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QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2008

OF THE CONDITION AND AFFAIRS OF THE

CareSource Michigan

NAIC Group Code 0000 (Current Period), 0000 (Prior Period) NAIC Company Code 95562 Employer's ID Number 38-3252216

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

Country of Domicile United States

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

Incorporated/Organized 05/24/1995 Commenced Business 08/01/1996

Statutory Home Office 2369 Woodlake Dr, Suite 200 (Street and Number), Okemos, MI 48864-6024 (City, State and Zip Code)

Main Administrative Office 2369 Woodlake Dr, Suite 200 (Street and Number) Okemos, MI 48864-6024 (City or Town, State and Zip Code) 517-349-9922 (Area Code) (Telephone Number)

Mail Address 2369 Woodlake Dr, Suite 200 (Street and Number or P.O. Box), Okemos, MI 48864-6024 (City or Town, State and Zip Code)

Primary Location of Books and Records 2369 Woodlake Dr, Suite 200 (Street and Number) Okemos, MI 48864-6024 (City, State and Zip Code) 937-531-2206 (Area Code) (Telephone Number)

Internet Website Address www.caresource-mich.com

Statutory Statement Contact Pamela S. Sedmak (Name) 937-531-2206 (Area Code) (Telephone Number) (Extension)

pamela.sedmak@csmg-online.com (E-Mail Address) 937-531-2676 (Fax Number)

OFFICERS

Name	Title	Name	Title
Pamela B. Morris	President/Chief Executive Officer	Kevin R. Brown	Board Chairman
R. Daniel Sadlier	Secretary/Treasurer		

OTHER OFFICERS

Pamela S. Sedmak	Chief Financial Officer	Dan R. Paquin	Chief Operating Officer
Craig Thiele	Chief Medical Officer		

DIRECTORS OR TRUSTEES

Pamela B. Morris	R. Daniel Sadlier	Kevin R. Brown	Patricia Teague
Evonne Williams	John M. Rockwood		

State of .....
County of ..... ss

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

Pamela B. Morris President/Chief Executive Officer	Kevin R. Brown Board Chairman	R. Daniel Sadlier Secretary/Treasurer

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 Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds	18,555,899		18,555,899	4,065,324
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less $ ..... encumbrances)			0	0
4.2 Properties held for the production of income (less $ ..... encumbrances)			0	0
4.3 Properties held for sale (less $ ..... encumbrances)			0	0
5. Cash ($ 2,929,735), cash equivalents ($ 0) and short-term investments ($ 17,620,823)	20,550,558		20,550,558	27,576,178
6. Contract loans, (including $ ..... premium notes)			0	0
7. Other invested assets	0	0	0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	39,106,457	0	39,106,457	31,641,502
11. Title plants less $ ..... charged off (for Title insurers only)			0	0
12. Investment income due and accrued	254,802		254,802	71,150
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	243,600		243,600	1,441,496
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ..... earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	199,305		199,305	100,223
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	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	0
21. Receivables from parent, subsidiaries and affiliates			0	2,976,060
22. Health care ($ 883,440) and other amounts receivable	1,087,400	203,960	883,440	1,134,596
23. Aggregate write-ins for other than invested assets	8,849	8,849	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	40,900,413	212,809	40,687,604	37,365,027
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	40,900,413	212,809	40,687,604	37,365,027
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Prepaid Other	8,849	8,849	0	0
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	8,849	8,849	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $ ..... reinsurance ceded)	16,092,018		16,092,018	13,999,534
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	329,285		329,285	286,181
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	1,068,308		1,068,308	1,236,898
10.1 Current federal and foreign income tax payable and interest thereon (including $ ..... on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including $ ..... current) and interest thereon $ ..... (including $ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	203,048		203,048	264,802
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with ($ ..... authorized reinsurers and $ ..... unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including $ ..... current)	5,329,950	0	5,329,950	12,090,718
22. Total liabilities (Lines 1 to 21)	23,022,609	0	23,022,609	27,878,133
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX		0
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	7,831,735	7,831,735
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	9,833,260	1,655,159
30. Less treasury stock, at cost:				
30.1 ..... shares common (value included in Line 24) $ .....)	XXX	XXX		0
30.2 ..... shares preferred (value included in Line 25) $ .....)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	17,664,995	9,486,894
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	40,687,604	37,365,027
DETAILS OF WRITE-INS				
2101. Former CCM Member Liability	5,329,950		5,329,950	12,090,718
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	5,329,950	0	5,329,950	12,090,718
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 To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	XXX	449,683	445,573	589,046
2. Net premium income (including $ ..... non-health premium income)	XXX	113,929,977	100,179,157	137,337,133
3. Change in unearned premium reserves and reserve for rate credits	XXX		0	0
4. Fee-for-service (net of $ ..... medical expenses)	XXX		0	0
5. Risk revenue	XXX		0	0
6. Aggregate write-ins for other health care related revenues	XXX	(6,273,565)	(6,024,604)	(8,251,427)
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	107,656,412	94,154,553	129,085,706
Hospital and Medical:				
9. Hospital/medical benefits		64,267,921	58,256,116	76,722,927
10. Other professional services		6,565,332	6,545,628	8,753,761
11. Outside referrals			0	0
12. Emergency room and out-of-area		5,330,191	5,305,275	6,967,273
13. Prescription drugs		17,120,329	15,782,509	21,544,177
14. Aggregate write-ins for other hospital and medical	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts			(23,800)	(23,800)
16. Subtotal (Lines 9 to 15)	0	93,283,773	85,865,728	113,964,338
Less:				
17. Net reinsurance recoveries		393,771	284,464	384,686
18. Total hospital and medical (Lines 16 minus 17)	0	92,890,002	85,581,264	113,579,652
19. Non-health claims (net)			0	0
20. Claims adjustment expenses, including $ 1,610,132 ..... cost containment expenses		1,928,531	2,844,952	3,445,580
21. General administrative expenses		5,432,848	7,418,818	8,929,507
22. Increase in reserves for life and accident and health contracts including $ ..... increase in reserves for life only)			0	0
23. Total underwriting deductions (Lines 18 through 22)	0	100,251,381	95,845,034	125,954,739
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	7,405,031	(1,690,481)	3,130,967
25. Net investment income earned		610,046	763,799	1,316,079
26. Net realized capital gains (losses) less capital gains tax of $			0	0
27. Net investment gains (losses) (Lines 25 plus 26)	0	610,046	763,799	1,316,079
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $ .....) (amount charged off $			0	0
29. Aggregate write-ins for other income or expenses	0	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	8,015,077	(926,682)	4,447,046
31. Federal and foreign income taxes incurred	XXX		0	0
32. Net income (loss) (Lines 30 minus 31)	XXX	8,015,077	(926,682)	4,447,046
DETAILS OF WRITE-INS				
0601. Quality Assurance Assessment	XXX	(6,273,565)	(6,024,604)	(8,251,427)
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	(6,273,565)	(6,024,604)	(8,251,427)
0701.	XXX		0	0
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.			0	0
1402.			0	0
1403.			0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901.			0	0
2902.			0	0
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year to Date	2 Prior Year to Date	3 Prior Year
	CAPITAL AND SURPLUS ACCOUNT:			
33.	Capital and surplus prior reporting year	9,486,894	11,877,100	11,877,100
34.	Net income or (loss) from Line 32	8,015,077	(926,682)	4,447,046
35.	Change in valuation basis of aggregate policy and claim reserves		0	0
36.	Change in net unrealized capital gains (losses) less capital gains tax of $		0	0
37.	Change in net unrealized foreign exchange capital gain or (loss)		0	0
38.	Change in net deferred income tax		0	0
39.	Change in nonadmitted assets	163,024	2,172,122	2,277,406
40.	Change in unauthorized reinsurance	0	0	0
41.	Change in treasury stock		0	0
42.	Change in surplus notes	0	0	0
43.	Cumulative effect of changes in accounting principles		0	0
44.	Capital Changes:			
	44.1 Paid in		0	0
	44.2 Transferred from surplus (Stock Dividend)		0	0
	44.3 Transferred to surplus		0	0
45.	Surplus adjustments:			
	45.1 Paid in		(11,837,161)	7,831,736
	45.2 Transferred to capital (Stock Dividend)	0	0	0
	45.3 Transferred from capital		0	(16,946,394)
46.	Dividends to stockholders		0	0
47.	Aggregate write-ins for gains or (losses) in surplus	0	0	0
48.	Net change in capital & surplus (Lines 34 to 47)	8,178,101	(10,591,721)	(2,390,206)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	17,664,995	1,285,379	9,486,894
	DETAILS OF WRITE-INS			
4701.				
4702.				
4703.				
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799.	Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	115,172,675	136,122,024
2. Net investment income	423,396	1,333,897
3. Miscellaneous income	(6,422,515)	(9,057,648)
4. Total (Lines 1 to 3)	109,173,556	128,398,273
5. Benefits and loss related payments	90,588,675	106,944,475
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	11,233,275	12,932,709
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of $ ..... tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	101,821,950	119,877,184
11. Net cash from operations (Line 4 minus Line 10)	7,351,606	8,521,089
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	2,115,996	1,500,000
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,115,996	1,500,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds	16,493,222	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	16,493,222	0
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(14,377,226)	1,500,000
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	0	0
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	0	0
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(7,025,620)	10,021,089
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	27,576,178	17,555,089
19.2 End of period (Line 18 plus Line 19.1)	20,550,558	27,576,178

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	47,956	0	0	0	0	0	0	0	47,956	0
2 First Quarter	50,463	0	0	0	0	0	0	2	50,461	0
3 Second Quarter	49,734	0	0	0	0	0	0	21	49,713	0
4. Third Quarter	49,395							66	49,329	
5. Current Year	0									
6 Current Year Member Months	449,683							220	449,463	
Total Member Ambulatory Encounters for Period:										
7. Physician	176,488							239	176,249	
8. Non-Physician	125,718							171	125,547	
9. Total	302,206	0	0	0	0	0	0	410	301,796	0
10. Hospital Patient Days Incurred	13,679							24	13,655	
11. Number of Inpatient Admissions	3,542							6	3,536	
12. Health Premiums Written	114,149,629							268,377	113,881,252	
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	114,149,629							268,377	113,881,252	
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	90,588,675							98,028	90,490,647	
18. Amount Incurred for Provision of Health Care Services	93,283,773							229,137	93,054,636	

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

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
Hospital Reimbursement Adjustment	1,750,900					1,750,900
Other Claims	2,910,239	13,337	8,470	2,403	10,803	2,945,252
0199999 Individually Listed Claims Unpaid	4,661,139	13,337	8,470	2,403	10,803	4,696,152
0299999 Aggregate Accounts Not Individually Listed-Uncovered						0
0399999 Aggregate Accounts Not Individually Listed-Covered						0
0499999 Subtotals	4,661,139	13,337	8,470	2,403	10,803	4,696,152
0599999 Unreported Claims and Other Claim Reserves	XXX	XXX	XXX	XXX	XXX	11,395,866
0699999 Total Amounts Withheld	XXX	XXX	XXX	XXX	XXX	
0799999 Total Claims Unpaid	XXX	XXX	XXX	XXX	XXX	16,092,018
0899999 Accrued Medical Incentive Pool and Bonus Amounts	XXX	XXX	XXX	XXX	XXX	

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
1. Comprehensive (hospital & medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare		98,028	0	131,109	0	0
7. Title XIX - Medicaid	12,556,221	82,758,762	772,028	15,188,881	13,328,249	13,999,534
8. Other Health					0	0
9. Health Subtotal (Lines 1 to 8)	12,556,221	82,856,790	772,028	15,319,990	13,328,249	13,999,534
10. Healthcare receivables (a)	859,045	3,965,291	0	748,349	859,045	957,192
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts					0	0
13. Totals	11,697,176	78,891,499	772,028	14,571,641	12,469,204	13,042,342

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices – The financial statements of CareSource Michigan, ("the Company") are presented on the basis of accounting practices prescribed or permitted by the State of Michigan, Office of Financial and Insurance Regulation ("OFIR"). The statements have been completed in accordance with the NAIC *Accounting Practices and Procedures* manual except to the extent that Michigan law differs. No material change has occurred since the Annual 2007 filing.

B. Use of Estimates in the Preparation of the Financial Statements – The preparation of financial statements in conformity with accounting practices prescribed or permitted by the Office of Financial and Insurance Regulation of the State of Michigan requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Due to the prospective nature of these estimates, actual results could differ. Medical revenues and expenses require significant estimates, which include incurred but not reported claims.

C. Accounting Policy – The Company receives monthly capitation and delivery case rate payments under its contract with the Michigan Department of Community Health. The Company is required to provide covered health care services to all recipients enrolled, regardless of the cost of care provided. Capitation and delivery case rate revenue is recognized in the month that recipients are entitled to health care benefits. Reinsurance premiums are netted against premium revenue, and reinsurance recoveries are reported as a reduction of related health care costs.

2. Accounting Changes and Correction of Errors - None

3. Business Combinations and Goodwill – None

4. Discontinued Operations - Not applicable

5. Investments

a. Mortgage Loans - None
b. Debt Restructuring - None
c. Reverse Mortgage - None
d. Loan-Backed Securities - None
e. Repurchase Agreements - None
f. Real Estate - None
g. Low Income Housing and Tax Credits - None

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

7. Investment Income – Interest income earned through September 30, 2008 is accrued in the accompanying financial statements.

8. Derivative Instruments – None

9. Income Taxes – Not applicable; tax exempt 501(c)3 organization.

10. Information Concerning Parent, Subsidiaries and Affiliates –

The Company paid management fees to CareSource Management Group of $7,170,370 for the nine months ended September, 2008. Costs are allocated in accordance with SSAP No. 70, Allocation of Expenses.

As of December 31, 2007, the Company reported $2,976,060 as amounts due from the Parent Company, CareSource USA (CSUSA). This receivable was fully funded on February 29, 2008, in accordance with SSAP No. 72, and was approved by OFIR as an admitted asset.

Effective March 12, 2008 the company name changed from Community Choice Michigan to CareSource Michigan.

11. Debt - None

NOTES TO FINANCIAL STATEMENTS

12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Other Post Retirement Benefit Plans
    a. Defined Benefit Plan - None
    b. Defined Contribution Plan - None
    c. Multi-employer Plans - None
    d. Consolidated/Holding Company Plans - None

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations – Per the Membership Interest Transfer Agreement associated with the purchase of Community Choice Michigan by CSUSA, which closed on November 30, 2007, and in accordance with a Form A filing approved by OFIR, the net capital and surplus at the closing date is payable to the prior Member Owners over several post closing dates. The liabilities have been recorded for future payments to the prior Member Owners and appear on page 3, Liabilities, Capital and Surplus; line 21 of this filing. Payments of $6,731,900 and $35,400 occurred on February 7 and July 25, 2008, respectively.

14. Contingencies - None

15. Leases – The monthly rental for the principal office location of the Company is the financial responsibility of the management company per the administrative services agreement.

16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk – No such instruments.

17. Sale, transfer and servicing of financial assets and extinguishments of liabilities
    a. Transfers of receivables reported as sales - None
    b. Transfer and servicing of financial assets - None
    c. Wash sales - None

18. Gain or Loss to the reporting entity for uninsured A&H plans and the uninsured portion of partially insured plans
    a. ASO plans – N/A
    b. ASC plans – N/A
    c. Medicare or similarly structured cost based reimbursed contracts – N/A

19. Direct premium written/produced by managing general agents/third party administrator – Not applicable.

20. Other Items - None

21. Events subsequent - None

22. Reinsurance-
    A. Ceded Reinsurance Report.
        Section 1. General Interrogatories
            1. No
            2. No
        Section 2 Ceded Reinsurance Report - Part A
            1. No
            2. No
        Section 3 Ceded Reinsurance Report - Part B
            1. $219,651
            2. No

    B. Uncollectable Reinsurance - None
    C. Commutation of Ceded Reinsurance - None

NOTES TO FINANCIAL STATEMENTS

23. Retrospectively rated contracts & contracts subject to redeterimation – None.

24. Change in Incurred Claims and Claims Adjustment Expenses - There has been no change in the methodology of computing incurred claims and claims adjustment expenses in the current year. Original estimates of incurred but not reported claims at December 31, 2007 were more than adequate to cover claims payments made in 2008 attributable to insured events of the prior year.

25. Intercompany Pooling Arrangements - Not applicable

26. Structured Settlements - Not applicable

27. Health Care Receivables - CareSource Michigan recorded $189,774 of pharmaceutical rebates receivable at September 30, 2008, net of non-admitted amounts of $203,959. During 2008, CareSource Michigan collected $404,311 for rebates related to 2007. Pharmacy rebates are netted with pharmacy expense.

The Company's administration of rebates is through a pharmacy benefits manager (PBM). Reports are generated by the PBM and these are used to estimate receivables. Estimated receivables are confirmed with actual cash receipt of rebates and the accompanying report detailing the amounts by manufacturer. These reports are received on a quarterly basis, generally six months after the quarter in which the receivable is recorded.

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Quarter	Estimated Pharmacy Rebates As Reported on Financial Statements	Pharmacy Rebates as billed or Otherwise Confirmed	Actual Rebates Received within 90 days of Billing	Actual Rebates Received Within 91 to 180 days of Billing	Actual Rebates Received More than 180 days of Billing
09/30/08	189,774	189,774			
06/30/08	203,959	203,959			
03/31/08	235,202	235,202			
12/31/07	215,689	215,689			215,689
09/30/07	174,910	174,910			174,910
06/30/07	230,609	230,609			230,609
03/31/07	243,708	243,708			230,708
12/31/06	233,057	233,057			233,057
09/30/06	220,748	220,748			220,748
06/30/06	262,281	262,281			262,281
03/31/06	204,506	204,506			204,506

28. Participating Policies - Not applicable.

29. Premium Deficiency Reserves - Not deemed necessary.

30. Anticipated Salvage and Subrogation – Subrogation recoveries totaled $ 62,771 for the period ended September 30, 2008.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

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

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

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

2.2 If yes, date of change: 03/13/2008

If not previously filed, furnish herewith a certified copy of the instrument as amended.

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

If yes, complete the Schedule Y - Part 1 - organizational chart.

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

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

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

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

If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2005

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2005

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 11/13/2006

6.4 By what department or departments?

.....

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

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

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

7.2 If yes, give full information:

.....

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

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

.....

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

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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

GENERAL INTERROGATORIES

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

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

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

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

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

(e) Accountability for adherence to the code.

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

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

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

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

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

FINANCIAL

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

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

INVESTMENT

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

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

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

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

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

14.2 If yes, please complete the following:

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

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

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

GENERAL INTERROGATORIES

16. 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 [ ]

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

1 Name of Custodian(s)	2 Custodian Address
Fifth Third Bank	111 Lyon St. NW, Grand Rapids MI 49503

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

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

16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter? ..... Yes [ ] No [X]

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

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

16.5 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	2 Name(s)	3 Address

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

17.2 If no, list exceptions:

.....

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			ACCIDENT AND HEALTH AFFILIATES			
			ACCIDENT AND HEALTH NON-AFFILIATES			
92711	35-1817054	03/01/2008	HCC Life Insurance Company	Kennesaw GA	ASL/I/L	Yes
			LIFE AND ANNUITY AFFILIATES			
			LIFE AND ANNUITY NON-AFFILIATES			
			PROPERTY/CASUALTY AFFILIATES			
			PROPERTY/CASUALTY NON-AFFILIATES			

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

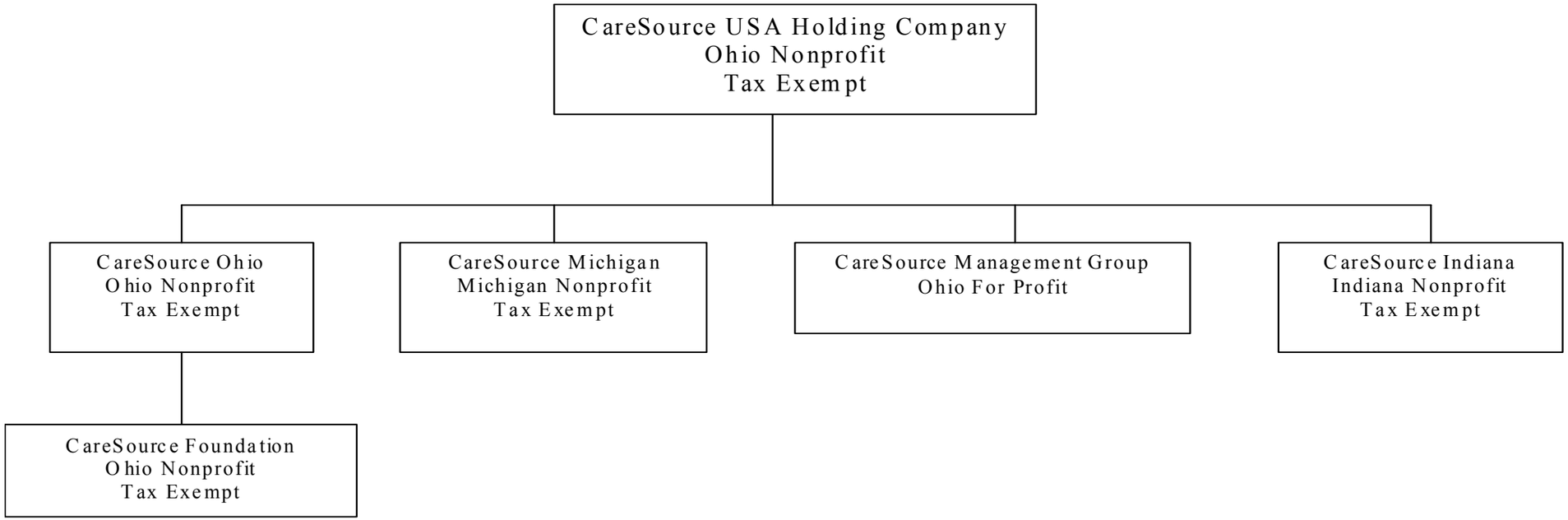
Current Year to Date - Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
States, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama AL	N							0	
2. Alaska AK	N							0	
3. Arizona AZ	N							0	
4. Arkansas AR	N							0	
5. California CA	N							0	
6. Colorado CO	N							0	
7. Connecticut CT	N							0	
8. Delaware DE	N							0	
9. District of Columbia DC	N							0	
10. Florida FL	N							0	
11. Georgia GA	N							0	
12. Hawaii HI	N							0	
13. Idaho ID	N							0	
14. Illinois IL	N							0	
15. Indiana IN	N							0	
16. Iowa IA	N							0	
17. Kansas KS	N							0	
18. Kentucky KY	N							0	
19. Louisiana LA	N							0	
20. Maine ME	N							0	
21. Maryland MD	N							0	
22. Massachusetts MA	N							0	
23. Michigan MI	L		268,377	113,881,252				114,149,629	
24. Minnesota MN	N							0	
25. Mississippi MS	N							0	
26. Missouri MO	N							0	
27. Montana MT	N							0	
28. Nebraska NE	N							0	
29. Nevada NV	N							0	
30. New Hampshire NH	N							0	
31. New Jersey NJ	N							0	
32. New Mexico NM	N							0	
33. New York NY	N							0	
34. North Carolina NC	N							0	
35. North Dakota ND	N							0	
36. Ohio OH	N							0	
37. Oklahoma OK	N							0	
38. Oregon OR	N							0	
39. Pennsylvania PA	N							0	
40. Rhode Island RI	N							0	
41. South Carolina SC	N							0	
42. South Dakota SD	N							0	
43. Tennessee TN	N							0	
44. Texas TX	N							0	
45. Utah UT	N							0	
46. Vermont VT	N							0	
47. Virginia VA	N							0	
48. Washington WA	N							0	
49. West Virginia WV	N							0	
50. Wisconsin WI	N							0	
51. Wyoming WY	N							0	
52. American Samoa AS	N							0	
53. Guam GU	N							0	
54. Puerto Rico PR	N							0	
55. U.S. Virgin Islands VI	N							0	
56. Northern Mariana Islands MP	N							0	
57. Canada CN	N							0	
58. Aggregate Other Alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	0	268,377	113,881,252	0	0	0	114,149,629	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	0	268,377	113,881,252	0	0	0	114,149,629	0
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

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

CareSource Family of Companies
Corporate Structure



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanation:

1.Coverage provided through Medicare Advantage Program

Bar Code:

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A - VERIFICATION

Real Estate

NONE

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

SCHEDULE B – VERIFICATION

Mortgage Loans

NONE

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

SCHEDULE BA – VERIFICATION

Other Long Term Invested Assets

NONE

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

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	4,065,324	5,542,040
2. Cost of bonds and stocks acquired	16,493,322	0
3. Accrual of discount	3,952	23,284
4. Unrealized valuation increase (decrease)	82,372	0
5. Total gain (loss) on disposals	26,925	0
6. Deduct consideration for bonds and stocks disposed of	2,115,996	1,500,000
7. Deduct amortization of premium		0
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	18,555,899	4,065,324
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	18,555,899	4,065,324

SCHEDULE D - PART 1B

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	13,585,442	5,000,000	3,128	(26,415)	2,579,811	13,585,442	18,555,899	4,065,324
2. Class 2 (a)	0				0	0	0	0
3. Class 3 (a)	0				0	0	0	0
4. Class 4 (a)	0				0	0	0	0
5. Class 5 (a)	0				0	0	0	0
6. Class 6 (a)	0				0	0	0	0
7. Total Bonds	13,585,442	5,000,000	3,128	(26,415)	2,579,811	13,585,442	18,555,899	4,065,324
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	13,585,442	5,000,000	3,128	(26,415)	2,579,811	13,585,442	18,555,899	4,065,324

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 $18,555,899 ; NAIC 2 $.....; NAIC 3 $.....; NAIC 4 $.....; NAIC 5 $.....; NAIC 6 $.....

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
8299999 Totals	17,620,823	XXX	17,620,823	114,648	4,543

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	7,144,344	5,614,022
2. Cost of short-term investments acquired	10,976,478	8,002,667
3. Accrual of discount	1	
4. Unrealized valuation increase (decrease)		18,650
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals	500,000	6,490,995
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	17,620,823	7,144,344
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	17,620,823	7,144,344

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule E Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
3128X2-3A-1	Freddie MAC	D	09/10/2008	Fifth Third Bank		778,733	750,000	14,906	1
3133XQ-F6-4	Fderal Home Loan Bnk	D	09/10/2008	Fifth Third Bank		1,000,000	1,000,000	20,395	1
1099999 - Total - Bonds - All Other Government						1,778,733	1,750,000	35,301	XXX
172967-EU-1	CitiGroup	D	09/10/2008	Fifth Third Bank		254,680	250,000	1,174	1
24422E-QV-4	John Deere Cap Corp	D	09/10/2008	Fifth Third Bank		506,050	500,000	559	1
37247D-AE-6	Genworth Financial	D	09/10/2008	Fifth Third Bank		475,523	500,000	7,188	1
41283D-AB-9	Harley Davidson Funding	D	09/10/2008	Fifth Third Bank		1,006,153	1,000,000	21,344	1
416515-AV-6	Hartford Finl Svcs Group	D	09/10/2008	Fifth Third Bank		495,300	500,000	10,250	1
74432Q-AG-0	Prudential Financial Corp	D	09/10/2008	Fifth Third Bank		462,043	500,000	6,069	1
4599999 - Total - Bonds - Industrial, Misc.						3,199,749	3,250,000	46,584	XXX
6099997 - Total - Bonds - Part 3						4,978,482	5,000,000	81,885	XXX
6099999 - Total - Bonds						4,978,482	5,000,000	81,885	XXX
6599999 - Total - Preferred Stocks						0	XXX	0	XXX
7299999 - Total - Common Stocks						0	XXX	0	XXX
7399999 - Total - Preferred and Common Stocks						0	XXX	0	XXX
7499999 - Totals						4,978,482	XXX	81,885	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Fifth Third Bank	Ohio	1.250	151,260	0	(46,977)	(176,613)	(1,597,561)	XXX
Independent Bank	Michigan	2.130	185,447	0	10,708,114	4,519,419	4,527,296	XXX
0199998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	XXX	XXX						XXX
0199999 Totals - Open Depositories	XXX	XXX	336,707		10,661,137	4,342,806	2,929,735	XXX
0399999 Total Cash on Deposit	XXX	XXX	336,707		10,661,137	4,342,806	2,929,735	XXX
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0599999 Total Cash	XXX	XXX	336,707		10,661,137	4,342,806	2,929,735	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
5499999 - Total - Issuer Obligations					0	0	0
6099999 - Total - Bonds					0	0	0
8799999 Totals					0	0	0