



# QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2009  
OF THE CONDITION AND AFFAIRS OF THE

## Priority Health Government Programs, Inc.

NAIC Group Code 3383, 3383 NAIC Company Code 11520 Employer's ID Number 32-0016523  
(Current Period) (Prior Period)

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

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

Incorporated/Organized 06/03/2002 Commenced Business 10/01/2002

Statutory Home Office 1231 East Beltline NE, Grand Rapids, MI 49525-4501  
(Street and Number) (City, State and Zip Code)

Main Administrative Office 1231 East Beltline NE Grand Rapids, MI 49525-4501 616-942-0954  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1231 East Beltline NE, Grand Rapids, MI 49525-4501  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 1231 East Beltline NE Grand Rapids, MI 49525-4501 616-464-8926  
(Street and Number) (City, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.priority-health.com

Statutory Statement Contact Kristy Shoemaker 616-464-8926  
(Name) (Area Code) (Telephone Number) (Extension)  
kristy.shoemaker@priority-health.com 616-942-7916  
(E-Mail Address) (Fax Number)

### OFFICERS

Name	Title	Name	Title
<u>Kimberly K Horn</u>	<u>President / Chief Executive Officer</u>	<u>Gregory A Hawkins</u>	<u>Treasurer / Chief Financial Officer</u>
<u>Judith W Hooyenga</u>	<u>Secretary</u>		

### OTHER OFFICERS

James F Byrne, Vice President

### DIRECTORS OR TRUSTEES

<u>James F Byrne</u>	<u>Neill P Gage</u>	<u>Gregory A Hawkins</u>	<u>Kimberly K Horn</u>
<u>James S Slubowski</u>			

State of Michigan  
County of Kent 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.

<u>Kimberly K Horn</u> President / Chief Executive Officer	<u>Gregory A Hawkins</u> Treasurer / Chief Financial Officer	<u>Judith W Hooyenga</u> Secretary
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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 \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of November, 2009

Catherine H. Sochanek, Administrative Assistant  
05/12/2016

STATEMENT AS OF SEPTEMBER 30, 2009 OF THE Priority Health Government Programs, Inc.

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	1,065,937		1,065,937	1,079,391
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....			0	0
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....17,936,791 ), cash equivalents (\$ .....0 ) and short-term investments (\$ .....19,987,326 ) .....	37,924,117		37,924,117	31,095,994
6. Contract loans (including \$ .....premium notes)			0	0
7. Other invested assets .....	0		0	0
8. Receivables for securities .....			0	0
9. Aggregate write-ins for invested assets .....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	38,990,054	0	38,990,054	32,175,385
11. Title plants less \$ ..... charged off (for Title insurers only)			0	0
12. Investment income due and accrued .....	150,731		150,731	236,830
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....	598,648		598,648	320,448
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....			0	0
13.3 Accrued retrospective premiums .....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....			0	0
14.2 Funds held by or deposited with reinsured companies .....			0	0
14.3 Other amounts receivable under reinsurance contracts .....			0	0
15. Amounts receivable relating to uninsured plans .....			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
16.2 Net deferred tax asset .....			0	0
17. Guaranty funds receivable or on deposit .....			0	0
18. Electronic data processing equipment and software .....			0	0
19. Furniture and equipment, including health care delivery assets (\$ .....)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
21. Receivables from parent, subsidiaries and affiliates .....	124,103		124,103	123,303
22. Health care (\$ .....1,803,909 ) and other amounts receivable .....	2,286,758	379,353	1,907,405	1,351,698
23. Aggregate write-ins for other than invested assets .....	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	42,150,294	379,353	41,770,941	34,207,664
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
26. Total (Lines 24 and 25)	42,150,294	379,353	41,770,941	34,207,664
<b>DETAILS OF WRITE-INS</b>				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. ....				
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	0	0	0	0

## LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ .....0 reinsurance ceded)	15,096,909		15,096,909	12,429,136
2. Accrued medical incentive pool and bonus amounts	417,160		417,160	1,278,373
3. Unpaid claims adjustment expenses	179,230		179,230	149,177
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	276,587		276,587	507,768
9. General expenses due or accrued	(24,640)		(24,640)	274,005
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	1,738,816		1,738,816	1,511,531
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including \$ ..... current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	17,684,062	0	17,684,062	16,149,990
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	10,000	10,000
25. Preferred capital stock	XXX	XXX	0	0
26. Gross paid in and contributed surplus	XXX	XXX	11,750,000	11,750,000
27. Surplus notes	XXX	XXX	0	0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	1,000,000	1,000,000
29. Unassigned funds (surplus)	XXX	XXX	11,326,879	5,297,674
30. Less treasury stock, at cost:				
30.1 ..... shares common (value included in Line 24) \$ ..... )	XXX	XXX	0	0
30.2 ..... shares preferred (value included in Line 25) \$ ..... )	XXX	XXX	0	0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	24,086,879	18,057,674
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	41,770,941	34,207,664
<b>DETAILS OF WRITE-INS</b>				
2101. ....				
2102. ....				
2103. ....				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2301. ....	XXX	XXX		
2302. ....	XXX	XXX		
2303. ....	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801. Appropriated Retained Earnings	XXX	XXX	1,000,000	1,000,000
2802. ....	XXX	XXX		
2803. ....	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	1,000,000	1,000,000

**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	535,167	468,825	632,857
2. Net premium income (including \$ .....0 non-health premium income).....	XXX	128,181,530	101,250,063	139,088,381
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		0	0
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		0	0
5. Risk revenue .....	XXX		0	0
6. Aggregate write-ins for other health care related revenues .....	XXX	(2,222,411)	(5,569,277)	(7,652,295)
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	125,959,119	95,680,786	131,436,086
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....		81,691,162	62,066,953	83,825,156
10. Other professional services .....		98,228	46,514	67,982
11. Outside referrals .....		2,778,022	2,526,893	3,444,651
12. Emergency room and out-of-area .....		5,950,722	5,126,642	6,745,798
13. Prescription drugs .....		15,210,219	13,876,571	18,930,550
14. Aggregate write-ins for other hospital and medical.....	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		448,318	868,553	1,340,939
16. Subtotal (Lines 9 to 15) .....	0	106,176,671	84,512,126	114,355,076
<b>Less:</b>				
17. Net reinsurance recoveries .....			0	0
18. Total hospital and medical (Lines 16 minus 17) .....	0	106,176,671	84,512,126	114,355,076
19. Non-health claims (net).....			0	0
20. Claims adjustment expenses, including \$ 666,165 ..... cost containment expenses.....		3,918,617	1,234,760	1,672,535
21. General administrative expenses.....		9,829,834	6,996,972	9,477,701
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	119,925,122	92,743,858	125,505,312
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	6,033,997	2,936,928	5,930,774
25. Net investment income earned .....		298,293	574,171	707,780
26. Net realized capital gains (losses) less capital gains tax of \$.....			0	1,660
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	298,293	574,171	709,440
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... ) .....			0	0
29. Aggregate write-ins for other income or expenses .....	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	6,332,290	3,511,099	6,640,214
31. Federal and foreign income taxes incurred .....	XXX		0	0
32. Net income (loss) (Lines 30 minus 31) .....	XXX	6,332,290	3,511,099	6,640,214
<b>DETAILS OF WRITE-INS</b>				
0601. QAAP Assessment.....	XXX	(2,222,411)	(5,569,277)	(7,652,295)
0602. ....	XXX			
0603. ....	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX	(2,222,411)	(5,569,277)	(7,652,295)
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 through 0703 plus 0798) (Line 7 above) .....	XXX	0	0	0
1401. ....				
1402. ....				
1403. ....				
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	0	0	0
2901. ....			0	0
2902. ....				
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	0	0	0

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

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT:</b>			
33. Capital and surplus prior reporting year.....	18,057,672	11,445,453	11,445,453
34. Net income or (loss) from Line 32.....	6,332,290	3,511,099	6,640,214
35. Change in valuation basis of aggregate policy and claim reserves.....		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....		0	0
37. Change in net unrealized foreign exchange capital gain or (loss).....		0	0
38. Change in net deferred income tax.....		0	0
39. Change in nonadmitted assets.....	(303,083)	28,048	(27,995)
40. Change in unauthorized reinsurance.....	0	0	0
41. Change in treasury stock.....		0	0
42. Change in surplus notes.....	0	0	0
43. Cumulative effect of changes in accounting principles.....		0	0
44. Capital Changes:			
44.1 Paid in.....		0	0
44.2 Transferred from surplus (Stock Dividend).....		0	0
44.3 Transferred to surplus.....		0	0
45. Surplus adjustments:			
45.1 Paid in.....		0	0
45.2 Transferred to capital (Stock Dividend).....	0	0	0
45.3 Transferred from capital.....		0	0
46. Dividends to stockholders.....		0	0
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0	0
48. Net change in capital & surplus (Lines 34 to 47).....	6,029,207	3,539,147	6,612,219
49. Capital and surplus end of reporting period (Line 33 plus 48)	24,086,879	14,984,600	18,057,672
<b>DETAILS OF WRITE-INS</b>			
4701. ....			
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

**CASH FLOW**

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	127,672,149	139,594,204
2. Net investment income .....	397,846	571,604
3. Miscellaneous income .....	(1,793,600)	(7,595,994)
4. Total (Lines 1 to 3) .....	126,276,395	132,569,814
5. Benefit and loss related payments .....	105,657,714	112,978,459
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	14,017,043	11,176,526
8. Dividends paid to policyholders .....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9) .....	119,674,757	124,154,985
11. Net cash from operations (Line 4 minus Line 10) .....	6,601,638	8,414,829
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	0	1,050,000
12.2 Stocks .....	0	0
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	167	1,660
12.7 Miscellaneous proceeds .....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	167	1,051,660
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	0	1,086,422
13.2 Stocks .....	0	0
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	0	0
13.5 Other invested assets .....	0	0
13.6 Miscellaneous applications .....	167	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	167	1,086,422
14. Net increase (or decrease) in contract loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	0	(34,762)
<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 .....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	0	0
16.6 Other cash provided (applied).....	226,485	1,216,662
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	226,485	1,216,662
<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) .....	6,828,123	9,596,729
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	31,095,994	21,499,265
19.2 End of period (Line 18 plus Line 19.1) .....	37,924,117	31,095,994

STATEMENT AS OF SEPTEMBER 30, 2009 OF THE Priority Health Government Programs, Inc.

**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
<b>Total Members at end of:</b>										
1. Prior Year .....	55,117	1,400	.0	.0	.0	.0	.0	.0	53,717	.0
2. First Quarter .....	57,619	1,466	.0	.0	.0	.0	.0	.0	56,153	.0
3. Second Quarter .....	60,768	1,522	.0	.0	.0	.0	.0	.0	59,246	.0
4. Third Quarter .....	61,895	1,488							60,407	
5. Current Year	.0									
6. Current Year Member Months	535,167	13,414							521,753	
<b>Total Member Ambulatory Encounters for Period:</b>										
7. Physician .....	439,534	5,736							433,798	
8. Non-Physician .....	32,182	420							31,762	
9. Total	471,716	6,156	.0	.0	.0	.0	.0	.0	465,560	.0
10. Hospital Patient Days Incurred	12,664	.17							12,647	
11. Number of Inpatient Admissions	3,443	13							3,430	
12. Health Premiums Written .....	128,343,720	1,121,232							127,222,488	
13. Life Premiums Direct .....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned .....	128,181,530	1,121,232							127,060,298	
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services .....	104,149,737	765,103							103,384,634	
18. Amount Incurred for Provision of Health Care Services	106,176,671	845,451							105,331,220	

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

STATEMENT AS OF SEPTEMBER 30, 2009 OF THE Priority Health Government Programs, Inc.

**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
<b>Claims Unpaid (Reported)</b>						
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0199999 Individually Listed Claims Unpaid	0	0	0	0	0	0
0299999 Aggregate Accounts Not Individually Listed-Uncovered						0
0399999 Aggregate Accounts Not Individually Listed-Covered	2,889,467					2,889,467
0499999 Subtotals	2,889,467	0	0	0	0	2,889,467
0599999 Unreported Claims and Other Claim Reserves	XXX	XXX	XXX	XXX	XXX	12,185,917
0699999 Total Amounts Withheld	XXX	XXX	XXX	XXX	XXX	21,525
0799999 Total Claims Unpaid	XXX	XXX	XXX	XXX	XXX	15,096,909
0899999 Accrued Medical Incentive Pool and Bonus Amounts	XXX	XXX	XXX	XXX	XXX	417,160

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STATEMENT AS OF SEPTEMBER 30, 2009 OF THE Priority Health Government Programs, Inc.

**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 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec. 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital & medical) .....	181,591	627,681	1,188	217,322	182,779	187,988
2. Medicare Supplement .....					.0	.0
3. Dental Only .....					.0	.0
4. Vision Only .....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid .....	11,774,408	94,617,727	80,880	14,797,519	11,855,288	12,241,148
8. Other Health .....					.0	.0
9. Health Subtotal (Lines 1 to 8).....	11,955,999	95,245,408	82,068	15,014,841	12,038,067	12,429,136
10. Healthcare receivables (a) .....	680,727	3,680,475	.0	460,353	680,727	680,727
11. Other non-health .....					.0	.0
12. Medical incentive pools and bonus amounts .....	1,309,532			417,160	1,309,532	1,278,373
13. Totals	12,584,804	91,564,933	82,068	14,971,648	12,666,872	13,026,782

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

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## NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies**

No material changes from year end disclosures.

**2. Accounting Changes and Correction of Errors**

No material changes from year end disclosures.

**3. Business Combinations and Goodwill**

No material changes from year end disclosures.

**4. Discontinued Operations**

No material changes from year end disclosures.

**5. Investments**

No material changes from year end disclosures.

**6. Joint Ventures, Partnerships and Limited Liability Companies**

No material changes from year end disclosures.

**7. Investment Income**

No material changes from year end disclosures.

**8. Derivative Instruments**

No material changes from year end disclosures.

**9. Income Taxes**

No material changes from year end disclosures.

**10. Information Concerning Parent, Subsidiaries, and Affiliates**

No material changes from year end disclosures.

**11. Debt**

No material changes from year end disclosures.

**12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

No material changes from year end disclosures.

**13. Capital and Surplus, Shareholder's Dividend Restrictions, and Quasi-Reorganizations**

No material changes from year end disclosures.

**14. Contingencies**

No material changes from year end disclosures.

**15. Leases**

No material changes from year end disclosures.

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

No material changes from year end disclosures.

**17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

No material changes from year end disclosures.

**18. Gain of Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans**

No material changes from year end disclosures

## NOTES TO FINANCIAL STATEMENTS

**19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

No material changes from year end disclosures.

**20. Other Items**

No material changes from year end disclosures.

**21. Events Subsequent**

No material changes from year end disclosures.

**22. Reinsurance**

No material changes from year end disclosures.

**23. Retrospectively Rated Contracts & Contracts Subject to Redetermination**

No material changes from year end disclosures

**24. Change in Incurred Claims and Claim Adjustment Expenses**

Adjustments to previously rendered claims reserve estimates are reflected in the statement of operations in the period in which the estimates are revised. Such reserve adjustments consist of restatements of claim estimates and release of any margin associated with these estimates. Reserve adjustments were favorable by \$0.3 million during the current quarter, decreasing the prior year-end claim reserve estimates of \$13.0 million to \$12.7 million.

**25. Intercompany Pooling Arrangements**

No material changes from year end disclosures.

**26. Structured Settlements**

No material changes from year end disclosures.

**27. Health Care Receivables**

No material changes from year end disclosures.

**28. Participating Policies**

No material changes from year end disclosures.

**29. Premium Deficiency Reserves**

No material changes from year end disclosures.

**30. Anticipated Salvage and Subrogation**

No material changes from year end disclosures.

## GENERAL INTERROGATORIES

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

### PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [X]
- 2.2 If yes, date of change: .....
3. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [X]  
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [X] NA [ ]  
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2006
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/2006
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .... 05/26/2008
- 6.4 By what department or departments?  
State of Michigan Office of Financial & 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 [ ] No [ ] NA [X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [ ] No [X] NA [ ]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [X]
- 7.2 If yes, give full information:  
.....
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

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

## GENERAL INTERROGATORIES

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?..... Yes  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
- 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
- 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
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....117,204

### 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
- 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
- 14.2 If yes, please complete the following:
- |   | 1   |  | 2  |  |
|---|---|--|--|--|
|   | Prior Year-End<br>Book/Adjusted<br>Carrying Value |  | Current Quarter<br>Book/Adjusted<br>Carrying Value |  |
| 14.21 Bonds .....   | \$ .....  |  | \$ .....   |  |
| 14.22 Preferred Stock .....   | \$ .....  |  | \$ .....   |  |
| 14.23 Common Stock .....  | \$ .....  |  | \$ .....   |  |
| 14.24 Short-Term Investments .....  | \$ .....  |  | \$ .....   |  |
| 14.25 Mortgage Loans on Real Estate .....   | \$ .....  |  | \$ .....   |  |
| 14.26 All Other .....   | \$ .....  |  | \$ .....   |  |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal<br>Lines 14.21 to 14.26)..... | \$ .....0   |  | \$ .....0  |  |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above ....                          | \$ .....  |  | \$ .....   |  |
- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes  No
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes  No   
If no, attach a description with this statement.

## GENERAL INTERROGATORIES

16. Excluding items in Schedule E - 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 [ ] No [X]

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
Mellon Trust.....	Pittsburgh, PA.....

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)
Michigan Department of Treasury.....	Lansing, Michigan.....	Statutory Deposit - Held by the State of Michigan.....

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? .....

Yes [ ] No [X]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
n/a.....	Prime Advisors.....	Bloomfield, CT.....

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:

.....



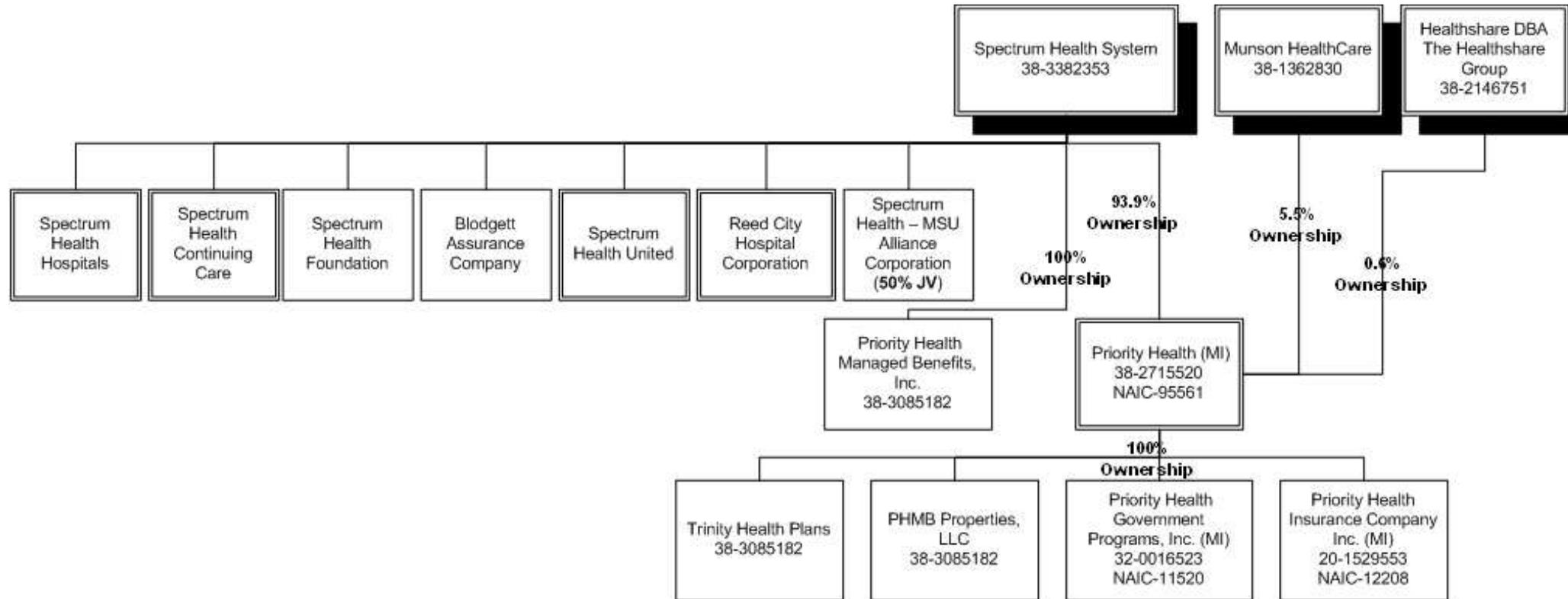
**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefit Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
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	1,121,232		127,222,488				128,343,720	
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		1,121,232	0	127,222,488	0	0	0	128,343,720	0
60. Reporting entity contributions for Employee Benefit Plans	XXX								0	
61. Total (Direct Business)	(a) 1		1,121,232	0	127,222,488	0	0	0	128,343,720	0
DETAILS OF WRITE-INS										
5801.	XXX									
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX		0	0	0	0	0	0	0	0

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

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



## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

RESPONSE

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

.....NO.....

**Explanation:**

1.

**Bar Code:**

1.



**OVERFLOW PAGE FOR WRITE-INS**

---

**SCHEDULE A - VERIFICATION**

**Real Estate**

	1 Year to Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Current year change in encumbrances	0	0
4. Total gain (loss) on disposals	0	0
5. Deduct amounts received on disposals	0	0
6. Total foreign exchange change in book/adjusted carrying value	0	0
7. Deduct current year's other than temporary impairment recognized	0	0
8. Deduct current year's depreciation	0	0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

**SCHEDULE B – VERIFICATION**

**Mortgage Loans**

	1 Year to Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees	0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest	0	0
10. Deduct current year's other than temporary impairment recognized	0	0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance	0	0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

**SCHEDULE BA – VERIFICATION**

**Other Long-Term Invested Assets**

	1 Year To Date	2 Prior Year Ended December 31
<b>NONE</b>		
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	0	0
2.2 Additional investment made after acquisition	0	0
3. Capitalized deferred interest and other	0	0
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	0
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and depreciation	0	0
9. Total foreign exchange change in book/adjusted carrying value	0	0
10. Deduct current year's other than temporary impairment recognized	0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

**SCHEDULE D – VERIFICATION**

**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	1,079,391	1,041,125
2. Cost of bonds and stocks acquired	0	1,086,422
3. Accrual of discount	0	8,875
4. Unrealized valuation increase (decrease)	0	0
5. Total gain (loss) on disposals	0	0
6. Deduct consideration for bonds and stocks disposed of	0	1,050,000
7. Deduct amortization of premium	13,454	7,030
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other than temporary impairment recognized	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	1,065,937	1,079,392
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	1,065,937	1,079,392

STATEMENT AS OF SEPTEMBER 30, 2009 OF THE Priority Health Government Programs, Inc.

**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
<b>BONDS</b>								
1. Class 1 (a).....	20,904,891	12,782,817	12,523,760	(110,685)	21,332,307	20,904,891	21,053,263	20,700,526
2. Class 2 (a).....	.0	.0	.0	.0	.0	.0	.0	.0
3. Class 3 (a).....	.0	.0	.0	.0	.0	.0	.0	.0
4. Class 4 (a).....	.0	.0	.0	.0	.0	.0	.0	.0
5. Class 5 (a).....	.0	.0	.0	.0	.0	.0	.0	.0
6. Class 6 (a).....	0	0	0	0	0	0	0	0
7. Total Bonds	20,904,891	12,782,817	12,523,760	(110,685)	21,332,307	20,904,891	21,053,263	20,700,526
<b>PREFERRED STOCK</b>								
8. Class 1.....	.0	.0	.0	.0	.0	.0	.0	.0
9. Class 2.....	.0	.0	.0	.0	.0	.0	.0	.0
10. Class 3.....	.0	.0	.0	.0	.0	.0	.0	.0
11. Class 4.....	.0	.0	.0	.0	.0	.0	.0	.0
12. Class 5.....	.0	.0	.0	.0	.0	.0	.0	.0
13. Class 6.....	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	20,904,891	12,782,817	12,523,760	(110,685)	21,332,307	20,904,891	21,053,263	20,700,526

(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

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**SCHEDULE DA - PART 1**

**Short-Term Investments**

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	19,987,326	XXX	20,179,337	640,011	18,830

**SCHEDULE DA - VERIFICATION**

**Short-Term Investments**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	19,621,135	8,263,125
2. Cost of short-term investments acquired .....	32,299,090	48,517,999
3. Accrual of discount.....	51,831	41,191
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals.....	167	1,660
6. Deduct consideration received on disposals.....	31,659,035	36,995,618
7. Deduct amortization of premium.....	325,862	207,223
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other than temporary impairment recognized.....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	19,987,326	19,621,135
11. Deduct total nonadmitted amounts.....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	19,987,326	19,621,135

Schedule DB - Part F - Section 1

**NONE**

Schedule DB - Part F - Section 2

**NONE**

## SCHEDULE E-VERIFICATION

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	0
2. Cost of cash equivalents acquired.....	0	1,002,280
3. Accrual of discount.....	0	0
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals.....	0	0
6. Deduct consideration received on disposals.....	0	1,000,000
7. Deduct amortization of premium.....	0	2,280
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other than temporary impairment recognized.....	0	0
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.....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	0	0

Schedule A - Part 2

**NONE**

Schedule A - Part 3

**NONE**

Schedule B - Part 2

**NONE**

Schedule B - Part 3

**NONE**

Schedule BA - Part 2

**NONE**

Schedule BA - Part 3

**NONE**

Schedule D - Part 3

**NONE**

Schedule D - Part 4

**NONE**

Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part D - Section 1

**NONE**



**SCHEDULE E - PART 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
<b>NONE</b>							
8699999 Totals					0	0	0

E09