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HEALTH QUARTERLY STATEMENT

As of September 30, 2009

of the Condition and Affairs of the

Molina Healthcare of Michigan, Inc.

NAIC Group Code.....1531, 1531 (Current Period) (Prior Period) NAIC Company Code..... 52630 Employer's ID Number..... 38-3341599

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

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

Incorporated/Organized..... February 10, 1997 Commenced Business..... January 1, 1998

Statutory Home Office	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number) (City or Town, State and Zip Code)*	248-925-1700 *(Area Code) (Telephone Number)*
Mail Address	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number) (City or Town, State and Zip Code)*	248-925-1700 *(Area Code) (Telephone Number)*
Internet Web Site Address	www.molinahealthcare.com	
Statutory Statement Contact	Christine Surdock *(Name)*	248-925-1700 *(Area Code) (Telephone Number) (Extension)*
	christine.surdock@molinahealthcare.com *(E-Mail Address)*	248-925-1722 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. Jesse L Thomas	President	2. Christine M Surdock	Chief Financial Officer
3. Mark L Andrews	Secretary	4.	

OTHER

DIRECTORS OR TRUSTEES

Jesse L Thomas	John Jamian	Dean G Smith	Kathryn F Crawford
Anna Marie Lang	Ronald Nelson	Vernice D Anthony	Walter C Watkins, Jr.
Steve T O'Dell	Adam Allen	Katherine L Dowery	

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

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

(Signature)	(Signature)	(Signature)
Jesse L Thomas	Christine M Surdock	Mark L Andrews
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Chief Financial Officer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This _____ day of _____

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

b. If no: 1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds	54,353,723		54,353,723	46,433,322
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks			0	
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate:				
4.1 Properties occupied by the company (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....(9,636,080)), cash equivalents ($.....0) and short-term investments ($.....74,084,132)	64,448,052		64,448,052	86,823,691
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets			0	
8. Receivables for securities			0	
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	118,801,775	0	118,801,775	133,257,013
11. Title plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	388,620		388,620	359,740
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection			0	
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	31,500
14.2 Funds held by or deposited with reinsured companies			0	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon			0	
16.2 Net deferred tax asset	1,553,504		1,553,504	1,925,172
17. Guaranty funds receivable or on deposit			0	
18. Electronic data processing equipment and software	10,110		10,110	30,398
19. Furniture and equipment, including health care delivery assets ($.....0)	858,449	858,449	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates			0	
22. Health care ($.....10,692,187) and other amounts receivable	12,137,690	1,445,503	10,692,187	7,148,174
23. Aggregate write-ins for other than invested assets	14,408,438	8,142,540	6,265,898	6,932,359
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	148,158,586	10,446,492	137,712,094	149,684,356
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. Total (Lines 24 and 25)	148,158,586	10,446,492	137,712,094	149,684,356

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepaid Expenses/Deposits	208,377	208,377	0	
2302. Intangible Assets (Goodwill/Patient Files)	14,200,061	7,934,163	6,265,898	6,932,359
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	14,408,438	8,142,540	6,265,898	6,932,359

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $.....0 reinsurance ceded)	59,832,336		59,832,336	53,890,454
2. Accrued medical incentive pool and bonus amounts	1,133,110		1,133,110	1,755,299
3. Unpaid claims adjustment expenses	709,418		709,418	705,423
4. Aggregate health policy reserves			0	
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	1,500,957		1,500,957	2,100,009
9. General expenses due or accrued	3,347,819		3,347,819	3,256,395
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses))	460,074		460,074	5,577,076
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others			0	
13. Remittances and items not allocated			0	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	41,489		41,489	1,208,461
16. Payable for securities			0	
17. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
18. Reinsurance in unauthorized companies			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	
20. Liability for amounts held under uninsured plans			0	
21. Aggregate write-ins for other liabilities (including $.....0 current)	198,398	0	198,398	2,979,722
22. Total liabilities (Lines 1 to 21)	67,223,601	0	67,223,601	71,472,839
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	159,000	159,000
25. Preferred capital stock	XXX	XXX		
26. Gross paid in and contributed surplus	XXX	XXX	66,904,971	65,874,589
27. Surplus notes	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	3,424,522	12,177,928
30. Less treasury stock, at cost:				
30.1 .....0.000 shares common (value included in Line 24 $.....0)	XXX	XXX		
30.2 .....0.000 shares preferred (value included in Line 25 $.....0)	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	70,488,493	78,211,517
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	137,712,094	149,684,356

DETAILS OF WRITE-INS

2101. Premium Taxes Due	198,398		198,398	2,979,722
2102.			0	
2103.			0	
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	198,398	0	198,398	2,979,722
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.				
2802.				
2803.				
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member months	XXX	1,871,392	1,903,912	2,525,384
2. Net premium income (including $.....0 non-health premium income)	XXX	532,044,634	480,682,885	648,851,696
3. Change in unearned premium reserves and reserve for rate credits	XXX			
4. Fee-for-service (net of $.....0 medical expenses)	XXX			
5. Risk revenue	XXX			
6. Aggregate write-ins for other health care related revenues	XXX	(9,553,123)	(25,721,793)	(34,442,715)
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	522,491,511	454,961,092	614,408,981
Hospital and Medical:				
9. Hospital/medical benefits		318,867,163	270,114,211	361,546,348
10. Other professional services		10,431,087	13,227,283	17,770,251
11. Outside referrals		31,333,202	30,084,932	40,255,558
12. Emergency room and out-of-area		16,998,497	16,173,513	21,517,577
13. Prescription drugs		60,454,894	58,909,277	78,692,389
14. Aggregate write-ins for other hospital and medical	0	3,569,450	3,378,351	4,302,223
15. Incentive pool, withhold adjustments and bonus amounts		2,210,191	1,797,112	1,755,299
16. Subtotal (Lines 9 to 15)	0	443,864,484	393,684,679	525,839,645
Less:				
17. Net reinsurance recoveries		55,466	67,020	175,964
18. Total hospital and medical (Lines 16 minus 17)	0	443,809,018	393,617,659	525,663,681
19. Non-health claims (net)				
20. Claims adjustment expenses, including $.....10,420,914 cost containment expenses		13,776,997	13,272,170	17,876,622
21. General administrative expenses		57,659,131	36,489,856	49,406,222
22. Increase in reserves for life and accident and health contracts (including $.....0 increase in reserves for life only)				
23. Total underwriting deductions (Lines 18 through 22)	0	515,245,146	443,379,685	592,946,525
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	7,246,365	11,581,407	21,462,456
25. Net investment income earned		1,417,995	3,128,127	3,965,795
26. Net realized capital gains (losses) less capital gains tax of $.....7,140		13,261	541	541
27. Net investment gains or (losses) (Lines 25 plus 26)	0	1,431,256	3,128,668	3,966,336
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]				
29. Aggregate write-ins for other income or expenses	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	8,677,621	14,710,075	25,428,792
31. Federal and foreign income taxes incurred	XXX	3,611,859	7,124,732	8,897,771
32. Net income (loss) (Lines 30 minus 31)	XXX	5,065,762	7,585,343	16,531,021

DETAILS OF WRITE-INS

0601. Premium Tax	XXX	(9,553,123)	(25,721,793)	(34,442,715)
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	(9,553,123)	(25,721,793)	(34,442,715)
0701.	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401. Patient Transportation		2,589,767	2,891,903	3,706,579
1402. Other Health care costs		979,683	486,448	595,644
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	3,569,450	3,378,351	4,302,223
2901. Miscellaneous				
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
33. Capital and surplus prior reporting year	78,211,517	69,851,618	69,851,618
34. Net income or (loss) from Line 32	5,065,762	7,585,343	16,531,021
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of $.....0			
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax	(2,345,621)	6,421,944	(1,964,682)
39. Change in nonadmitted assets	3,526,453	(3,059,557)	5,793,560
40. Change in unauthorized reinsurance			
41. Change in treasury stock			
42. Change in surplus notes			
43. Cumulative effect of changes in accounting principles			
44. Capital changes:			
44.1 Paid in	1,030,382		
44.2 Transferred from surplus (Stock Dividend)			
44.3 Transferred to surplus			
45. Surplus adjustments:			
45.1 Paid in			
45.2 Transferred to capital (Stock Dividend)			
45.3 Transferred from capital			
46. Dividends to stockholders	(15,000,000)	(2,000,000)	(12,000,000)
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital and surplus (Lines 34 to 47)	(7,723,024)	8,947,730	8,359,899
49. Capital and surplus end of reporting period (Line 33 plus 48)	70,488,493	78,799,348	78,211,517

DETAILS OF WRITE-INS

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

CASH FLOW

		1 Current Year to Date	2 Prior Year Ended December 31
	CASH FROM OPERATIONS		
1.	Premiums collected net of reinsurance	531,445,582	650,951,705
2.	Net investment income	1,659,675	4,017,819
3.	Miscellaneous income	(9,553,123)	(34,442,715)
4.	Total (Lines 1 through 3)	523,552,134	620,526,809
5.	Benefit and loss related payments	438,457,825	539,940,007
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	74,980,482	65,696,581
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	8,736,001	5,378,198
10.	Total (Lines 5 through 9)	522,174,308	611,014,786
11.	Net cash from operations (Line 4 minus Line 10)	1,377,826	9,512,023
	CASH FROM INVESTMENTS		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	18,132,410	11,288,960
	12.2 Stocks		
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets		
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds		
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	18,132,410	11,288,960
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	26,302,970	30,960,283
	13.2 Stocks		
	13.3 Mortgage loans		
	13.4 Real estate		
	13.5 Other invested assets		
	13.6 Miscellaneous applications		
	13.7 Total investments acquired (Lines 13.1 to 13.6)	26,302,970	30,960,283
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(8,170,560)	(19,671,323)
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock	1,030,382	
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders	15,000,000	12,000,000
	16.6 Other cash provided (applied)	(1,613,287)	3,844,668
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	(15,582,905)	(8,155,332)
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(22,375,639)	(18,314,632)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	86,823,690	105,138,322
	19.2 End of period (Line 18 plus Line 19.1)	64,448,051	86,823,690

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

20.0001			

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at End of:										
1. Prior Year	206,339							1,746	204,593	
2. First Quarter	206,954							2,003	204,951	
3. Second Quarter	206,992	67						2,059	204,866	
4. Third Quarter	209,805	173						2,672	206,960	
5. Current Year	209,805	173						2,672	206,960	
6. Current Year Member Months	1,871,392	519						19,334	1,851,539	
Total Member Ambulatory Encounters for Period:										
7. Physician	265,058	57						7,637	257,364	
8. Non-Physician	149,555	26						6,960	142,569	
9. Total	414,613	83	0	0	0	0	0	14,597	399,933	0
10. Hospital Patient Days Incurred	73,831							3,915	69,916	
11. Number of Inpatient Admissions	18,412							564	17,848	
12. Health Premiums Written (a)	532,503,613	40,730						24,174,296	508,288,587	
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	532,503,613	40,730						24,174,296	508,288,587	
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	439,372,823	10,203						17,154,796	422,207,824	
18. Amount Incurred for Provision of Health Care Services	443,864,484	47,454						19,227,568	424,589,462	

(a) For health premiums written: Amount of Medicare Title XVIII exempt from state taxes or fees $.....24,174,296.

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

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
Rx America	4,346,102					4,346,102
Hospital Cap Payable	20,432,410					20,432,410
0199999. Individually Listed Claims Unpaid	24,778,512	0	0	0	0	24,778,512
0399999. Aggregate Accounts Not Individually Listed-Covered	1,381,704					1,381,704
0499999. Subtotals	26,160,216	0	0	0	0	26,160,216
0599999. Unreported Claims and Other Claim Reserves						33,672,120
0799999. Total Claims Unpaid						59,832,336
0899999. Accrued Medical Incentive Pool and Bonus Amounts						1,133,110

UNDERWRITING AND INVESTMENT EXHIBIT

Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)		10,203		37,251	0	
2. Medicare Supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal Employees Health Benefits Plan					0	
6. Title XVIII - Medicare	3,128,911	14,025,885	246,223	5,201,683	3,375,134	4,190,891
7. Title XIX - Medicaid	45,139,214	377,100,110	366,828	53,980,351	45,506,042	49,699,563
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	48,268,125	391,136,198	613,051	59,219,285	48,881,176	53,890,454
10. Healthcare receivables (a)				3,306,334	0	2,391,336
11. Other non-health					0	
12. Medical incentive pools and bonus amounts				1,133,110	0	1,755,299
13. Totals	48,268,125	391,136,198	613,051	57,046,061	48,881,176	53,254,417

(a) Excludes $.....0 loans or advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

No significant change.

Note 2 - Accounting Changes and Corrections of Errors

No significant change.

Note 3 - Business Combinations and Goodwill

No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

D. As of September 30, 2009, $16.5 million of the Company's long-term investments consisted of auction rate securities, which are collateralized by student loan portfolios guaranteed by the U.S. government. These loan-backed securities are stated at amortized cost. As of September 30, 2009, these securities had a fair value of $14.8 million, for a total of $1.7 million in unrealized losses. These securities have been in a continuous loss position for more than 12 months.

Due to events in the credit markets, the auction rate securities experienced failed auctions beginning in the first quarter of 2008. As such, quoted prices in active markets were not readily available during the majority of 2008, and continued to be unavailable as of September 30, 2009. To estimate the fair value of these securities, the Company used pricing models that included factors such as the collateral underlying the securities, the creditworthiness of the counterparty, the timing of expected future cash flows, and the expectation of the next time the security would have a successful auction. The estimated values of these securities were also compared, when possible, to valuation data with respect to similar securities held by other parties. Prepayment assumptions, using a prospective approach, were obtained from broker-dealer survey values or internal estimates. The Company has concluded that these estimates, given the lack of market available pricing, provided a reasonable basis for determining fair value of the auction rate securities as of September 30, 2009.

The Company attributes the decline in fair market value of these loan-backed securities to liquidity issues, as a result of the failed auction market, rather than to credit issues. As such, the Company believes the impairment in fair market value to be temporary. The Company does not intend to sell these loan-backed securities, and it has the intent and ability to retain the securities for the time sufficient to recover the amortized cost basis.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

Note 7 - Investment Income

No significant change.

Note 8 - Derivative Instruments

No significant change.

Note 9 - Income Taxes

No significant change.

Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

B. As of December 31, 2008, Molina Healthcare of Michigan Inc (MHM) reported a net intercompany payable totaling $1,030,382 to Molina Healthcare Inc (MHI) for deferred tax assets related to certain liabilities recorded for the acquisition of HCLB Inc in May 2006. HCLB Inc owned 100% of the shares in Cape Health Plan and MHI contributed Cape Health Plan back to MHM. As of September 30, 2009, a reconcilation of the intercompany balance resulted in a reduction to MHM's Intercompany Payable and an increase to MHM's Gross Paid in Capital and Surplus for this amount, as a result of the settlement of these deferred tax assets.

Note 11 - Debt

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No significant change.

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

No significant change.

Note 14 - Contingencies

No significant change.

Note 15 - Leases

No significant change.

Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No significant change.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

C. The company did not have any wash sales during the quarter.

Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

No significant change.

Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No significant change.

Note 20 - Other Items

No significant change.

Note 21 - Events Subsequent

No significant change.

Note 22 - Reinsurance

No significant change.

Note 23 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

Note 24 - Change in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years has decreased by $4,373,241 in 2009 for prior years as a result of re-estimation of unpaid claims and claim adjustment expenses. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

Note 25 - Intercompany Pooling Arrangements

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 26 - Structured Settlements

Not applicable.

Note 27 - Health Care Receivables

No significant change.

Note 28 - Participating Policies

No significant change.

Note 29 - Premium Deficiency Reserves

No significant change.

Note 30 - Anticipated Salvage and Subrogation

No significant change.

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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

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

2.2 If yes, date of change: .....

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]
If yes, complete the Schedule Y-Part 1 - Organizational chart.

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

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

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

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

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008.....

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004.....

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 5/30/2006.....

6.4 By what department or departments?
Office of Financial and Insurance Regulation

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

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

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

7.2 If yes, give full information:

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES

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

FINANCIAL

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

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

INVESTMENT

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

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $.....0

13. Amount of real estate and mortgages held in short-term investments: $.....0

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

14.2 If yes, please complete the following:

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian Address
PFM Asset Management	1 Keystone Plaza, Suite 300, Harrisburg, PA 17101
Bank of America	2600 W. Big Beaver Rd., Troy, MI 48084
Fifth Third Bank	1000 Town Center, Suite 1400, Southfield, MI 48075
JP Morgan Chase	PO Box 260180 Baton Rouge, LA 70826-0180
UBS	One N. Wacker Drive, 25th Floor, Chicago, IL 60606
Oppenheimer Co.	10880 Wilshire Blvd., Los Angeles, CA 90024

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

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

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

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
UBS	Louis Paster, Greg Glyman, Paul Tashima	One N. Wacker Drive, 25th Floor, Chicago, IL 60606
PFM Asset Management	Maria Altomare	1 Keystone Plaza, Suite 300, Harrisburg, PA 17101
Oppenheimer	Vincent Woo	One N. Wilshire Blvd., Los Angeles, CA 90024

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES

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

17.2 If no, list exceptions:

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (YES or NO)
A&H Non-Affiliates						
67105	26-0155137	01/01/2009	ING Reinsurance	Minnesota	COI	YES

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 through 7	Deposit-Type Contracts
1. Alabama AL	N							0	
2. Alaska AK	N							0	
3. Arizona AZ	N							0	
4. Arkansas AR	N							0	
5. California CA	N							0	
6. Colorado CO	N							0	
7. Connecticut CT	N							0	
8. Delaware DE	N							0	
9. District of Columbia DC	N							0	
10. Florida FL	N							0	
11. Georgia GA	N							0	
12. Hawaii HI	N							0	
13. Idaho ID	N							0	
14. Illinois IL	N							0	
15. Indiana IN	N							0	
16. Iowa IA	N							0	
17. Kansas KS	N							0	
18. Kentucky KY	N							0	
19. Louisiana LA	N							0	
20. Maine ME	N							0	
21. Maryland MD	N							0	
22. Massachusetts MA	N							0	
23. Michigan MI	L	40,620	24,103,479	507,900,536				532,044,635	
24. Minnesota MN	N							0	
25. Mississippi MS	N							0	
26. Missouri MO	N							0	
27. Montana MT	N							0	
28. Nebraska NE	N							0	
29. Nevada NV	N							0	
30. New Hampshire NH	N							0	
31. New Jersey NJ	N							0	
32. New Mexico NM	N							0	
33. New York NY	N							0	
34. North Carolina NC	N							0	
35. North Dakota ND	N							0	
36. Ohio OH	N							0	
37. Oklahoma OK	N							0	
38. Oregon OR	N							0	
39. Pennsylvania PA	N							0	
40. Rhode Island RI	N							0	
41. South Carolina SC	N							0	
42. South Dakota SD	N							0	
43. Tennessee TN	N							0	
44. Texas TX	N							0	
45. Utah UT	N							0	
46. Vermont VT	N							0	
47. Virginia VA	N							0	
48. Washington WA	N							0	
49. West Virginia WV	N							0	
50. Wisconsin WI	N							0	
51. Wyoming WY	N							0	
52. American Samoa AS	N							0	
53. Guam GU	N							0	
54. Puerto Rico PR	N							0	
55. U.S. Virgin Islands VI	N							0	
56. Northern Mariana Islands MP	N							0	
57. Canada CN	N							0	
58. Aggregate Other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	40,620	24,103,479	507,900,536	0	0	0	532,044,635	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	40,620	24,103,479	507,900,536	0	0	0	532,044,635	0

DETAILS OF WRITE-INS

5801.								0	
5802.								0	
5803.								0	
5898. Summary of remaining write-ins for line 58 from overflow page		0	0	0	0	0	0	0	0
5899. Total (Lines 5801 thru 5803 plus 5898) (Line 58 above)		0	0	0	0	0	0	0	0

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

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

PART 1 – ORGANIZATIONAL CHART

Company Code	ST	Fed ID #	Name of Company
00000	CA	13-4204626	Molina Healthcare, Inc.
|-00000	CA	33-0342719	Molina Healthcare of California, Inc.
|-00000	MI	38-3435959	HCLB, Inc.
|-52630	MI	38-3341599	Molina Healthcare of Michigan, Inc.
|-95502	UT	33-0617992	Molina Healthcare of Utah, Inc.
|-96270	WA	91-1284790	Molina Healthcare of Washington, Inc.
|-95739	NM	85-0408506	Molina Healthcare of New Mexico, Inc
|-10757	TX	20-1494502	Molina Healthcare of Texas Inc
|-12334	OH	20-0750134	Molina Healthcare of Ohio, Inc
|-00000	CA	20-2714545	Molina Healthcare of California Partner Plan, Inc.
|-00000	GA	20-3372390	Molina Healthcare of Georgia, Inc.
|-12905	NV	20-3567602	Molina Healthcare of Nevada, Inc.
|-69647	OH	31-0628424	Molina Healthcare Insurance Company
|-95609	MO	43-1743902	Alliance for Community Health, LLC (dba Molina Healthcare of Missouri)
|-13128	FL	26-0155137	Molina Healthcare of Florida, Inc.
|-00000	VA	26-1769086	Molina Healthcare of Virginia, Inc.

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanation:

1.

Bar Code:

* 5 2 6 3 0 2 0 0 9 3 6 5 0 0 0 0 3 *

Overflow Page for Write-Ins

NONE

SCHEDULE A - VERIFICATION

Real Estate

NONE

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

SCHEDULE B - VERIFICATION

Mortgage Loans

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

NONE

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

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	46,433,322	26,981,190
2. Cost of bonds and stocks acquired	26,302,970	30,960,283
3. Accrual of discount	19,199	
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	20,401	541
6. Deduct consideration for bonds and stocks disposed of	18,132,410	11,288,960
7. Deduct amortization of premium	289,759	219,732
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	54,353,723	46,433,322
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	54,353,723	46,433,322

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	136,828,775	394,702,197	402,993,079	(100,038)	150,418,232	136,828,775	128,437,855	121,374,996
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	136,828,775	394,702,197	402,993,079	(100,038)	150,418,232	136,828,775	128,437,855	121,374,996
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	136,828,775	394,702,197	402,993,079	(100,038)	150,418,232	136,828,775	128,437,855	121,374,996

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 $.....0; NAIC 2 $.....0; NAIC 3 $.....0; NAIC 4 $.....0; NAIC 5 $.....0; NAIC 6 $.....0.

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals	74,084,132	XXX	74,084,132	397,414	1,528

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	74,941,674	85,218,770
2. Cost of short-term investments acquired	883,920,086	74,969,112
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	884,737,031	85,218,770
7. Deduct amortization of premium	40,597	27,438
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	74,084,132	74,941,674
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	74,084,132	74,941,674

Sch. DB-Part F-Section 1
NONE

Sch. DB-Part F-Section 2
NONE

SCHEDULE E- VERIFICATION

Cash Equivalents

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	11,417,262
2. Cost of cash equivalents acquired		
3. Accrual of discount		82,738
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals		11,500,000
7. Deduct amortization of premium		
8. Total foreign exchange change in book/ adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	0	0
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	0	0

Sch. A-Part 2
NONE

Sch. A-Part 3
NONE

Sch. B-Part 2
NONE

Sch. B-Part 3
NONE

Sch. BA-Part 2
NONE

Sch. BA-Part 3
NONE

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Government									
3128X8 5Q 1	FHLMC AGENCY		08/17/2009	OPPENHEIMER & CO.		3,000,000	3,000,000		1FE
3128X8 3A 8	FHLMC AGENCY		07/13/2009	OPPENHEIMER & CO.		2,000,000	2,000,000		
3133XU 7K 3	FEDERAL HOME LOAN BANK AGENCY		07/13/2009	OPPENHEIMER & CO.		2,000,000	2,000,000	5	1FE
3133XU CE 1	FEDERAL HOME LOAN BANK AGENCY		08/12/2009	OPPENHEIMER & CO.		1,000,000	1,000,000		1
3133XU XZ 1	FEDERAL HOME LOAN BANK AGENCY		09/18/2009	OPPENHEIMER & CO.		2,000,000	2,000,000		1FE
0399999.	Total - Bonds - U.S. Government					10,000,000	10,000,000	5	XXX
Bonds - All Other Government									
3128X9 CG 3	FREDDIE MAC GLOBAL NOTES AGENCY		08/07/2009	OPPENHEIMER & CO.		2,000,000	2,000,000		1FE
1099999.	Total - Bonds - All Other Government					2,000,000	2,000,000	0	XXX
Bonds - U.S. States, Territories and Possessions									
13281N KZ 4	CAMDEN COUNTY IMPROVEMENT AUTHORITY		07/24/2009	OPPENHEIMER & CO.		3,027,900	3,000,000	213	1
1799999.	Total - Bonds - U.S. States, Territories & Possessions					3,027,900	3,000,000	213	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
750696 BR 6	RAHWAY NJ REDEVELOPMENT AGENCY		09/14/2009	OPPENHEIMER & CO.		1,010,080	1,000,000	146	1
2499999.	Total - Bonds - U.S. Political Subdivision of States, Territories & Possessions					1,010,080	1,000,000	146	XXX
Bonds - Industrial and Miscellaneous									
36962G 2C 7	GENERAL ELEC CAP CORP CORPORATE		07/08/2009	OPPENHEIMER & CO.		1,038,100	1,000,000	23,405	1FE
3899999.	Total - Bonds - Industrial & Miscellaneous					1,038,100	1,000,000	23,405	XXX
8399997.	Total - Bonds - Part 3					17,076,080	17,000,000	23,769	XXX
8399999.	Total - Bonds					17,076,080	17,000,000	23,769	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					17,076,080	XXX	23,769	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues: 0.

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. States, Territories and Possessions																					
709163 BQ 1	PA ST H/E ASST AGY MUNICIPAL		.09/08/2009	UBS FINANCIAL SERVICES IN		100,000	100,000	100,000	100,000				0		100,000			0	1,692	02/29/2028	1FE
709229 AB 4	PA ST TURNPIKE MUNICIPAL		.08/07/2009	OPPENHEIMER & CO		4,000,000	4,000,000	4,028,900	4,000,000				0		4,000,000			0	171,631	10/15/2009	1FE
1799999.	Total - Bonds - U.S. States, Territories & Possessions					4,100,000	4,100,000	4,128,900	4,100,000	0	0	0	0	0	4,100,000	0	0	0	173,323	XXX	XXX
Bonds - Industrial and Miscellaneous																					
36962G S6 2	GENERAL ELEC CAP CORP CORPO		.07/08/2009	OPPENHEIMER & CO		1,032,410	1,000,000	1,042,910	1,027,069		(4,877)		(4,877)		1,022,192		10,218	10,218	35,474	10/21/2010	1FE
628855 AL 2	NCNB CORP CORPORATE		.09/15/2009	MATURITY		2,000,000	2,000,000	2,165,500	2,043,286		(43,286)		(43,286)		2,000,000			0	93,750	09/15/2009	1FE
3899999.	Total - Bonds - Industrial & Miscellaneous					3,032,410	3,000,000	3,208,410	3,070,355	0	(48,163)	0	(48,163)	0	3,022,192	0	10,218	10,218	129,224	XXX	XXX
8399997.	Total - Bonds - Part 4					7,132,410	7,100,000	7,337,310	7,170,355	0	(48,163)	0	(48,163)	0	7,122,192	0	10,218	10,218	302,547	XXX	XXX
8399999.	Total - Bonds					7,132,410	7,100,000	7,337,310	7,170,355	0	(48,163)	0	(48,163)	0	7,122,192	0	10,218	10,218	302,547	XXX	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					7,132,410	XXX	7,337,310	7,170,355	0	(48,163)	0	(48,163)	0	7,122,192	0	10,218	10,218	302,547	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues: 0.

Sch. DB-Part A-Section 1
NONE

Sch. DB-Part B-Section 1
NONE

Sch. DB-Part C-Section 1
NONE

Sch. DB-Part D-Section 1
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
						6	7	8	
Depository		Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories									
Chase Bank	Detroit, Michigan					318,619	398,549	567,622	XXX
Bank of America	Tampa, Florida					7,350	5,652	3,099	XXX
Fifth Third Bank	Troy, Michigan		0.014	38		25,891	25,332		XXX
US Bank	St. Paul, MI					(11,080,470)	(9,371,516)	(10,245,915)	XXX
PFM Management	Harrisburg, PA					38,114	38,114	38,114	XXX
0199999. Total Open Depositories		XXX	XXX	38	0	(10,690,496)	(8,903,869)	(9,637,080)	XXX
0399999. Total Cash on Deposit		XXX	XXX	38	0	(10,690,496)	(8,903,869)	(9,637,080)	XXX
0499999. Cash in Company's Office		XXX	XXX	XXX	XXX	1,000	1,000	1,000	XXX
0599999. Total Cash		XXX	XXX	38	0	(10,689,496)	(8,902,869)	(9,636,080)	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year

NONE