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QUARTERLY STATEMENT

AS OF JUNE 30, 2008

OF THE CONDITION AND AFFAIRS OF THE

Health Alliance Plan of Michigan

NAIC Group Code 1311 (Current Period), 1311 (Prior Period) NAIC Company Code 95844 Employer's ID Number 38-2242827

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 [ ] Dental Service Corporation [ ]
Vision Service Corporation [ ] Other [ ] Health Maintenance Organization [X]
Hospital, Medical & Dental Service or Indemnity [ ] Is HMO, Federally Qualified? Yes [X] No [ ]

Incorporated/Organized 06/27/1978 Commenced Business 02/08/1979

Statutory Home Office 2850 West Grand Boulevard (Street and Number), Detroit, MI 48202 (City or Town, State and Zip Code)

Main Administrative Office 2850 West Grand Boulevard (Street and Number) Detroit, MI 48202 (City or Town, State and Zip Code) 313-872-8100 (Area Code) (Telephone Number)

Mail Address 2850 West Grand Boulevard (Street and Number or P.O. Box), Detroit, MI 48202 (City or Town, State and Zip Code)

Primary Location of Books and Records 2850 West Grand Boulevard (Street and Number) Detroit, MI 48202 (City or Town, State and Zip Code) 248-443-1093 (Area Code) (Telephone Number)

Internet Website Address www.hap.org

Statutory Statement Contact Dianna Ronan CPA (Name) 248-443-1093 (Area Code) (Telephone Number) (Extension)

dronan@hap.org (E-mail Address) 248-443-8610 (FAX Number)

OFFICERS

Name	Title	Name	Title
Ronald W Berry	Treasurer	Maurice E McMurray	Secretary
Colleen M McClorey	Assistant Secretary		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Nicholas C Anderson	Marvin Beatty #	MaryBeth Bolton MD	Mary E Bunn
William A Conway MD	John T Gargaro	Jethro Joseph	Jackie Martin
William L Peirce	Richard Popp #	Carol Quigley IHM	Catherine A Roberts
Robin Scales-Wooten	Nancy Schlichting	Gerald K Smith	Rebecca R Smith
Susan Wells	Karen Wezner		

State of Michigan
ss
County of Wayne

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.

Ronald W Berry Treasurer	Maurice E McMurray Secretary	Colleen M McClorey Assistant Secretary

Subscribed and sworn to before me this 14th day of August, 2008

Roderick Irwin Curry, Notary
August 14 2013

a. Is this an original filing? Yes [X] No [ ]

b. If no:
1. State the amendment number 0
2. Date filed
3. Number of pages attached

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds			0	0
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	133,896,614		133,896,614	134,484,719
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less $ ..... encumbrances)	2,436,024	1,596,208	839,817	854,375
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 ($ (4,765,225)), cash equivalents ($ 0) and short-term investments ($ 207,219,944)	202,454,719		202,454,719	177,710,520
6. Contract loans (including $ ..... premium notes)			0	0
7. Other invested assets	61,912,548	0	61,912,548	64,591,503
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	1,336,104	0	1,336,104	981,172
10. Subtotals, cash and invested assets (Lines 1 to 9)	402,036,010	1,596,208	400,439,802	378,622,289
11. Title plants less $ ..... charged off (for Title insurers only)			0	0
12. Investment income due and accrued	543,132		543,132	1,295,101
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	19,578,486		19,578,486	16,574,327
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ..... earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software	15,545,113	15,018,714	526,400	602,156
19. Furniture and equipment, including health care delivery assets ($ .....)	1,293,155	1,293,155	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	1,235,600		1,235,600	1,385,561
22. Health care ($ 3,885,160) and other amounts receivable	3,885,160		3,885,160	3,125,735
23. Aggregate write-ins for other than invested assets	9,056,548	8,164,135	892,413	933,815
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	453,173,204	26,072,212	427,100,993	402,538,985
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	453,173,204	26,072,212	427,100,993	402,538,985
DETAILS OF WRITE-INS				
0901. Rabbi Trust	1,336,104		1,336,104	981,172
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	1,336,104	0	1,336,104	981,172
2301. Goodwill	6,391,341	6,391,341	0	0
2302. Prepaid Expense	1,772,794	1,772,794	0	0
2303. Deferred Compensation	816,054		816,054	745,837
2398. Summary of remaining write-ins for Line 23 from overflow page	76,359	0	76,359	187,978
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	9,056,548	8,164,135	892,413	933,815

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $ ..... reinsurance ceded)	127,223,543	2,953,359	130,176,902	109,337,148
2. Accrued medical incentive pool and bonus amounts	3,212,493		3,212,493	2,480,446
3. Unpaid claims adjustment expenses	910,659		910,659	876,042
4. Aggregate health policy reserves	4,995,563		4,995,563	4,377,867
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	11,665,043		11,665,043	18,071,800
9. General expenses due or accrued	12,989,128		12,989,128	14,605,573
10.1 Current federal and foreign income tax payable and interest thereon (including $ ..... on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including $ ..... current) and interest thereon $ ..... (including $ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	517,595		517,595	709,158
16. Payable for securities	501,224		501,224	477,035
17. Funds held under reinsurance treaties (with $ ..... authorized reinsurers and $ ..... unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans	2,414,447		2,414,447	1,946,281
21. Aggregate write-ins for other liabilities (including $ ..... current)	11,302,033	0	11,302,033	10,757,036
22. Total liabilities (Lines 1 to 21)	175,731,728	2,953,359	178,685,087	163,638,385
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX		0
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX		0
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	248,415,906	238,900,600
30. Less treasury stock, at cost:				
30.1 ..... shares common (value included in Line 24 $ .....)	XXX	XXX		0
30.2 ..... shares preferred (value included in Line 25 $ .....)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	248,415,906	238,900,600
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	427,100,993	402,538,985
DETAILS OF WRITE-INS				
2101. Pension Liability - Long Term	9,453,606		9,453,606	8,953,956
2102. Retiree Health Benefits	1,032,373		1,032,373	1,057,243
2103. Deferred Compensation	816,054		816,054	745,837
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	11,302,033	0	11,302,033	10,757,036
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date 1 Uncovered	Current Year To Date 2 Total	Prior Year To Date 3 Total	Prior Year Ended December 31 4 Total
1. Member Months	XXX	2,367,190	2,464,112	4,882,616
2. Net premium income (including $ non-health premium income)	XXX	817,778,626	801,139,957	1,611,524,843
3. Change in unearned premium reserves and reserve for rate credits	XXX		0	0
4. Fee-for-service (net of $ medical expenses)	XXX		0	0
5. Risk revenue	XXX		0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0	0
7. Aggregate write-ins for other non-health revenues	XXX	(2,479)	6,716	8,320
8. Total revenues (Lines 2 to 7)	XXX	817,776,147	801,146,673	1,611,533,163
Hospital and Medical:				
9. Hospital/medical benefits		534,291,092	526,139,835	1,054,050,503
10. Other professional services			0	0
11. Outside referrals		22,761,260	21,336,756	42,961,157
12. Emergency room and out-of-area		73,368,114	68,338,149	138,956,288
13. Prescription drugs		118,745,727	121,055,343	238,983,130
14. Aggregate write-ins for other hospital and medical	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		2,487,478	140,810	2,597,220
16. Subtotal (Lines 9 to 15)	0	751,653,671	737,010,893	1,477,548,298
Less:				
17. Net reinsurance recoveries			0	0
18. Total hospital and medical (Lines 16 minus 17)	0	751,653,671	737,010,893	1,477,548,298
19. Non-health claims (net)			0	0
20. Claims adjustment expenses, including $ 3,459,787 cost containment expenses		8,004,279	8,284,449	14,380,243
21. General administrative expenses		47,797,200	46,491,343	99,402,501
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	807,455,149	791,786,685	1,591,331,042
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	10,320,998	9,359,988	20,202,121
25. Net investment income earned		3,007,251	7,200,949	15,119,852
26. Net realized capital gains (losses) less capital gains tax of $		84	(1,429)	25,273
27. Net investment gains (losses) (Lines 25 plus 26)	0	3,007,335	7,199,520	15,145,125
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $)]			0	0
29. Aggregate write-ins for other income or expenses	0	36,157	269,325	540,896
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	13,364,490	16,828,833	35,888,141
31. Federal and foreign income taxes incurred	XXX		0	0
32. Net income (loss) (Lines 30 minus 31)	XXX	13,364,490	16,828,833	35,888,141
DETAILS OF WRITE-INS				
0601.	XXX		0	0
0602.	XXX		0	0
0603.	XXX		0	0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0	0
0701. Gain/(Loss) on Sale of Assets	XXX	(2,479)	6,716	8,320
0702.	XXX		0	0
0703.	XXX		0	0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	(2,479)	6,716	8,320
1401.			0	0
1402.			0	0
1403.			0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901. GM Consulting Fees and CIGNA Miscellaneous Revenues		36,157	269,325	540,896
2902.			0	0
2903.			0	0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	36,157	269,325	540,896

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
	CAPITAL AND SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	238,900,600	242,352,253	242,352,253
34.	Net income or (loss) from Line 32	13,364,490	16,828,833	35,888,141
35.	Change in valuation basis of aggregate policy and claim reserves		0	0
36.	Change in net unrealized capital gains (losses) less capital gains tax of $	(3,624,072)	(2,178,258)	1,411,482
37.	Change in net unrealized foreign exchange capital gain or (loss)		0	0
38.	Change in net deferred income tax		0	0
39.	Change in nonadmitted assets	(225,112)	1,220,146	4,248,724
40.	Change in unauthorized reinsurance	0	0	0
41.	Change in treasury stock		0	0
42.	Change in surplus notes	0	0	0
43.	Cumulative effect of changes in accounting principles		0	0
44.	Capital Changes:			
	44.1 Paid in		0	0
	44.2 Transferred from surplus (Stock Dividend)		0	0
	44.3 Transferred to surplus		0	0
45.	Surplus adjustments:			
	45.1 Paid in		0	0
	45.2 Transferred to capital (Stock Dividend)	0	0	0
	45.3 Transferred from capital		0	0
46.	Dividends to stockholders		0	(45,000,000)
47.	Aggregate write-ins for gains or (losses) in surplus	0	0	0
48.	Net change in capital and surplus (Lines 34 to 47)	9,515,306	15,870,721	(3,451,653)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	248,415,906	258,222,975	238,900,600
	DETAILS OF WRITE-INS			
4701.			0	0
4702.			0	0
4703.			0	0
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799.	Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	808,367,711	1,614,533,527
2. Net investment income	6,592,629	14,435,750
3. Miscellaneous income	147,776	479,105
4. Total (Lines 1 to 3)	815,108,115	1,629,448,382
5. Benefit and loss related payments	730,081,870	1,465,793,981
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	51,295,907	100,869,053
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of $ tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	781,377,777	1,566,663,034
11. Net cash from operations (Line 4 minus Line 10)	33,730,338	62,785,348
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	38,718	90,512
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	69,098	116,146
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(3)	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	107,813	206,658
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	0
13.2 Stocks	3,018,949	5,230,985
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	65,813
13.6 Miscellaneous applications	401,704	62,490
13.7 Total investments acquired (Lines 13.1 to 13.6)	3,420,653	5,359,288
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(3,312,840)	(5,152,630)
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	(236,223)
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	45,000,000
16.6 Other cash provided (applied)	(5,673,299)	(5,905,906)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(5,673,299)	(51,142,129)
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)	24,744,199	6,490,589
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	177,710,520	171,219,931
19.2 End of period (Line 18 plus Line 19.1)	202,454,719	177,710,520

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	400,317	3,831	351,258	0	0	0	23,290	21,938	0	0
2 First Quarter	392,685	3,543	344,119	0	0	0	22,146	22,877	0	0
3 Second Quarter	393,552	3,374	345,160				22,123	22,895		
4. Third Quarter	0									
5. Current Year	0									
6 Current Year Member Months	2,367,190	21,148	2,075,986				132,876	137,180		
Total Member Ambulatory Encounters for Period:										
7. Physician	2,985,482									2,985,482
8. Non-Physician	1,504,779									1,504,779
9. Total	4,490,261	0	0	0	0	0	0	0	0	4,490,261
10. Hospital Patient Days Incurred	86,130		63,159					22,802		169
11. Number of Inpatient Admissions	18,127		14,111					3,953		63
12. Health Premiums Written (a)	808,367,711	5,962,464	630,581,035				43,868,616	127,955,596		
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	817,778,626	6,661,228	640,753,678				42,408,124	127,955,596		
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	730,081,870	5,853,746	563,080,773				42,693,229	118,454,122		
18. Amount Incurred for Provision of Health Care Services	751,653,671	6,042,903	581,276,025				42,352,993	121,981,750		

(a) For heath premiums written: amount of Medicare Title XVIII exempt from state taxes or fees $ 127,955,596

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

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims unpaid (Reported)						
						0
0199999 Individually listed claims unpaid	0	0	0	0	0	0
0299999 Aggregate accounts not individually listed-uncovered	2,854,996	21,050	77,259		54	2,953,359
0399999 Aggregate accounts not individually listed-covered	25,973,886	91,397	5,910	423	27,108	26,098,724
0499999 Subtotals	28,828,882	112,447	83,169	423	27,162	29,052,083
0599999 Unreported claims and other claim reserves	XXX	XXX	XXX	XXX	XXX	75,426,961
0699999 Total amounts withheld	XXX	XXX	XXX	XXX	XXX	25,697,858
0799999 Total claims unpaid	XXX	XXX	XXX	XXX	XXX	130,176,902
0899999 Accrued medical incentive pool and bonus amounts	XXX	XXX	XXX	XXX	XXX	3,212,493

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
1. Comprehensive (hospital and medical)	64,639,475	502,539,613	23,593,022	94,133,819	88,232,497	100,074,479
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan	4,357,212	38,336,017	843,951	3,670,539	5,201,163	4,854,726
6. Title XVIII - Medicare	3,759,037	114,695,085	499,202	7,436,369	4,258,239	4,407,943
7. Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	72,755,724	655,570,715	24,936,175	105,240,727	97,691,899	109,337,148
10. Health care receivables (a)					0	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	1,755,431			3,212,493	1,755,431	2,480,446
13. Totals	74,511,155	655,570,715	24,936,175	108,453,220	99,447,330	111,817,594

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices - No significant change.

B. Use of Estimates in the Preparation of the Financial Statements - No significant change.

C. Accounting Policy - No significant change.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

A. Material changes in accounting principles and/or correction of errors - Not applicable.

B. The cummulative effect of changes in accounting principles - Not applicable.

3. BUSINESS COMBINATIONS AND GOODWILL

A. Statutory Purchase Method - Not applicable.

B. Statutory Merger - Not applicable.

C. Assumption Reinsurance - Not applicable.

D. Impairment Loss - Not applicable.

4. DISCONTINUED OPERATIONS

Not applicable.

5. INVESTMENTS

A. Mortgage Loans, including Mezzanine Real Estate Loans - Not applicable.

B. Debt Restructing - Not applicable.

C. Reverse Mortgages - Not applicable.

D. Loan-Backed Securities - Not applicable.

E. Repurchase agreements - Not applicable.

F. Real Estate - No significant change.

G. Investments in Low-Income Housing Tax Credits - Not applicable.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

A. The Company has no new investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. Impaired investments in Joint Ventures, Partnerships and Limited Liability Companies - Not applicable.

7. INVESTMENT INCOME

A. The bases for excluding (nonadmitting) any investment income due and accrued - Not applicable.

B. The total amount of investment income excluded - Not applicable.

8. DERIVATIVE INSTRUMENTS

Not applicable.

9. INCOME TAXES

Not applicable.

NOTES TO FINANCIAL STATEMENTS

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

No significant change.

11. DEBT

No significant change.

The Company does not have any reverse repurchase agreements.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

No significant change.

13. CAPITAL AND SURPLUS, SHAREHOLDER' DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

A. The Corporation has no common stock.

B. The Corporation has no preferred stock.

C. The Corporation has no restrictions on unassigned funds (surplus).

D. The Corporation holds 1,500,000 shares of AHLIC stock with a par value of $1,500,000 and 50,000 shares of HAP Preferred Inc with a par value of $50,000.

E. The Corporation has no surplus notes outstanding.

F. The Corporation has no quasi-reorganization to report.

G. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and (losses) - No significant change.

14. CONTINGENCIES

No significant change.

15. LEASES

No significant change.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

Not applicable.

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

Not applicable.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY UNINSURED PLANS

A. ASO Plans - Not applicable.

B. ASC Plans - Not applicable.

C. Medicare or Similarly Structured Cost Based Reimbursement Contract - No significant change.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATION

Not applicable.

NOTES TO FINANCIAL STATEMENTS

20. OTHER ITEMS

A. Extraordinary Items - Not applicable.

B. Troubled Debt Restructuring - Not applicable.

C. Other Disclosures - Not applicable.

D. Uncollectible Premium Balances, Bills Receivable for Premiums, Amounts Due From Agents and Brokers, Uninsured Plans or Restropectively Rated Contracts - No significant change.

E. Business Interruption Insurance Recoveries - Not applicable.

21. EVENTS SUBSEQUENT

Not applicable.

22. REINSURANCE

A. Ceded Reinsurance Report - Not applicable.

B. Uncollectible Reinsurance - Not applicable.

C. Commutation of Ceded Reinsurance - Not applicable.

23. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

No significant change.

24. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

No significant change.

25. INTERCOMPANY POOLING ARRANGEMENTS

Not applicable.

26. STRUCTURED SETTLEMENTS

Not applicable.

27. HEALTHCARE RECEIVABLES

A. Pharmaceutical Rebate Receivables - No significant change.

B. Risk Sharing Receivables - Not applicable

28. PARTICIPATING POLICIES

Not applicable.

29. PREMIUM DEFICIENCY RESERVES

Not applicable.

30. ANTICIPATED SALVAGE AND SUBROGATION

Not applicable.

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES
GENERAL

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

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

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

2.2 If yes, date of change:

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

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

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

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

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

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

If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2006

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2002

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/11/2004

6.4 By what department or departments?

The Michigan Office of Financial and Insurance Regulation

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

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

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

7.2 If yes, give full information:

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

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

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

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

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

GENERAL INTERROGATORIES

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [X] No [ ]
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

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

.....

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

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

.....

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

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

.....

FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... $ 779,346

INVESTMENT

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

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

.....

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

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

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

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	$	$
14.22 Preferred Stock	$	$
14.23 Common Stock	$ 24,289,575	$ 22,100,789
14.24 Short-Term Investments	$	$
14.25 Mortgage Loans on Real Estate	$	$
14.26 All Other	$ 275,769	$ 291,081
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 24,565,344	$ 22,391,871
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	$	$

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

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

If no, attach a description with this statement.

GENERAL INTERROGATORIES

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

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

1 Name of Custodian(s)	2 Custodian Address
Comerica Bank NA	Detroit Michigan
Western Assets	Wilmington Delaware
JPMorgan Chase	New York New York
Janus Fund	Denver Colorado
The Reserve	New York New York

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Not applicable		

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Not applicable			

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
Not applicable	Brian Gamble	Detroit Michigan
2405849	Kyle Logan	Charlotte North Carolina
70923	Lesa McKnight	Chicago Illinois
7691	Susan Renaud	Detroit Michigan
110441	Sandy Goodman	Pasadena California
1723878	Joe Gaskey	Charlotte North Carolina
7691	Paul Youngblood	Detroit Michigan
7691	Brian Kerber	Detroit Michigan
Not applicable	Janet Koscik	Columbus Ohio

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

17.2 If no, list exceptions:

.....

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			CEDED LIFE REINSURANCE – AFFILIATES			
			CEDED LIFE REINSURANCE – NON-AFFILIATES			
			CEDED A&H REINSURANCE – AFFILIATES			
			CEDED A&H REINSURANCE – NON-AFFILIATES			
			CEDED P&C REINSURANCE – AFFILIATES			
			CEDED P&C REINSURANCE – NON-AFFILIATES			

NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
States, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama AL	N							0	
2. Alaska AK	N							0	
3. Arizona AZ	N							0	
4. Arkansas AR	N							0	
5. California CA	N							0	
6. Colorado CO	N							0	
7. Connecticut CT	N							0	
8. Delaware DE	N							0	
9. Dist. of Columbia DC	N							0	
10. Florida FL	N							0	
11. Georgia GA	N							0	
12. Hawaii HI	N							0	
13. Idaho ID	N							0	
14. Illinois IL	N							0	
15. Indiana IN	N							0	
16. Iowa IA	N							0	
17. Kansas KS	N							0	
18. Kentucky KY	N							0	
19. Louisiana LA	N							0	
20. Maine ME	N							0	
21. Maryland MD	N							0	
22. Massachusetts MA	N							0	
23. Michigan MI	L	644,444,800	127,955,596		42,408,124			814,808,520	
24. Minnesota MN	N							0	
25. Mississippi MS	N							0	
26. Missouri MO	N							0	
27. Montana MT	N							0	
28. Nebraska NE	N							0	
29. Nevada NV	N							0	
30. New Hampshire NH	N							0	
31. New Jersey NJ	N							0	
32. New Mexico NM	N							0	
33. New York NY	N							0	
34. North Carolina NC	N							0	
35. North Dakota ND	N							0	
36. Ohio OH	N							0	
37. Oklahoma OK	N							0	
38. Oregon OR	N							0	
39. Pennsylvania PA	N							0	
40. Rhode Island RI	N							0	
41. South Carolina SC	N							0	
42. South Dakota SD	N							0	
43. Tennessee TN	N							0	
44. Texas TX	N							0	
45. Utah UT	N							0	
46. Vermont VT	N							0	
47. Virginia VA	N							0	
48. Washington WA	N							0	
49. West Virginia WV	N							0	
50. Wisconsin WI	N							0	
51. Wyoming WY	N							0	
52. American Samoa AS	N							0	
53. Guam GU	N							0	
54. Puerto Rico PR	N							0	
55. U.S. Virgin Islands VI	N							0	
56. Northern Mariana Islands MP	N							0	
57. Canada CN	N							0	
58. Aggregate other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	644,444,800	127,955,596	0	42,408,124	0	0	814,808,520	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	2,970,106						2,970,106	
61. Total (Direct Business)	(a) 1	647,414,906	127,955,596	0	42,408,124	0	0	817,778,626	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	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

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

PART 1 - ORGANIZATIONAL CHART

NONE

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanation:

1.The Company offers Medicare Part D coverage through a Medicare Advantage plan

Bar Code:

OVERFLOW PAGE FOR WRITE-INS

MQ002 Additional Aggregate Lines for Page 02 Line 23.
*ASSETS

	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Prior Year Net Admitted Assets
2304. Other Receivables	18,516		18,516	130,134
2305. Other Assets	57,843		57,843	57,843
2306.			0	0
2397. Summary of remaining write-ins for Line 23 from Page 02	76,359	0	76,359	187,978

SCHEDULE A – VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	2,644,264	2,795,374
2. Cost of acquired		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		578,323
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		0
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation	208,240	729,433
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	2,436,024	2,644,264
10. Deduct total nonadmitted amount	1,596,208	1,789,889
11. Statement value at end of current period (Line 9 minus Line 10)	839,817	854,375

SCHEDULE B – VERIFICATION

Mortgage Loans

NONE

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

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	64,591,503	63,056,652
2. Cost of acquired:		
2.1. Actual cost at time of acquisitions		673,017
2.2. Additional investment made after acquisitions		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)	(2,616,166)	967,032
6. Total gain (loss) on disposals	6,310	10,948
7. Deduct amounts received on disposals	69,098	116,146
8. Deduct amortization of premium and depreciation		0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	61,912,548	64,591,503
12. Deduct total nonadmitted amounts		0
13. Statement value at end of current period (Line 11 minus Line 12)	61,912,548	64,591,503

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	134,484,719	128,653,501
2. Cost of bonds and stocks acquired	3,018,952	5,230,985
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)	(3,568,426)	1,351,763
5. Total gain (loss) on disposals	87	(2,327)
6. Deduct consideration for bonds and stocks disposed of	38,718	749,202
7. Deduct amortization of premium		0
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	133,896,614	134,484,719
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	133,896,614	134,484,719

SCHEDULE D - PART 1B

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	204,231,797	261,369,153	258,381,006		204,231,797	207,219,944	0	126,478,053
2. Class 2 (a)	0				0	0	0	0
3. Class 3 (a)	0				0	0	0	0
4. Class 4 (a)	0				0	0	0	0
5. Class 5 (a)	0				0	0	0	0
6. Class 6 (6)	0				0	0	0	0
7. Total Bonds	204,231,797	261,369,153	258,381,006	0	204,231,797	207,219,944	0	126,478,053
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	204,231,797	261,369,153	258,381,006	0	204,231,797	207,219,944	0	126,478,053

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

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
8299999	207,219,944	XXX	207,219,944	3,051,171	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	126,478,053	42,460,410
2. Cost of short-term investments acquired	608,614,872	1,121,347,293
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals	527,872,981	1,037,329,651
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	207,219,944	126,478,053
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	207,219,944	126,478,053

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

SCHEDULE E - VERIFICATION

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	59,431,150	137,105,426
2. Cost of cash equivalents acquired	4,966,117	692,589,728
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	64,397,267	770,264,004
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	0	59,431,150
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	0	59,431,150

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter

1	2	Location		5	6	7	8	9	10	11	12	13
		3	4									
CUSIP Identification	Name or Description	City	State	Name of Vendor or General Partner	NAIC Designation	Date Originally Acquired	Type and Strategy	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Amount of Encumbrances	Commitment for Additional Investment	Percentage of Ownership
3999999 – Subtotal Unaffiliated								0	0	0	0	
4099999 – Subtotal Affiliated								0	0	0	0	
4199999 Totals								0	0	0	0	

NONE

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1	2	Location		5	6	7	8	Change in Book/Adjusted Carrying Value						15	16	17	18	19	20
		3	4					9	10	11	12	13	14						
CUSIP Identification	Name or Description	City	State	Name of Purchaser or Nature of Disposal	Date Originally Acquired	Disposal Date	Book/ Adjusted Carrying Value Less Encumbrances Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation) or (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in B./A.C.V. (9+10-11+12)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Consideration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Investment Income
Oil and Gas Production - Unaffiliated																			
Transportation Equipment - Unaffiliated																			
Transportation Equipment - Affiliated																			
Mineral Rights - Unaffiliated																			
Mineral Rights - Affiliated																			
Fixed or Variable Rate - Bonds - Unaffiiliated																			
Fixed or Variable Rate - Bonds - Affiliated																			
Fixed or Variable Rate - Mortgage Loans - Unaffiliated																			
Fixed or Variable Rate - Mortgage Loans - Affiliated																			
Fixed or Variable Rate - Other - Unaffiliated																			
Fixed or Variable Rate - Other - Affiliated																			
Joint Venture Interests - Fixed Income - Unaffiliated																			
Joint Venture Interests - Fixed Inc. - Affiliated																			
Joint Venture Interests - Commonn Stock - Unaffiliated																			
000000-00-0	Western Assets Core Plus LLC	Wilmington	Delaware	Redeemed	02/15/2005	04/24/2008	20,111	(2,070)				(2,070)		18,041	19,722		1,682	1,682	(580)
000000-00-0	Western Assets Limited Dur LLC	Wilmington	Delaware	Redeemed	02/15/2005	04/24/2008	15,392	(1,468)				(1,468)		13,925	14,663		739	739	(681)
1599999 -							35,503	(3,538)	0	0	0	(3,538)	0	31,965	34,386	0	2,420	2,420	(1,262)
Joint Venture Interests - Common Stock - Affiliated																			
Joint Venture Interests - Real Estate - Unaffiliated																			
Joint Venture Interests - Real Estate - Affiliated																			
Joint Venture Interests - Other - Unaffiliated																			
Joint Venture Interests - Other - Affiliated																			

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1	2	Location		5	6	7	8	Change in Book/Adjusted Carrying Value						15	16	17	18	19	20
		3	4					9	10	11	12	13	14						
CUSIP Identification	Name or Description	City	State	Name of Purchaser or Nature of Disposal	Date Originally Acquired	Disposal Date	Book/ Adjusted Carrying Value Less Encumbrances Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation) or (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in B./A.C.V. (9+10-11+12)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Consideration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Investment Income
Surplus Debentures, etc. - Unaffiliated																			
Surplus Debentures, etc. - Affiliated																			
Collateral Loans - Unaffiliated																			
Collateral Loans - Affiliated																			
Non-collateral Loans - Unaffiliated																			
Non-collateral Loans - Affiliated																			
Capital Notes - Unaffiliated																			
Capital Notes - Affiliated																			
Guaranteed Federal Low Income Housing Tax Credit - Unaffiliated																			
Guaranteed Federal Low Income Housing Tax Credit - Affiliated																			
Non-Guaranteed Federal Low Income Housing Tax Credit - Unaffiliated																			
Non-Guaranteed Federal Low Income Housing Tax Credit - Affiliated																			
State Low Income Housing Tax Credit - Unaffiliated																			
State Low Income Housing Tax Credit - Affiliated																			
All Other Low Income Housing Tax Credit - Unaffiliated																			
All Other Low Income Housing Tax Credit - Affiliated																			
Any Other Class of Admitted Assets - Unaffiliated																			
Any Other Class of Admitted Assets - Affiliated																			
3999999 – Total Affiliated							35,503	(3,538)	0	0	0	(3,538)	0	31,965	34,386	0	2,420	2,420	(1,262)
4099999 – Total Unaffiliated							0	0	0	0	0	0	0	0	0	0	0	0	0
4199999 Totals							35,503	(3,538)	0	0	0	(3,538)	0	31,965	34,386	0	2,420	2,420	(1,262)

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator [a]
Bonds - U.S. Governments									
Bonds - All Other Government									
Bonds - States									
Bonds - Political Subdivisions									
Bonds - Special Revenue									
Bonds - Public Utilities									
Bonds - Industrial and Miscellaneous									
Bonds - Credit Tenant Loans									
Bonds - Parent, Subsidiaries, and Affiliates									
Preferred Stocks - Public Utilities									
Preferred Stocks - Banks, Trust and Insurance Companies									
Preferred Stocks - Industrial and Miscellaneous									
Preferred Stocks - Parent, Subsidiaries, and Affiliates									
Common Stocks - Public Utilities									
Common Stocks - Banks, Trust and Insurance Companies									
Common Stocks - Industrial and Miscellaneous									
Common Stocks - Parent, Subsidiaries, and Affiliates									
Common Stocks - Mutual Funds									
000000-00-0	JPMorgan Core Bond Trust		06/30/2008	REINVESTMENT	155,159.580	1,519,531			U
7099999 - Total - Common Stocks - Mutual Fund						1,519,531	XXX	0	XXX
Common Stocks - Money Market Mutual Funds									
7299997 - Total - Common Stocks - Part 3						1,519,531	XXX	0	XXX
7299999 - Total - Common Stocks						1,519,531	XXX	0	XXX
7399999 - Total - Preferred and Common Stocks						1,519,531	XXX	0	XXX
7499999 Totals						1,519,531	XXX	0	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues 155,160 .

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identi-fication	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Desig-nation or Market Indicator (a)
Bonds - U.S. Governments																					
Bonds - All Other Governments																					
Bonds - States, Territories and Possessions																					
Bonds - Political Subdivisions of States																					
Bonds - Special Revenue and Special Assessment and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions																					
Bonds - Public Utilities (Unaffiliated)																					
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
Bonds - Credit Tenant Loans																					
Bonds - Parent, Subsidiaries, and Affiliates																					
Preferred Stocks - Public Utilities (Unaffiliated)																					
Preferred Stocks - Banks, Trust and Insurance Companies (Unaffiliated)																					
Preferred Stocks - Industrial and Miscellaneous (Unaffiliated)																					
Preferred Stocks - Parent, Subsidiaries, and Affiliates																					
Common Stocks - Public Utilities (Unaffiliated)																					
Common Stocks - Banks, Trust and Insurance Companies (Unaffiliated)																					
Common Stocks - Industrial and Miscellaneous (Unaffiliated)																					
Common Stocks - Parent, Subsidiaries, and Affiliates																					
Common Stock - Mutual Funds																					
000000-00-0	JPMorgan Core Bond Trust		04/17/2008	REDEEMED	1,976.120	19,524	XXX	19,694	19,544	150			150		19,694		(170)	(170)	437	XXX	U
7099999 - Common Stocks - Mutual Funds						19,524	XXX	19,694	19,544	150	0	0	150	0	19,694	0	(170)	(170)	437	XXX	XXX
Common Stocks - Money Market Mutual Funds																					
7299997 - Total - Common Stocks - Part 4						19,524	XXX	19,694	19,544	150	0	0	150	0	19,694	0	(170)	(170)	437	XXX	XXX
7299999 - Total - Common Stocks						19,524	XXX	19,694	19,544	150	0	0	150	0	19,694	0	(170)	(170)	437	XXX	XXX
7399999 - Total - Preferred and Common Stocks						19,524	XXX	19,694	19,544	150	0	0	150	0	19,694	0	(170)	(170)	437	XXX	XXX
7499999 Totals						19,524	XXX	19,694	19,544	150	0	0	150	0	19,694	0	(170)	(170)	437	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues 1,976.

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories								
Comerica Bank NA Detroit Michigan					(10,582,523)	(6,057,355)	(4,766,521)	XXX
Western Assets Wilmington Delaware					34,477	96	96	XXX
JPMorgan Chase New York New York					595	596	500	XXX
0199998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (See Instructions) - Open Depositories	XXX	XXX						XXX
0199999 Total Open Depositories	XXX	XXX	0	0	(10,547,451)	(6,056,663)	(4,765,925)	XXX
0299998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (See Instructions) - Suspended Depositories	XXX	XXX						XXX
0299999 Total Suspended Depositories	XXX	XXX	0	0	0	0	0	XXX
0399999 Total Cash on Deposit	XXX	XXX	0	0	(10,547,451)	(6,056,663)	(4,765,925)	XXX
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX			700	XXX
0599999 Total	XXX	XXX	0	0	(10,547,451)	(6,056,663)	(4,765,225)	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
NONE							
8799999 Total Cash Equivalents					0	0	0