



ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2010
 OF THE CONDITION AND AFFAIRS OF THE

CareSource Michigan

NAIC Group Code 3683 , 0000 NAIC Company Code 95562 Employer's ID Number 38-3252216
(Current Period) (Prior Period)

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

Country of Domicile United States

Licensed as business type: Life, Accident & Health [] 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 2900 West Road, Suite 201 , East Lansing, MI 48823-6386
(Street and Number) (City, State and Zip Code)

Main Administrative Office 2900 West Road, Suite 201
(Street and Number)
East Lansing, MI 48823-6386 517-349-9922
(City, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 2900 West Road, Suite 201 , East Lansing, MI 48864-6386
(Street and Number or P.O. Box) (City, State and Zip Code)

Primary Location of Books and Records 2900 West Road, Suite 201
(Street and Number)
East Lansing, MI 48823-6386 937-531-2159
(City, State and Zip Code) (Area Code) (Telephone Number) (Extension)

Internet Web Site Address www.caresource.com

Statutory Statement Contact L Tarlton Thomas III , 937-531-2159
(Name) (Area Code) (Telephone Number) (Extension)
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(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
<u>Sharon R. Williams</u>	<u>Plan President</u>	<u>Craig Thiele M.D.</u>	<u>Chief Medical Officer</u>
<u>Bobby Jones</u>	<u>Chief Operating Officer</u>	<u>L. Tarlton Thomas III</u>	<u>Chief Financial Officer</u>

OTHER OFFICERS

DIRECTORS OR TRUSTEES

<u>Pamela B. Morris</u>	<u>Margaret Marchak</u>	<u>Evonne Williams</u>	<u>Karen Hamilton</u>
<u>J. Thomas Maultsby</u>	<u>John M. Rockwood</u>		

State of

ss

County of

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.

Sharon R. Williams
Plan President

L. Tarlton Thomas III
Chief Financial Officer

Bobby Jones
Chief Operating Officer

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 _____

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE CareSource Michigan

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	15,645,715		15,645,715	18,586,655
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
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 (\$(782,440) , Schedule E-Part 1), cash equivalents (\$11,917,112 , Schedule E-Part 2) and short-term investments (\$9,518,007 , Schedule DA).....	20,652,679		20,652,679	23,060,967
6. Contract loans (including \$premium notes)			0	0
7. Derivatives	0		0	0
8. Other invested assets (Schedule BA)	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets.....			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	36,298,394	0	36,298,394	41,647,622
13. Title plants less \$charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	186,403		186,403	202,875
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	492,634		492,634	923,094
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums.....			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	59,754		59,754	245,625
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset.....			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	0
24. Health care (\$842,162) and other amounts receivable.....	975,701	133,539	842,162	1,481,010
25. Aggregate write-ins for other than invested assets	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	38,012,886	133,539	37,879,347	44,500,226
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	38,012,886	133,539	37,879,347	44,500,226
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501.			0	0
2502.			0	0
2503.			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 28,983 reinsurance ceded)	13,955,472		13,955,472	13,788,759
2. Accrued medical incentive pool and bonus amounts	513,091		513,091	152,965
3. Unpaid claims adjustment expenses	219,307		219,307	222,833
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	226,162		226,162	0
9. General expenses due or accrued	329,716		329,716	386,637
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital 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	857,361		857,361	8,339,861
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans			0	0
23. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	16,101,108	0	16,101,108	22,891,055
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		0
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	7,831,735	7,831,735
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	13,946,505	13,777,436
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		0
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	21,778,240	21,609,171
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	37,879,347	44,500,226
DETAILS OF WRITE-INS				
2301. Former CCM Member Liability			0	0
2302.			0	0
2303.			0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0
2501.	XXX	XXX		0
2502.	XXX	XXX		0
2503.	XXX	XXX		0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		0
3002.	XXX	XXX		0
3003.	XXX	XXX		0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE CareSource Michigan

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	469,844	566,817
2. Net premium income (including \$0 non-health premium income).....	XXX	130,110,423	162,267,680
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	(2,241,454)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	130,110,423	160,026,226
Hospital and Medical:			
9. Hospital/medical benefits		76,262,752	88,958,961
10. Other professional services		7,131,339	8,606,076
11. Outside referrals		0	0
12. Emergency room and out-of-area		5,788,123	7,210,383
13. Prescription drugs		13,961,535	18,175,778
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		629,772	265,091
16. Subtotal (Lines 9 to 15)	0	103,773,521	123,216,289
Less:			
17. Net reinsurance recoveries		11,311	217,977
18. Total hospital and medical (Lines 16 minus 17)	0	103,762,210	122,998,312
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$3,487,036 cost containment expenses.....		3,930,211	4,691,969
21. General administrative expenses.....		12,999,688	13,134,830
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	120,692,109	140,825,111
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	9,418,314	19,201,115
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		884,294	1,082,806
26. Net realized capital gains (losses) less capital gains tax of \$			659
27. Net investment gains (losses) (Lines 25 plus 26)	0	884,294	1,083,465
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (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	10,302,608	20,284,580
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	10,302,608	20,284,580
DETAILS OF WRITE-INS			
0601. Quality Assurance Assessment.....	XXX		(2,241,454)
0602.	XXX		0
0603.	XXX		0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	(2,241,454)
0701.	XXX		0
0702.	XXX		0
0703.	XXX		0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			0
1402.			0
1403.			0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901.			0
2902.			0
2903.			0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	21,609,171	19,531,914
34. Net income or (loss) from Line 32	10,302,608	20,284,580
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	(133,539)	198,315
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		(605,638)
46. Dividends to stockholders	(10,000,000)	(17,800,000)
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	169,068	2,077,257
49. Capital and surplus end of reporting year (Line 33 plus 48)	21,778,240	21,609,171
DETAILS OF WRITE-INS		
4701.		0
4702.		0
4703.		0
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 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.....	130,846,744	161,547,672
2. Net investment income.....	845,831	924,853
3. Miscellaneous income.....	0	(2,969,380)
4. Total (Lines 1 through 3).....	131,692,575	159,503,144
5. Benefit and loss related payments.....	102,623,888	124,864,970
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	16,472,849	17,893,719
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	0	0
10. Total (Lines 5 through 9).....	119,096,737	142,758,689
11. Net cash from operations (Line 4 minus Line 10).....	12,595,838	16,744,456
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	2,995,875	2,725,666
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).....	2,995,875	2,725,666
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	0	1,877,338
13.2 Stocks.....	0	0
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	0	1,877,338
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14).....	2,995,875	848,328
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	18,000,000	14,200,000
16.6 Other cash provided (applied).....	0	(5,418,646)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(18,000,000)	(19,618,646)
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).....	(2,408,288)	(2,025,862)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	23,060,967	25,086,829
19.2 End of year (Line 18 plus Line 19.1).....	20,652,679	23,060,967

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE CareSource Michigan

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	130,110,423	0	0	0	0	0	3,341,392	126,769,031	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	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)	130,110,423	0	0	0	0	0	3,341,392	126,769,031	0	0
8. Hospital/medical benefits	76,262,752						2,024,657	74,238,095		XXX
9. Other professional services	7,131,339						152,140	6,979,199		XXX
10. Outside referrals	0						0	0		XXX
11. Emergency room and out-of-area	5,788,123						146,022	5,642,101		XXX
12. Prescription drugs	13,961,535						399,262	13,562,273		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	629,772						241	629,531		XXX
15. Subtotal (Lines 8 to 14)	103,773,521	0	0	0	0	0	2,722,322	101,051,199	0	XXX
16. Net reinsurance recoveries	11,311						1,041	10,270		XXX
17. Total hospital and medical (Lines 15 minus 16)	103,762,210	0	0	0	0	0	2,721,281	101,040,929	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ 3,487,036 cost containment expenses	3,930,211						135,425	3,794,786		
20. General administrative expenses	12,999,688						229,508	12,770,180		
21. Increase in reserves for accident and health contracts	0						0	0		XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
23. Total underwriting deductions (Lines 17 to 22)	120,692,109	0	0	0	0	0	3,086,214	117,605,895	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	9,418,314	0	0	0	0	0	255,178	9,163,136	0	0
DETAILS OF WRITE-INS										
0501.	0									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. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 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. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE CareSource Michigan

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	3,357,184		15,792	3,341,392
7. Title XIX - Medicaid.....	127,133,339		364,308	126,769,031
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8)	130,490,523	.0	380,100	130,110,423
10. Life .....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	130,490,523	0	380,100	130,110,423

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE CareSource Michigan

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Payments during the year:										
1.1 Direct	104,624,484						2,408,471	102,216,013		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	198,252							198,252		
1.4 Net	104,426,232	0	0	0	0	0	2,408,471	102,017,761	0	0
2. Paid medical incentive pools and bonuses	269,646						241	269,405		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	13,984,455	0	0	0	0	0	804,559	13,179,896	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	28,983	0	0	0	0	0	0	28,983	0	0
3.4 Net	13,955,472	0	0	0	0	0	804,559	13,150,913	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	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	513,091							513,091		
6. Net healthcare receivables (a).....	1,646,378							1,646,378		
7. Amounts recoverable from reinsurers December 31, current year	59,754						1,041	58,713		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	13,818,812	0	0	0	0	0	545,333	13,273,479	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	30,053	0	0	0	0	0	0	30,053	0	0
8.4 Net	13,788,759	0	0	0	0	0	545,333	13,243,426	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	152,965							152,965		
11. Amounts recoverable from reinsurers December 31, prior year	245,624	0	0	0	0	0	0	245,624	0	0
12. Incurred benefits:										
12.1 Direct	103,143,749	0	0	0	0	0	2,667,697	100,476,052	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	11,312	0	0	0	0	0	1,041	10,271	0	0
12.4 Net	103,132,437	0	0	0	0	0	2,666,656	100,465,781	0	0
13. Incurred medical incentive pools and bonuses	629,772	0	0	0	0	0	241	629,531	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE CareSource Michigan

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. 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	13,984,455						804,559	13,179,896		
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	28,983							28,983		
2.4. Net	13,955,472	0	0	0	0	0	804,559	13,150,913	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	13,984,455	0	0	0	0	0	804,559	13,179,896	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	28,983	0	0	0	0	0	0	28,983	0	0
4.4. Net	13,955,472	0	0	0	0	0	804,559	13,150,913	0	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE CareSource Michigan

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 Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....					.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	357,405	2,104,649	20,224	784,335	377,629	545,333
7. Title XIX - Medicaid.....	13,162,559	88,801,620	169,119	12,981,794	13,331,678	13,243,426
8. Other health .....					.0	.0
9. Health subtotal (Lines 1 to 8).....	13,519,964	90,906,269	189,343	13,766,129	13,709,307	13,788,759
10. Healthcare receivables (a).....	1,004,471	1,067,519	63,240	344,265	1,067,711	1,018,987
11. Other non-health.....					.0	.0
12. Medical incentive pools and bonus amounts	174,870	94,776		513,091	174,870	152,965
13. Totals (Lines 9-10+11+12)	12,690,363	89,933,526	126,103	13,934,955	12,816,466	12,922,737

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

Pt 2C - Sn A - Paid Claims - Comp

NONE

Pt 2C - Sn A - Paid Claims - MS

NONE

Pt 2C - Sn A - Paid Claims - DO

NONE

Pt 2C - Sn A - Paid Claims - VO

NONE

Pt 2C - Sn A - Paid Claims - FE

NONE

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE CareSource Michigan

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

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior .....	.0	.0	.0	.0	
2. 2006 .....	.0	.0	.0	.0	
3. 2007	XXX	.0		.0	
4. 2008	XXX	XXX	198	327	327
5. 2009	XXX	XXX	XXX	756	1,113
6. 2010	XXX	XXX	XXX	XXX	2,050

Section B - Incurred Health Claims - Medicare

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX	198	327	327
5. 2009	XXX	XXX	XXX	756	1,113
6. 2010	XXX	XXX	XXX	XXX	2,020

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2006.....	.0	.0		0.0	.0	0.0			.0	0.0
2. 2007.....	.0	.0		0.0	.0	0.0			.0	0.0
3. 2008.....	391	327		0.0	327	83.7			327	83.7
4. 2009.....	1,281	1,113	14	1.2	1,126	87.9			1,126	87.9
5. 2010.....	3,357	2,050	78	3.8	2,128	63.4	925	28	3,081	91.8

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE CareSource Michigan

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

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	276,018	275,887	275,874	275,873	275,873
2. 2006	81,242	86,741	86,642	86,626	86,578
3. 2007	XXX	101,627	113,635	110,270	110,256
4. 2008	XXX	XXX	109,633	125,570	125,363
5. 2009	XXX	XXX	XXX	111,227	123,733
6. 2010	XXX	XXX	XXX	XXX	87,988

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	275,872	275,872	275,872	275,872	275,872
2. 2006	91,277	86,793	86,642	86,626	86,578
3. 2007	XXX	115,862	110,363	110,270	110,256
4. 2008	XXX	XXX	127,359	125,652	125,363
5. 2009	XXX	XXX	XXX	123,523	123,815
6. 2010	XXX	XXX	XXX	XXX	101,103

Section C – Incurred Year Health Claims and Claims 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 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2006.....	103,596	86,578	6,135	7.1	92,713	89.5			92,713	89.5
2. 2007.....	137,337	110,256	3,131	2.8	113,387	82.6			113,387	82.6
3. 2008.....	154,823	125,363	4,669	3.7	130,032	84.0			130,032	84.0
4. 2009.....	160,983	123,733	4,715	3.8	128,448	79.8	81	2	128,532	79.8
5. 2010.....	127,741	87,988	3,353	3.8	91,341	71.5	13,462	189	104,992	82.2

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE CareSource Michigan

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

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	276,018	275,887	275,874	275,873	275,873
2. 2006	81,242	86,741	86,642	86,626	86,578
3. 2007	XXX	101,627	113,635	110,270	110,256
4. 2008	XXX	XXX	109,831	125,897	125,690
5. 2009	XXX	XXX	XXX	111,983	124,846
6. 2010	XXX	XXX	XXX	XXX	90,039

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	275,872	275,872	275,872	275,872	275,872
2. 2006	91,277	86,793	86,642	86,626	86,578
3. 2007	XXX	115,862	110,363	110,270	110,256
4. 2008	XXX	XXX	127,557	125,979	125,690
5. 2009	XXX	XXX	XXX	124,279	124,927
6. 2010	XXX	XXX	XXX	XXX	103,123

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2006	103,596	86,578	6,135	7.1	92,713	89.5	0	0	92,713	89.5
2. 2007	137,337	110,256	3,131	2.8	113,387	82.6	0	0	113,387	82.6
3. 2008	155,214	125,690	4,669	3.7	130,359	84.0	0	0	130,359	84.0
4. 2009	162,265	124,846	4,728	3.8	129,574	79.9	81	2	129,658	79.9
5. 2010	131,098	90,039	3,431	3.8	93,470	71.3	14,387	217	108,074	82.4

Pt 2C - Sn B - Incurred Claims - Comp

NONE

Pt 2C - Sn B - Incurred Claims - MS

NONE

Pt 2C - Sn B - Incurred Claims - DO

NONE

Pt 2C - Sn B - Incurred Claims - VO

NONE

Pt 2C - Sn B - Incurred Claims - FE

NONE

Part 2C - Sn C - Claims Expense Ratio Co

NONE

Part 2C - Sn C - Claims Expense Ratio MS

NONE

Part 2C - Sn C - Claims Expense Ratio DO

NONE

Part 2C - Sn C - Claims Expense Ratio VO

NONE

Part 2C - Sn C - Claims Expense Ratio FE

NONE

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE CareSource Michigan

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.0								
2. Additional policy reserves (a).....	.0								
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income).....	.0								
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4)	0	0	0	0	0	0	0	0	0
9. Present value of amounts not yet due on claims .....	.0	NONE							
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0								
12. Totals (gross) .....	.0								
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....	175	24	492,377		492,576
2. Salaries, wages and other benefits.....	3,104,206	224,974	1,628,475		4,957,655
3. Commissions (less \$ceded plus \$assumed).....			67,455		67,455
4. Legal fees and expenses.....					0
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	26,372	4,295	474,960		505,627
7. Traveling expenses.....	178,640	4,231	24,990		207,861
8. Marketing and advertising.....			447,922		447,922
9. Postage, express and telephone.....	12,771	145	290,165		303,081
10. Printing and office supplies.....	47,370	420	339,040		386,830
11. Occupancy, depreciation and amortization.....			244,173		244,173
12. Equipment.....			29,122		29,122
13. Cost or depreciation of EDP equipment and software.....			551,677		551,677
14. Outsourced services including EDP, claims, and other services.....	113,330	207,450	463,877		784,657
15. Boards, bureaus and association fees.....	4,172	1,636	164,706		170,514
16. Insurance, except on real estate.....			52,203		52,203
17. Collection and bank service charges.....			34,929	7,500	42,429
18. Group service and administration fees.....					0
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.....			7,530,883		7,530,883
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....			162,734		162,734
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	0	0	0
26. Total expenses incurred (Lines 1 to 25).....	3,487,036	443,175	12,999,688	7,500	16,937,399
27. Less expenses unpaid December 31, current year.....		219,307	329,716		549,023
28. Add expenses unpaid December 31, prior year.....	0	222,833	386,637	0	609,470
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	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)	3,487,036	446,701	13,056,609	7,500	16,997,846
DETAILS OF WRITE-INS					
2501. Other Misc.....					0
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 + 2598) (Line 25 above)	0	0	0	0	0

(a) Includes management fees of \$0 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).....204,558	.....244,464
1.1 Bonds exempt from U.S. tax	(a).....30,539	.....
1.2 Other bonds (unaffiliated)	(a).....620,554	.....618,296
1.3 Bonds of affiliates	(a).....0	.....
2.1 Preferred stocks (unaffiliated)	(b).....0	.....
2.11 Preferred stocks of affiliates	(b).....0	.....
2.2 Common stocks (unaffiliated)	.....0	.....
2.21 Common stocks of affiliates	.....0	.....
3. Mortgage loans	(c).....	.....
4. Real estate	(d).....	.....
5. Contract loans	.....	.....
6. Cash, cash equivalents and short-term investments	(e).....45,950	.....58,688
7. Derivative instruments	(f).....	.....0
8. Other invested assets	.....	.....
9. Aggregate write-ins for investment income	.....0	.....0
10. Total gross investment income	901,601	921,448
11. Investment expenses		(g).....7,500
12. Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13. Interest expense		(h).....29,654
14. Depreciation on real estate and other invested assets		(i).....
15. Aggregate write-ins for deductions from investment income		.....0
16. Total deductions (Lines 11 through 15)		.....37,154
17. Net investment income (Line 10 minus Line 16)		884,294
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 through 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 through 1503) plus 1598 (Line 15 above)		0

- (a) Includes \$ 93,734 accrual of discount less \$ 38,800 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ 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 \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	.....	.....	.....0	.....	.....
1.1 Bonds exempt from U.S. tax	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated)	.....	.....	.....0	.....	.....
1.3 Bonds of affiliates	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated)	.....0	.....0	.....0	.....0	.....0
2.11 Preferred stocks of affiliates	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated)	.....0	.....0	.....0	.....0	.....0
2.21 Common stocks of affiliates	.....0	.....0	.....0	.....0	.....0
3. Mortgage loans	.....0	.....0	.....0	.....0	.....0
4. Real estate	.....0	.....0	.....0	.....0	.....0
5. Contract loans	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments	.....	.....	.....0	.....0	.....0
7. Derivative instruments	.....	.....	.....0	.....	.....
8. Other invested assets	.....0	.....0	.....0	.....0	.....0
9. Aggregate write-ins for capital gains (losses)	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses)	0	0	0	0	0
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	.....0
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	.0	.0	.0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	.0	.0	.0
2.2 Common stocks .....	.0	.0	.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	.0	.0	.0
3.2 Other than first liens .....	.0	.0	.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	.0	.0	.0
4.2 Properties held for the production of income.....	.0	.0	.0
4.3 Properties held for sale .....	.0	.0	.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	.0	.0	.0
6. Contract loans .....	.0	.0	.0
7. Derivatives .....	.0	.0	.0
8. Other invested assets (Schedule BA) .....	.0	.0	.0
9. Receivables for securities .....	.0	.0	.0
10. Securities lending reinvested collateral assets.....	.0	.0	.0
11. Aggregate write-ins for invested assets .....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	.0	.0	.0
13. Title plants (for Title insurers only).....	.0	.0	.0
14. Investment income due and accrued .....	.0	.0	.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	.0	.0	.0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due. ....	.0	.0	.0
15.3 Accrued retrospective premiums.....	.0	.0	.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	.0	.0	.0
16.2 Funds held by or deposited with reinsured companies .....	.0	.0	.0
16.3 Other amounts receivable under reinsurance contracts .....	.0	.0	.0
17. Amounts receivable relating to uninsured plans .....	.0	.0	.0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	.0	.0	.0
18.2 Net deferred tax asset.....	.0	.0	.0
19. Guaranty funds receivable or on deposit .....	.0	.0	.0
20. Electronic data processing equipment and software.....	.0	.0	.0
21. Furniture and equipment, including health care delivery assets .....	.0	.0	.0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	.0	.0	.0
23. Receivables from parent, subsidiaries and affiliates .....	.0	.0	.0
24. Health care and other amounts receivable.....	133,539	.0	(133,539)
25. Aggregate write-ins for other than invested assets .....	.0	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	133,539	.0	(133,539)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	133,539	0	(133,539)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Insurance.....	.0	.0	.0
2502. Prepaid Other.....	.0	.0	.0
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page .....	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE CareSource Michigan

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	41,557	39,318	39,228	37,582	37,737	469,844
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
7. Total	41,557	39,318	39,228	37,582	37,737	469,844
DETAILS OF WRITE-INS						
0601. ....	.0					
0602. ....	.0					
0603. ....	.0					
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 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 –

Basis of Presentation – CareSource Michigan’s (CSM’s) statutory-basis financial statements are presented on the basis of accounting practices prescribed or permitted by the State of Michigan, Office of Financial and Insurance Regulation (“OFIR”). OFIR requires that insurance companies domiciled in the State of Michigan prepare their statutory financial statements in accordance with the NAIC Accounting Practices and Procedures Manual (NAIC AP&P) subject to any deviation prescribed or permitted by OFIR Accounting practices and procedures of the NAIC, as prescribed or permitted by the insurance department of the applicable states of domicile, comprise a comprehensive basis of accounting other than accounting principles generally accepted in the United States (GAAP). No material change has occurred since the Annual 2009 filing.

Investments: Bonds not backed by other loans are principally stated at amortized cost using the interest method. Single class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities. Realized capital gains and losses are determined using the first in first out method. CSM does not engage in subprime residential lending.

Nonadmitted Assets: Certain assets designated as “non-admitted,” principally prepaid expenses are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. In accordance with GAAP, such assets are included in the balance sheet to the extent that those assets are not impaired.

Reinsurance: Unpaid claims liabilities and premiums received in advance ceded to reinsurers have been reported as reductions of the related balances rather than as assets as would be required in accordance with GAAP.

Statements of Cash Flows: Cash, cash equivalents, and short-term investments in the statements of cash flows represent cash balances and investments with initial maturities of one year or less. In accordance with GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements have not been quantified.

Other significant accounting practices are as follows:

Investments Bonds and common stocks are stated at values prescribed by the NAIC, as follows:

Bonds not backed by other loans are principally stated at amortized cost using the interest method.

Single class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities.

Realized capital gains and losses are determined using the first in first out method. Short term investments include investments with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost. CSM does not engage in subprime residential lending.

Other than temporary impairments - Management regularly reviews the value of CSM’s investments. If the value of any investment falls below its cost basis, the decline in value is analyzed to determine whether it is an other-than-temporary impairment. The decision to record an impairment loss incorporates both quantitative criteria and qualitative information. The Company considers a number of factors including, but not limited to: (a) the length of time and the extent to which the fair value has been less than book value, (b) the financial condition and near term prospects of the issuer, (c) the intent and ability of CSM to retain its investment for a period of time sufficient to allow for any anticipated recovery in value, (d) whether the debtor is current on interest and principal payments and (e) general market conditions and industry or sector specific factors.

Cash, Cash Equivalents, and Short-Term Investments - The fair values of cash, cash equivalents, and short-term investments are based on quoted market prices.

Pharmacy Rebate Receivable- Pharmacy rebates are attained based on agreements between CSM and a third party administrator for prescription drugs. Pharmacy rebates are admitted if accrued or invoiced within 90 days of the reporting period. Pharmacy rebates are non-admitted if invoiced over 90 days prior to the reporting period.

Claims and Claim Adjustment Expenses - Claims unpaid and unpaid claims adjustment expense liabilities represent management’s best estimate of the ultimate net cost of all reported and unreported claims incurred through September 30. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid claims are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Premium Revenue - Substantially all of CSM’s premiums earned are related to a contract with the Michigan Department of Community Health. The contract was effective October 1, 2009 for three years with three additional one year options. Cancellations or nonrenewal of these contracts would affect operating results adversely. Premiums are due monthly and are recognized as revenue in the period in which CSM is obligated to provide services to its members. Premiums received in advance are recorded as unearned premium revenue. In accordance with Statement of Statutory Accounting Principle (SSAP) No. 61, Life, Deposit-Type and Accident Health Reinsurance, payments to a reinsurance carrier for a stop-loss arrangement are deducted from premiums earned.

Hospital and Medical Cost - CSM’s contracts with various health care providers for the provision of certain health care services to its members. Participating physicians and hospitals are paid contractually established rates for services to members. The cost of health care services provided or contracted for is accrued in the period in which it is provided to a member, based in part, on estimates. Estimated liabilities for health care services provided to members of CSM include claims reported and estimates (based upon historical experience) of health care services incurred but not reported (IBNR). These estimates are periodically reviewed and are adjusted in accordance with the latest available information in that period in which the information becomes available.

Reinsurance - Certain premiums and benefits are ceded to another insurance company under a reinsurance agreement. The ceded reinsurance agreement provides CSM with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. CSM remains obligated for amounts ceded in the event that the reinsurer does not meet their obligations.

	2010		2009	
	Written	Earned	Written	Earned
Direct premiums	\$130,490,523	\$130,490,523	\$162,779,015	\$162,779,015
Ceded premiums				
Non-affiliates	(380,100)	(380,100)	(511,335)	(511,335)
Net premiums	\$130,110,423	\$130,110,423	\$162,267,680	\$162,267,680

Neither CS nor any of its related parties control, directly or indirectly, any reinsurer with whom CSM conducts business. CSM does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel the agreement.

NOTES TO FINANCIAL STATEMENTS

B. Use of Estimates -

The preparation of financial statements in accordance with statutory accounting principles requires management to make estimates and assumptions that affect the reported amount of admitted assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Accounting Changes and Correction of Errors – None

3. Business Combinations and Goodwill – None

4. Discontinued Operations - None.

5. Investments

a. Mortgage Loans - None

b. Debt Restructuring - None

c. Reverse Mortgage - None

d. Loan-Backed Securities: CSM investment in two GNMA bonds totaled \$465,540.

1. The company did not have any such securities as of January 1, 1994 therefore the retrospective adjustment method did not apply.

2. Prepayment assumptions for single class and multi-class mortgage-backed securities were obtained from broker/ dealer survey values.

3. In 2010, the Company did not change from the retrospective methodology to prospective methodology because no negative yields were identified.

e. Repurchase Agreements -- Effective June 30, 2010 Fifth Third Bank and Huntington Bank discontinued its participation in the "special" FDIC Insurance Program that provided us with 100% FDIC coverage on all deposits. The limit effective 7/1/10 will be \$250,000. Independent Bank continued its participation in the program. The company is now using a sweep program with Fifth Third and Huntington Banks that invest in Repurchase Agreements that are secured by a pledge of Fifth Third's government securities portfolio. These investments mature daily and are therefore listed as short term.

f. Real Estate - None

g. Low income housing - None

6. Joint Ventures, Partnerships and Limited Liability Companies - None

7. Investment Income –

Interest income earned through December 31, 2010 is accrued in the accompanying financial statements.

8. Derivative Instruments – None

9. Income Taxes –

CSM has been recognized by the Internal Revenue Service as an organization described in Internal Revenue Code Section 501(c)(3), and as such, is treated as exempt from federal income taxes.

10. Information Concerning Parent, Subsidiaries and Affiliates

a.f.g. Effective January 1, 2009, CSM, CareSource Management Services, Inc. (CSMS) and CareSource Management Group Company (CSMG) entered into a long term management agreement, which requires CSM, CSMS and CSMG to provide services and resources to each other at actual cost. The initial term of the agreement is 15 years and shall be terminable only for cause, except that CSM may terminate this agreement without cause at any time for any reason upon one year written notice. The agreement includes a cost sharing agreement, which outlines the allocation of costs for shared resources and direct costs between CS, CSMS and CSMG. Costs are allocated in accordance with SSAP No. 70, Allocation of Expenses.

As of January 1, 2009, the name of CSMG changed to CareSource Management Services, Inc. (CSMS). The entity remains a for profit management services entity. As of January 1, 2009, CSM's Parent company, CareSource USA Holding Co. changed its name to CareSource Management Group Company (CSMG). The entity remains a not for profit holding company entity.

The Company paid management fees to CareSource Management Group and CareSource Management Services of \$8,555,026 for the twelve months ended December 31, 2010. The Company also paid CareSource Foundation \$113,411 for charitable donations to various Michigan non-profit organizations.

b. None

c. None

d. As of December 31, 2010 and 2009, CSM owed CSMG and CSMS \$857,360 and \$339,861, respectively, for employee compensation and other administrative expenses incurred by the related party on behalf of CSM.

e- None.

h - None

i - None

j - None

k- None

l - None

11. Debt - None

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

e. Post Employment Benefits and Compensated Absences – None

13. Capital and Surplus, Distribution Restrictions and Quasi-Reorganizations

Distribution restrictions –

Without prior approval of its domiciliary commissioner, distributions to member organizations are limited by the laws of the Company's state of incorporation, Michigan and are limited to 10% of surplus or prior year net income.

Dividend or distributions paid - On January 19, 2010 OFIR approved payment of the \$8,000,000 distribution recorded at December 31, 2009. Of the amount, \$7,932,496 was approved as an extraordinary distribution. Payment was completed on January 29, 2010. On October 4, 2010 OFIR approved payment of a \$10,000,000 ordinary distribution. This distribution was completed on October 6, 2010.

14. Contingencies

a. Contingent Commitments – None

b. Assessments - None

c. Gain Contingencies - None

d. All other Contingencies – None

e. Legal Proceedings

NOTES TO FINANCIAL STATEMENTS

Other Lawsuits and Claims

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time.

Penalties associated with violations of these laws and regulations include significant fines and penalties, exclusion from participating in publicly-funded programs, and the repayment of previously billed and collected revenues.

From time to time we are involved in legal actions in the ordinary course of business, some of which seek monetary damages. Some lawsuits and claims are covered by insurance and others are not. The outcome of such legal actions is inherently uncertain. Nevertheless, we believe that these actions, when finally concluded and determined, are not likely to have a material adverse effect on our financial position, results of operations, or cash flows.

15. Leases

The monthly rental for the principal office location of the CSM is the financial responsibility of the CareSource Management Group 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

1. Revenue from the Company's Medicare (or similarly structured cost based reimbursement contract) contract for the year 2010 consisted of \$2,934,179 for medical and hospital related services and \$423,005 for administrative expenses.
2. As of December 31, 2010, the Company has recorded no receivables from payors whose account balances are greater than 10% of the Company's amounts receivable from uninsured accident and health plans or \$10,000:
3. In connection with the Company's Medicare (or similarly structured cost based reimbursement contract) contract, the Company has recorded no allowances and no reserves for adjustment of recorded revenues at December 31, 2010.
4. The Company has made no adjustment to revenue resulting from audit receivables related to revenues recorded in the prior period.

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

20. Fair Value Measurements

CareSource utilizes a Fifth Third Bank tool called Portfolio Pro for security pricing. That tool uses Reuters and FT Interactive for security pricing

Description	Level 1	Level 2	Level 3	Total
US Government	\$509,844			\$506,844
Industrial and Misc	16,322,226			16,322,226
Total	\$16,832,070			\$16,832,070

21. Other Items

- a. Extraordinary items – None
- b. Troubled debt restructuring: Debtors - None
- c. Other Disclosures –
- Beginning with the June 30, CSM reported as part of the CareSource NAIC Group code 3683.
- d. Uncollected premiums - None
- e. Business interruption insurance recoveries - None
- f. State transferable tax credits - None
- g. Subprime mortgage related risk - None

22. Events subsequent – None

23. 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. \$380,100
 2. No

24. Retrospectively rated contracts & contracts subject to redetermination – None.

25. Change in Incurred Claims and Claims Adjustment Expenses Related to Prior Years

Reserves for incurred claims attributable to insured events of prior years has decreased by \$.1 million from \$13.8 million in 2009 to \$13.7 million in 2010 as a result of re-estimation of unpaid claims expense. This decrease was the result of ongoing analysis of loss development trends.

26. Intercompany Pooling Arrangements – None

NOTES TO FINANCIAL STATEMENTS

27. **Structured Settlements** - Not applicable

28. **Health Care Receivables**

CSM recorded \$190,313 pharmacy rebates receivable at December 31 and during 2010, collected \$641,102 for rebates related to 2009. Pharmacy rebates are netted with pharmacy expense.

Column 1 Quarter	Column 2 Estimated Pharmacy Rebates As Reported on Financial Statements	Column 3 Pharmacy Rebates as billed or Otherwise Confirmed	Column 4 Actual Rebates Received within 90 days of Billing	Column 5 Actual Rebates Received Within 91 to 180 days of Billing	Column 6 Actual Rebates Received More than 180 days of Billing
12/31/10	56,775	56,775			
09/30/10		50,607			
06/30/10	78,319	68,963		14,713	
03/31/10	237,914	197,672		168,991	
12/31/09	254,316	299,181		299,181	
09/30/09	236,025	310,039		310,038	
06/30/09	251,440	262,047		262,047	
03/31/09	248,469	287,262		287,261	
12/31/08	280,122	287,075		287,075	
09/30/08	198,315	248,289		248,289	
06/30/08	228,282	240,926			240,926
03/31/08	235,233	236,396			236,396

28. **Participating Policies** - Not applicable

29. **Premium Deficiency Reserves** - Not deemed necessary

30. **Anticipated Salvage and Subrogation** – Subrogation recoveries totaled \$54,401 for the period ended December 31, 2010.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State Regulating?..... Michigan.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2008
- 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.12/31/2008
- 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).02/11/2010
- 3.4 By what department or departments? State of Michigan, Office of Financial and Insurance Regulation.....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [] N/A []
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....
.....
.....
.....
.....

GENERAL INTERROGATORIES

- 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 locations (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?.....
Ernst and Young, 1100 Huntington Center, 41 South High Street, Columbus OH 43215.....
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:.....
- 10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:.....
- 10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.6 If the response to 10.5 is yes, provide information related to this exemption:.....
- 10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
- 10.8 If the response to 10.7 is no or n/a, please explain:.....
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?.....
Darrel Knapp, Ernst & Young, One Kansas City Plaza, Suite 2000, 1200 Main Street, Kansas City MO 64105.....
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?..... Yes [] No [X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved.....
- 12.13 Total book/adjusted carrying value..... \$.....
- 12.2 If yes, provide explanation.....
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?.....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [X] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:.....
- 14.2 Has the code of ethics for senior managers been amended? Yes [X] No []
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).....

GENERAL INTERROGATORIES

BOARD OF DIRECTORS

15. 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 []
16. 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 []
17. 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

18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 19.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 19.11 To directors or other officers \$.....0
- 19.12 To stockholders not officers .. \$.....0
- 19.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 19.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 19.21 To directors or other officers .. \$.....0
- 19.22 To stockholders not officers ... \$.....0
- 19.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 20.1 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]
- 20.2 If yes, state the amount thereof at December 31 of the current year:
- 20.21 Rented from others \$.....0
- 20.22 Borrowed from others \$.....0
- 20.23 Leased from others \$.....0
- 20.24 Other \$.....0
- 21.1 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]
- 21.2 If answer is yes:
- 21.21 Amount paid as losses or risk adjustment \$.....0
- 21.22 Amount paid as expenses \$.....0
- 21.23 Other amounts paid \$.....0
- 22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:..... \$.....

INVESTMENT

- 23.1 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? (other than securities lending programs addressed in 23.3)..... Yes [X] No []
- 23.2 If no, give full and complete information, relating thereto
- 23.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 23.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?..... Yes [] No [] NA [X]
- 23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. \$.....
- 23.6 If answer to 23.4 is no, report amount of collateral for other programs. \$.....
- 23.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?..... Yes [] No [] NA []
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?..... Yes [] No [] NA []
- 23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?..... Yes [] No [] NA []

GENERAL INTERROGATORIES

24.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3). Yes [X] No []

24.2 If yes, state the amount thereof at December 31 of the current year:

24.21	Subject to repurchase agreements	\$.....
24.22	Subject to reverse repurchase agreements	\$.....
24.23	Subject to dollar repurchase agreements	\$.....
24.24	Subject to reverse dollar repurchase agreements	\$.....
24.25	Pledged as collateral	\$.....
24.26	Placed under option agreements	\$.....
24.27	Letter stock or securities restricted as to sale	\$.....
24.28	On deposit with state or other regulatory body	\$.....1,000,000
24.29	Other	\$.....

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

25.2 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.

26.1 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]

26.2 If yes, state the amount thereof at December 31 of the current year. \$.....

27. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [X] No []

27.01 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
Fifth Third Bank.....	111 Lyon St. NW. Grand Rapids MI 49503.....

27.02 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)

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year? Yes [] No [X]

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

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

27.05 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

GENERAL INTERROGATORIES

28.1 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]

28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
28.2999 TOTAL		0

28.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

29. 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 (+)
29.1 Bonds.....	15,645,715	16,832,071	1,186,356
29.2 Preferred Stocks.....	0		0
29.3 Totals	15,645,715	16,832,071	1,186,356

29.4 Describe the sources or methods utilized in determining the fair values:.....
 CareSource utilizes a Fifth Third Bank tool called Portfolio Pro for security pricing. That tool uses Reuters and FT Interactive for security pricing.....

30.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?..... Yes [X] No []

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?..... Yes [X] No []

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:.....

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

31.2 If no, list exceptions:.....

GENERAL INTERROGATORIES

OTHER

32.1 Amount of payments to Trade associations, service organizations and statistical or rating bureaus, if any? \$45,000

32.2 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 Plan.....	\$.....45,000

33.1 Amount of payments for legal expenses, if any? \$22,511

33.2 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
Bricker and Eckler, LLP.....	\$.....17,061

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

34.2 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

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 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 \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$130,110,423	\$	.....162,267,680
2.2	Premium Denominator	\$130,110,423	\$	.....162,267,680
2.3	Premium Ratio (2.1/2.2)	.....1.000		.....1.000
2.4	Reserve Numerator	\$14,468,562	\$	.....13,941,724
2.5	Reserve Denominator	\$14,468,562	\$	.....13,941,724
2.6	Reserve Ratio (2.4/2.5)	.....1.000		.....1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [X] No []
- 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 [X] No []
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No []
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical \$210,000
- 5.32 Medical Only \$
- 5.33 Medicare Supplement \$
- 5.34 Dental and Vision \$
- 5.35 Other Limited Benefit Plan \$
- 5.36 Other \$
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:
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No []
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year5,961
- 8.2 Number of providers at end of reporting year6,152
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No [X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months
- 9.22 Business with rate guarantees over 36 months

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [] No []
- 10.2 If yes:
- | | | |
|--|---|----------------|
| | 10.21 Maximum amount payable bonuses | \$.....503,762 |
| | 10.22 Amount actually paid for year bonuses | \$.....327,982 |
| | 10.23 Maximum amount payable withholds | \$.....121,970 |
| | 10.24 Amount actually paid for year withholds | \$.....121,970 |
- 11.1 Is the reporting entity organized as:
- | | | |
|--|---|------------------|
| | 11.12 A Medical Group/Staff Model, | Yes [] No [X] |
| | 11.13 An Individual Practice Association (IPA), or, | Yes [] No [X] |
| | 11.14 A Mixed Model (combination of above) ? | Yes [] No [X] |
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [X] No []
- 11.3 If yes, show the name of the state requiring such net worth. Michigan.....
- 11.4 If yes, show the amount required. \$.....7,502,494
- 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.

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

1 Name of Service Area
Alcona.....
Alligan.....
Alpena.....
Antrim.....
Berrien.....
Branch.....
Calhoun.....
Cass.....
Charlevoix.....
Cheboygan.....
Emmet.....
Genesee.....
Gladwin.....
Grand Traverse.....
Hillsdale.....
Iosco.....
Kalamazoo.....
Kent.....
Leelanau.....
Mason.....
Mecosta.....
Monroe.....
Montmorency.....
Muskegon.....
Newaygo.....
Ogemaw.....
Ostego.....
Ottawa.....
Presque Isle.....
Saginaw.....
Shiawassee.....
St Joseph.....
Van Buren.....
Wayne.....

- 13.1 Do you act as a custodian for health savings accounts? Yes [] No [X]
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$.....
- 13.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$.....

FIVE - YEAR HISTORICAL DATA

	1 2010	2 2009	3 2008	4 2007	5 2006
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	37,879,347	44,500,226	46,288,506	37,365,027	25,141,329
2. Total liabilities (Page 3, Line 24)	16,101,108	22,891,055	26,756,592	27,878,133	13,264,229
3. Statutory surplus	7,502,494	8,687,794	9,025,598	8,980,616	7,394,302
4. Total capital and surplus (Page 3, Line 33)	21,778,240	21,609,171	19,531,914	9,486,894	11,877,100
Income Statement (Page 4)					
5. Total revenues (Line 8)	130,110,423	160,026,226	146,092,511	129,085,706	97,391,392
6. Total medical and hospital expenses (Line 18)	103,762,210	122,998,312	123,154,806	113,579,652	83,167,801
7. Claims adjustment expenses (Line 20)	3,930,211	4,691,969	4,178,710	3,445,580	3,134,871
8. Total administrative expenses (Line 21)	12,999,688	13,134,830	5,485,886	8,929,507	8,363,219
9. Net underwriting gain (loss) (Line 24)	9,418,314	19,201,115	13,273,109	3,130,967	2,725,501
10. Net investment gain (loss) (Line 27)	884,294	1,083,465	994,395	1,316,079	866,201
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income or (loss) (Line 32)	10,302,608	20,284,580	14,267,504	4,447,046	3,591,702
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	12,595,838	16,744,456	12,747,620	8,521,089	(2,413,349)
Risk-Based Capital Analysis					
14. Total adjusted capital.....	21,778,240	21,609,171	19,531,914	9,486,894	11,877,100
15. Authorized control level risk-based capital.....	3,751,247	4,343,897	4,512,799	4,495,308	3,697,151
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	37,737	41,557	49,465	47,956	49,163
17. Total members months (Column 6, Line 7)	469,844	566,817	598,324	589,046	580,504
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	79.7	75.8	79.7	82.7	80.3
20. Cost containment expenses	2.7	2.6	2.2	2.1	2.3
21. Other claims adjustment expenses	0.3	0.3	0.5	0.4	0.7
22. Total underwriting deductions (Line 23)	92.8	86.8	85.9	91.7	91.4
23. Total underwriting gain (loss) (Line 24)	7.2	11.8	8.6	2.3	2.6
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	12,816,466	12,967,918	11,969,724	4,908,178	7,299,689
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	12,922,737	14,789,396	13,042,342	6,407,166	11,639,249
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0

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

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama	AL	N							0	0
2. Alaska	AK	N							0	0
3. Arizona	AZ	N							0	0
4. Arkansas	AR	N							0	0
5. California	CA	N							0	0
6. Colorado	CO	N							0	0
7. Connecticut	CT	N							0	0
8. Delaware	DE	N							0	0
9. District of Columbia	DC	N							0	0
10. Florida	FL	N							0	0
11. Georgia	GA	N							0	0
12. Hawaii	HI	N							0	0
13. Idaho	ID	N							0	0
14. Illinois	IL	N							0	0
15. Indiana	IN	N							0	0
16. Iowa	IA	N							0	0
17. Kansas	KS	N							0	0
18. Kentucky	KY	N							0	0
19. Louisiana	LA	N							0	0
20. Maine	ME	N							0	0
21. Maryland	MD	N							0	0
22. Massachusetts	MA	N							0	0
23. Michigan	MI	L		3,357,184	127,133,338				130,490,522	0
24. Minnesota	MN	N							0	0
25. Mississippi	MS	N							0	0
26. Missouri	MO	N							0	0
27. Montana	MT	N							0	0
28. Nebraska	NE	N							0	0
29. Nevada	NV	N							0	0
30. New Hampshire	NH	N							0	0
31. New Jersey	NJ	N							0	0
32. New Mexico	NM	N							0	0
33. New York	NY	N							0	0
34. North Carolina	NC	N							0	0
35. North Dakota	ND	N							0	0
36. Ohio	OH	N							0	0
37. Oklahoma	OK	N							0	0
38. Oregon	OR	N							0	0
39. Pennsylvania	PA	N							0	0
40. Rhode Island	RI	N							0	0
41. South Carolina	SC	N							0	0
42. South Dakota	SD	N							0	0
43. Tennessee	TN	N							0	0
44. Texas	TX	N							0	0
45. Utah	UT	N							0	0
46. Vermont	VT	N							0	0
47. Virginia	VA	N							0	0
48. Washington	WA	N							0	0
49. West Virginia	WV	N							0	0
50. Wisconsin	WI	N							0	0
51. Wyoming	WY	N							0	0
52. American Samoa	AS	N							0	0
53. Guam	GU	N							0	0
54. Puerto Rico	PR	N							0	0
55. U.S. Virgin Islands	VI	N							0	0
56. Northern Mariana Islands	MP	N							0	0
57. Canada	CN	N							0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX		0	3,357,184	127,133,338	0	0	0	130,490,522	0
60. Reporting entity contributions for Employee Benefit Plans	XXX								0	
61. Total (Direct Business)	(a) 1		0	3,357,184	127,133,338	0	0	0	130,490,522	0
DETAILS OF WRITE-INS										
5801.	XXX								0	
5802.	XXX								0	
5803.	XXX								0	
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX		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	

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

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

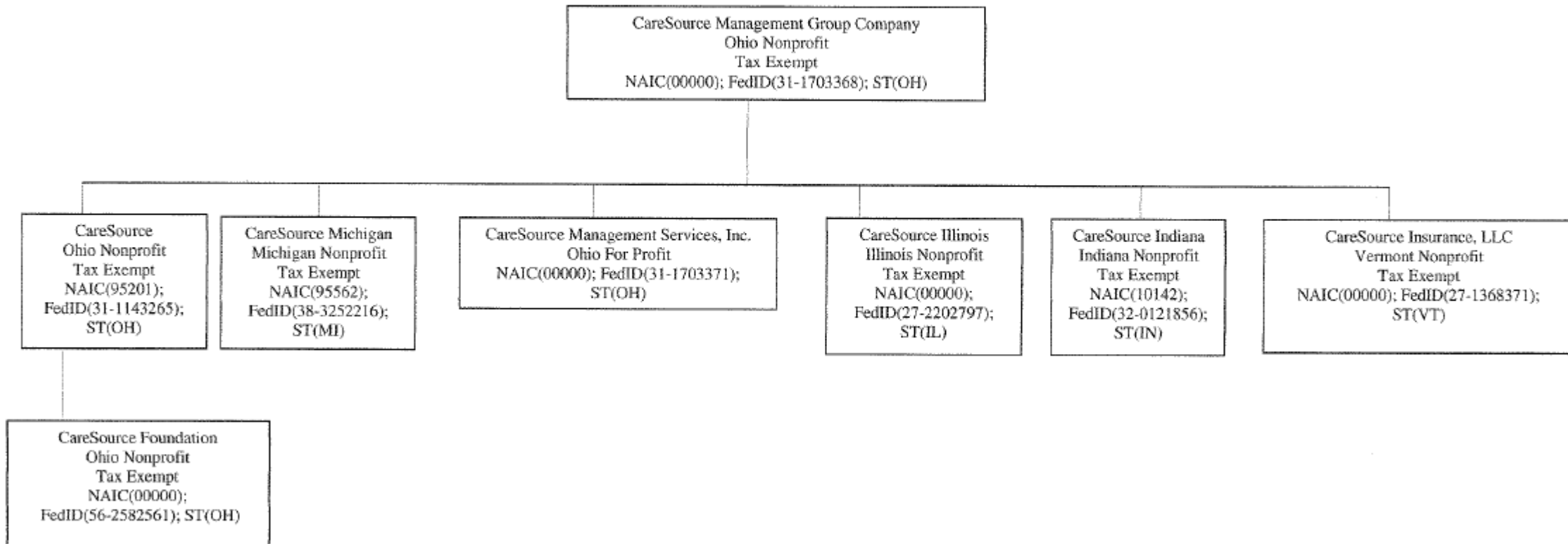
ANNUAL STATEMENT FOR THE YEAR 2010 OF THE CareSource Michigan

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

All premiums written in the State of Michigan

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

CareSource Family of Companies
Corporate Structure



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