



**HEALTH ANNUAL STATEMENT  
FOR THE YEAR ENDING DECEMBER 31, 2007  
OF THE CONDITION AND AFFAIRS OF THE**

**Health Alliance Plan of Michigan**

NAIC Group Code 1311 , 1311 NAIC Company Code 95844 Employer's ID Number 38-2242827  
(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 [ ] 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 , Detroit, MI 48202  
(Street and Number) (City or Town, State and Zip Code)

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

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

Primary Location of Books and Records 2850 West Grand Boulevard  
(Street and Number)  
Detroit, MI 48202 248-443-1093  
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**OFFICERS**

<u>Francine Parker</u>	<u>President and CEO</u>	<u>Maurice E. McMurray</u>	<u>Secretary</u>
<u>Ronald W. Berry</u>	<u>Treasurer</u>	<u>Colleen McClorey</u>	<u>Assistant Secretary</u>

**OTHER OFFICERS**

**DIRECTORS OR TRUSTEES**

<u>Nicholas C. Anderson</u>	<u>Mary Beth Bolton M.D.</u>	<u>Mary E Bunn</u>	<u>William A. Conway M.D.</u>
<u>Dennis H. DePaulis</u>	<u>Mary C. Dickson</u>	<u>John T. Gargaro</u>	<u>Jethro Joseph</u>
<u>Jackie Martin</u>	<u>Francine Parker</u>	<u>William L. Peirce</u>	<u>Carol Quigley IHM</u>
<u>Catherine A. Roberts</u>	<u>Robin Scales-Wooten</u>	<u>Nancy Schlichting</u>	<u>Gerald K. Smith</u>
<u>Rebecca R. Smith</u>	<u>Susan Wells</u>	<u>Karen Wezner #</u>	

State of Michigan  
County of Wayne

**ss**

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

Francine Parker  
President and CEO

Maurice E. McMurray  
Secretary

Ronald W. Berry  
Treasurer

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_,

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

Roderick Irwin Curry  
Notary  
August 14 2013

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of 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).....	.0		.0	.0
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	.0		.0	.0
2.2 Common stocks .....	134,484,719		134,484,719	128,653,501
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).....	2,644,264	1,789,889	854,375	883,493
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 (\$ ..... (8,198,683) , Schedule E, Part 1), cash equivalents (\$ .....59,431,150 , Schedule E, Part 2) and short-term investments (\$ .....126,478,053 , Schedule DA).....	177,710,520		177,710,520	171,219,931
6. Contract loans, (including \$ ..... premium notes)			.0	.0
7. Other invested assets (Schedule BA) .....	64,591,503	.0	64,591,503	63,056,652
8. Receivables for securities .....			.0	.0
9. Aggregate write-ins for invested assets .....	981,172	.0	981,172	871,238
10. Subtotals, cash and invested assets (Lines 1 to 9).....	380,412,178	1,789,889	378,622,289	364,684,814
11. Title plants less \$ ..... charged off (for Title Insurers only) .....			.0	.0
12. Investment income due and accrued .....	1,295,101		1,295,101	1,190,984
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....	16,574,327		16,574,327	19,289,034
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premium).....			.0	.0
13.3 Accrued retrospective premium.....			.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.....	13,894,578	13,292,422	602,156	794,201
19. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	1,450,063	1,450,063	.0	.0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			.0	.0
21. Receivables from parent, subsidiaries and affiliates .....	1,385,561		1,385,561	1,256,619
22. Health care (\$ .....3,125,735 ) and other amounts receivable.....	3,125,735		3,125,735	6,071,146
23. Aggregate write-ins for other than invested assets .....	10,248,540	9,314,725	933,815	689,250
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	428,386,084	25,847,099	402,538,985	393,976,048
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	.0
26. Total (Lines 24 and 25)	428,386,084	25,847,099	402,538,985	393,976,048
<b>DETAILS OF WRITE-INS</b>				
0901. Rabbi Trust.....	981,172		981,172	871,238
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)	981,172	.0	981,172	871,238
2301. Goodwill.....	7,589,718	7,589,718	.0	.0
2302. Prepaid Expense.....	1,725,008	1,725,008	.0	.0
2303. Deferred Compensation.....	745,837	.0	745,837	563,062
2398. Summary of remaining write-ins for Line 23 from overflow page .....	187,978	.0	187,978	126,187
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	10,248,540	9,314,725	933,815	689,250

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded)	106,757,642	2,579,506	109,337,148	97,911,257
2. Accrued medical incentive pool and bonus amounts	2,480,446		2,480,446	2,152,020
3. Unpaid claims adjustment expenses	876,042		876,042	857,444
4. Aggregate health policy reserves	4,377,867		4,377,867	4,480,009
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	18,071,800		18,071,800	17,777,822
9. General expenses due or accrued	14,605,573		14,605,573	14,284,396
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. Remittance and items not allocated			0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current)	0		0	236,223
15. Amounts due to parent, subsidiaries and affiliates	709,158		709,158	606,556
16. Payable for securities	477,035		477,035	422,833
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	1,946,281		1,946,281	4,419,257
21. Aggregate write-ins for other liabilities (including \$ ..... current)	10,757,036	0	10,757,036	8,475,978
22. Total liabilities (Lines 1 to 21)	161,058,879	2,579,506	163,638,385	151,623,795
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	238,900,600	242,352,253
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	238,900,600	242,352,253
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	402,538,985	393,976,048
<b>DETAILS OF WRITE-INS</b>				
2101. Pension Liability - Long Term	8,953,956		8,953,956	6,825,803
2102. Retiree Health Benefits	1,057,243		1,057,243	1,087,112
2103. Deferred Compensation	745,837		745,837	563,062
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)	10,757,036	0	10,757,036	8,475,978
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

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	4,882,616	5,268,071
2. Net premium income (including \$ .....0 non-health premium income).....	XXX	1,611,524,843	1,587,239,857
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	0
7. Aggregate write-ins for other non-health revenues.....	XXX	8,320	(24,492)
8. Total revenues (Lines 2 to 7).....	XXX	1,611,533,163	1,587,215,364
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits.....		1,054,050,503	999,048,051
10. Other professional services.....			0
11. Outside referrals.....		42,961,157	41,538,868
12. Emergency room and out-of-area.....		138,956,288	122,426,959
13. Prescription drugs.....		238,983,130	279,670,393
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		2,597,220	1,580,323
16. Subtotal (Lines 9 to 15).....	0	1,477,548,298	1,444,264,594
<b>Less:</b>			
17. Net reinsurance recoveries.....			0
18. Total hospital and medical (Lines 16 minus 17).....	0	1,477,548,298	1,444,264,594
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$ .....7,152,229 cost containment expenses.....		14,380,243	14,472,835
21. General administrative expenses.....		99,402,501	95,252,446
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	1,591,331,042	1,553,989,875
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	20,202,121	33,225,490
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		15,119,852	15,225,821
26. Net realized capital gains (losses) less capital gains tax of \$ .....25,273.....		25,273	(2,441)
27. Net investment gains (losses) (Lines 25 plus 26).....	0	15,145,125	15,223,380
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	540,896	442,842
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	35,888,141	48,891,712
31. Federal and foreign income taxes incurred.....	XXX		0
32. Net income (loss) (Lines 30 minus 31).....	XXX	35,888,141	48,891,712
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX		0
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	0
0701. Gain/(Loss) on Sale of Fixed Assets.....	XXX	8,320	(24,492)
0702. ....	XXX		
0703. ....	XXX		
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	8,320	(24,492)
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. GM consulting Fees and CIGNA Miscellaneous Revenues.....		540,896	442,842
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	540,896	442,842

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**STATEMENT OF REVENUE AND EXPENSES (continued)**

	1 Current Year	2 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT:</b>		
33. Capital and surplus prior-reporting period .....	242,352,253	220,773,309
34. Net income or (loss) from Line 32 .....	35,888,141	48,891,712
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 \$ .....	1,411,482	(2,085,130)
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 .....	4,248,724	4,772,363
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 .....		0
46. Dividends to stockholders .....	(45,000,000)	(30,000,000)
47. Aggregate write-ins for gains or (losses) in surplus .....	0	0
48. Net change in capital & surplus (Lines 34 to 47) .....	(3,451,653)	21,578,944
49. Capital and surplus end of reporting period (Line 33 plus 48)	238,900,600	242,352,253
<b>DETAILS OF WRITE-INS</b>		
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

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**CASH FLOW**

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	1,614,533,527	1,598,583,092
2. Net investment income.....	14,435,750	10,225,116
3. Miscellaneous income.....	479,105	676,751
4. Total (Lines 1 through 3).....	1,629,448,382	1,609,484,958
5. Benefit and loss related payments.....	1,465,793,981	1,427,845,246
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	100,869,053	91,850,786
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).....	1,566,663,034	1,519,696,032
11. Net cash from operations (Line 4 minus Line 10).....	62,785,348	89,788,926
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	0	0
12.2 Stocks.....	90,512	51,358
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	116,146	129,407
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).....	206,658	180,765
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	0	0
13.2 Stocks.....	5,230,985	5,474,681
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	65,813	0
13.6 Miscellaneous applications.....	62,490	80,583
13.7 Total investments acquired (Lines 13.1 to 13.6).....	5,359,288	5,555,264
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).....	(5,152,630)	(5,374,499)
<b>Cash from Financing and Miscellaneous Sources</b>		
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.....	(236,223)	236,223
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	45,000,000	30,000,000
16.6 Other cash provided (applied).....	(5,905,906)	(1,447,595)
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6).....	(51,142,129)	(31,211,371)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	6,490,589	53,203,056
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	171,219,931	118,016,875
19.2 End of year (Line 18 plus Line 19.1).....	177,710,520	171,219,931

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

20.0001. Subsidiary acquired in a business acquisition.....		603,601
20.0002. Note given for subsidiary acquired.....		343,601
20.0003. Cash paid for subsidiary acquired.....		260,000

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of 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	1,611,524,843	1,270,271,336	0	0	0	89,502,477	251,751,030	0	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	8,320	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,320
7. Total revenues (Lines 1 to 6)	1,611,533,163	1,270,271,336	0	0	0	89,502,477	251,751,030	0	0	8,320
8. Hospital/medical/ benefits	1,054,050,503	818,966,087				61,959,062	173,125,354			XXX
9. Other professional services	0									XXX
10. Outside referrals	42,961,157	33,403,101				2,519,130	7,038,926			XXX
11. Emergency room and out-of-area	138,956,288	108,041,105				8,148,034	22,767,149			XXX
12. Prescription Drugs	238,983,130	199,050,632				16,759,898	23,172,600			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	2,597,220	2,597,220								XXX
15. Subtotal (Lines 8 to 14)	1,477,548,298	1,162,058,145	0	0	0	89,386,124	226,104,029	0	0	XXX
16. Net reinsurance recoveries	0									XXX
17. Total hospital and medical (Lines 15 minus 16)	1,477,548,298	1,162,058,145	0	0	0	89,386,124	226,104,029	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ 7,152,229 cost containment expenses	14,380,243	11,309,734				869,951	2,200,558			
20. General administrative expenses	99,402,501	77,019,741				4,818,854	17,563,906			
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	1,591,331,042	1,250,387,620	0	0	0	95,074,929	245,868,493	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	20,202,121	19,883,716	0	0	0	(5,572,452)	5,882,537	0	0	8,320
<b>DETAILS OF WRITE-INS</b>										
0501.										XXX
0502.										XXX
0503.										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. Gain/(Loss) on Sale of Assets	8,320	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,320
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	8,320	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,320
1301.										XXX
1302.										XXX
1303.										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

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STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of 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) .....	1,270,271,336			1,270,271,336
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan .....	89,502,477			89,502,477
6. Title XVIII - Medicare .....	251,751,030			251,751,030
7. Title XIX - Medicaid.....				.0
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8) .....	1,611,524,843	.0	.0	1,611,524,843
10. Life .....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	1,611,524,843	0	0	1,611,524,843

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**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of 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	1,463,525,187	1,150,454,296				88,855,188	224,215,703			
1.2 Reinsurance assumed	0	0				0	0			
1.3 Reinsurance ceded	0	0				0	0			
1.4 Net	1,463,525,187	1,150,454,296	0	0	0	88,855,188	224,215,703	0	0	0
2. Paid medical incentive pools and bonuses	2,268,794	2,268,794								
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	109,337,148	100,074,479	0	0	0	4,854,726	4,407,943	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	109,337,148	100,074,479	0	0	0	4,854,726	4,407,943	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0	0								
4.2 Reinsurance assumed	0	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	2,480,446	2,480,446								
6. Net healthcare receivables (a)	0	0								
7. Amounts recoverable from reinsurers December 31, current year	0	0								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	97,911,257	86,956,485	4,111,365	0	0	4,323,790	2,519,617	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	97,911,257	86,956,485	4,111,365	0	0	4,323,790	2,519,617	0	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	2,152,020	2,152,020								
11. Amounts recoverable from reinsurers December 31, prior year	0	0								
12. Incurred Benefits:										
12.1 Direct	1,474,951,078	1,163,572,290	(4,111,365)	0	0	89,386,124	226,104,029	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	1,474,951,078	1,163,572,290	(4,111,365)	0	0	89,386,124	226,104,029	0	0	0
13. Incurred medical incentive pools and bonuses	2,597,220	2,597,220	0	0	0	0	0	0	0	0

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

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of 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 & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct	24,290,998	22,168,875				978,311	1,143,812			
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	0									
1.4. Net	24,290,998	22,168,875	0			978,311	1,143,812	0		0
2. Incurred but Unreported:										
2.1. Direct	69,319,992	63,264,023				2,791,838	3,264,131			
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	0									
2.4. Net	69,319,992	63,264,023	0			2,791,838	3,264,131	0		0
3. Amounts Withheld from Paid Claims and Capitulations:										
3.1. Direct	15,726,158	14,641,581				1,084,577				
3.2. Reinsurance assumed	0									
3.3. Reinsurance ceded	0									
3.4. Net	15,726,158	14,641,581	0			1,084,577	0	0		0
4. TOTALS:										
4.1. Direct	109,337,148	100,074,479	0			4,854,726	4,407,943	0		0
4.2. Reinsurance assumed	0	0	0			0	0	0		0
4.3. Reinsurance ceded	0	0	0			0	0	0		0
4.4. Net	109,337,148	100,074,479	0			4,854,726	4,407,943	0		0

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of 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			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	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	74,996,166	1,075,458,130	7,704,696	92,369,783	82,700,862	86,956,485	
2. Medicare Supplement .....					0	4,111,365	
3. Dental Only .....					0	0	
4. Vision Only .....					0	0	
5. Federal Employees Health Benefits Plan Premiums .....	5,143,705	83,711,483	359,808	4,494,918	5,503,513	4,323,790	
6. Title XVIII - Medicare .....	2,444,132	221,771,571	222,853	4,185,090	2,666,985	2,519,617	
7. Title XIX - Medicaid .....					0	0	
8. Other health .....					0	0	
9. Health subtotal (Lines 1 to 8) .....	82,584,003	1,380,941,184	8,287,357	101,049,791	90,871,360	97,911,257	
10. Healthcare receivables (a) .....					0		
11. Other non-health .....					0	0	
12. Medical incentive pools and bonus amounts .....	2,268,794			2,480,446	2,268,794	2,152,020	
13. Totals (Lines 9 - 10 + 11 + 12) .....	84,852,797	1,380,941,184	8,287,357	103,530,237	93,140,154	100,063,277	

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

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

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

**Section A – Paid Health Claims - Hospital and Medical**

	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
Year in Which Losses Were Incurred					
1. Prior	1,751,853	972,006	.0	.0	.0
2. 2003	989,389	1,051,799	1,060,618	.0	.0
3. 2004	XXX	1,033,516	1,099,350	1,098,083	.0
4. 2005	XXX	XXX	1,090,672	1,143,088	1,142,175
5. 2006	XXX	XXX	XXX	1,097,265	1,173,174
6. 2007	XXX	XXX	XXX	XXX	1,077,727

**Section B – Incurred Health Claims - Hospital and Medical**

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2003	2 2004	3 2005	4 2006	5 2007
Year in Which Losses Were Incurred					
1. Prior	1,758,294	973,273	.0	.0	.0
2. 2003	1,060,528	1,056,281	1,060,406	.0	.0
3. 2004	XXX	1,124,300	1,111,653	1,098,086	.0
4. 2005	XXX	XXX	1,157,797	1,149,804	1,142,171
5. 2006	XXX	XXX	XXX	1,183,766	1,180,883
6. 2007	XXX	XXX	XXX	XXX	1,170,097

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical**

	Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical									
	1	2	3	4	5	6	7	8	9	10
Years in which Premiums were Earned and Claims were Incurred	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2003	1,165,587	1,060,618	17,232	1.6	1,077,850	92.5	.0	.0	1,077,850	92.5
2. 2004	1,230,405	1,098,083	16,423	1.5	1,114,506	90.6	.0	.0	1,114,506	90.6
3. 2005	1,263,228	1,142,175	13,354	1.2	1,155,529	91.5	(4)	(1)	1,155,525	91.5
4. 2006	1,288,182	1,173,174	11,536	1.0	1,184,710	92.0	7,709	53	1,192,472	92.6
5. 2007	1,270,271	1,077,727	6,712	0.6	1,084,439	85.4	94,850	750	1,180,039	92.9

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

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

**Section A – Paid Health Claims - Federal Employees Health Benefits Plan Premium**

	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
Year in Which Losses Were Incurred					
1. Prior					
2. 2003	97,970	97,951	.0	.0	
3. 2004	56,940	60,383	60,879	.0	
4. 2005	XXX	62,673	66,377	66,287	
5. 2006	XXX	XXX	68,401	72,118	
6. 2007	XXX	XXX	XXX	87,145	
	XXX	XXX	XXX	XXX	83,711

**Section B - Incurred Health Claims - Federal Employees Health Benefits Plan Premium**

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2003	2 2004	3 2005	4 2006	5 2007
Year in Which Losses Were Incurred					
1. Prior					
2. 2003	98,274	57,416	.0	.0	
3. 2004	60,674	60,584	60,878	.0	
4. 2005	XXX	66,261	67,036	66,291	
5. 2006	XXX	XXX	72,060	72,444	
6. 2007	XXX	XXX	XXX	91,139	
	XXX	XXX	XXX	XXX	88,206

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Federal Employees Health Benefits Plan Premium**

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2003	66,369	60,879	1,001	1.6	61,880	93.2	.0	.0	61,880	93.2
2. 2004	73,075	66,287	999	1.5	67,286	92.1	.0	.0	67,286	92.1
3. 2005	80,990	72,055	918	1.3	72,973	90.1	.2	.0	72,975	90.1
4. 2006	90,897	92,351	895	1.0	93,246	102.6	358	.2	93,607	103.0
5. 2007	89,502	83,711	517	0.6	84,228	94.1	4,495	37	88,760	99.2

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

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

**Section A - Paid Health Claims - Medicare**

	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
Year in Which Losses Were Incurred					
1. Prior	338,836	338,838	.0		
2. 2003	119,576	119,257	119,357	.0	
3. 2004	XXX	121,057	121,806	121,804	
4. 2005	XXX	XXX	151,498	151,559	151,529
5. 2006	XXX	XXX	XXX	188,599	191,073
6. 2007	XXX	XXX	XXX	XXX	221,772

**Section B - Incurred Health Claims - Medicare**

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2003	2 2004	3 2005	4 2006	5 2007
Year in Which Losses Were Incurred					
1. Prior	338,325	127,433			
2. 2003	119,766	119,268	119,344		
3. 2004	XXX	121,910	121,821	121,804	
4. 2005	XXX	XXX	151,606	151,559	151,529
5. 2006	XXX	XXX	XXX	191,118	191,296
6. 2007	XXX	XXX	XXX	XXX	225,957

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Medicare**

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2003	130,664	119,357	1,959	1.6	121,316	92.8			121,316	92.8
2. 2004	138,552	121,804	1,935	1.6	123,739	89.3			123,739	89.3
3. 2005	163,022	151,529	1,919	1.3	153,448	94.1	.0	.0	153,448	94.1
4. 2006	208,161	191,073	2,031	1.1	193,105	92.8	223	223	193,328	92.9
5. 2007	251,751	221,772	1,318	0.6	223,090	88.6	4,185	35	227,310	90.3

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

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

**Section A - Paid Health Claims - Title XIX Medicaid**

	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
Year in Which Losses Were Incurred					
1. Prior	(525)	(525)	.0	.0	.0
2. 2003	.0	(41)	(31)	.0	.0
3. 2004	XXX	.0	.71	.71	.71
4. 2005	XXX	XXX	.0	.0	.0
5. 2006	XXX	XXX	XXX	.0	.0
6. 2007	XXX	XXX	XXX	XXX	XXX

**Section B – Incurred Health Claims - Title XIX Medicaid**

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2003	2 2004	3 2005	4 2006	5 2007
Year in Which Losses Were Incurred					
1. Prior	(485)	(218)	(32)	.71	.71
2. 2003	.0	.39	.72	.71	.71
3. 2004	XXX	XXX	XXX	XXX	XXX
4. 2005	XXX	XXX	XXX	XXX	XXX
5. 2006	XXX	XXX	XXX	XXX	XXX
6. 2007	XXX	XXX	XXX	XXX	XXX

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid**

	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
Years in which Premiums were Earned and Claims were Incurred										
1. 2003	.0	(31)	(1)	3.2	(32)	.0	.0	(32)	.0	.0
2. 2004	.0	.71	.71	.0	.71	.0	.0	.71	.0	.0
3. 2005	.0	.71	.71	.0	.71	.0	.0	.71	.0	.0
4. 2006	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 2007	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

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

**Section A - Paid Health Claims - Grand Total**

	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
Year in Which Losses Were Incurred					
1. Prior	2,188,134	1,408,270	.0	.0	.0
2. 2003	1,165,905	1,231,398	1,240,823	.0	.0
3. 2004	XXX	1,217,247	1,287,604	1,286,246	.0
4. 2005	XXX	XXX	1,310,571	1,366,765	1,365,830
5. 2006	XXX	XXX	XXX	1,373,009	1,456,599
6. 2007	XXX	XXX	XXX	XXX	1,383,210

**Section B - Incurred Health Claims - Grand Total**

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2003	2 2004	3 2005	4 2006	5 2007
Year in Which Losses Were Incurred					
1. Prior	2,194,407	1,157,904	.0	.0	.0
2. 2003	1,240,968	1,236,173	1,240,595	.0	.0
3. 2004	XXX	1,312,471	1,300,583	1,286,252	.0
4. 2005	XXX	XXX	1,381,463	1,373,807	1,365,828
5. 2006	XXX	XXX	XXX	1,466,024	1,464,888
6. 2007	XXX	XXX	XXX	XXX	1,484,260

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

Years in which Premiums were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments (Col. 2+3)	Col. (3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2003	1,445,569	1,240,823	20,191	1.6	1,261,014	87.2	.0	.0	1,261,014	87.2
2. 2004	1,534,397	1,286,245	19,357	1.5	1,305,602	85.1	.0	.0	1,305,602	85.1
3. 2005	1,614,403	1,365,830	16,191	1.2	1,382,021	85.6	(2)	(1)	1,382,018	85.6
4. 2006	1,694,338	1,456,599	14,463	1.0	1,471,061	86.8	8,290	55	1,479,407	87.3
5. 2007	1,611,525	1,383,210	8,547	0.6	1,391,757	86.4	103,530	821	1,496,108	92.8

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
(000 Omitted)

**Section A – Paid Health Claims - Medicare Supplement**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1	2	3	4	5
1. Prior					
2.	XXX				
3.	XXX	XXX			
4.	XXX	XXX	XXX		
5.	XXX	XXX	XXX	XXX	
6.	XXX	XXX	XXX	XXX	XXX

**Section B - Incurred Health Claims - Medicare Supplement**

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	2	3	4	5
1. Prior					
2.					
3.	XXX				
4.	XXX	XXX			
5.	XXX	XXX	XXX		
6.	XXX	XXX	XXX	XXX	XXX

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

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjust Expense Payment	Col. 3/2 Percent	Claims and Claim Adjustment Expense Payments (2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2003	82,949	0		0.0	0	0.0			0	0.0
2. 2004	92,365	0		0.0	0	0.0			0	0.0
3. 2005	107,163	0		0.0	0	0.0			0	0.0
4. 2006	107,098	0		0.0	0	0.0			0	0.0
5. 2007		0		0.0	0	0.0			0	0.0

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of 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)	4,377,867						4,377,867		
5. Aggregate write-ins for other policy reserves	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross)	4,377,867	.0	.0	.0	.0	.0	4,377,867	.0	.0
7. Reinsurance ceded	.0								
8. Totals (Net) (Page 3, Line 4)	4,377,867	.0	.0	.0	.0	.0	4,377,867	.0	.0
9. Present value of amounts not yet due on claims	.0								
10. Reserve for future contingent benefits	.0								
11. Aggregate write-ins for other claim reserves	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross)	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
<b>DETAILS OF WRITE-INS</b>									
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.

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**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).....	117,385	251,022	1,761,698		2,130,105
2. Salaries, wages and other benefits.....	5,665,286	4,187,042	48,441,919		58,294,247
3. Commissions (less \$ ..... ceded plus \$ ..... assumed.....)			7,369,867		7,369,867
4. Legal fees and expenses.....			353,705		353,705
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	2,682		2,167,798		2,170,480
7. Traveling expenses.....	8,759	13,441	477,217		499,417
8. Marketing and advertising.....	41,884	12,617	14,011,146		14,065,647
9. Postage, express and telephone.....	32,019	11,932	3,679,444		3,723,395
10. Printing and office supplies.....	2,075	5,142	194,698		201,915
11. Occupancy, depreciation and amortization.....	48,684	117,770	2,671,101		2,837,555
12. Equipment.....		400	207,674		208,074
13. Cost or depreciation of EDP equipment and software.....	526,522	1,137,213	9,725,300		11,389,035
14. Outsourced services including EDP, claims, and other services.....	257,128	489,804	6,616,886		7,363,818
15. Boards, bureaus and association fees.....			616,819		616,819
16. Insurance, except on real estate.....			271,623		271,623
17. Collection and bank service charges.....			557,255		557,255
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....			59,529		59,529
22. Real estate taxes.....			31,355		31,355
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....			7,404		7,404
23.4 Payroll taxes.....	320,815	232,114	2,871,217		3,424,146
23.5 Other (excluding federal income and real estate taxes).....					0
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	128,990	769,516	(2,691,154)	0	(1,792,647)
26. Total expenses incurred (Lines 1 to 25).....	7,152,229	7,228,013	99,402,501	0	(a) 113,782,744
27. Less expenses unpaid December 31, current year.....		876,042	14,605,573		15,481,615
28. Add expenses unpaid December 31, prior year.....	0	857,444	14,284,396	0	15,141,840
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)	7,152,229	7,209,415	99,081,325	0	113,442,970
<b>DETAIL OF WRITE-INS</b>					
2501. Miscellaneous.....	128,990	769,516	(2,691,154)		(1,792,647)
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 plus 2598)(Line 25 above)	128,990	769,516	(2,691,154)	0	(1,792,647)

(a) Includes management fees of \$ .....715,365 to affiliates and \$ ..... to non-affiliates.

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)	
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates	5,177,260	5,231,463
3. Mortgage loans		
4. Real estate		
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e)	
7. Derivative instruments	(f)	
8. Other invested assets	1,394,134	1,394,134
9. Aggregate write-ins for investment income	48,867	46,681
10. Total gross investment income	16,832,805	16,960,374
11. Investment expenses		(g) 0
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 1,111,089
14. Depreciation on real estate and other invested assets		(i) 729,433
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		1,840,523
17. Net Investment Income - (Line 10 minus Line 16)		15,119,852
<b>DETAILS OF WRITE-INS</b>		
0901. Rabbi Trust	48,867	46,681
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))	48,867	46,681
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.  
 (b) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued dividends on purchases.  
 (c) Includes \$ ..... accrual of discount less \$ ..... 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)	(2,327)	0	(2,327)	2,097,320	0
2.21 Common stocks of affiliates	0	0	0	(745,557)	0
3. Mortgage loans			0		0
4. Real estate	0		0		0
5. Contract loans			0		
6. Cash, cash equivalents and short-term investments			0		
7. Derivative instruments			0		
8. Other invested assets		0	0	94,080	0
9. Aggregate write-ins for capital gains (losses)	0	27,600	27,600	(34,361)	0
10. Total capital gains (losses)	(2,327)	27,600	25,273	1,411,482	0
<b>DETAILS OF WRITE-INS</b>					
0901. Rabbi Trust		27,600	27,600	(34,358)	
0902. JPMorgan Chase			0	(3)	
0903.					
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	27,600	27,600	(34,361)	0

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year 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 .....	1,789,889	1,911,881	121,993
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale .....	0	0	0
5. Cash, (Schedule-E, Part 1), cash equivalents (Schedule-E, Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans .....	0	0	0
7. Other invested assets (Schedule BA) .....	0	0	0
8. Receivables for securities .....	0	0	0
9. Aggregate write-ins for invested assets .....	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	1,789,889	1,911,881	121,993
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued .....	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection .....	0	0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
13.3 Accrued retrospective premium.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers .....	0	0	0
14.2 Funds held by or deposited with reinsured companies .....	0	0	0
14.3 Other amounts receivable under reinsurance contracts .....	0	0	0
15. Amounts receivable relating to uninsured plans .....	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
16.2 Net deferred tax asset.....	0	0	0
17. Guaranty funds receivable or on deposit .....	0	0	0
18. Electronic data processing equipment and software .....	13,292,422	12,508,395	(784,026)
19. Furniture and equipment, including health care delivery assets .....	1,450,063	1,744,779	294,715
20. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
21. Receivables from parent, subsidiaries and affiliates .....	0	0	0
22. Health care and other amounts receivable.....	0	0	0
23. Aggregate write-ins for other than invested assets .....	9,314,725	13,930,767	4,616,042
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	25,847,099	30,095,823	4,248,724
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	25,847,099	30,095,823	4,248,724
<b>DETAILS OF WRITE-INS</b>			
0901. ....			
0902. ....			
0903. ....			
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0
2301. Prepaid Expenses.....	1,725,008	1,758,719	33,711
2302. Intangible Assets.....	0	2,185,578	2,185,578
2303. Goodwill.....	7,589,718	9,986,471	2,396,753
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	9,314,725	13,930,767	4,616,042

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

	Total Members at End of					
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	6 Current Year Member Months
Source of Enrollment						
1. Health Maintenance Organizations.....	430,864	410,185	409,930	403,432	400,317	4,882,616
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	430,864	410,185	409,930	403,432	400,317	4,882,616
<b>DETAILS OF WRITE-INS</b>						
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 - The accompanying financial statements of Health Alliance Plan of Michigan (the Corporation) have been prepared in accordance with the *NAIC Accounting Practices and Procedures Manual (NAPPM)* and the NAIC Annual Statement Instructions (NASI) to the extent that the accounting practices, procedures and reporting standards are not modified by the Michigan Insurance Code or the Forms and Instructions for Required Filings in Michigan.
- B. Use of Estimates in the Preparation of the Financial Statements - The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the statutory financial statements. Estimates also affect the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates.
- C. Accounting Policy - Subscriptions revenue received in advance of the respective period of coverage are credited to income ratably over the period of coverage. Health policy claims consists of unpaid medical claims and other obligations resulting from the provision of health care services. It includes claims reported as of the balance sheet date and estimates, based on historical claims experience, for claims incurred but not reported.
- (1) Short-term investments are stated either at market value or at amortized cost based on the underlying security.
  - (2) Bonds are recorded at amortized cost, which approximates market value.
  - (3) Common stocks are carried at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Corporation has an interest of 20% or more are carried on the equity basis.
  - (4) The Corporation owns no preferred stocks.
  - (5) The Corporation owns no mortgage loans.
  - (6) The Corporation owns no loan-backed securities.
  - (7) The Corporation's subsidiaries are included in the statement of admitted assets, liabilities, and net worth - statutory basis using the equity method of accounting. The related income or loss is reported as a direct charge to net worth.
  - (8) Investments in limited liability companies are carried on the equity basis at market value.
  - (9) The Corporation does not hold any derivative financial instruments.
  - (10) The Company anticipates investment income as a factor in the premium deficiency calculation in accordance with SSAP No. 54, Individual and Group Accident and Health Contracts. As of December 31, 2007, the Company is not required to report a premium deficiency reserve.
  - (11) The Corporation's method of estimating liabilities for unpaid medical claims are based on past experience, for claims incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
  - (12) The Company has not modified its capitalization policy from the prior year.
  - (13) The Company's pharmaceutical rebate receivables are calculated using historical rebate trends and membership.

### 2. ACCOUNTING CHANGES AND CORRECTIONS OF ERROR

- A. Material changes in accounting principles and/or correction of errors - The Corporation has none to report.

### 3. BUSINESS COMBINATIONS AND GOODWILL

- A. The Company purchased a 100% interest of CuraNet, LLC on August 15, 2006. CuraNet, LLC is a regional network of hospitals and physicians serving Michigan, Northwest Ohio and Northern Indiana. The transaction was accounted for as a statutory purchase in accordance with SSAP No. 68, Business Combinations and Goodwill. Under the terms of the Purchase Agreement, the Corporation agreed to an initial purchase price not to exceed \$650,000.

### 4. DISCONTINUED OPERATIONS

The Corporation has no discontinued operations to report.

## NOTES TO FINANCIAL STATEMENTS

### 5. INVESTMENTS

- A. The Corporation has no investments in mortgage loans.
- B. The Corporation has no debt restructurings.
- C. The Corporation has no reverse mortgages.
- D. The Corporation has no loan-backed securities.
- E. The Corporation has no repurchase agreements.
- F. The Corporation has not recognized an impairment loss on its investments in real estate and has not sold or classified real estate investments as held for sale.
- G. The Corporation does not have investments in low-income housing tax credits.

### 6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

- A. The Corporation has a minor ownership interest in Western Assets US Core Plus, LLC and Western Assets US Limited Duration, LLC, limited liability companies which are portfolios that invest assets in investment grade debt and fixed income securities. The Corporation utilizes the audited GAAP equity method to account for its investments and its share of the portfolio's undistributed earnings are included in investment income. The fair value of the Corporation's investment as of December 31, 2007 is \$64,316,000.

### 7. INVESTMENT INCOME

The Corporation had no excluded investment income.

### 8. DERIVATIVE INSTRUMENTS

The Corporation does not hold any derivative instruments.

### 9. INCOME TAXES

- A-F. The Corporation is an entity described under Internal Revenue Code Section 501(c)(4) and as such is exempt from federal income taxes.

### 10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A. The Corporation has three wholly subsidiaries, HAP Preferred, Inc.(HPI), Alliance Health and Life Insurance Company(AHLIC) and CuraNet, LLC. The Corporation is a subsidiary of Henry Ford Health System(HFHS).
- B-C. The Corporation received subscription revenue from related parties totaling approximately \$107,465,000 and \$98,543,000 in 2007 and 2006, respectively. The Corporation purchased healthcare services from related parties totaling approximately \$558,323,000 and \$536,513,000 in 2007 and 2006, respectively.
- D. The Corporation has included in the balance sheet accounts the receivables and payables associated with subscription revenue received from related parties and health care services purchased from related parties. The Corporation has intercompany receivables of \$250,000, and \$1,135,000 for HPI and AHLIC respectively and, intercompany payables of \$163,000 and \$357,000 for HPI and AHLIC, respectively. The Corporation also has an intercompany payable to HFHS of \$190,000. The terms of the settlement require that these amounts be settled within 15 days.
- E. The Corporation is a member of the Henry Ford Health System Obligated Group(the Obligated Group). As of December 31, 2007, members of the Obligated Group are jointly and severally liable for outstanding obligations having a carrying value of \$770,693,000 issued under the master indenture. The Obligated Group has guaranteed \$0 in indebtedness of other entities. Such amounts approximate the fair value of the obligations.
- F. The Corporation has management agreements with HPI, AHLIC and CuraNet, LLC. Under the terms of the agreement, the Corporation provides various administrative support and services. Services provided by the Corporation to HPI, AHLIC and CuraNet, LLC totaled approximately \$14,756,000 and \$15,189,000 in 2007 and 2006, respectively. Included in the statement of admitted assets, liabilities and capital and surplus are payables associated with healthcare services purchased from related parties totaling approximately \$0 and \$5,905,000 in 2007 and 2006, respectively.

## NOTES TO FINANCIAL STATEMENTS

### 11. DEBT

The Corporation has no capital notes or debt.

The Corporation does not have any reverse repurchase agreements.

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

A. The corporation has a noncontributory defined benefit pension plan (the "Plan") covering substantially all of its employees. The benefits are based on years of service and final average earnings. The Corporation's funding policy is to fund an amount based on the recommendation of consulting actuaries that is in compliance with the requirements of the Employee Retirement Security Act of 1974. The Corporation also has a non-qualified Supplemental Executive Retirement Plan covering certain key executives.

The Corporation invests the majority of the assets of the Plan in a diversified portfolio consisting of an array of asset classes that attempts to maximize returns while minimizing volatility. The targeted allocation percentages are 60% common stock and 40% bonds and other fixed instruments. The percentage of the fair value of total plan assets held as of September 30, the measurement date, is shown below.

	2007	2006
Cash and money markets	10 %	13 %
Corporate bonds and bond funds	20	20
Common stock and preferred stock	60	54
U.S. government and agency issues	5	8
Alternative Investments	5	5
 Total	100 %	100 %

The expected long-term rate of return on plan assets is established based on management's expectations of asset returns for the investment mix in the plans considering both historical experience and the current economic environment. The expected returns of various asset categories are blended to derive one long-term assumption.

For the years ended December 31, 2007 and 2006, the accumulated benefit obligation was \$41,780,000 and \$40,940,000, respectively.

The Corporation is expected to make a contribution to the Plan during 2008 in the amount of \$8,060,000.

The Corporation also provides postretirement healthcare and life insurance benefits to employees who meet minimum age and years of service requirements. Benefits to employees may require employee contributions or be provided in the form of a fixed dollar subsidy.

A summary of the changes in benefit obligations for the Pension and Other Postretirement Benefit Plans at December 31, 2007 and 2006 are as follows (dollars in thousands):

	Pension Benefits		Postretirement Benefits	
	2007	2006	2007	2006
Benefit obligation at beginning of year	\$51,900	\$ 46,188	\$ 589	\$ 656
Service cost	4,386	3,653	48	80
Interest cost	3,034	2,662	34	37
Amendments	(655)	-	-	-
Actuarial (gain) loss	(2,504)	577	(16)	(114)
Benefits paid	(2,839)	(1,180)	(64)	(70)
Other	(241)			
 Benefit Obligation at end of year	\$53,081	\$ 51,900	\$ 591	\$ 589

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**NOTES TO FINANCIAL STATEMENTS**

The following table sets forth the change in Plan assets and the funded status at December 31, 2007 and 2006 for the Plan (dollars in thousands):

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Fair value of Plan assets at beginning of year	\$34,237	\$ 26,801	\$	\$ -
Actual return on assets	4,901	2,139		
Employer contribution	956	6,477	64	70
Benefits paid	(2,839)	(1,180)	(64)	(70)
Other	<u>(241)</u>			
Fair value of Plan assets at end of year	<u>\$37,014</u>	<u>\$ 34,237</u>		<u>\$ -</u>
Funded status	\$(16,067)	\$(17,663)	\$ (591)	\$ (589)
Unrecognized transition obligation	9,648	10,251	(222)	(236)
Unrecognized prior service cost	(579)	84	(15)	(18)
Unrecognized deferred gain (loss)	(1,956)	2,688	(229)	(244)
Other				
Net amount recognized	<u>\$(8,954)</u>	<u>\$ (4,640)</u>	<u>\$ (1,057)</u>	<u>\$ (1,087)</u>

Amounts recognized in the statement of admitted assets, liabilities, capital, and surplus at December 31, 2007 and 2006 consist of:

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Accrued benefit cost	\$(8,954)	\$ (6,826)	\$ (1,057)	\$ (1,087)
Additional minimum pension liability charged to net assets		<u>2,186</u>		
Net amount recognized	<u>\$(8,954)</u>	<u>\$ (4,640)</u>	<u>\$ (1,057)</u>	<u>\$ (1,087)</u>

Benefit obligation for non-vested employees at December 31, 2007 and 2006 is as follows:

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Total non-vested benefit obligation	\$ 943	\$ 1,129	\$ 115	\$ 82

A summary of the components of net periodic benefit cost at December 31, 2007 and 2006 is as follows (dollars in thousands):

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Service cost	\$ 4,386	\$ 3,653	\$ 48	\$ 80
Interest cost	3,034	2,662	34	37
Expected return on assets	(2,762)	(2,168)		(8)
Net amortization and deferral	<u>612</u>	<u>612</u>	<u>(48)</u>	<u>(22)</u>
Net periodic benefit cost	<u>\$ 5,270</u>	<u>\$ 4,759</u>	<u>\$ 34</u>	<u>\$ 87</u>

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**NOTES TO FINANCIAL STATEMENTS**

A summary of other assumptions at December 31, 2007 and 2006 is as follows (dollars in thousands):

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Weighted average assumptions:				
Net periodic benefit obligation:				
Discount rate	6.55 %	6.05 %	6.55 %	6.05 %
	Age-Related	Age-Related		
Rate of compensation increases	Salary Scale	Salary Scale	N/A	N/A
Net periodic benefit cost:				
Discount rate	6.05	5.95	6.05	5.95
Expected return on plan assets	8.50	8.50	N/A	N/A
Rate of compensation increases	Age-Related	Age-Related	N/A	N/A
	Salary Scale	Salary Scale		
Benefits paid	\$ (2,839)	\$ (1,180)	\$ (64)	\$ (70)

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Benefits	Postretirement Benefits	Annual Subsidy
2008	\$ 4,120,000	\$ 100,000	\$ -
2009	4,550,000	100,000	-
2010	5,040,000	100,000	-
2011	4,640,000	100,000	-
2012	6,060,000	100,000	-
Years 2013 through 2017	30,470,000	800,000	300,000

Significant assumptions used in valuing the postretirement health care obligations at December 31, 2007 and 2006 include:

	<b>2007</b>	<b>2006</b>
Medical inflation rate	varies then scaled to 5% over six years	8.00% scaled to 5% over five years
Pharmaceutical inflation rate	12.00% scaled to 5% over six years	12.00% scaled to 5% over five years

The Corporation is expected to make a \$100,000 contribution to the postretirement health care plan in 2008.

A 1% increase in the assumed medical rate of inflation would decrease the accumulated postretirement benefit obligation by .9% and decrease the net periodic cost by 7.2%. A 1% decrease in the assumed medical rate of inflation would increase the accumulated postretirement benefit obligation by .8% and increase the net periodic cost by 6.6%.

## NOTES TO FINANCIAL STATEMENTS

**13. CAPITAL AND SURPLUS, SHAREHOLDERS' 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 is \$(2,028,000) .

**14. CONTINGENCIES**

- A. Contingent Commitments - The Corporation has none to report.
- B. Assessments - The Corporation has none to report.
- C. Gain Contingencies - The Corporation has none to report.
- D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits - The Corporation has none to report.
- E. All Other Contingencies - The Corporation is party to lawsuits incident to the operations. Management believes that the ultimate disposition of such contingencies will not have a material effect on the accompanying financial statements.

**15. LEASES**

- A. The Corporation has a capital lease agreement for its headquarters building. The net book value of the building at December 31, 2007 is \$1,521,000 . The capital lease obligation requires payments in future years as follows (dollars in thousands):

2008	\$60
2009	60
2010	60
2011	60
2012	60
Later years	705
Total minimum lease payments	1,005

Less interest at an average annual interest rate of 8.25% 463

Present value of obligations under capitalized lease,  
including \$16 due within one year 542

## NOTES TO FINANCIAL STATEMENTS

- B. The Corporation has operating leases for office facilities and equipment. These leases, in some instances, are renewable at the option of the Corporation.

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year at January 1, 2008 (dollars in thousands):

Year Ending December 31

2008	\$1,593
2009	1,593
2010	1,593
2011	1,737
2012	1,737
Later years	<u>869</u>
Total minimum payments required	<u>\$ 9,122</u>

The total rental expense for all operating leases, except those with terms of a month or less amounted to \$1,264,000 and \$1,182,000 for the years ended December 31, 2007 and 2006, respectively. A portion of the annual rent expense is allocated to an affiliated subsidiary each year.

The Corporation is not involved in any material sales-leaseback transactions.

- C. The Corporation does not have any significant business activities as a lessor. The Company is also not involved in any leveraged leases.

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

- A. The Corporation does not hold any financial instruments with off-balance sheet risk.

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

- A-B. The Corporation has not transferred any receivables or financial assets.

- C. The Corporation does not have any wash sales.

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

- A. ASO Plans - Not applicable

- B. ASC Plans - Not applicable

- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Pursuant to its contract with the Centers for Medicare & Medicaid Services(CMS), as a plan sponsor the Corporation offers Medicare Part D prescription drug insurance coverage. In accordance with the CMS contract, the Corporation receives subsidy amounts for reinsurance and for cost sharing related to low income individuals. These amounts are recorded as liabilities for amounts held under uninsured plans and offset medical costs when paid. The Corporation does not recognize premium revenue or claims expense for these subsidies as it does not incur any risk with this part of the Medicare Part D program.

As such the Corporation has no recorded receivables from payors whose account balances are greater than 10% of the Corporation's amounts receivable from uninsured accident and health plans or \$10,000.

The Corporation has no recorded allowances and reserves for adjustment of recorded revenues.

The Corporation has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

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

- The Corporation does not have any managing general agents or third party administrators.

## NOTES TO FINANCIAL STATEMENTS

### 20. OTHER ITEMS

- A. Extraordinary Items - the Corporation has none to report.
- B. Troubled Debt Restructuring - the Corporation has none to report.
- C. Other Disclosures

Statutory Reserve: As a condition of licensure with the State of Michigan, the Corporation maintains a deposit of \$1,000,000 in a segregated account. These funds can only be used by the Corporation at the direction of the Insurance Commissioner of the State of Michigan. These funds are invested in a money market fund (stated at fair value). Interest on these funds accrues to the Corporation.

Stop Loss/Out-of-Network Reserve: During 2003, the Corporation established a trust in the amount of \$12,000,000 for the sole benefit of subscribers and enrollees, to cover catastrophic exposure for members where HAP retains risk for health care services, which exceed \$500,000 per occurrence and, in the event of insolvency, to cover services provided to members by noncontracted providers. The funds are maintained in compliance with an agreement with the Insurance Commissioner for the State of Michigan and can only be used by the Corporation at the direction of the Insurance Commissioner. The funds are invested in a money market fund (stated at fair value) and interest on these funds accrues to the Corporation.

- D. At December 31, 2007 and December 31, 2006 the Company had admitted assets of \$16,574,000 and \$19,289,000, respectively, in Uncollected Premiums. The Company routinely assesses the collectibility of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition.

The Corporation has no receivables from uninsured plans and retrospectively rated contracts.

- E. Business Interruption Insurance Recoveries - The Corporation has none to report.
- F. State Transferable Tax Credits - The Corporation has none to report.
- G. The Corporation has no deposits admitted under Section 6603 of the Internal Revenue Service Code.
- H. Hybrid Securities - The Corporation has none to report.

### 21. EVENTS SUBSEQUENT

The Corporation does not have any to report.

### 22. REINSURANCE

Not applicable.

### 23. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

- A. The Corporation estimates accrued retrospective premium adjustments related to its Medicare Advantage health insurance contracts. An estimated risk sharing receivable or payable for the CMS risk corridor provision is recognized based on activity-to-date and is accumulated at the contract level and recorded as aggregate policy reserves. Costs for prescription drugs are expensed as incurred.
- B. The Corporation records accrued retrospective premium as an adjustment to earned premium.
- C. The amount of net premiums written by the Corporation at December 31, 2007 that are subject to retrospective rating or redetermination features was \$341,254,000 million, that represented 21.2% of the total net premiums written for the Corporation. No other net premiums written by the Corporation are subject to retrospective rating features.

### 24. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Changes in actuarial estimates of claims unpaid reported as "incurred related to prior years" reflect revisions in estimates of medical cost trends and changes in claims processing patterns.

### 25. INTERCOMPANY POOLING ARRANGEMENTS

Not applicable.

### 26. STRUCTURED SETTLEMENTS

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

**27. HEALTH CARE RECEIVABLES**

A. Pharmaceutical Rebate Receivables (dollars in thousands)

These rebates are calculated using historical rebate trends and membership.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More than 180 Days after Billing
12/31/2007	1,037	1,238			
09/30/2007	1,600	1,629	1,407		
06/30/2007	1,613	1,691	1,685	116	
03/31/2007	2,924	2,721	3,233	24	2
12/31/2006	2,508	2,587	2,873	154	74
09/30/2006	1,568	2,661	3,073	117	93
06/30/2006	1,571	1,783	2,051	505	383
03/31/2006	1,631	1,842	2,301	26	58
12/31/2005	1,627	1,892	2,126	-1	
09/30/2005	1,047	1,166	1,071	366	
06/30/2005	952	1,086	986	239	
03/31/2005	937	1,154	962	22	305

B. Risk Sharing Receivables (dollars in thousands)

Not applicable.

**29. PARTICIPATING POLICIES**

Not applicable.

**30. PREMIUM DEFICIENCY RESERVES**

At December 31, 2007 and 2006, the Corporation determined there was no need to establish a premium deficiency reserve.

**31. ANTICIPATED SALVAGE AND SUBROGATION**

The Corporation has none to report.

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**SUMMARY INVESTMENT SCHEDULE**

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities		0.000		0.000
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA		0.000		0.000
1.512 Issued or guaranteed by FNMA and FHLMC		0.000		0.000
1.513 All other		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.000		0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521		0.000		0.000
1.523 All other		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.000		0.000
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds	110,195,145	28.967	110,195,145	29.104
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated	24,289,575	6.385	24,289,575	6.415
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company	2,644,264	0.695	854,375	0.226
5.2 Property held for the production of income (including \$ ..... of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (including \$ ..... property acquired in satisfaction of debt)		0.000	0	0.000
6. Contract loans		0.000	0	0.000
7. Receivables for securities		0.000	0	0.000
8. Cash, cash equivalents and short-term investments	177,710,520	46.715	177,710,520	46.936
9. Other invested assets	65,572,674	17.237	65,572,674	17.319
10. Total invested assets	380,412,178	100.000	378,622,289	100.000

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**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 [  ] 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 [  ] No [  ] NA [  ]
- 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 [  ]
- 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. ....12/31/2006
- 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. ....12/31/2002
- 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). ....05/11/2004
- 3.4 By what department or departments? The Michigan Office of Financial and Insurance Services .....
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under 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 [  ]
- 4.12 renewals? ..... Yes [  ] No [  ]
- 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 [  ]
- 4.22 renewals? ..... Yes [  ] No [  ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [  ] No [  ]
- 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 [  ]
- 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 [  ]
- 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 or government, manager or attorney in fact).

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

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Deloitte & Touche LLP Suite 900 600 Renaissance Center Detroit MI 48243-1895
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? .....  
David O Thoen FSA MAAA Deloitte & Touche LLP 400 One Financial Plaza 120 S Sixth Street Minneapolis MN 55402-1844
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
- 11.11 Name of real estate holding company .....
- 11.12 Number of parcels involved.....
- 11.13 Total book/adjusted carrying value..... \$.....
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?  
Not applicable
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]
- 12.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] NA [ X ]
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [ X ] No [ ]
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 13.11 If the response to 13.1 is No, please explain:
- 13.2 Has the code of ethics for senior managers been amended?..... Yes [ ] No [ X ]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers?..... Yes [ ] No [ X ]
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).

**BOARD OF DIRECTORS**

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? ..... Yes [ X ] No [ ]
15. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? ..... Yes [ X ] No [ ]
16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or likely to conflict with the official duties of such person?..... Yes [ X ] No [ ]

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**GENERAL INTERROGATORIES**

**FINANCIAL**

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? ..... Yes [ ] No [ X ]
- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.11 To directors or other officers .. \$ .....
- 18.12 To stockholders not officers ... \$ .....
- 18.13 Trustees, supreme or grand (Fraternal only) ..... \$ .....
- 18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.21 To directors or other officers ... \$ .....
- 18.22 To stockholders not officers .... \$ .....
- 18.23 Trustees, supreme or grand (Fraternal only) ..... \$ .....
- 19.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? ..... Yes [ ] No [ X ]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- 19.21 Rented from others ..... \$ .....
- 19.22 Borrowed from others ..... \$ .....
- 19.23 Leased from others ..... \$ .....
- 19.24 Other ..... \$ .....
- 20.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? ..... Yes [ ] No [ X ]
- 20.2 If answer is yes:
- 20.21 Amount paid as losses or risk adjustment ..... \$ .....
- 20.22 Amount paid as expenses ..... \$ .....
- 20.23 Other amounts paid ..... \$ .....
- 21.1 Does the reporting entity report any amounts due from the parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ X ] No [ ]
- 21.2 If yes, indicated any amounts receivable from parent included in the Page 2 amount: ..... \$ ..... 1,244,068

**INVESTMENT**

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? ..... Yes [ X ] No [ ]
- 22.2 If no, give full and complete information relating thereto:
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1) ..... Yes [ X ] No [ ]
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Loaned to others ..... \$ .....
- 23.22 Subject to repurchase agreements ..... \$ .....
- 23.23 Subject to reverse repurchase agreements ..... \$ .....
- 23.24 Subject to dollar repurchase agreements ..... \$ .....
- 23.25 Subject to reverse dollar repurchase agreements .... \$ .....
- 23.26 Pledged as collateral ..... \$ .....
- 23.27 Placed under option agreements ..... \$ .....
- 23.28 Letter stock or other securities restricted as to sale ... \$ .....
- 23.29 On deposit with state or other regulatory body ..... \$ .....
- 23.291 Other ..... \$ ..... 1,000,000
- 23.3 For category (23.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] NA [ X ]  
If no, attach a description with this statement.
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [ ] No [ X ]
- 25.2 If yes, state the amount thereof at December 31 of the current year. .... \$ .....

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**GENERAL INTERROGATORIES**

26. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? .....

Yes [ X ] No [ ]

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

1 Name of Custodian(s)	2 Custodian's Address
Comerica Bank NA.....	Detroit Michigan.....
Western Assets.....	Wilmington Delaware.....
JPMorgan Chase.....	New York New York.....

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

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

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? .....

Yes [ ] No [ X ]

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

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

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

1 Central Registration Depository Number(s)	2 Name	2 Address
Not applicable.....	Brian Gamble.....	Detroit Michigan.....
2405849.....	Kyle Logan.....	Charlotte North Carolina.....
70923.....	Calvin Johnson.....	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.....

27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? .....

Yes [ ] No [ X ]

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....		
.....		
27.2999 TOTAL		0

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

1 Name of Mutual Fund (from 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

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**GENERAL INTERROGATORIES**

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
28.1 Bonds.....	126,478,053	126,478,053	0
28.2 Preferred stocks.....	0		0
28.3 Totals	126,478,053	126,478,053	0

28.4 Describe the sources or methods utilized in determining fair values:

Fair values are obtained from the Company's securities managers who use Nationally Recognized Securities Ratings Organizations.....

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

29.2 If no, list the exceptions:

**OTHER**

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$ .....705,711

30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
America's Health Insurance Plans.....	249,212

31.1 Amount of payments for legal expenses, if any?.....\$ .....353,705

31.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Not applicable.....	

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

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

1 Name	2 Amount Paid
Not applicable.....	

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**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? ..... \$ .....0
- 1.31 Reason for excluding .....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .... \$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. .... \$ .....0
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned ..... \$ .....0
- 1.62 Total incurred claims ..... \$ .....0
- 1.63 Number of covered lives ..... 0
- 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 lives ..... 0
- 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 lives ..... 0
- 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 lives ..... 0

2. Health Test:

	1		2
	Current Year		Prior Year
2.1 Premium Numerator	\$ .....1,611,524,843	\$	.....1,587,239,857
2.2 Premium Denominator	\$ .....1,611,524,843	\$	.....1,587,239,857
2.3 Premium Ratio (2.1/2.2)	.....1.000		.....1.000
2.4 Reserve Numerator	\$ .....116,195,461	\$	.....104,543,286
2.5 Reserve Denominator	\$ .....116,195,461	\$	.....104,543,286
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 [ ] No [ X ]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? ..... Yes [ X ] No [ ]
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? ..... Yes [ X ] No [ ]
- 5.1 Does the reporting entity have stop-loss reinsurance? ..... Yes [ ] No [ X ]
- 5.2 If no, explain:  
    The Company maintains a stop loss/out of network reserve in compliance with an agreement with the Insurance Commissioner of the State of Michigan
- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical ..... \$ .....
- 5.32 Medical Only ..... \$ .....
- 5.33 Medicare Supplement ..... \$ .....
- 5.34 Dental ..... \$ .....
- 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:  
    Please see Attachment D
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date base? ..... Yes [ X ] No [ ]
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year .....7,802
- 8.2 Number of providers at end of reporting year .....8,084
- 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 .....

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**GENERAL INTERROGATORIES**

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract? ..... Yes [  ] No [  ]
- 10.2 If yes:
- |  |   |                    |
|--|---|--------------------|
|  | 10.21 Maximum amount payable bonuses .....          | \$ .....           |
|  | 10.22 Amount actually paid for year bonuses .....   | \$ .....           |
|  | 10.23 Maximum amount payable withholds .....        | \$ .....16,147,863 |
|  | 10.24 Amount actually paid for year withholds ..... | \$ .....11,144,621 |
- 11.1 Is the reporting entity organized as:
- |  |   |   |
|--|---|---|
|  | 11.12 A Medical Group/Staff Model, .....                  | Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ]            |
|  | 11.13 An Individual Practice Association (IPA), or, ..... | Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] |
|  | 11.14 A Mixed Model (combination of above) ? .....        | Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ]            |
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? ..... Yes [  ] No [  ]
- 11.3 If yes, show the name of the state requiring such net worth. .... Michigan
- 11.4 If yes, show the amount required. .... \$ .....107,139,404
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? ..... Yes [  ] No [  ]
- 11.6 If the amount is calculated, show the calculation.  
The greater of 4% of premiums or 200% of the authorized control level risk based capital is reported as the Company's minimum capital requirement
12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Genessee County.....
Lapeer County.....
Livingston County.....
Macomb County.....
Monroe County.....
Oakland County.....
St Clair County.....
Washtenaw County.....
Wayne County.....

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**FIVE-YEAR HISTORICAL DATA**

	1 2007	2 2006	3 2005	4 2004	5 2003
<b>Balance Sheet (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 26) .....	402,538,985	393,976,048	347,709,889	356,085,177	330,340,120
2. Total liabilities (Page 3, Line 22) .....	163,638,385	151,623,795	126,936,579	139,597,457	137,520,379
3. Statutory surplus .....	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
4. Total capital and surplus (Page 3, Line 31) .....	238,900,600	242,352,253	220,773,309	216,487,720	192,819,741
<b>Income Statement (Page 4)</b>					
5. Total revenues (Line 8) .....	1,611,533,163	1,587,239,857	1,507,239,774	1,442,031,879	1,362,620,115
6. Total medical and hospital expenses (Line 18) .....	1,477,548,298	1,444,264,594	1,373,356,695	1,300,059,561	1,228,269,590
7. Claims adjustment expenses (Line 20) .....	14,380,243	14,472,835	17,408,413	20,687,340	13,422,973
8. Total administrative expenses (Line 21) .....	99,402,501	95,252,446	96,030,520	99,711,083	99,198,596
9. Net underwriting gain (loss) (Line 24) .....	20,202,121	33,249,982	20,444,146	21,573,895	21,728,956
10. Net investment gain (loss) (Line 27) .....	15,145,125	15,223,380	13,199,245	9,688,533	8,980,415
11. Total other income (Lines 28 plus 29) .....	540,896	418,350	569,742	699,604	159,132
12. Net income (loss) (Line 32) .....	35,888,141	48,891,712	34,213,133	31,962,032	30,868,503
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	62,785,348	89,788,926	8,127,578	54,064,028	47,940,333
<b>Risk - Based Capital Analysis</b>					
14. Total adjusted capital .....	239,594,959	242,856,420	221,043,306	216,487,720	192,819,741
15. Authorized control level risk-based capital .....	53,569,702	50,846,360	42,249,380	38,476,482	37,080,302
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7) .....	400,317	430,864	449,656	460,919	471,150
17. Total member months (Column 6, Line 7) .....	4,882,616	5,268,071	5,446,041	5,561,745	5,667,942
<b>Operating Percentage (Page 4)</b>					
(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 19) .....	91.7	91.0	91.1	90.2	90.1
20. Cost containment expenses .....	0.4	0.5	0.5	0.5	XXX
21. Other claims adjustment expenses .....	0.4	0.5	0.6	0.9	1.0
22. Total underwriting deductions (Line 23) .....	98.7	97.9	98.6	98.5	98.4
23. Total underwriting gain (loss) (Line 24) .....	1.3	2.1	1.4	1.5	1.6
<b>Unpaid Claims Analysis</b>					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5) .....	93,140,154	64,680,852	93,222,829	73,521,974	71,195,582
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)] .....	100,063,277	83,643,929	101,329,034	83,634,477	86,058,929
<b>Investments In Parent, Subsidiaries And Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 25, Col. 1) .....	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) .....	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 53, Col. 1) .....	24,289,575	25,693,822	26,702,976	40,893,294	30,407,247
29. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 7) .....	0	0	0	0	0
30. Affiliated mortgage loans on real estate .....	0	0	0	0	0
31. All other affiliated .....	275,769	0	0	0	0
32. Total of above Lines 26 to 31 .....	24,565,344	25,693,822	26,702,976	40,893,294	30,407,247

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**SCHEDULE D - SUMMARY BY COUNTRY**

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b>				
Governments (Including all obligations guaranteed by governments)	1. United States .....0	.....0	.....0	.....0
	2. Canada .....	.....	.....	.....
	3. Other Countries .....	.....	.....	.....
	4. Totals	0	0	0
States, Territories and Possessions (Direct and guaranteed)	5. United States .....	.....	.....	.....
	6. Canada .....	.....	.....	.....
	7. Other Countries .....	.....	.....	.....
	8. Totals	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....	.....	.....	.....
	10. Canada .....	.....	.....	.....
	11. Other Countries .....	.....	.....	.....
	12. Totals	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....	.....	.....	.....
	14. Canada .....	.....	.....	.....
	15. Other Countries .....	.....	.....	.....
	16. Totals	0	0	0
Public Utilities (unaffiliated)	17. United States .....	.....	.....	.....
	18. Canada .....	.....	.....	.....
	19. Other Countries .....	.....	.....	.....
	20. Totals	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....	.....	.....	.....
	22. Canada .....	.....	.....	.....
	23. Other Countries .....	.....	.....	.....
	24. Totals	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0
	26. <b>Total Bonds</b>	0	0	0
<b>PREFERRED STOCKS</b>				
Public Utilities (unaffiliated)	27. United States .....	.....	.....	.....
	28. Canada .....	.....	.....	.....
	29. Other Countries .....	.....	.....	.....
	30. Totals	0	0	0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....	.....	.....	.....
	32. Canada .....	.....	.....	.....
	33. Other Countries .....	.....	.....	.....
	34. Totals	0	0	0
Industrial and Miscellaneous (unaffiliated)	35. United States .....	.....	.....	.....
	36. Canada .....	.....	.....	.....
	37. Other Countries .....	.....	.....	.....
	38. Totals	0	0	0
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0
	40. <b>Total Preferred Stocks</b>	0	0	0
<b>COMMON STOCKS</b>				
Public Utilities (unaffiliated)	41. United States .....	.....	.....	.....
	42. Canada .....	.....	.....	.....
	43. Other Countries .....	.....	.....	.....
	44. Totals	0	0	0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....	.....	.....	.....
	46. Canada .....	.....	.....	.....
	47. Other Countries .....	.....	.....	.....
	48. Totals	0	0	0
Industrial and Miscellaneous (unaffiliated)	49. United States .....110,195,145	.....110,195,145	.....111,030,408	.....
	50. Canada .....	.....	.....	.....
	51. Other Countries .....	.....	.....	.....
	52. Totals	110,195,145	110,195,145	111,030,408
Parent, Subsidiaries and Affiliates	53. Totals	24,289,575	24,289,575	25,550,000
	54. <b>Total Common Stocks</b>	134,484,719	134,484,719	136,580,408
	55. <b>Total Stocks</b>	134,484,719	134,484,719	136,580,408
	56. <b>Total Bonds and Stocks</b>	134,484,719	134,484,719	136,580,408

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	128,653,501	7. Amortization of premium .....	.....
2. Cost of bonds and stocks acquired, Column 7, Part 3 .....	5,230,985	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....		8.1 Column 15, Part 1 .....	0
4. Increase (decrease) by adjustment:.....		8.2 Column 19, Part 2, Sec. 1.....	0
4.1 Columns 12 - 14, Part 1.....	0	8.3 Column 16, Part 2, Sec. 2 .....	0
4.2 Columns 15 - 17, Part 2, Sec. 1.....	0	8.4 Column 15, Part 4 .....	0
4.3 Column 15, Part 2, Sec. 2.....	1,297,746	9. Book/adjusted carrying value at end of current period .....	134,484,719
4.4 Columns 11 - 13, Part 4 .....	54,017	10. Total valuation allowance .....	.....
5. Total gain (loss), Column 19, Part 4 .....	(2,327)	11. Subtotal (Lines 9 plus 10) .....	134,484,719
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4 .....	749,202	12. Total nonadmitted amounts .....	.....
		13. Statement value of bonds and stocks, current period .....	134,484,719

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
Health Alliance Plan of Michigan**

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Allocated by States and Territories

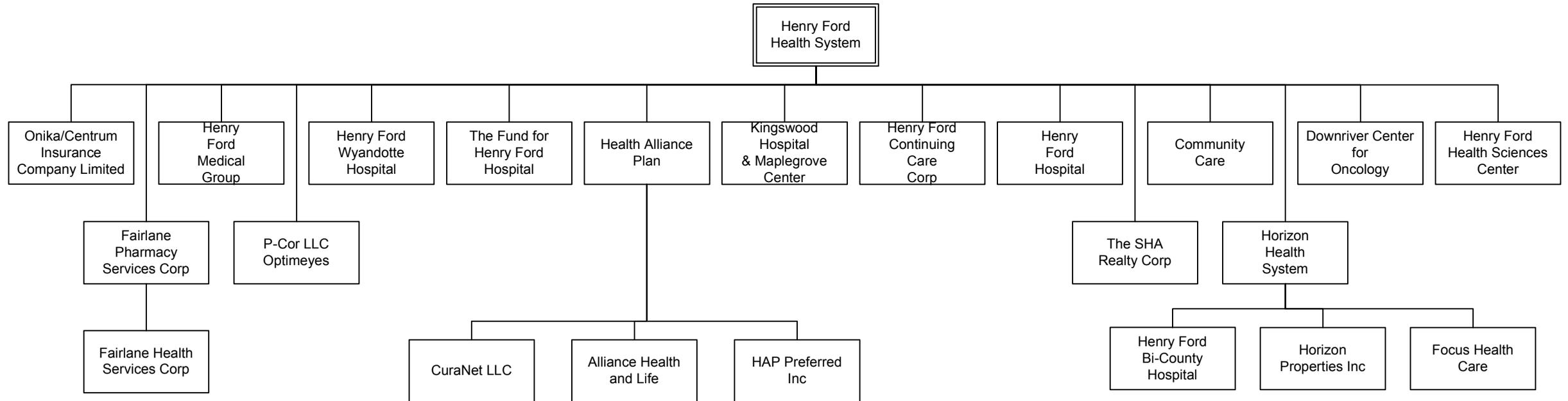
States, Etc.	1 Is Insurer Licensed (Yes or No)	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefit Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama	AL	No							0	0
2. Alaska	AK	No							0	0
3. Arizona	AZ	No							0	0
4. Arkansas	AR	No							0	0
5. California	CA	No							0	0
6. Colorado	CO	No							0	0
7. Connecticut	CT	No							0	0
8. Delaware	DE	No							0	0
9. District of Columbia	DC	No							0	0
10. Florida	FL	No							0	0
11. Georgia	GA	No							0	0
12. Hawaii	HI	No							0	0
13. Idaho	ID	No							0	0
14. Illinois	IL	No							0	0
15. Indiana	IN	No							0	0
16. Iowa	IA	No							0	0
17. Kansas	KS	No							0	0
18. Kentucky	KY	No							0	0
19. Louisiana	LA	No							0	0
20. Maine	ME	No							0	0
21. Maryland	MD	No							0	0
22. Massachusetts	MA	No							0	0
23. Michigan	MI	Yes	1,264,717,287	251,751,030		89,502,477			1,605,970,794	0
24. Minnesota	MN	No							0	0
25. Mississippi	MS	No							0	0
26. Missouri	MO	No							0	0
27. Montana	MT	No							0	0
28. Nebraska	NE	No							0	0
29. Nevada	NV	No							0	0
30. New Hampshire	NH	No							0	0
31. New Jersey	NJ	No							0	0
32. New Mexico	NM	No							0	0
33. New York	NY	No							0	0
34. North Carolina	NC	No							0	0
35. North Dakota	ND	No							0	0
36. Ohio	OH	No							0	0
37. Oklahoma	OK	No							0	0
38. Oregon	OR	No							0	0
39. Pennsylvania	PA	No							0	0
40. Rhode Island	RI	No							0	0
41. South Carolina	SC	No							0	0
42. South Dakota	SD	No							0	0
43. Tennessee	TN	No							0	0
44. Texas	TX	No							0	0
45. Utah	UT	No							0	0
46. Vermont	VT	No							0	0
47. Virginia	VA	No							0	0
48. Washington	WA	No							0	0
49. West Virginia	WV	No							0	0
50. Wisconsin	WI	No							0	0
51. Wyoming	WY	No							0	0
52. American Samoa	AS	No							0	0
53. Guam	GU	No							0	0
54. Puerto Rico	PR	No							0	0
55. U.S. Virgin Islands	VI	No							0	0
56. Northern Mariana Islands	MP	No							0	0
57. Canada	CN	No							0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX		1,264,717,287	251,751,030	0	89,502,477	0	0	1,605,970,794	0
60. Reporting entity contributions for Employee Benefit Plans	XXX		5,554,048						5,554,048	
61. Total (Direct Business)	(a) 1		1,270,271,336	251,751,030	0	89,502,477	0	0	1,611,524,843	0
DETAILS OF WRITE-INS										
5801.	XXX									
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX		0	0	0	0	0	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE  
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**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY  
GROUP**

**PART 1 - ORGANIZATIONAL CHART**



# ALPHABETICAL INDEX

([http://www.naic.org/committees\\_e\\_app\\_blanks.htm](http://www.naic.org/committees_e_app_blanks.htm))

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