note 10 for reinsurance agreements with affiliated companies.

23. Retrospectively rated contracts and contracts subject to redetermination

The Company did not have any retrospectively rated contracts or contracts subject to redetermination.

24. Change in claims unpaid, unpaid claims adjustment expense, and aggregate health claim reserves

The following schedule represents the changes in claims unpaid, unpaid claims adjustment expense and aggregate health claim reserves from the beginning of the year to the end of the year.

(amounts in thousands)	2007	2006
Balance, January 1	\$550	\$773
Health care receivable	(6)	(11)
Balance, January 1, net of health care receivable	544	762
Incurred related to:		
Current year	3,645	5,017
Prior years	(158)	(186)
Total incurred	3,487	4,831
Paid related to:		
Current year	3,340	4,499
Prior years	365	550
Total paid	3,705	5,049
Balance, December 31, net of health care receivable	326	544
Health care receivable	2	6
Balance, December 31	\$328	\$550

In 2007, reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years decreased by approximately \$.2 million, from \$.5 million in 2006 to \$.3 million in 2007. In 2006, reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years decreased by \$.2 million from \$.8 million in 2005 to \$.6 million in 2006. The lower than anticipated health care cost trend rates observed in 2007 for claims incurred in 2006 were due to moderating outpatient and physician trends, and lower pharmacy trends. The lower than anticipated health care cost trend rates we observed in 2006 for claims incurred in 2005 were due to moderating inpatient, outpatient and primary care physician service trends. Historical health care cost trend rates are not necessarily representative of current trends. Therefore, the Company considers historical trend rates together with knowledge of recent events that may impact current trends when developing estimates of current trend rates. The Company excluded the impact of the change in health care receivables from the above roll-forward to conform to NAIC Annual Statement presentation.

Net coordination of benefits are implicit in the claims incurred but not reported calculation and could not be specifically identified.

25. Intercompany pooling arrangements

The Company did not have any intercompany pooling arrangements.

26. Structured settlements

Not applicable to health entities.

27. Health care receivables

Pharmacy rebates

The Company receives pharmacy rebates through an agreement with an affiliated pharmaceutical benefits management company (PBM), AHM. AHM has contractual agreements with pharmaceutical companies for rebates, which cover the Company's membership as well as the membership of other Aetna affiliates. The Company receives from AHM those rebates related to the Company's membership. The Company estimates pharmaceutical rebates receivable based upon the historical payment trends, actual utilization and other variables. Pharmaceutical rebates for a quarter are invoiced in the month subsequent to that quarter's end. Estimated rebates are adjusted in a subsequent month's estimate to reflect actual billings after bills are rendered. Pharmacy rebates as invoiced reflect actual amounts invoiced by AHM. Differences between estimated pharmacy rebates and actual invoices are reflected as income or expense in the period in which differences are known. Actual rebates collected are applied to the collection periods below, using a first in first out methodology. The Company reports pharmaceutical rebates receivable as health care receivables. Pharmacy rebates over 90 days due are nonadmitted. At December 31, 2007 and 2006, the Company had pharmaceutical rebates receivables of \$2,239 and \$6,186, respectively.

The following table discloses the quarterly revenue and subsequent cash collections relating to the pharmacy rebates discussed in Note 10.

Quarter	Estimated pharmacy rebates as reported on financial statements	Pharmacy rebates as invoiced/ confirmed	Actual rebates collected within 90 days of invoicing/ confirmation	Actual rebates collected within 91 to 180 days of invoicing/ confirmation	Actual rebates collected more than 180 days after invoicing/ confirmation
12/31/2007	\$7,724	-	\$5,485 ¹	-	-
9/30/2007	\$10,546	\$9,896	\$9,896	-	-
6/30/2007	\$12,532	\$13,435	\$13,435	-	-
3/31/2007	\$15,976	\$13,945	\$13,945	-	-
12/31/2006	\$19,981	\$16,886	\$16,886	-	-
9/30/2006	\$10,985	\$17,738	\$17,738	-	-
6/30/2006	\$26,204	\$19,758	\$19,758	-	-
3/31/2006	\$17,991	\$23,813	\$23,813	-	-
12/31/2005	\$31,306	\$28,264	\$28,264	-	-
9/30/2005	\$32,920	\$30,961	\$30,961	-	-
6/30/2005	\$26,271	\$29,736	\$29,736	-	-
3/31/2005	\$30,485	\$30,741	\$30,741	-	-

¹ Represents a portion of the estimated rebates for the quarter ending December 31, 2007, which were paid by AHM to the Company prior to December 31, 2007 and invoicing in 2008.

Risk sharing receivables

The Company did not have any admitted risk sharing receivables.

28. Participating policies

The Company did not have any participating policies.

29. Premium deficiency reserves

Premium deficiency reserves (PDR) are recognized when it is probable that the expected future medical costs, including maintenance costs, will exceed anticipated future premiums and reinsurance recoveries on existing contracts. Contracts are grouped in a manner consistent with the method of acquiring, servicing and measuring the profitability of such contracts. The Company considered anticipated investment income when calculating its premium deficiency reserves. The Company had no PDR at December 31, 2007. The PDR balance of \$200,000 was recorded in aggregate health policy reserves in the Statements of Liabilities, Capital and Surplus as of December 31, 2006.

30. Anticipated salvage and subrogation

See discussion of Hospital and medical costs and claims adjustment expenses and related reserves in Note 1.

Statement as of December 31, 2007 of the Aetna Health Inc. (a Michigan corporation)
SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	1,095,774	17.2	1,095,774	17.2
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	0	0.0	0	0.0
1.22 Issued by U.S. government sponsored agencies.....	0	0.0	0	0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....	0	0.0	0	0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	0	0.0	0	0.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	0	0.0	0	0.0
1.43 Revenue and assessment obligations.....	0	0.0	0	0.0
1.44 Industrial development and similar obligations.....	0	0.0	0	0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA.....	0	0.0	0	0.0
1.512 Issued or guaranteed by FNMA and FHLMC.....	0	0.0	0	0.0
1.513 All other.....	0	0.0	0	0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....	0	0.0	0	0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521.....	0	0.0	0	0.0
1.523 All other.....	0	0.0	0	0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	0	0.0	0	0.0
2.2 Unaffiliated foreign securities.....	0	0.0	0	0.0
2.3 Affiliated securities.....	0	0.0	0	0.0
3. Equity interests:				
3.1 Investments in mutual funds.....	0	0.0	0	0.0
3.2 Preferred stocks:				
3.21 Affiliated.....	0	0.0	0	0.0
3.22 Unaffiliated.....	0	0.0	0	0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....	0	0.0	0	0.0
3.32 Unaffiliated.....	0	0.0	0	0.0
3.4 Other equity securities:				
3.41 Affiliated.....	0	0.0	0	0.0
3.42 Unaffiliated.....	0	0.0	0	0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....	0	0.0	0	0.0
3.52 Unaffiliated.....	0	0.0	0	0.0
4. Mortgage loans:				
4.1 Construction and land development.....	0	0.0	0	0.0
4.2 Agricultural.....	0	0.0	0	0.0
4.3 Single family residential properties.....	0	0.0	0	0.0
4.4 Multifamily residential properties.....	0	0.0	0	0.0
4.5 Commercial loans.....	0	0.0	0	0.0
4.6 Mezzanine real estate loans.....	0	0.0	0	0.0
5. Real estate investments:				
5.1 Property occupied by company.....	0	0.0	0	0.0
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....	0	0.0	0	0.0
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt).....	0	0.0	0	0.0
6. Contract loans.....	0	0.0	0	0.0
7. Receivables for securities.....	0	0.0	0	0.0
8. Cash, cash equivalents and short-term investments.....	5,261,717	82.8	5,261,717	82.8
9. Other invested assets.....	0	0.0	0	0.0
10. Total invested assets.....	6,357,491	100.0	6,357,491	100.0

Statement as of December 31, 2007 of the **Aetna Health Inc. (a Michigan corporation)**

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: N/A
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2003
- 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. 12/31/2003
- 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). 11/24/2004
- 3.4 By what department or departments? Michigan Office of Financial and Insurance Services
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under a 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 Co. Code | 3
State of Domicile |
|---------------------|--------------------|------------------------|
| N/A | 00000 | |
- 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: N/A
- 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(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)
- | 1
Nationality | 2
Type of Entity |
|------------------|---------------------|
| N/A | |
- 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. N/A
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.
- | 1
Affiliate Name | 2
Location (City, State) | 3
FRB | 4
OCC | 5
OTS | 6
FDIC | 7
SEC |
|---------------------|-----------------------------|----------|----------|----------|-----------|----------|
| N/A | | | | | | |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP, One Financial Plaza, 755 Main Street, Hartford, CT 06103
10. 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?
Peter K. Reilly, Valuation Actuary, Aetna Inc., 980 Jolly Road, Blue Bell, PA 19422
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 11.11 Name of real estate holding company N/A
- 11.12 Number of parcels involved0
- 11.13 Total book/adjusted carrying value \$.....0
- 11.2 If yes, provide explanation. N/A
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? N/A
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 13.1 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 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.
- 13.11 If the response to 13.1 is No, please explain:
N/A
-
- 13.2 Has the code of ethics for senior managers been amended? Yes No
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
N/A
-
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes No
- 13.31 If the response to 13.3 is yes, provide the nature of any waiver(s).
N/A

BOARD OF DIRECTORS

14. 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 No
15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes No
16. 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 No

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes No
- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.11 To directors or other officers \$.....0
 - 18.12 To stockholders not officers \$.....0
 - 18.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 18.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.21 To directors or other officers \$.....0
 - 18.22 To stockholders not officers \$.....0
 - 18.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 19.1 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
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- 19.21 Rented from others \$.....0
 - 19.22 Borrowed from others \$.....0
 - 19.23 Leased from others \$.....0
 - 19.24 Other \$.....0
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes No
- 20.2 If answer is yes:
- 20.21 Amount paid as losses or risk adjustment \$.....0
 - 20.22 Amount paid as expenses \$.....1,282
 - 20.23 Other amounts paid \$.....0
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? Yes No
- 22.2 If no, give full and complete information relating thereto.
Answer of no pertains to securities loaned to others which the company has exclusive control over and which are held pursuant to a custodial agreement. See Note 17.B.2 for a schedule of loaned securities.
-
- 23.1 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 19.1) Yes No
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Loaned to others \$.....0
 - 23.22 Subject to repurchase agreements \$.....0
 - 23.23 Subject to reverse repurchase agreements \$.....0
 - 23.24 Subject to dollar repurchase agreements \$.....0
 - 23.25 Subject to reverse dollar repurchase agreements \$.....0
 - 23.26 Pledged as collateral \$.....0
 - 23.27 Placed under option agreements \$.....0
 - 23.28 Letter stock or securities restricted as to sale \$.....0
 - 23.29 On deposit with state or other regulatory body \$.....1,095,774
 - 23.291 Other \$.....0
- 23.3 For category (23.28) provide the following:
- | 1
Nature of Restriction | 2
Description | 3
Amount |
|----------------------------|------------------|-------------|
| N/A | | 0 |
- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
If no, attach a description with this statement.

Statement as of December 31, 2007 of the **Aetna Health Inc. (a Michigan corporation)**

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 25.1 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]
- 25.2 If yes, state the amount thereof at December 31 of the current year: \$.....0

26. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []
- 26.01 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
State Street Bank and Trust Company	225 Franklin St., Boston, MA 02110

- 26.02 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) |
|------------------------|------------------|------------------------------|
| All agreements comply. | | |

- 26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes [] No [X]
- 26.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
N/A			

- 26.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:
- | 1
Central Registration Depository Number(s) | 2
Name | 3
Address |
|--|-----------|--------------|
| N/A | | |

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

- 27.2 If yes, complete the following schedule:
- | 1
CUSIP # | 2
Name of Mutual Fund | 3
Book/Adj. Carrying Value |
|----------------|--------------------------|-------------------------------|
| | N/A | 0 |
| 27.2999. TOTAL | | 0 |

- 27.3 For each mutual fund listed in the table above, complete the following schedule:
- | 1
Name of Mutual Fund
(from the above table) | 2
Name of Significant Holding
of the Mutual Fund | 3
Amount of Mutual
Fund's Book/Adjusted
Carrying Value
Attributable to Holding | 4
Date of Valuation |
|--|--|--|------------------------|
| N/A | | 0 | |

28. 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 (+) |
|----------------------------|---------------------------------------|--------------------|---|
| 28.1 Bonds..... | 5,949,557 | 5,993,911 | 44,354 |
| 28.2 Preferred stocks..... | 0 | 0 | 0 |
| 28.3 Totals..... | 5,949,557 | 5,993,911 | 44,354 |

28.4 Describe the sources or methods utilized in determining the fair values:
 Prices for long term bonds and preferred stock that are rated by the SVO are based on current NAIC prices if available. All other long term bond and preferred stock prices are based on quoted market prices from brokers/dealers. Short term investments are carried at amortized cost which approximates fair value.

- 29.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []
- 29.2 If no, list exceptions:
N/A

OTHER

- 30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....242
- 30.2 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
Americas Health Insurance Plans	134

- 31.1 Amount of payments for legal expenses, if any? \$.....6,341
- 31.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
N/A	0

- 32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....307
- 32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
N/A	0

Statement as of December 31, 2007 of the Aetna Health Inc. (a Michigan corporation)
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 lives0
 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 lives0
 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 lives0
 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 lives0

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	3,520,525	6,128,652
2.2 Premium Denominator.....	3,520,525	6,128,652
2.3 Premium Ratio (2.1/2.2).....	100.0	100.0
2.4 Reserve Numerator.....	353,656	825,672
2.5 Reserve Denominator.....	353,656	825,672
2.6 Reserve Ratio (2.4/2.5).....	100.0	100.0

- 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:
 N/A

- 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]
 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 \$.....500,000
 5.32 Medical only \$.....0
 5.33 Medicare supplement \$.....0
 5.34 Dental \$.....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:
Provider contracts contain hold harmless and continuity of coverage provisions.
In addition, the HMO maintains an insolvency protection agreement with an affiliate of the HMO.
 7.1 Does the reporting entity set up its claim liability for provider services on a service date base? Yes [X] No []
 7.2 If no, give details:
 N/A

8. Provide the following information regarding participating providers:
 8.1 Number of providers at start of reporting year10,569
 8.2 Number of providers at end of reporting year10,639
 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 the 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 [] No [X]
 10.2 If yes:
 10.21 Maximum amount payable bonuses \$.....0
 10.22 Amount actually paid for year bonuses \$.....0
 10.23 Maximum amount payable withholds \$.....0
 10.24 Amount actually paid for year withholds \$.....0

Statement as of December 31, 2007 of the **Aetna Health Inc. (a Michigan corporation)**
GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

- 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 [X] No []
- 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. \$.....1,500,000
- 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:
See Notes to Financial Statement - Note 20, Other Items, C., Other Disclosures.

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

1 Name of Service Area
Macomb, St. Clair, Wayne
Partial: Monroe, Oakland

**Statement as of December 31, 2007 of the Aetna Health Inc. (a Michigan corporation)
FIVE-YEAR HISTORICAL DATA**

	1 2007	2 2006	3 2005	4 2004	5 2003
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26).....	6,416,114	7,761,773	6,314,213	8,111,139	12,301,104
2. Total liabilities (Page 3, Line 22).....	1,441,892	2,955,384	1,897,769	3,956,553	3,101,762
3. Statutory surplus.....	1,500,000	3,000,000	3,000,000	3,000,000	3,000,000
4. Total capital and surplus (Page 3, Line 31).....	4,974,222	4,806,389	4,416,444	4,154,586	9,199,342
Income Statement Items (Page 4)					
5. Total revenues (Line 8).....	3,521,360	6,135,417	7,844,661	9,402,551	12,393,372
6. Total medical and hospital expenses (Line 18).....	3,414,970	4,722,352	6,787,475	7,083,133	8,597,345
7. Claims adjustment expenses (Line 20).....	71,714	107,985	156,976	191,398	257,920
8. Total administrative expenses (Line 21).....	621,417	908,579	960,120	1,121,522	1,315,799
9. Net underwriting gain (loss) (Line 24).....	(329,872)	268,395	160,605	627,180	2,494,070
10. Net investment gain (loss) (Line 27).....	563,532	334,376	233,535	235,938	190,986
11. Total other income (Lines 28 plus 29).....	0	0	0	0	0
12. Net income or (loss) (Line 32).....	249,039	340,325	320,070	491,164	1,902,748
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	(318,736)	260,774	(10,242)	851,529	(2,004,805)
Risk-Based Capital Analysis					
14. Total adjusted capital.....	4,974,222	4,806,389	4,416,444	4,154,586	9,199,342
15. Authorized control level risk-based capital.....	505,975	500,800	501,061	501,636	558,004
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7).....	768	1,710	2,313	2,941	4,062
17. Total member months (Column 6, Line 7).....	12,694	22,136	31,143	38,376	58,815
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100					
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 (Line 18 plus Line 19)....	97.0	77.0	86.5	75.3	69.4
20. Cost containment expenses.....	0.7	0.6	0.7	0.6	.XXX
21. Other claims adjustment expenses.....	1.3	1.2	1.3	1.4	2.1
22. Total underwriting deductions (Line 23).....	109.4	95.6	98.0	93.3	79.9
23. Total underwriting gain (loss) (Line 24).....	(9.4)	4.4	2.0	6.7	20.1
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5).....	378,192	563,521	1,150,292	1,286,919	3,188,700
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	531,742	742,944	1,093,096	1,494,550	4,764,301
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 25, Col. 1).....	0	0	0	0	0
27. Affiliated preferred stocks (Sch D. Summary, Line 39, Col. 1).....	0	0	0	0	0
28. Affiliated common stocks (Sch D. Summary, Line 53, Col. 1).....	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 7).....	0	0	0	0	0
30. Affiliated mortgage loans on real estate.....	0	0	0	0	0
31. All other affiliated.....	0	0	0	0	0
32. Total of above Lines 26 to 31.....	0	0	0	0	0

Statement as of December 31, 2007 of the Aetna Health Inc. (a Michigan corporation)
SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States.....	1,095,774	1,140,128	1,093,512	1,100,000
	2. Canada.....	0	0	0	0
	3. Other Countries.....	0	0	0	0
	4. Totals.....	1,095,774	1,140,128	1,093,512	1,100,000
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	0	0	0	0
	6. Canada.....	0	0	0	0
	7. Other Countries.....	0	0	0	0
	8. Totals.....	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	0	0	0	0
	10. Canada.....	0	0	0	0
	11. Other Countries.....	0	0	0	0
	12. Totals.....	0	0	0	0
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	0	0	0	0
	14. Canada.....	0	0	0	0
	15. Other Countries.....	0	0	0	0
	16. Totals.....	0	0	0	0
Public Utilities (Unaffiliated)	17. United States.....	0	0	0	0
	18. Canada.....	0	0	0	0
	19. Other Countries.....	0	0	0	0
	20. Totals.....	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	0	0	0	0
	22. Canada.....	0	0	0	0
	23. Other Countries.....	0	0	0	0
	24. Totals.....	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals.....	0	0	0	0
	26. Total Bonds.....	1,095,774	1,140,128	1,093,512	1,100,000
PREFERRED STOCKS					
Public Utilities (Unaffiliated)	27. United States.....	0	0	0	
	28. Canada.....	0	0	0	
	29. Other Countries.....	0	0	0	
	30. Totals.....	0	0	0	
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....	0	0	0	
	32. Canada.....	0	0	0	
	33. Other Countries.....	0	0	0	
	34. Totals.....	0	0	0	
Industrial and Miscellaneous (Unaffiliated)	35. United States.....	0	0	0	
	36. Canada.....	0	0	0	
	37. Other Countries.....	0	0	0	
	38. Totals.....	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals.....	0	0	0	
	40. Total Preferred Stocks.....	0	0	0	
COMMON STOCKS					
Public Utilities (Unaffiliated)	41. United States.....	0	0	0	
	42. Canada.....	0	0	0	
	43. Other Countries.....	0	0	0	
	44. Totals.....	0	0	0	
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....	0	0	0	
	46. Canada.....	0	0	0	
	47. Other Countries.....	0	0	0	
	48. Totals.....	0	0	0	
Industrial and Miscellaneous (Unaffiliated)	49. United States.....	0	0	0	
	50. Canada.....	0	0	0	
	51. Other Countries.....	0	0	0	
	52. Totals.....	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals.....	0	0	0	
	54. Total Common Stocks.....	0	0	0	
	55. Total Stocks.....	0	0	0	
	56. Total Bonds and Stocks.....	1,095,774	1,140,128	1,093,512	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	1,095,130	7. Amortization of premium.....	0
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	0	8. Foreign exchange adjustment:	
3. Accrual of discount.....	644	8.1 Column 15, Part 1.....	0
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1.....	0
4.1 Columns 12 - 14, Part 1.....	0	8.3 Column 16, Part 2, Section 2.....	0
4.2 Columns 15 - 17, Part 2, Section 1.....	0	8.4 Column 15, Part 4.....	0
4.3 Column 15, Part 2, Section 2.....	0	9. Book/adjusted carrying value at end of current period.....	1,095,774
4.4 Columns 11 - 13, Part 4.....	0	10. Total valuation allowance.....	0
5. Total gain (loss), Column 19, Part 4.....	0	11. Subtotal (Lines 9 plus 10).....	1,095,774
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4.....	0	12. Total nonadmitted amounts.....	0
		13. Statement value of bonds and stocks, current year.....	1,095,774

Statement as of December 31, 2007 of the Aetna Health Inc. (a Michigan corporation)
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1 Is Insurer Licensed? (YES or NO)	Direct Business Only							9 Deposit- Type Contracts
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums and Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	
1. Alabama.....AL	NO	0	0	0	0	0	0	0	0
2. Alaska.....AK	NO	0	0	0	0	0	0	0	0
3. Arizona.....AZ	NO	0	0	0	0	0	0	0	0
4. Arkansas.....AR	NO	0	0	0	0	0	0	0	0
5. California.....CA	NO	0	0	0	0	0	0	0	0
6. Colorado.....CO	NO	0	0	0	0	0	0	0	0
7. Connecticut.....CT	NO	0	0	0	0	0	0	0	0
8. Delaware.....DE	NO	0	0	0	0	0	0	0	0
9. District of Columbia.....DC	NO	0	0	0	0	0	0	0	0
10. Florida.....FL	NO	0	0	0	0	0	0	0	0
11. Georgia.....GA	NO	0	0	0	0	0	0	0	0
12. Hawaii.....HI	NO	0	0	0	0	0	0	0	0
13. Idaho.....ID	NO	0	0	0	0	0	0	0	0
14. Illinois.....IL	NO	0	0	0	0	0	0	0	0
15. Indiana.....IN	NO	0	0	0	0	0	0	0	0
16. Iowa.....IA	NO	0	0	0	0	0	0	0	0
17. Kansas.....KS	NO	0	0	0	0	0	0	0	0
18. Kentucky.....KY	NO	0	0	0	0	0	0	0	0
19. Louisiana.....LA	NO	0	0	0	0	0	0	0	0
20. Maine.....ME	NO	0	0	0	0	0	0	0	0
21. Maryland.....MD	NO	0	0	0	0	0	0	0	0
22. Massachusetts.....MA	NO	0	0	0	0	0	0	0	0
23. Michigan.....MI	YES	3,529,411	0	0	0	0	0	3,529,411	0
24. Minnesota.....MN	NO	0	0	0	0	0	0	0	0
25. Mississippi.....MS	NO	0	0	0	0	0	0	0	0
26. Missouri.....MO	NO	0	0	0	0	0	0	0	0
27. Montana.....MT	NO	0	0	0	0	0	0	0	0
28. Nebraska.....NE	NO	0	0	0	0	0	0	0	0
29. Nevada.....NV	NO	0	0	0	0	0	0	0	0
30. New Hampshire.....NH	NO	0	0	0	0	0	0	0	0
31. New Jersey.....NJ	NO	0	0	0	0	0	0	0	0
32. New Mexico.....NM	NO	0	0	0	0	0	0	0	0
33. New York.....NY	NO	0	0	0	0	0	0	0	0
34. North Carolina.....NC	NO	0	0	0	0	0	0	0	0
35. North Dakota.....ND	NO	0	0	0	0	0	0	0	0
36. Ohio.....OH	NO	0	0	0	0	0	0	0	0
37. Oklahoma.....OK	NO	0	0	0	0	0	0	0	0
38. Oregon.....OR	NO	0	0	0	0	0	0	0	0
39. Pennsylvania.....PA	NO	0	0	0	0	0	0	0	0
40. Rhode Island.....RI	NO	0	0	0	0	0	0	0	0
41. South Carolina.....SC	NO	0	0	0	0	0	0	0	0
42. South Dakota.....SD	NO	0	0	0	0	0	0	0	0
43. Tennessee.....TN	NO	0	0	0	0	0	0	0	0
44. Texas.....TX	NO	0	0	0	0	0	0	0	0
45. Utah.....UT	NO	0	0	0	0	0	0	0	0
46. Vermont.....VT	NO	0	0	0	0	0	0	0	0
47. Virginia.....VA	NO	0	0	0	0	0	0	0	0
48. Washington.....WA	NO	0	0	0	0	0	0	0	0
49. West Virginia.....WV	NO	0	0	0	0	0	0	0	0
50. Wisconsin.....WI	NO	0	0	0	0	0	0	0	0
51. Wyoming.....WY	NO	0	0	0	0	0	0	0	0
52. American Samoa.....AS	NO	0	0	0	0	0	0	0	0
53. Guam.....GU	NO	0	0	0	0	0	0	0	0
54. Puerto Rico.....PR	NO	0	0	0	0	0	0	0	0
55. U.S. Virgin Islands.....VI	NO	0	0	0	0	0	0	0	0
56. Northern Mariana Islands.....MP	NO	0	0	0	0	0	0	0	0
57. Canada.....CN	NO	0	0	0	0	0	0	0	0
58. Aggregate Other alien.....OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal.....XXX		3,529,411	0	0	0	0	0	3,529,411	0
60. Reporting entity contributions for Employee Benefit Plans.....XXX		0	0	0	0	0	0	0	0
61. Total (Direct Business).....(a).....1		3,529,411	0	0	0	0	0	3,529,411	0

DETAILS OF WRITE-INS

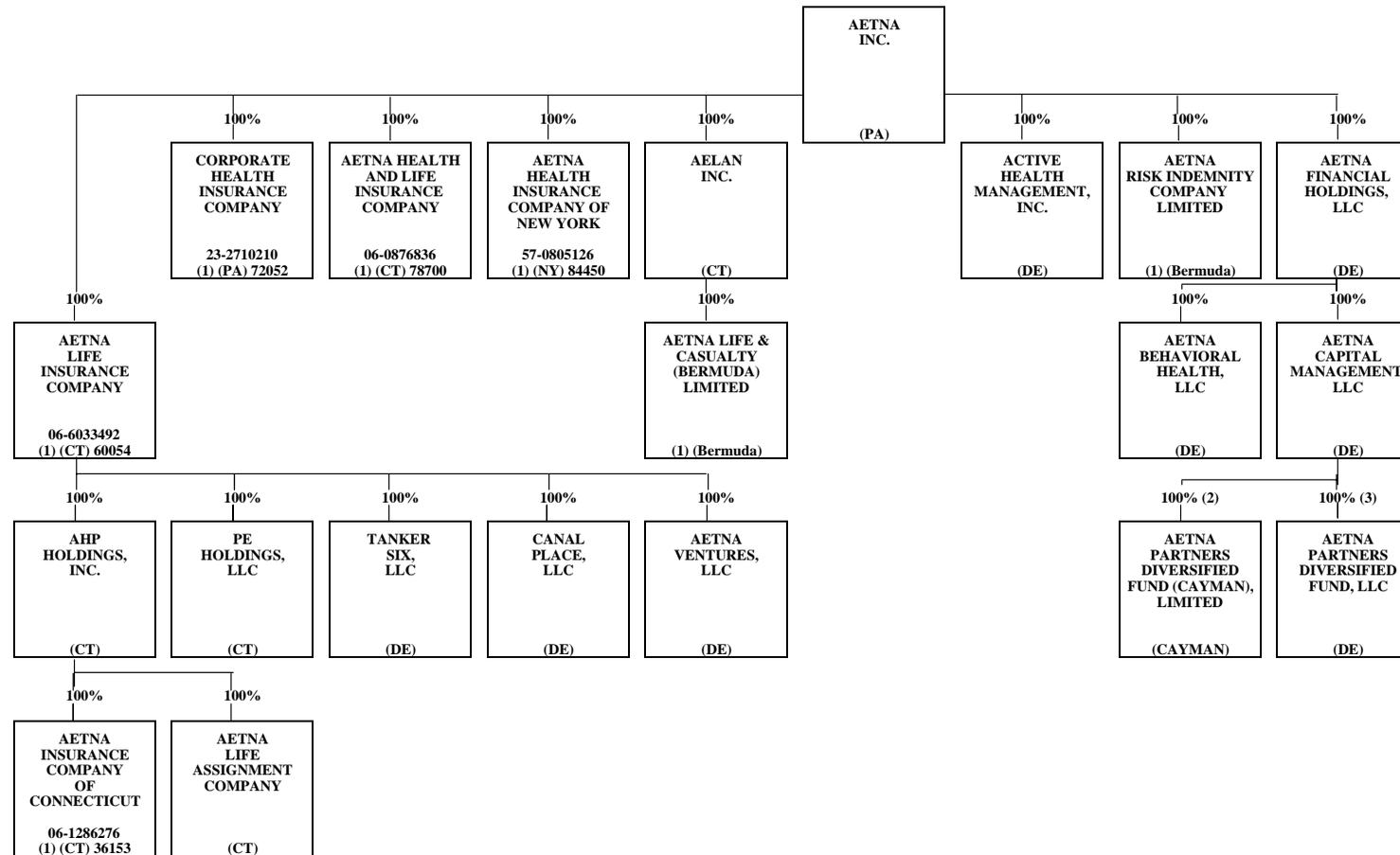
5801.....	0	0	0	0	0	0	0	0	0
5802.....	0	0	0	0	0	0	0	0	0
5803.....	0	0	0	0	0	0	0	0	0
5898. Summary of remaining write-ins for line 58.....	0	0	0	0	0	0	0	0	0
5899. Total (Lines 5801 thru 5803 + 5898) (Line 58 above).....	0	0	0	0	0	0	0	0	0

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

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

PART 1- ORGANIZATIONAL CHART



Reconciliation from 1/01/07 to 12/31/07:
 (a) Remove - ALEC Coinvestment Fund I, LLC
 (b) Remove - Flagstone Church, LLC
 (c) Remove - Broadspire National Services, Inc.
 (d) Remove - CMBS Holdings, LLC
 (e) Remove - Azalea Mall, LLC

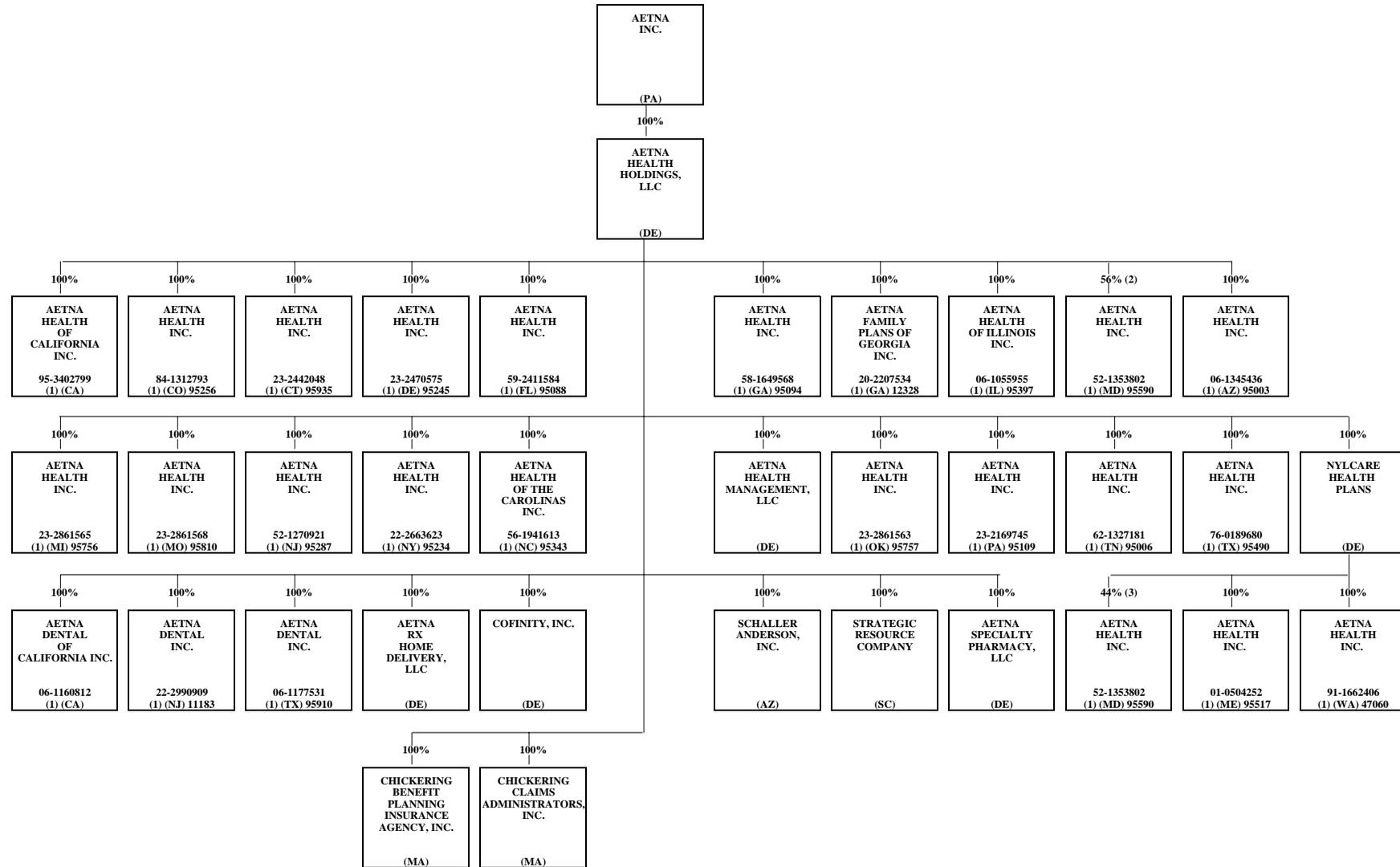
- (1) Insurers/HMO's
- (2) Aetna Life Insurance Company owns the Class C participating shares of Aetna Partners Diversified Fund (Cayman), Limited.
- (3) Aetna Life Insurance Company and Aetna Health and Life Insurance Company own substantially all of the non-managing member interests of Aetna Partners Diversified Fund, LLC.

Percentages are rounded to the nearest whole percent and are based on ownership of voting rights.

Statement as of December 31, 2007 of the **Aetna Health Inc. (a Michigan corporation)**

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

PART 1- ORGANIZATIONAL CHART



Reconciliation from 1/01/07 to 12/31/07:
 (a) Remove - Aetna Health Inc. (MA)
 (b) Remove - Aetna Health Inc. (NH)
 (c) Remove - Aetna Health Inc. (OH)

(1) Insurers/HMO's
 (2) NYLCare Health Plans, Inc. directly owns 44% of Aetna Health Inc. (MD)
 (3) Aetna Health Holdings, LLC directly owns 56% of Aetna Health Inc. (MD).

Percentages are rounded to the nearest whole percent and are based on ownership of voting rights.

2007 ALPHABETICAL INDEX

(http://www.naic.org/committees_e_app_blanks.htm)

HEALTH ANNUAL STATEMENT BLANK

Exhibit of Nonadmitted Assets	16	Schedule DB – Part A – Section 1	E16
Analysis of Operations By Lines of Business	7	Schedule DB – Part A – Section 2	E16
Assets	2	Schedule DB – Part A – Section 3	E17
Cash Flow	6	Schedule DB – Part A – Verification Between Years	40
Exhibit 1 – Enrollment By Product Type for Health Business Only	17	Schedule DB – Part B – Section 1	E17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18	Schedule DB – Part B – Section 2	E18
Exhibit 3 – Health Care Receivables	19	Schedule DB – Part B – Section 3	E18
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	20	Schedule DB – Part B – Verification Between Years	40
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	21	Schedule DB – Part C – Section 1	E19
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	22	Schedule DB – Part C – Section 2	E19
Exhibit 7 – Part 1 – Summary of Transactions With Providers	23	Schedule DB – Part C – Section 3	E20
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	23	Schedule DB – Part C – Verification Between Years	41
Exhibit 8 – Furniture, Equipment and Supplies Owned	24	Schedule DB – Part D – Section 1	E20
Exhibit of Capital Gains (Losses)	15	Schedule DB – Part D – Section 2	E21
Exhibit of Net Investment Income	15	Schedule DB – Part D – Section 3	E21
Exhibit of Premiums, Enrollment and Utilization (State Page)	30	Schedule DB – Part D – Verification Between Years	41
Five-Year Historical Data	29	Schedule DB – Part E – Section 1	E22
General Interrogatories	27	Schedule DB – Part E – Verification	41
Jurat Page	1	Schedule DB – Part F – Section 1	42
Liabilities, Capital and Surplus	3	Schedule DB – Part F – Section 2	43
Notes To Financial Statements	25	Schedule E – Part 1 – Cash	E23
Overflow Page For Write-ins	55	Schedule E – Part 2 – Cash Equivalents	E24
Schedule A – Part 1	E01	Schedule E – Part 3 – Special Deposits	E25
Schedule A – Part 2	E02	Schedule S – Part 1 – Section 2	44
Schedule A – Part 3	E03	Schedule S – Part 2	45
Schedule A – Verification Between Years	31	Schedule S – Part 3 – Section 2	46
Schedule B – Part 1	E04	Schedule S – Part 4	47
Schedule B – Part 2	E05	Schedule S – Part 5	48
Schedule B – Verification Between Years	31	Schedule S – Part 6	49
Schedule BA – Part 1	E06	Schedule T – Part 2 – Interstate Compact	51
Schedule BA – Part 2	E07	Schedule T – Premiums and Other Considerations	50
Schedule BA – Verification Between Years	31	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	52
Schedule D – Part 1	E08	Schedule Y - Part 2 – Summary of Insurer's Transactions With Any Affiliates	53
Schedule D – Part 1A – Section 1	33	Statement of Revenue and Expenses	4
Schedule D – Part 1A – Section 2	36	Summary Investment Schedule	26
Schedule D – Part 2 – Section 1	E09	Supplemental Exhibits and Schedules Interrogatories	54
Schedule D – Part 2 – Section 2	E10	Underwriting and Investment Exhibit – Part 1	8
Schedule D – Part 3	E11	Underwriting and Investment Exhibit – Part 2	9
Schedule D – Part 4	E12	Underwriting and Investment Exhibit – Part 2A	10
Schedule D – Part 5	E13	Underwriting and Investment Exhibit – Part 2B	11
Schedule D – Part 6 – Section 1	E14	Underwriting and Investment Exhibit – Part 2C	12
Schedule D – Part 6 – Section 2	E14	Underwriting and Investment Exhibit – Part 2D	13
Schedule D – Summary By Country	32	Underwriting and Investment Exhibit – Part 3	14
Schedule D – Verification Between Years	32		
Schedule DA – Part 1	E15		
Schedule DA – Part 2 – Verification Between Years	39		