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ANNUAL STATEMENT

For the Year Ended December 31, 2007

of the Condition and Affairs of the

BlueCaid of Michigan

NAIC Group Code.....572, 572 (Current Period) (Prior Period) NAIC Company Code..... 11557 Employer's ID Number..... 32-0026448

Organized under the Laws of Michigan State of Domicile or Port of Entry Michigan Country of Domicile US

Licensed as Business Type.....Health Maintenance Organization Is HMO Federally Qualified? Yes [ ] No [X]

Incorporated/Organized..... September 25, 2002 Commenced Business..... January 1, 2003

Statutory Home Office	20500 Civic Center Drive….. Southfield ..... MI ..... 48076 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	20500 Civic Center Drive….. Southfield ..... MI ..... 48076 *(Street and Number) (City or Town, State and Zip Code)*	248-799-6400 *(Area Code) (Telephone Number)*
Mail Address	20500 Civic Center Drive MC C455….. Southfield ..... MI ..... 48076 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	20500 Civic Center Drive….. Southfield ..... MI ..... 48076 *(Street and Number) (City or Town, State and Zip Code)*	248-455-3410 *(Area Code) (Telephone Number)*
Internet Website Address	www.mibcn.com/home/bluecaid	
Statutory Statement Contact	Joseph John Andraska *(Name)*	248-455-3428 *(Area Code) (Telephone Number) (Extension)*
	jandraska@bcbsm.com *(E-Mail Address)*	248-455-3639 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. Jeanne Helen Carlson #	President & Chief Executive Officer	2. Julie Concetta Swantek #	Secretary
3. Susan Anne Kluge #	Chief Financial Officer & Treasurer	4. David Robert Nelson #	Chief Actuarial Officer

OTHER

Douglas Robert Woll MD #	Chief Medical Officer	Laurie Lowe Westfall #	Chief Operating Officer

DIRECTORS OR TRUSTEES

Jeanne Helen Carlson # Joleen Mary Immerfall Kevin Lewis Seitz #

State of..... Michigan
County of..... Oakland

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

(Signature)	(Signature)	(Signature)
Jeanne Helen Carlson	Julie Concetta Swantek	Susan Anne Kluge
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President & Chief Executive Officer	Secretary	Chief Financial Officer & Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____

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

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)			0	1,160,632
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....21,524, Sch. E-Part 1), cash equivalents ($.....0, Sch. E-Part 2) and short-term investments ($.....9,516,677, Sch. DA)	9,538,201		9,538,201	568,891
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets (Schedule BA)	58,327		58,327	
8. Receivables for securities			0	
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	9,596,528	0	9,596,528	1,729,523
11. Title plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	27,136		27,136	16,065
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection	232,966		232,966	207,366
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	
14.2 Funds held by or deposited with reinsured companies			0	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon			0	
16.2 Net deferred tax asset			0	
17. Guaranty funds receivable or on deposit			0	
18. Electronic data processing equipment and software			0	
19. Furniture and equipment, including health care delivery assets ($.....0)			0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates	417,281	87,974	329,307	
22. Health care ($.....1,586,945) and other amounts receivable	1,819,991	233,046	1,586,945	1,806,861
23. Aggregate write-ins for other than invested assets	3,750	3,750	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	12,097,652	324,770	11,772,882	3,759,815
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	12,097,652	324,770	11,772,882	3,759,815

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			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. Prepaid Expenses	3,750	3,750	0	
2302.			0	
2303.			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)	3,750	3,750	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $.....82,656 reinsurance ceded)	1,584,277		1,584,277	1,806,861
2. Accrued medical incentive pool and bonus amounts			0	
3. Unpaid claims adjustment expenses	46,010		46,010	26,408
4. Aggregate health policy reserves			0	
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance			0	
9. General expenses due or accrued	374,268		374,268	52,617
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized capital gains (losses))			0	
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable	29,666		29,666	
12. Amounts withheld or retained for the account of others	944,595		944,595	
13. Remittances and items not allocated	128,534		128,534	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	5,670,403		5,670,403	
16. Payable for securities			0	
17. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
18. Reinsurance in unauthorized companies			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	
20. Liability for amounts held under uninsured plans			0	
21. Aggregate write-ins for other liabilities (including $.....0 current)	15,324	0	15,324	0
22. Total liabilities (Lines 1 to 21)	8,793,077	0	8,793,077	1,885,886
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX		
25. Preferred capital stock	XXX	XXX		
26. Gross paid in and contributed surplus	XXX	XXX	3,250,000	1,750,000
27. Surplus notes	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	(270,195)	123,929
30. Less treasury stock at cost:				
30.1 .....0.000 shares common (value included in Line 24 $.....0)	XXX	XXX		
30.2 .....0.000 shares preferred (value included in Line 25 $.....0)	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	2,979,805	1,873,929
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	11,772,882	3,759,815

DETAILS OF WRITE-INS

2101. Stale Dated Checks	15,324		15,324	
2102.			0	
2103.			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)	15,324	0	15,324	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
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		
2802.	XXX	XXX		
2803.	XXX	XXX		
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 OF REVENUE AND EXPENSES

	Current Year 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1. Member months	XXX	218,436	213,963
2. Net premium income (including $.....0 non-health premium income)	XXX	44,298,943	34,131,561
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of $.....0 medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	(2,662,653)	(2,056,443)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	41,636,290	32,075,118
Hospital and Medical:			
9. Hospital/medical benefits		29,282,447	22,094,104
10. Other professional services		1,352,668	1,381,601
11. Outside referrals			
12. Emergency room and out-of-area		1,993,478	
13. Prescription drugs		5,494,907	4,805,333
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)	0	38,123,500	28,281,038
Less:			
17. Net reinsurance recoveries		426,435	
18. Total hospital and medical (Lines 16 minus 17)	0	37,697,065	28,281,038
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....501,681 cost containment expenses		1,154,612	613,745
21. General administrative expenses		4,334,385	3,430,132
22. Increase in reserves for life and accident and health contracts including $.....0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	0	43,186,062	32,324,915
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(1,549,772)	(249,797)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		238,831	149,684
26. Net realized capital gains or (losses) less capital gains tax of $.....0		(652)	
27. Net investment gains or (losses) (Lines 25 plus 26)	0	238,179	149,684
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
29. Aggregate write-ins for other income or expenses	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	(1,311,593)	(100,113)
31. Federal and foreign income taxes incurred	XXX		
32. Net income (loss) (Lines 30 minus 31)	XXX	(1,311,593)	(100,113)

DETAILS OF WRITE-INS

0601. Quality Assurance Assessment Program (QAAP) Fee	XXX	(2,662,653)	(2,056,443)
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	(2,662,653)	(2,056,443)
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	1,873,929	2,036,712
34. Net income or (loss) from Line 32	(1,311,593)	(100,113)
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains and (losses) less capital gains tax of $.....0	46,453	
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	871,017	(62,670)
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in	1,500,000	
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	1,105,876	(162,783)
49. Capital and surplus end of reporting period (Line 33 plus 48)	2,979,805	1,873,929

DETAILS OF WRITE-INS

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

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	44,303,009	33,924,195
2. Net investment income	337,578	146,663
3. Miscellaneous income	(2,662,653)	(2,056,443)
4. Total (Lines 1 through 3)	41,977,934	32,014,415
5. Benefit and loss related payments	37,919,649	27,617,185
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	5,132,420	4,047,183
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	43,052,069	31,664,368
11. Net cash from operations (Line 4 minus Line 10)	(1,074,135)	350,047
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	1,038,287	
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,038,287	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds		40,195
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	40,195
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	1,038,287	(40,195)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	1,500,000	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	7,505,157	(129,055)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	9,005,157	(129,055)
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)	8,969,310	180,797
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	568,891	388,094
19.2 End of year (Line 18 plus Line 19.1)	9,538,201	568,891

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		

ANALYSIS OF OPERATION BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plans	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	44,298,943							44,298,943		
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of $.....0 medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	(2,662,653)	0	0	0	0	0	0	(2,662,653)	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	41,636,290	0	0	0	0	0	0	41,636,290	0	0
8. Hospital/medical benefits	29,282,447							29,282,447		XXX
9. Other professional services	1,352,668							1,352,668		XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	1,993,478							1,993,478		XXX
12. Prescription drugs	5,494,907							5,494,907		XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0									XXX
15. Subtotal (Lines 8 to 14)	38,123,500	0	0	0	0	0	0	38,123,500	0	XXX
16. Net reinsurance recoveries	426,435							426,435		XXX
17. Total hospital and medical (Lines 15 minus 16)	37,697,065	0	0	0	0	0	0	37,697,065	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $.....501,681 cost containment expenses	1,154,612							1,154,612		
20. General administrative expenses	4,334,385							4,334,385		
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserve for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	43,186,062	0	0	0	0	0	0	43,186,062	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(1,549,772)	0	0	0	0	0	0	(1,549,772)	0	0

DETAILS OF WRITE-INS

0501. Quality Assurance Assessment Program (QAAP) Fee	(2,662,653)							(2,662,653)		XXX
0502.	0									XXX
0503.	0									XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Total (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(2,662,653)	0	0	0	0	0	0	(2,662,653)	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Total (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.	0									XXX
1302.	0									XXX
1303.	0									XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Total (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				0
2. Medicare supplement				0
3. Dental only				0
4. Vision only				0
5. Federal employees health benefits plan				0
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid	44,654,994		356,051	44,298,943
8. Other health				0
9. Health subtotal (Lines 1 through 8)	44,654,994	0	356,051	44,298,943
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	44,654,994	0	356,051	44,298,943

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	38,263,428							38,263,428		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	343,779							343,779		
1.4 Net	37,919,649	0	0	0	0	0	0	37,919,649	0	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	1,666,933							1,666,933		
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	82,656							82,656		
3.4 Net	1,584,277	0	0	0	0	0	0	1,584,277	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0									
6. Net healthcare receivables (a)	0									
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	1,806,861							1,806,861		
8.2 Reinsurance assumed	0									
8.3 Reinsurance ceded	0									
8.4 Net	1,806,861	0	0	0	0	0	0	1,806,861	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0									
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0									
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred benefits:										
12.1 Direct	38,123,500	0	0	0	0	0	0	38,123,500	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	426,435	0	0	0	0	0	0	426,435	0	0
12.4 Net	37,697,065	0	0	0	0	0	0	37,697,065	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 Total	2 Comprehensive (Medical and Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct	0									
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	0	0	0	0	0	0	0	0	0	0
2. Incurred but unreported:										
2.1 Direct	1,666,933							1,666,933		
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	82,656							82,656		
2.4 Net	1,584,277	0	0	0	0	0	0	1,584,277	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct	0									
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct	1,666,933	0	0	0	0	0	0	1,666,933	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	82,656	0	0	0	0	0	0	82,656	0	0
4.4 Net	1,584,277	0	0	0	0	0	0	1,584,277	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)					0	
2. Medicare supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan					0	
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid	1,919,055	36,000,594	1,834	1,582,443	1,920,889	1,806,861
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	1,919,055	36,000,594	1,834	1,582,443	1,920,889	1,806,861
10. Healthcare receivables (a)					0	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts					0	
13. Totals (Lines 9 - 10 + 11 + 12)	1,919,055	36,000,594	1,834	1,582,443	1,920,889	1,806,861

(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. 2003	21,456	22,448	22,448	22,448	22,448
3. 2004	XXX	23,822	24,864	24,864	24,864
4. 2005	XXX	XXX	28,227	29,198	29,198
5. 2006	XXX	XXX	XXX	26,646	28,565
6. 2007	XXX	XXX	XXX	XXX	36,001

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					
2. 2003	22,556	22,468	22,448	22,448	22,448
3. 2004	XXX	25,012	25,017	24,864	24,864
4. 2005	XXX	XXX	29,251	29,206	29,198
5. 2006	XXX	XXX	XXX	28,445	28,567
6. 2007	XXX	XXX	XXX	XXX	37,583

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	26,375	22,448		0.0	22,448	85.1			22,448	85.1
2. 2004	28,009	24,864		0.0	24,864	88.8			24,864	88.8
3. 2005	34,725	29,198	71	0.2	29,269	84.3			29,269	84.3
4. 2006	34,136	28,565	687	2.4	29,252	85.7	2	5	29,259	85.7
5. 2007	44,655	36,001	999	2.8	37,000	82.9	1,582	41	38,623	86.5

U & I Ex.-Pt.2C-Sn A-Paid Claims-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Hospital & Medical
NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior					
2. 2003	21,456	22,448	22,448	22,448	22,448
3. 2004	XXX	23,822	24,864	24,864	24,864
4. 2005	XXX	XXX	28,227	29,198	29,198
5. 2006	XXX	XXX	XXX	26,646	28,565
6. 2007	XXX	XXX	XXX	XXX	36,001

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

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					
2. 2003	22,556	22,468	22,448	22,448	22,448
3. 2004	XXX	25,012	25,017	24,864	24,864
4. 2005	XXX	XXX	29,251	29,206	29,198
5. 2006	XXX	XXX	XXX	28,445	28,567
6. 2007	XXX	XXX	XXX	XXX	37,583

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 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	26,375	22,448		0.0	22,448	85.1			22,448	85.1
2. 2004	28,009	24,864		0.0	24,864	88.8			24,864	88.8
3. 2005	34,725	29,198	71	0.2	29,269	84.3			29,269	84.3
4. 2006	34,136	28,565	687	2.4	29,252	85.7	2	5	29,259	85.7
5. 2007	44,655	36,001	999	2.8	37,000	82.9	1,582	41	38,623	86.5

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

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

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

U & I Ex.-Pt.2D
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($.....0 for occupancy of own building)	53,159	33,424	267,165		353,748
2. Salaries, wages and other benefits	186,585	117,316	934,664		1,238,565
3. Commissions (less $.....0 ceded plus $.....0 assumed)					0
4. Legal fees and expenses					0
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	20,809	13,084	469,322		503,215
7. Traveling expenses	1,635	1,028	8,251		10,914
8. Marketing and advertising	5,046	3,173	25,362		33,581
9. Postage, express and telephone	3,018	1,898	44,460		49,376
10. Printing and office supplies	4,416	2,777	94,192		101,385
11. Occupancy, depreciation and amortization	9,408	5,915	47,281		62,604
12. Equipment	2,742	1,724	13,782		18,248
13. Cost or depreciation of EDP equipment and software	66,192	41,619	772,354		880,165
14. Outsourced services including EDP, claims, and other services	137,677	424,061	1,498,116		2,059,854
15. Boards, bureaus and association fees	1,948	1,225	27,039		30,212
16. Insurance, except on real estate	46	29	41,735		41,810
17. Collection and bank service charges				22,995	22,995
18. Group service and administration fees			3,709		3,709
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes					0
23.3 Regulator authority licenses and fees			7,120		7,120
23.4 Payroll taxes	9,000	5,659	45,230		59,889
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	0	0	34,603	0	34,603
26. Total expenses incurred (Lines 1 to 25)	501,681	652,931	4,334,385	22,995	(a) 5,511,992
27. Less expenses unpaid December 31, current year		46,010	374,268		420,278
28. Add expenses unpaid December 31, prior year		26,408	52,617		79,025
29. Amounts receivable relating to uninsured plans, prior year					0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	501,681	633,329	4,012,734	22,995	5,170,739

DETAILS OF WRITE-INS

2501. Surveys and other expenses			34,603		34,603
2502.					0
2503.					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	34,603	0	34,603

(a) Includes management fees of $.....2,933,734 to affiliates and $.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 16,366	16,366
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a)	
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 225,747	245,460
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	242,113	261,826
11.	Investment expenses		(g) 22,995
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		22,995
17.	Net investment income (Line 10 minus Line 16)		238,831

DETAILS OF WRITE-INS

0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above)		0

(a) Includes $.....942 accrual of discount less $.....110,760 amortization of premium and less $.....0 paid for accrued interest on purchases.
(b) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued dividends on purchases.
(c) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(d) Includes $.....0 for company's occupancy of its own buildings; and excludes $.....0 interest on encumbrances.
(e) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(f) Includes $.....0 accrual of discount less $.....0 amortization of premium.
(g) Includes $.....22,995 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	(652)		(652)		
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)			0		
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)			0		
2.21	Common stocks of affiliates			0		
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0		
7.	Derivative instruments			0		
8.	Other invested assets			0	58,327	
9.	Aggregate write-ins for capital gains (losses)	0	0	0	(11,874)	0
10.	Total capital gains (losses)	(652)	0	(652)	46,453	0

DETAILS OF WRITE-INS

0901.	Change in Unrealized Gain/Loss account related to prior year			0	(11,874)	
0902.				0		
0903.				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	(11,874)	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
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Other invested assets (Schedule BA)			0
8. Receivables for securities			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
12. Investment income due and accrued			0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection			0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
13.3 Accrued retrospective premiums			0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			0
14.2 Funds held by or deposited with reinsured companies			0
14.3 Other amounts receivable under reinsurance contracts			0
15. Amounts receivable relating to uninsured plans			0
16.1 Current federal and foreign income tax recoverable and interest thereon			0
16.2 Net deferred tax asset			0
17. Guaranty funds receivable or on deposit			0
18. Electronic data processing equipment and software			0
19. Furniture and equipment, including health care delivery assets			0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0
21. Receivable from parent, subsidiaries and affiliates	87,974		(87,974)
22. Health care and other amounts receivable	233,046		(233,046)
23. Aggregate write-ins for other than invested assets	3,750	1,195,787	1,192,037
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	324,770	1,195,787	871,017
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. TOTALS (Lines 24 and 25)	324,770	1,195,787	871,017

DETAILS OF WRITE-INS

0901.			0
0902.			0
0903.			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. Due from University Of Michigan		1,087,735	1,087,735
2302. Prepaid Expenses	3,750	357	(3,393)
2303. Prepaid Capitation		107,695	107,695
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)	3,750	1,195,787	1,192,037

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health maintenance organizations	17,929	18,448	18,207	18,143	18,238	218,436
2. Provider service organizations						
3. Preferred provider organizations						
4. Point of service						
5. Indemnity only						
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	17,929	18,448	18,207	18,143	18,238	218,436

DETAILS OF WRITE-INS

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

The financial statements of BlueCaid of Michigan (BlueCaid), formerly known as M-CAID, are presented on the basis of accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Services ("OFIS").

OFIS 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 OFIS. OFIS has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. As of December 31, 2007 and 2006, respectively, BlueCaid had no permitted practices. Also, as of December 31, 2007 and 2006, BlueCaid had no differences from NAIC SAP related to prescribed practices.

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

	2007	2006
Net Loss, Michigan basis	$ (1,311,593)	$ (100,113)
State Prescribed Practices:		
None	-	-
State Permitted Practices:		
None	-	-
Net Loss, NAIC SAP basis	$ (1,311,593)	$ (100,113)
Statutory Capital and Surplus, Michigan basis	$ 2,979,805	$ 1,873,929
State Prescribed Practices:		
None		
State Permitted Practices:		
None		
Statutory Capital and Surplus, NAIC SAP basis	$ 2,979,805	$ 1,873,929

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

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

C. Accounting Policy

BlueCaid uses the following accounting policies:

(1) Short-term investments consist of exempt and class one money market mutual funds, stated at amortized cost.

(2) Bonds – NOT APPLICABLE

(3) Common Stocks – NOT APPLICABLE

(4) Preferred Stocks – NOT APPLICABLE

(5) Mortgage loans on real estate – NOT APPLICABLE

(6) Loan-backed securities – NOT APPLICABLE

(7) Investments in subsidiaries, controlled and affiliated companies – BlueCaid records its investment in certain grantor trusts as other invested assets using the adjusted audited GAAP equity method and reports the increase or decrease in the investment as a change in unrealized gain or loss for capital and surplus.

(8) Investments in joint ventures, partnerships and limited liability companies – NOT APPLICABLE

(9) Derivatives – NOT APPLICABLE

(10) At December 31, 2007, BlueCaid was not required to record a premium deficiency reserve. If the need to record such a reserve arises, BlueCaid would consider using anticipated investment income as a factor in the premium deficiency calculation.

(11) Claims Unpaid – The claims unpaid liability for incurred but unpaid and unreported hospital and medical claims is accrued in the period during which the services are provided, and includes actuarial estimates of services performed

NOTES TO FINANCIAL STATEMENTS

which have not been reported by providers to BlueCaid. Such estimates are based on historical claims experience modified for current trends and changes in benefits provided. Revisions in actuarial estimates are reported in the period in which they arise. BlueCaid has reinsured certain of its claims liabilities through an affiliated self-insurance trust. Processing expense related to claims is accrued based on an estimate of expenses to process such claims.

(12) Prior to October 1, 2007, BlueCaid followed the fixed asset capitalization policy of its parent, M-CARE. Effective October 1, 2007, when BlueCaid became a wholly-owned subsidiary of BCN, BlueCaid follows the capitalization policy of BCN. For the two years reflected in these statements, BlueCaid did not have any fixed assets. There has been no impact to the financial statements related to the capitalization policies in place.

(13) Pharmaceutical rebate receivables are based on estimates received from a third party vendor and an amount per filled prescription.

2. Accounting Changes and Corrections of Errors – NOT APPLICABLE

3. Business Combinations and Goodwill

   A. Statutory Purchase Method – NOT APPLICABLE

   B. Statutory Merger – NOT APPLICABLE

   C. Assumption Reinsurance – NOT APPLICABLE

   D. Impairment Loss – NOT APPLICABLE

4. Discontinued Operations – NOT APPLICABLE

5. Investments

   A. Mortgage Loans – NOT APPLICABLE

   B. Debt Restructuring – NOT APPLICABLE

   C. Reverse Mortgages – NOT APPLICABLE

   D. Loan-Backed Securities – NOT APPLICABLE

   E. Repurchase Agreements – NOT APPLICABLE

   F. Real Estate – NOT APPLICABLE

   G. Investments in low-income housing tax credits (LIHTC) – NOT APPLICABLE

6. Joint Ventures, Partnerships and Limited Liability Companies – NOT APPLICABLE.

7. Investment Income - BlueCaid had no non-admitted accrued investment income as of December 31, 2007 and 2006. BlueCaid would exclude from surplus any due and accrued income that is over 90 days past due.

8. Derivative Instruments – NOT APPLICABLE

9. Income Taxes – BlueCaid has been recognized by the Internal Revenue Service under Internal Revenue Code Section 501(c)(4) as an organization exempt from tax under 501(a). BlueCaid has no unrelated business income subject to tax.

10. Information Concerning Parent, Subsidiaries and Affiliates

    BlueCaid was incorporated in 2002 under the name M-CAID, and commenced business in 2003 to separate Medicaid HMO operations and financing from its prior parent, M-CARE. It offers Medicaid HMO services to members in three counties in Southeast Michigan. Effective September 25, 2007, the Articles of Incorporation were amended to change the corporate name to BlueCaid of Michigan.

    On December 31, 2006, BlueCaid and its then-parent, M-CARE, were purchased by Blue Care Network of Michigan ("BCN") from The Regents of The University of Michigan (The Regents). BlueCaid remained a wholly owned subsidiary of M-CARE, while M-CARE became a wholly owned subsidiary of BCN. Both BlueCaid and M-CARE are Health Maintenance Organizations ("HMO") licensed by the State of Michigan. Effective October 1, 2007, BlueCaid became a wholly owned subsidiary of BCN through an extraordinary dividend issued by M-CARE.

    Effective December 31, 2007, M-CARE merged into BCN, and M-CARE ceased to exist. Following the guidance of SSAP No. 3—*Accounting Changes and Corrections of Errors,* BCN and M-CARE's financial statements for the two years ending December 31, 2007 and 2006 have been restated as if the merger occurred on January 1, 2006. Therefore, intercompany activity references between BlueCaid and M-CARE have been restated to refer to BCN.

    BlueCaid conducts business transactions with its parent, BCN, and affiliates on a routine basis. All related party receivable and payable balances were classified as either amounts due to or from parent, subsidiaries and affiliates, except for reinsurance ceded, ceded reinsurance premium payable, and claims unpaid.

NOTES TO FINANCIAL STATEMENTS

BCN — BCN provides and bills BlueCaid for miscellaneous administrative support. BCN billed BlueCaid $5,151,961 and $3,826,910 for 2007 and 2006, respectively. BlueCaid owed BCN $5,666,946 and $0 at December 31, 2007 and 2006, respectively. BCN owed BlueCaid $417,281 and $0 at December 31, 2007 and 2006, respectively.

Administrative support fees paid to BCN were allocated to the statutory administrative expense categories of cost containment, other claims adjustment, general administrative, and investment expense based on BCN's statutory administrative expense categories.

BCN on behalf of BlueCaid, arranges for healthcare services to be provided through the University of Michigan Health System (UMHS) and a comprehensive network of hospitals, physicians, and other healthcare providers.

Blue Care Network Medical Malpractice Self-Insurance Trust — Effective January 1, 2007, BlueCaid has an agreement with an affiliated grantor trust to provide malpractice coverage. There were $41,503 expenses related to the Malpractice Trust in 2007. BlueCaid owed the Malpractice Trust $3,458 at December 31, 2007.

BlueCaid's investment in the Malpractice Trust is determined using the adjusted audited GAAP equity method and was 0.09% at December 31, 2007. As of December 31, 2007, BlueCaid's investment in the Malpractice Trust, reported as an other invested asset, was $55,014.

Blue Care Network Stop-Loss and Casualty Self-Insurance Trust — Effective January 1, 2007, BlueCaid has an agreement with an affiliated grantor trust to provide insolvency coverage, stop-loss coverage and reduced deductibles for property, general liability, automobile, and fidelity insurance coverages. The Stop-Loss Trust covers risks incurred in excess of a retention amount. BlueCaid is responsible for inpatient hospital claims up to $150,000 per member each calendar year (the "deductible") and has an agreement with an affiliated trust to cover the claims incurred over the deductible. At December 31, 2007, BlueCaid had $82,656 receivables for stop-loss coverage recoveries. BlueCaid paid stop-loss premiums to the Stop-Loss Trust amounting to $356,051 in 2007. BlueCaid received $426,435 in recoveries from the Stop-Loss Trust in 2007. BlueCaid owed the Stop-Loss Trust $29,666 at December 31, 2007.

BlueCaid's investment in the Stop-Loss Trust is determined using the adjusted audited GAAP equity method and was 0.03% at December 31, 2007. As of December 31, 2007, BlueCaid's investment in the Stop-Loss Trust, reported as an other invested asset, was $3,313.

Claims Processing - Starting in 2007, BCBSM processes and pays some hospital and professional claims on behalf of BlueCaid. BlueCaid reimburses BCBSM at agreed upon rates for claims processed by BCBSM. BCBSM billed BlueCaid $178,805 in 2007 for such claims. BlueCaid owed BCBSM $122,017 for claims billed at December 31, 2007.

Other

BlueCaid performs the test of "significance of an investment to the reporting entity's financial position and results of operations," as required by SSAP No. 97, *Investments in Subsidiary, Controlled and Affiliated Entities, A replacement of SSAP No. 88*. BlueCaid's carrying value of its investments in the Blue Care Network Stop-Loss and Casualty Self-Insurance Trust and the Blue Care Network Medical Malpractice Self-Insurance Trust do not exceed 10% of BlueCaid's total admitted assets.

BlueCaid does not guarantee or undertake for the benefit of an affiliate a material contingent exposure of BlueCaid or any affiliated insurer's assets or liabilities.

BlueCaid does not have management or service contracts or cost sharing arrangements, other than such arrangements described in these footnotes.

BlueCaid does not own shares of an upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.

BCN, BCBSM, and BlueCaid have some common officers and board members on their respective governing boards.

11. Debt - NOT APPLICABLE

12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Postretirement Benefit Plans – NOT APPLICABLE

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

    (1) During 2007, BlueCaid was converted from a non-stock to a stock corporation. BlueCaid has 10,000 shares authorized, 100 shares issued and outstanding of no par value stock.

    (2) Preferred stock – NOT APPLICABLE

    (3) The Company's Articles of Incorporation do not prohibit dividends.

    (4) The Company's Articles of Incorporation do not allow any portion of the net earnings to benefit any private individual.

    (5) There were no restrictions placed on BlueCaid's surplus, including for whom the surplus is being held.

    (6) The total amount of advances to surplus not repaid – NOT APPLICABLE

    (7) The amount of stock held by BlueCaid for special purposes – NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

(8) Special surplus funds changes – NOT APPLICABLE

(9) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses were $46,453.

(10) Surplus debentures of similar obligations – NOT APPLICABLE

(11) Impact of any restatement due to quasi-reorganization – NOT APPLICABLE

(12) Effective dates of all quasi-reorganizations in the prior 10 years is/are – NOT APPLICABLE

(13) Dates and amounts of dividends paid – NOT APPLICABLE

14. Contingencies

A. Contingent Commitments – NOT APPLICABLE

B. Assessments – NOT APPLICABLE

C. Gain Contingencies – NOT APPLICABLE

D. Extra Contractual Obligations and Bad Faith Losses – NOT APPLICABLE

E. All Other Contingencies – NOT APPLICABLE

15. Leases

Lessee Operating Lease – NOT APPLICABLE

Lessor Leases – NOT APPLICABLE

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk – NOT APPLICABLE

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities – NOT APPLICABLE

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans – NOT APPLICABLE

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – NOT APPLICABLE

20. Other Items

A. Extraordinary Items – NOT APPLICABLE

B. Troubled Debt Restructuring – NOT APPLICABLE

C. Other Disclosures

Statutory Deposit - As a condition of licensure with the State of Michigan, BlueCaid is required to maintain a minimum deposit of $1,000,000 in a segregated account. These funds can only be used by BlueCaid at the direction of the Insurance Commissioner of the State of Michigan. The funds are invested in an exempt money market mutual fund. Interest on these funds accrues to BlueCaid.

D. Retrospectively Rated Contracts – NOT APPLICABLE

E. Business Interruption Insurance Recoveries – NOT APPLICABLE

F. State Transferable Tax Credits – NOT APPLICABLE

G. Deposits Admitted Under Internal Revenue Code Section 6603 – NOT APPLICABLE

H. Hybrid Securities – NOT APPLICABLE

I. Subprime Mortgage Related Risk Exposure – NOT APPLICABLE

21. Events Subsequent – NOT APPLICABLE

22. Reinsurance – In 2007, BlueCaid purchased stop-loss coverage from Blue Care Network Stop-Loss and Casualty Self-Insurance Trust. BCN and its affiliates account for transactions with the Stop-Loss Trust as if it were ceded reinsurance in compliance with the NAIC annual statement instructions and SSAP No. 61. Life, Deposit-Type and Accident and Health Reinsurance.

NOTES TO FINANCIAL STATEMENTS

A) Ceded Reinsurance Report

Section 1 - General Interrogatories

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

Yes ( ) No (X)

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 for nonpayment of premium or other similar credit?

Yes ( ) No (X)

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

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? NOT APPLICABLE

2. Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured 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 reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.

The estimated effect on BlueCaid total capital and surplus would be $0.

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

Yes ( ) No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? NOT APPLICABLE

B) Uncollectible Reinsurance - None

C) Commutation of Ceded Reinsurance - None

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination – NOT APPLICABLE

24. Change in Incurred Claims and Claim Adjustment Expenses -- Activity in the liabilities for unpaid claims and claims adjustment expenses at December 31, 2007 and 2006, respectively is summarized as follows:

NOTES TO FINANCIAL STATEMENTS

	2007	2006
BALANCE—January 1	$ 1,833,269	$ 1,177,742
Incurred related to:		
Current year	38,627,582	29,023,170
Prior year	224,095	(128,387)
Total incurred	38,851,677	28,894,783
Paid related to:		
Current year	36,999,129	27,197,562
Prior year	2,055,530	1,041,694
Total paid	39,054,659	28,239,256
BALANCE—December 31	$ 1,630,287	$ 1,833,269
Balance at December 31:		
Liability for claims unpaid	$ 1,584,277	$ 1,806,861
Liability for unpaid claims adjustment expenses	46,010	26,408
Total	$ 1,630,287	$ 1,833,269

Changes in actuarial estimates of claims unpaid reported as “incurred related to prior year” in the schedule above reflect revisions in estimates of medical cost trends and changes in claims processing patterns.

25. Inter-company Pooling Arrangements – NOT APPLICABLE

26. Structured Settlements – NOT APPLICABLE

27. Health Care Receivables—

A. Pharmaceutical Rebate Receivables

Healthcare receivables include pharmacy rebates BlueCaid receives from a third party vendor. These rebates are calculated using estimates received from a third party vendor and an amount per filled prescription. Activity for the previous three years is summarized as follows:

NOTES TO FINANCIAL STATEMENTS

Quarter	(1) Estimated Pharmacy Rebates as Reported on Financial Statements	(2) Pharmacy Rebates as Billed or Otherwise Confirmed	(3) Actual Rebates Received Within 90 days of Billing	(4) Actual Rebates Received Within 91 to 180 Days of Billing	(5) Actual Rebates Received More Than 180 Days After Billing
12/31/2007	$ 317,316	$ -	$ -	$ -	$ -
09/30/2007	59,240	-	-	-	-
06/30/2007	69,769	-	-	-	-
03/31/2007	76,004	-	-	3,507	-
12/31/2006	96,346	-	-	2,364	60,324
09/30/2006	93,000	-	-	1,969	64,044
06/30/2006	67,000	-	-	6,283	52,263
03/31/2006	-	-	-	-	25,342
12/31/2005	49,000	-	-	-	93,390
09/30/2005	33,000	-	-	-	80,583
06/30/2005	57,000	-	-	-	104,690
03/31/2005	56,000	-	-	-	107,688

B. Risk Sharing Receivables

BlueCaid has a risk sharing agreement with the University of Michigan Health System (UMHS) whereby UMHS is at full risk for all the medical care provided to BlueCaid members. BlueCaid estimates the risk sharing receivable using actuarial estimates based on historical claims experience modified for current trends and benefits as well as using actual payments to third party providers whose reimbursement is proved for in the UMHS risk sharing agreement. At December 31, 2007 BlueCaid had a risk sharing receivable of $2,385,259 that was offset by a risk sharing payable of $1,115,649. At December 31, 2006 BlueCaid had a risk sharing receivable of $2,433,214 that was offset by a risk sharing payable of $ 522,767. At December 31, 2005 BlueCaid had a risk sharing receivable of $1,512,952 that was not offset by a risk sharing payable.

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated and Reported in the Prior Year	Risk Sharing Receivable as Estimated and Reported in the Current Year	Risk Sharing Receivable Invoiced	Risk Sharing Receivable Not Invoiced	Actual Risk Sharing Amounts Collected in Year Invoiced	Actual Risk Sharing Amounts Collected First Year Subsequent	Actual Risk Sharing Amounts Collected Second Year Subsequent	Actual Risk Sharing Amounts Collected - All Other
2007	2007	$ 2,433,214	$ -	$ 2,433,214	$ -	$ -	$2,433,214		
	2008	XXX	$ 2,385,259	XXX	$ 2,385,259	XXX	XXX		
2006	2006	$ 1,512,952	$ -	$ 1,512,952	$ -	$ -	$1,512,952	$ -	$ -
	2007	XXX	$ 2,433,214	XXX	$ 2,433,214	XXX	XXX	XXX	XXX
2005	2005	$ 1,458,748	$ -	$ 1,458,748	$ -	$ -	$1,458,748	$ -	$ -
	2006	XXX	$ 1,512,952	XXX	$ 1,512,952	XXX	XXX	XXX	XXX

28. Participating Policies – NOT APPLICABLE

29. Premium Deficiency Reserves –

    BlueCaid was not required to record a premium deficiency reserve in 2007 or 2006. If the need to record such a reserve arises, BlueCaid would consider using anticipated investment income as a factor in the premium deficiency calculation.

30. Anticipated Salvage and Subrogation – NOT APPLICABLE

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities		0.0		0.0
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.0		0.0
1.22 Issued by U.S. government sponsored agencies		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities)		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
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations		0.0		0.0
1.43 Revenue and assessment obligations		0.0		0.0
1.44 Industrial development and similar obligations		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
1.512 Issued or guaranteed by FNMA and FHLMC		0.0		0.0
1.513 All other		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		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
1.523 All other		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
2.2 Unaffiliated foreign securities		0.0		0.0
2.3 Affiliated securities		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated		0.0		0.0
3.22 Unaffiliated		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.0		0.0
3.32 Unaffiliated		0.0		0.0
3.4 Other equity securities:				
3.41 Affiliated		0.0		0.0
3.42 Unaffiliated		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.0		0.0
3.52 Unaffiliated		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development		0.0		0.0
4.2 Agricultural		0.0		0.0
4.3 Single family residential properties		0.0		0.0
4.4 Multifamily residential properties		0.0		0.0
4.5 Commercial loans		0.0		0.0
4.6 Mezzanine real estate loans		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company		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
5.3 Property held for sale (including $.....0 property acquired in satisfaction of debt)		0.0		0.0
6. Contract loans		0.0		0.0
7. Receivables for securities		0.0		0.0
8. Cash, cash equivalents and short-term investments	9,538,201	99.4	9,538,201	99.4
9. Other invested assets	58,327	0.6	58,327	0.6
10. Total invested assets	9,596,528	100.0	9,596,528	100.0

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 [X] No [ ]

2.2 If yes, date of change: 09/25/2007

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). 06/30/2005

3.4 By what department or departments? Dept of Labor & Economic Growth - 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

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

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control. .....%

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

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP. 600 Renaissance Center, Suite 900, Detroit, MI 48243-1895

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
David Robert Nelson, FSA MAAA Chief Actuarial Officer, Blue Care Network of Michigan 20500 Civic Center Drive MC C465 Southfield, MI 48076

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

11.12 Number of parcels involved .....

11.13 Total book/adjusted carrying value .....

11.2 If yes, provide explanation.

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?

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 [ ]

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 [X] No [ ]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.

13.11 If the response to 13.1 is No, please explain:

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

13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
The Corporate Ethics & Compliance Program was amended for the following: Clarifies that the Compliance Committee meets at least quarterly, requires that the Director of Corporate Ethics & Compliance will report suspected violations of state or federal law to the VP of HR & Corporate Administration.

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

13.31 If the response to 13.3 is yes, provide the nature of any waiver(s).

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 [X] 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 [X] 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 [X] 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 [X]

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 [X]

19.2 If yes, state the amount thereof at December 31 of the current year:
19.21 Rented from others .....
19.22 Borrowed from others .....
19.23 Leased from others .....
19.24 Other .....

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 [X]

20.2 If answer is yes:
20.21 Amount paid as losses or risk adjustment .....
20.22 Amount paid as expenses .....
20.23 Other amounts paid .....

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

21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. $.....329,307

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 [X] No [ ]

22.2 If no, give full and complete information relating thereto.

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 contact that is currently in force? (Exclude securities subject to Interrogatory 19.1) Yes [X] 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 $.....1,000,000
23.291 Other $.....58,327

23.3 For category (23.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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: .....

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	801 Pennsylvania Avenue, Kansas City, MO 64105
Comerica Bank	P.O. Box 75000 Detroit MI 48275-3462

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)

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

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
	Blue Cross Blue Shield of Michigan	600 E. Lafayette Blvd. Detroit, MI 48226

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
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

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	9,516,677	9,516,677	0
28.2 Preferred stocks			0
28.3 Totals	9,516,677	9,516,677	0

28.4 Describe the sources or methods utilized in determining the fair values:
State Street Bank is the source of determining all fair values.

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:

OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $.....17,247

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
Michigan Association of Health Plans (MAHP)	15,000
BlueCross BlueShield Association (BCBSA)	2,247

31.1 Amount of payments for legal expenses, if any? $.....0

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

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

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

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

1.5 Indicate total incurred claims on all Medicare Supplement insurance. .....

1.6 Individual policies:

Most current three years:

1.61 Total premium earned .....

1.62 Total incurred claims .....

1.63 Number of covered lives .....

All years prior to most current three years:

1.64 Total premium earned .....

1.65 Total incurred claims .....

1.66 Number of covered lives .....

1.7 Group policies:

Most current three years:

1.71 Total premium earned .....

1.72 Total incurred claims .....

1.73 Number of covered lives .....

All years prior to most current three years:

1.74 Total premium earned .....

1.75 Total incurred claims .....

1.76 Number of covered lives .....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	44,298,943	34,131,561
2.2 Premium Denominator	44,298,943	34,131,561
2.3 Premium Ratio (2.1/2.2)	100.0	100.0
2.4 Reserve Numerator	1,584,277	1,806,861
2.5 Reserve Denominator	1,584,277	1,806,861
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:

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 [ ]

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

5.2 If no, explain:

BlueCaid of Michigan participates in the BCN Stop-Loss & Casualty Self-Insurance Trust. Expiration date of 12/31/2007.
Unlimited coverage with a deductible of $150,000. BlueCaid accounts for the activity with the Trust as if it were re-insurance.

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive medical $.....150,000

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:

Hold harmless provisions are included in contracts with providers. BlueCaid has a full risk arrangement with the University of Michigan Health System, which, in the event of insolvency, will continue member inpatient services until discharge occurs.
In addition, a State mandated deposit of $1,000,000 is maintained, along with stop-loss self-insurance coverage which includes an insolvency clause.

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:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 2,295

8.2 Number of providers at end of reporting year 2,194

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 .....

9.22 Business with rate guarantees over 36 months .....

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 .....

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

10.23 Maximum amount payable withholds .....

10.24 Amount actually paid for year withholds .....

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. $.....1,786,200

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:
4% of subscription revenue: $44,654,994 x 4% = $1,786,200

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

1 Name of Service Area
Livingston County
Washtenaw County
Wayne County (Partial)

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)	11,772,882	3,759,815	3,367,368	3,324,291	3,185,888
2. Total liabilities (Page 3, Line 22)	8,793,077	1,885,886	1,330,655	1,265,820	1,121,824
3. Statutory surplus	1,786,200	1,365,434	1,500,000		
4. Total capital and surplus (Page 3, Line 31)	2,979,805	1,873,929	2,036,713	2,058,471	2,064,064
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	41,636,290	32,075,118	32,560,298	28,005,173	25,351,157
6. Total medical and hospital expenses (Line 18)	37,697,065	28,281,038	29,198,744	24,924,226	22,556,000
7. Claims adjustment expenses (Line 20)	1,154,612	613,745	256,398	230,389	
8. Total administrative expenses (Line 21)	4,334,385	3,430,132	2,594,589	2,459,029	2,445,239
9. Net underwriting gain (loss) (Line 24)	(1,549,772)	(249,797)	510,567	391,529	349,918
10. Net investment gain (loss) (Line 27)	238,179	149,684	83,960	83,589	55,808
11. Total other income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	(1,311,593)	(100,113)	594,527	475,118	405,726
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(1,074,135)	350,047	584,582	(173,074)	1,449,244
Risk-Based Capital Analysis					
14. Total adjusted capital	2,979,805	1,873,929	2,036,713	2,058,471	2,064,064
15. Authorized control level risk-based capital	1,018,041	833,103	848,880	751,578	717,095
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	18,238	17,929	17,807	16,731	15,040
17. Total member months (Column 6, Line 7)	218,436	213,963	209,527	190,408	178,205
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)	85.1	82.9	84.1	84.0	85.5
20. Cost containment expenses	1.1	0.7	0.4	0.5	XXX
21. Other claims adjustment expenses	1.5	0.5	0.3	0.3	
22. Total underwriting deductions (Line 23)	97.5	94.7	92.3	93.0	94.8
23. Total underwriting gain (loss) (Line 24)	(3.5)	(0.7)	1.5	1.3	1.3
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5)	1,920,889	978,399	1,194,953	1,011,733	
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	1,806,861	1,143,008	1,248,052	1,099,769	
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
27. Affiliated preferred stocks (Sch D. Summary, Line 39, Col. 1)					
28. Affiliated common stocks (Sch D. Summary, Line 53, Col. 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 7)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated	58,327				
32. Total of above Lines 26 to 31	58,327	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

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

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

NONE

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year		1,160,632
2. Cost of bonds and stocks acquired, Column 7, Part 3		
3. Accrual of discount		942
4. Increase (decrease) by adjustment:		
4.1 Columns 12 - 14, Part 1		
4.2 Columns 15 - 17, Part 2, Section 1		
4.3 Column 15, Part 2, Section 2		
4.4 Columns 11 - 13, Part 4	(11,874)	(11,874)
5. Total gain (loss), Column 19, Part 4		(652)
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4		1,038,287
7. Amortization of premium		110,760
8. Foreign exchange adjustment:		
8.1 Column 15, Part 1		
8.2 Column 19, Part 2, Section 1		
8.3 Column 16, Part 2, Section 2		
8.4 Column 15, Part 4		0
9. Book/adjusted carrying value at end of current period		0
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)		0
12. Total nonadmitted amounts		
13. Statement value of bonds and stocks, current year		0

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Is Insurer Licensed? (YES or NO)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama AL	NO							0	
2. Alaska AK	NO							0	
3. Arizona AZ	NO							0	
4. Arkansas AR	NO							0	
5. California CA	NO							0	
6. Colorado CO	NO							0	
7. Connecticut CT	NO							0	
8. Delaware DE	NO							0	
9. District of Columbia DC	NO							0	
10. Florida FL	NO							0	
11. Georgia GA	NO							0	
12. Hawaii HI	NO							0	
13. Idaho ID	NO							0	
14. Illinois IL	NO							0	
15. Indiana IN	NO							0	
16. Iowa IA	NO							0	
17. Kansas KS	NO							0	
18. Kentucky KY	NO							0	
19. Louisiana LA	NO							0	
20. Maine ME	NO							0	
21. Maryland MD	NO							0	
22. Massachusetts MA	NO							0	
23. Michigan MI	YES			44,654,994				44,654,994	
24. Minnesota MN	NO							0	
25. Mississippi MS	NO							0	
26. Missouri MO	NO							0	
27. Montana MT	NO							0	
28. Nebraska NE	NO							0	
29. Nevada NV	NO							0	
30. New Hampshire NH	NO							0	
31. New Jersey NJ	NO							0	
32. New Mexico NM	NO							0	
33. New York NY	NO							0	
34. North Carolina NC	NO							0	
35. North Dakota ND	NO							0	
36. Ohio OH	NO							0	
37. Oklahoma OK	NO							0	
38. Oregon OR	NO							0	
39. Pennsylvania PA	NO							0	
40. Rhode Island RI	NO							0	
41. South Carolina SC	NO							0	
42. South Dakota SD	NO							0	
43. Tennessee TN	NO							0	
44. Texas TX	NO							0	
45. Utah UT	NO							0	
46. Vermont VT	NO							0	
47. Virginia VA	NO							0	
48. Washington WA	NO							0	
49. West Virginia WV	NO							0	
50. Wisconsin WI	NO							0	
51. Wyoming WY	NO							0	
52. American Samoa AS	NO							0	
53. Guam GU	NO							0	
54. Puerto Rico PR	NO							0	
55. U.S. Virgin Islands VI	NO							0	
56. Northern Mariana Islands MP	NO							0	
57. Canada CN	NO							0	
58. Aggregate Other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	0	0	44,654,994	0	0	0	44,654,994	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	0	0	44,654,994	0	0	0	44,654,994	0

DETAILS OF WRITE-INS

5801.							0	
5802.							0	
5803.							0	
5898. Summary of remaining write-ins for line 58	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

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

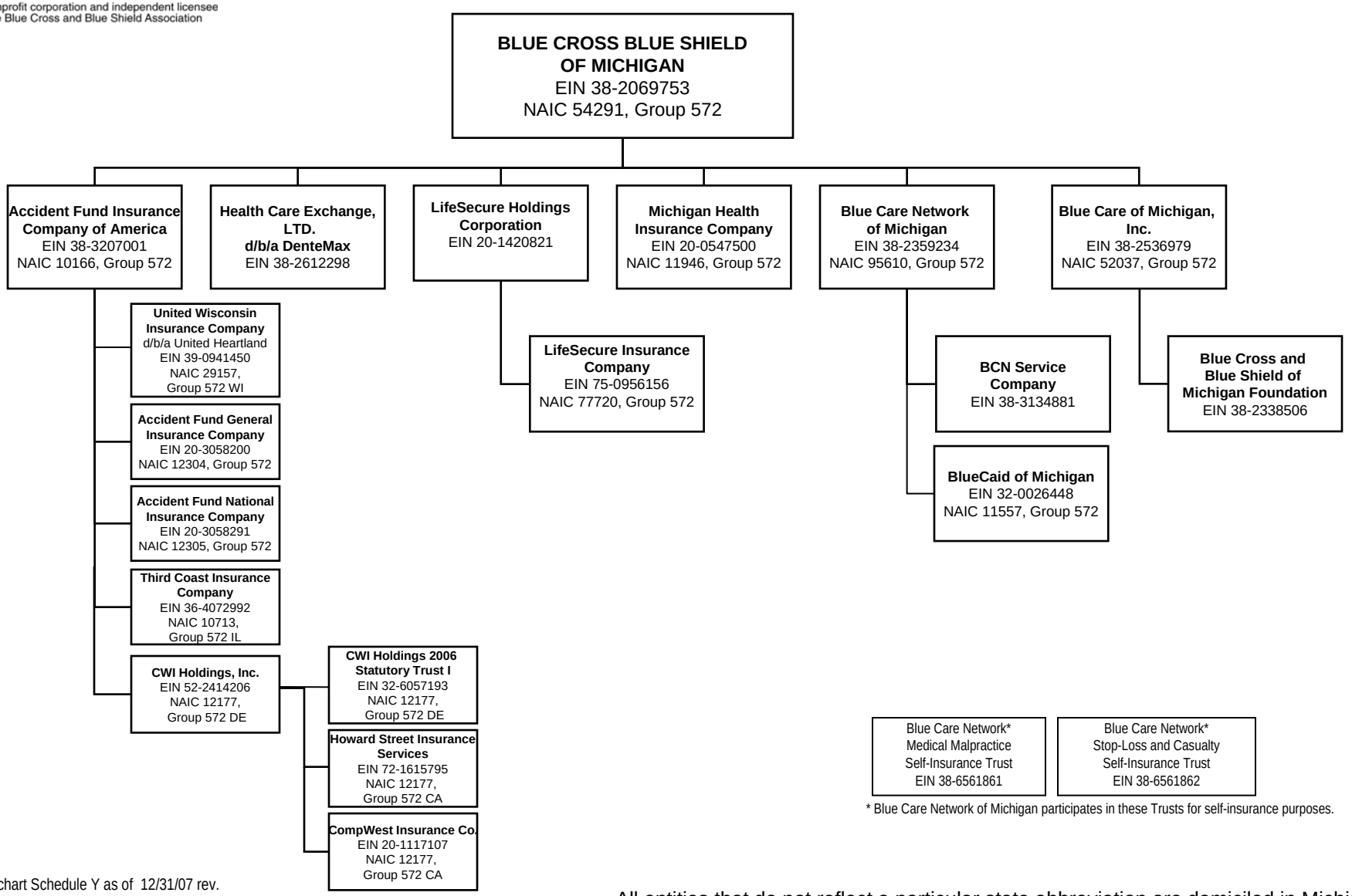
(a) Insert the number of yes responses except for Canada and Other Alien.

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

Blue Cross Blue Shield of Michigan

A nonprofit corporation and independent licensee of the Blue Cross and Blue Shield Association

SUBSIDIARY & AFFILIATE ORGANIZATION CHART



* Blue Care Network of Michigan participates in these Trusts for self-insurance purposes.

Subchart Schedule Y as of 12/31/07 rev.

All entities that do not reflect a particular state abbreviation are domiciled in Michigan.

2007 ALPHABETICAL INDEX

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

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