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ANNUAL STATEMENT

For the Year Ended December 31, 2011

of the Condition and Affairs of the

BlueCaid of Michigan

NAIC Group Code.....572, 572 (Current Period) (Prior Period) NAIC Company Code..... 11557 Employer's ID Number..... 32-0026448

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

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

Incorporated/Organized..... September 25, 2002 Commenced Business..... January 1, 2003

Statutory Home Office	20500 Civic Center Drive….. Southfield ..... MI ..... 48076 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	20500 Civic Center Drive….. Southfield ..... MI ..... 48076 *(Street and Number) (City or Town, State and Zip Code)*	248-799-6400 *(Area Code) (Telephone Number)*
Mail Address	20500 Civic Center Drive MC C455….. Southfield ..... MI ..... 48076 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	20500 Civic Center Drive….. Southfield ..... MI ..... 48076 *(Street and Number) (City or Town, State and Zip Code)*	248-455-3428 *(Area Code) (Telephone Number)*
Internet Web Site Address	www.mibcn.com/member/BlueCaid	
Statutory Statement Contact	Joseph John Andraska *(Name)*	248-455-3428 *(Area Code) (Telephone Number) (Extension)*
	JAndraska@bcbsm.com *(E-Mail Address)*	877-350-3408 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. Kevin James Klobucar	President & Chief Executive Officer	2. Julie Concetta Swantek	Secretary
3. Susan Anne Kluge	Chief Financial Officer & Treasurer	4. Marc Darryl Keshishian MD	Chief Medical Officer

OTHER

DIRECTORS OR TRUSTEES

Jeffrey Lawrence Connolly Joleen Mary Immerfall Kevin James Klobucar

State of..... Michigan
County of..... Oakland

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)
Kevin James Klobucar	Julie Concetta Swantek	Susan Anne Kluge
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President & Chief Executive Officer	Secretary	Chief Financial Officer & Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____ 2012

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 Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	1,648,519		1,648,519	
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
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 $.....0 encumbrances)			0	
5. Cash ($.....(67,798), Sch. E-Part 1), cash equivalents ($.....0, Sch. E-Part 2) and short-term investments ($.....4,980,798, Sch. DA)	4,913,000		4,913,000	5,166,816
6. Contract loans (including $.....0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)	419,368		419,368	304,596
9. Receivables for securities			0	
10. Securities lending reinvested collateral assets (Schedule DL)			0	
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	6,980,887	0	6,980,887	5,471,412
13. Title plants less $.....0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	35,711		35,711	16,173
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection	97,499		97,499	491,665
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans			0	
18.1 Current federal and foreign income tax recoverable and interest thereon			0	
18.2 Net deferred tax asset			0	
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software			0	
21. Furniture and equipment, including health care delivery assets ($.....0)			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	85		85	67,200
24. Health care ($.....1,330,914) and other amounts receivable	1,343,786	12,872	1,330,914	1,708,266
25. Aggregate write-ins for other than invested assets	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	8,457,968	12,872	8,445,096	7,754,716
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTALS (Lines 26 and 27)	8,457,968	12,872	8,445,096	7,754,716

DETAILS OF WRITE-INS

1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0
2501.			0	
2502.			0	
2503.			0	
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $.....19,416 reinsurance ceded)	1,158,802		1,158,802	1,267,126
2. Accrued medical incentive pool and bonus amounts			0	
3. Unpaid claims adjustment expenses	35,751		35,751	51,150
4. Aggregate health policy reserves, including the liability of $.....0 for medical loss ratio rebate per the Public Health Service Act			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	46,429		46,429	564
9. General expenses due or accrued	500		500	500
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized capital gains (losses))			0	
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable	104,698		104,698	51,425
12. Amounts withheld or retained for the account of others	2,189,616		2,189,616	1,956,836
13. Remittances and items not allocated			0	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	285,588		285,588	232,228
16. Derivatives			0	
17. Payable for securities			0	
18. Payable for securities lending			0	
19. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
20. Reinsurance in unauthorized companies			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	
22. Liability for amounts held under uninsured plans			0	
23. Aggregate write-ins for other liabilities (including $.....0 current)	483	0	483	2,782
24. Total liabilities (Lines 1 to 23)	3,821,867	0	3,821,867	3,562,611
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	3,250,000	3,250,000
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	1,373,229	942,105
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 $.....0)	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 $.....0)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	4,623,229	4,192,105
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	8,445,096	7,754,716

DETAILS OF WRITE-INS

2301. Stale Dated Checks	483		483	2,782
2302.			0	
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)	483	0	483	2,782
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1. Member months	XXX	235,514	245,530
2. Net premium income (including $.....0 non-health premium income)	XXX	59,443,655	60,796,290
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	0	25,171
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	59,443,655	60,821,461
Hospital and Medical:			
9. Hospital/medical benefits		38,336,133	38,928,815
10. Other professional services		1,629,162	1,449,273
11. Outside referrals			
12. Emergency room and out-of-area		3,852,708	5,107,687
13. Prescription drugs		8,071,365	8,376,532
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)	0	51,889,368	53,862,307
Less:			
17. Net reinsurance recoveries		(305,757)	64,790
18. Total hospital and medical (Lines 16 minus 17)	0	52,195,125	53,797,517
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....656,547 cost containment expenses		1,396,364	1,184,062
21. General administrative expenses		5,579,019	5,515,389
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	59,170,508	60,496,968
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	273,147	324,493
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		(1,587)	(6,615)
26. Net realized capital gains or (losses) less capital gains tax of $.....0			
27. Net investment gains or (losses) (Lines 25 plus 26)	0	(1,587)	(6,615)
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
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	271,560	317,878
31. Federal and foreign income taxes incurred	XXX		
32. Net income (loss) (Lines 30 minus 31)	XXX	271,560	317,878

DETAILS OF WRITE-INS

0601. Quality Assurance Assessment Program (QAAP) Fee	XXX		25,171
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	25,171
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	4,192,105	3,769,924
34. Net income or (loss) from Line 32	271,560	317,878
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains and (losses) less capital gains tax of $ 0	114,772	119,084
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	44,792	(14,781)
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		
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		
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	431,124	422,181
49. Capital and surplus end of reporting period (Line 33 plus 48)	4,623,229	4,192,105

DETAILS OF WRITE-INS

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

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	59,936,959	60,781,901
2. Net investment income	22,404	(21,744)
3. Miscellaneous income		25,171
4. Total (Lines 1 through 3)	59,959,362	60,785,328
5. Benefit and loss related payments	52,303,449	53,548,020
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	6,993,081	6,687,791
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	59,296,530	60,235,811
11. Net cash from operations (Line 4 minus Line 10)	662,832	549,517
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
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)	0	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,692,048	
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)	1,692,048	0
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	(1,692,048)	0
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		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	775,400	205,552
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	775,400	205,552
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)	(253,816)	755,069
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	5,166,816	4,411,747
19.2 End of year (Line 18 plus Line 19.1)	4,913,000	5,166,816

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

20.0001		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plans	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	59,443,655							59,443,655		
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of $.....0 medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	59,443,655	0	0	0	0	0	0	59,443,655	0	0
8. Hospital/medical benefits	38,336,133							38,336,133		XXX
9. Other professional services	1,629,162							1,629,162		XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	3,852,708							3,852,708		XXX
12. Prescription drugs	8,071,365							8,071,365		XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0									XXX
15. Subtotal (Lines 8 to 14)	51,889,368	0	0	0	0	0	0	51,889,368	0	XXX
16. Net reinsurance recoveries	(305,757)							(305,757)		XXX
17. Total hospital and medical (Lines 15 minus 16)	52,195,125	0	0	0	0	0	0	52,195,125	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $.....656,547 cost containment expenses	1,396,364							1,396,364		
20. General administrative expenses	5,579,019							5,579,019		
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserve for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	59,170,508	0	0	0	0	0	0	59,170,508	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	273,147	0	0	0	0	0	0	273,147	0	0

DETAILS OF WRITE-INS

0501.	0									XXX
0502.	0									XXX
0503.	0									XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Total (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Total (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.	0									XXX
1302.	0									XXX
1303.	0									XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Total (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				0
2. Medicare supplement				0
3. Dental only				0
4. Vision only				0
5. Federal employees health benefits plan				0
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid	59,099,429		(344,226)	59,443,655
8. Other health				0
9. Health subtotal (Lines 1 through 8)	59,099,429	0	(344,226)	59,443,655
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	59,099,429	0	(344,226)	59,443,655

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	52,520,249							52,520,249		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	216,800							216,800		
1.4 Net	52,303,449	0	0	0	0	0	0	52,303,449	0	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	1,178,218							1,178,218		
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	19,416							19,416		
3.4 Net	1,158,802	0	0	0	0	0	0	1,158,802	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0									
6. Net healthcare receivables (a)	0									
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	1,809,099							1,809,099		
8.2 Reinsurance assumed	0									
8.3 Reinsurance ceded	541,973							541,973		
8.4 Net	1,267,126	0	0	0	0	0	0	1,267,126	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0									
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0									
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred benefits:										
12.1 Direct	51,889,368	0	0	0	0	0	0	51,889,368	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	(305,757)	0	0	0	0	0	0	(305,757)	0	0
12.4 Net	52,195,125	0	0	0	0	0	0	52,195,125	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Medical and Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct	333,926							333,926		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	333,926	0	0	0	0	0	0	333,926	0	0
2. Incurred but unreported:										
2.1 Direct	844,292							844,292		
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	19,416							19,416		
2.4 Net	824,876	0	0	0	0	0	0	824,876	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct	0									
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct	1,178,218	0	0	0	0	0	0	1,178,218	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	19,416	0	0	0	0	0	0	19,416	0	0
4.4 Net	1,158,802	0	0	0	0	0	0	1,158,802	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		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)					0	
2. Medicare supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan					0	
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid	1,274,432	51,029,017	26,756	1,132,046	1,301,188	1,267,126
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	1,274,432	51,029,017	26,756	1,132,046	1,301,188	1,267,126
10. Healthcare receivables (a)					0	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts					0	
13. Totals (Lines 9 - 10 + 11 + 12)	1,274,432	51,029,017	26,756	1,132,046	1,301,188	1,267,126

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	1,919	1,919	1,919	1,919	1,919
2. 2007	36,001	37,586	37,614	37,614	37,614
3. 2008	XXX	43,156	44,700	44,702	44,702
4. 2009	XXX	XXX	51,279	52,364	52,375
5. 2010	XXX	XXX	XXX	52,461	53,724
6. 2011	XXX	XXX	XXX	XXX	51,029

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	1,919	1,919	1,919	1,919	1,919
2. 2007	37,583	37,586	37,614	37,614	37,614
3. 2008	XXX	45,132	44,716	44,702	44,702
4. 2009	XXX	XXX	52,281	52,377	52,375
5. 2010	XXX	XXX	XXX	53,715	53,751
6. 2011	XXX	XXX	XXX	XXX	52,161

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2007	44,299	37,614	1,136	3.0	38,750	87.5			38,750	87.5
2. 2008	51,271	44,702	1,202	2.7	45,904	89.5			45,904	89.5
3. 2009	59,378	52,375	1,198	2.3	53,573	90.2			53,573	90.2
4. 2010	60,796	53,724	1,198	2.2	54,922	90.3	27	4	54,953	90.4
5. 2011	59,444	51,029	1,257	2.5	52,286	88.0	1,132	32	53,450	89.9

U & I Ex.-Pt.2C-Sn A-Paid Claims-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Dental
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Dental
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Dental
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Vision
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Vision
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Vision
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	1,919	1,919	1,919	1,919	1,919
2. 2007	36,001	37,586	37,614	37,614	37,614
3. 2008	XXX	43,156	44,700	44,702	44,702
4. 2009	XXX	XXX	51,279	52,364	52,375
5. 2010	XXX	XXX	XXX	52,461	53,724
6. 2011	XXX	XXX	XXX	XXX	51,029

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	1,919	1,919	1,919	1,919	1,919
2. 2007	37,583	37,586	37,614	37,614	37,614
3. 2008	XXX	45,132	44,716	44,702	44,702
4. 2009	XXX	XXX	52,281	52,377	52,375
5. 2010	XXX	XXX	XXX	53,715	53,751
6. 2011	XXX	XXX	XXX	XXX	52,161

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2007	44,299	37,614	1,136	3.0	38,750	87.5			38,750	87.5
2. 2008	51,271	44,702	1,202	2.7	45,904	89.5			45,904	89.5
3. 2009	59,378	52,375	1,198	2.3	53,573	90.2			53,573	90.2
4. 2010	60,796	53,724	1,198	2.2	54,922	90.3	27	4	54,953	90.4
5. 2011	59,444	51,029	1,257	2.5	52,286	88.0	1,132	32	53,450	89.9

U & I Ex.-Pt.2C-Sn A-Paid Claims-Other
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Other
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Other
NONE

U & I Ex.-Pt.2D
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($.....0 for occupancy of own building)	16,895	25,627	45,357		87,879
2. Salaries, wages and other benefits	338,180	429,845	1,146,154		1,914,179
3. Commissions (less $.....0 ceded plus $.....0 assumed)					0
4. Legal fees and expenses					0
5. Certifications and accreditation fees	2,160				2,160
6. Auditing, actuarial and other consulting services			81,056		81,056
7. Traveling expenses	4,521	5,128	24,026		33,675
8. Marketing and advertising					0
9. Postage, express and telephone	1,254	8,255	39,393		48,902
10. Printing and office supplies	3,122	6,539	69,348		79,009
11. Occupancy, depreciation and amortization	1,506	2,282	31,461		35,249
12. Equipment	1,800	2,774	4,335		8,909
13. Cost or depreciation of EDP equipment and software	27,636	49,359	279,715		356,710
14. Outsourced services including EDP, claims, and other services	179,711	178,103	193,222		551,036
15. Boards, bureaus and association fees	1,607	1,404	39,615		42,626
16. Insurance, except on real estate	287	421	4,101		4,809
17. Collection and bank service charges				18,896	18,896
18. Group service and administration fees					0
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees			17,749		17,749
23.4 Payroll taxes	23,282	30,080	68,976		122,338
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	54,586	0	3,534,511	0	3,589,097
26. Total expenses incurred (Lines 1 to 25)	656,547	739,817	5,579,019	18,896	(a) 6,994,279
27. Less expenses unpaid December 31, current year		35,751	500		36,251
28. Add expenses unpaid December 31, prior year		51,150	500		51,650
29. Amounts receivable relating to uninsured plans, prior year					0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	656,547	755,216	5,579,019	18,896	7,009,678

DETAILS OF WRITE-INS

2501. BlueCaid of Michigan Use Tax			3,534,112		3,534,112
2502. Other Expenses	54,586		399		54,985
2503.					0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above)	54,586	0	3,534,511	0	3,589,097

(a) Includes management fees of $.....3,215,431 to affiliates and $.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a)	
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) (26,515)	8,543
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 24,285	8,766
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	(2,230)	17,309
11.	Investment expenses		(g) 18,896
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		18,896
17.	Net investment income (Line 10 minus Line 16)		(1,587)

DETAILS OF WRITE-INS

0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above)		0

(a) Includes $.....0 accrual of discount less $.....43,529 amortization of premium and less $.....29,387 paid for accrued interest on purchases.
(b) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued dividends on purchases.
(c) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(d) Includes $.....0 for company's occupancy of its own buildings; and excludes $.....0 interest on encumbrances.
(e) Includes $.....0 accrual of discount less $.....27,070 amortization of premium and less $.....0 paid for accrued interest on purchases.
(f) Includes $.....0 accrual of discount less $.....0 amortization of premium.
(g) Includes $.....0 investment expenses and $.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
(h) Includes $.....0 interest on surplus notes and $.....0 interest on capital notes.
(i) Includes $.....0 depreciation on real estate and $.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. government bonds			0		
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)			0		
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)			0		
2.21	Common stocks of affiliates			0		
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0		
7.	Derivative instruments			0		
8.	Other invested assets			0	114,772	
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	0	0	0	114,772	0

DETAILS OF WRITE-INS

0901.				0		
0902.				0		
0903.				0		
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans			0
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset			0
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software			0
21. Furniture and equipment, including health care delivery assets			0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivables from parent, subsidiaries and affiliates			0
24. Health care and other amounts receivable	12,872	57,664	44,792
25. Aggregate write-ins for other than invested assets	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	12,872	57,664	44,792
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	12,872	57,664	44,792

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0
2501. Miscellaneous Receivables			0
2502.			0
2503.			0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health maintenance organizations	20,159	20,115	19,692	19,140	18,970	235,514
2. Provider service organizations						
3. Preferred provider organizations						
4. Point of service						
5. Indemnity only						
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	20,159	20,115	19,692	19,140	18,970	235,514

DETAILS OF WRITE-INS

0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of BlueCaid of Michigan (BlueCaid) are presented on the basis of accounting practices required by the Michigan Office of Financial and Insurance Regulation (OFIR).

OFIR has adopted the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* and the related *NAIC Annual Statement Instructions* (NAIC SAP) for determining and reporting the financial condition and results of operations of an insurance company. OFIR requires the use of NAIC SAP to the extent that practices, procedures, and reporting standards are not modified by the Michigan Insurance Code or by the OFIR *Forms and Instructions for Required Filings in Michigan* as prescribed or permitted practices.

A reconciliation of BlueCaid's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Michigan is shown below:

	2011	**2010**
Net Income, Michigan basis	$ 271,560	$ 317,878
State Prescribed Practices:		
None	-	-
State Permitted Practices:		
None	-	-
Net Income, NAIC SAP basis	$ 271,560	$ 317,878
Statutory Capital and Surplus, Michigan basis	$ 4,623,229	$ 4,192,105
State Prescribed Practices:		
None	-	-
State Permitted Practices:		
None	-	-
Statutory Capital and Surplus, NAIC SAP basis	$ 4,623,229	$ 4,192,105

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of statutory-basis financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the statutory-basis financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policy

BlueCaid follows the accounting policies below:

(1) Short-term investments – stated at amortized cost.

(2) Bonds – stated at amortized cost using the scientific interest method.

(3) Common Stocks – NOT APPLICABLE

(4) Preferred Stocks – NOT APPLICABLE

(5) Mortgage loans on real estate – NOT APPLICABLE

(6) Loan-backed securities – NOT APPLICABLE

(7) Investments in subsidiaries, controlled and affiliated entities – BlueCaid records its investment in certain affiliated trusts, Blue Care Network Medical Malpractice Self-Insurance Trust (Malpractice Trust) and Blue Care Network Stop-Loss and Casualty Self-Insurance Trust (Stop-Loss Trust), as other invested assets. The investments are valued using the adjusted audited accounting principles generally accepted in the United States of America (GAAP) equity method; and reports the increase or decrease in the investment as a component of capital and surplus - change in net unrealized capital gains and (losses).

(8) Investments in joint ventures, partnerships and limited liability companies – NOT APPLICABLE

(9) Derivatives – NOT APPLICABLE

(10) Investment income in premium deficiency calculation – NOT APPLICABLE

(11) Claims Unpaid – The claims unpaid liability for incurred but unpaid and unreported claims is accrued in the period during which the services are provided, and includes actuarial estimates of services performed that have not been reported to BlueCaid by providers. Such estimates are based on historical claims experience modified for current trends and changes in benefits provided. Revisions in actuarial estimates are reported in the period in which they arise. BlueCaid has reinsured certain of its claims liabilities through the affiliated Stop-Loss Trust. Processing expense related to claims unpaid is accrued based on an estimate of the cost to process such claims.

(12) Fixed Asset Capitalization – NOT APPLICABLE.

(13) Pharmaceutical rebate receivables – estimated based on historical rebate experience and membership.

2. Accounting Changes and Corrections of Errors – NOT APPLICABLE

3. Business Combinations and Goodwill – NOT APPLICABLE

4. Discontinued Operations – NOT APPLICABLE

5. Investments – NOT APPLICABLE

6. Joint Ventures, Partnerships and Limited Liability Companies – NOT APPLICABLE.

7. Investment Income

   A. BlueCaid non-admits investment income due and accrued if the amounts are over 90 days past due.

   B. BlueCaid admitted all accrued investment income as of December 31, 2011 and 2010, respectively.

8. Derivative Instruments – NOT APPLICABLE

9. Income Taxes – NOT APPLICABLE

   BlueCaid has been recognized by the Internal Revenue Service, under Internal Revenue Code Section 501(c)(4), as an organization exempt from tax under Section 501(a). In 2011 and 2010, BlueCaid recorded no federal income tax expense on unrelated business income.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

    A. On a routine basis, BlueCaid conducts business transactions with its parent, Blue Care Network of Michigan (BCN), and affiliates: Blue Cross Blue Shield of Michigan (BCBSM), the parent of BCN; Malpractice Trust; and Stop-Loss Trust.

    B. These transactions include some claims processing; management, administrative and professional services; leased employees; malpractice liability coverage; insolvency coverage; and reduced deductibles for property, general liability, automobile, and fidelity insurance coverage.

       Administrative support fees paid to BCN were allocated to the statutory administrative expense categories of cost containment, other claims adjustment, general administrative and investment expenses, based on the affiliate's statutory administrative expense categories. These statutory administrative expense categories were further allocated to detailed expense accounts based on the affiliate's expense detail.

    C. For the years ended December 31, 2011 and 2010, $6,239,196 and $5,944,300, respectively, were billed from BCN and affiliates for the operating activities detailed above. The majority of these transactions were related to BCN.

       For the years ended December 31, 2011 and 2010, no amounts were billed to BCN and affiliates.

D. Except for reinsurance ceded and ceded reinsurance premiums payable, all related-party receivable and payable balances were classified as either claims unpaid or amounts due to or receivables from parent, subsidiaries and affiliates.

As of December 31, 2011 and 2010, BlueCaid had $85 and $67,200, respectively, in related-party receivables. The majority of these balances were related to BCN.

As of December 31, 2011 and 2010, BlueCaid had $285,588 and $313,999, respectively, in related-party payables. The majority of these balances were related to BCN.

E. Affiliate Guarantees – NOT APPLICABLE

F. BlueCaid has agreements with BCN and affiliates to receive services. The agreements provide for monthly payments.

G. All outstanding shares in BlueCaid are owned by BCN. In addition, BlueCaid; BCBSM; Blue Care of Michigan, Inc., a subsidiary of BCBSM; Accident Fund Holdings, Inc., a subsidiary of BCBSM; BCN; and BCN Service Company, a subsidiary of BCN; have some common officers and board members.

H. Ownership in upstream affiliate or parent – NOT APPLICABLE

I. BlueCaid performs the test of "significance of an investment to the reporting entity's financial position and results of operations," as required by SSAP No. 97*, Investments in Subsidiary, Controlled and Affiliated Entities, a replacement of SSAP No. 88.* BlueCaid's carrying value of its investments in the Stop-Loss Trust and the Malpractice Trust did not exceed 10% of BlueCaid's total admitted assets as of December 31, 2011 and 2010.

J. Investment impaired – NOT APPLICABLE

K. Investment in a foreign insurance subsidiary – NOT APPLICABLE

L. Investment in downstream noninsurance holding company – NOT APPLICABLE

11. Debt - NOT APPLICABLE

12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Postretirement Benefit Plans – NOT APPLICABLE

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

(1) BlueCaid has 10,000 shares of common stock authorized and 100 shares issued and outstanding. All shares are one class and have no par value per share.

(2) Preferred stock – NOT APPLICABLE

(3) Dividend Restrictions – BlueCaid's Articles of Incorporation prohibit dividends.

(4) Dates and amounts of dividends paid – NOT APPLICABLE

(5) Stockholder's portion of ordinary dividends from profits – NOT APPLICABLE

(6) Restrictions placed on unassigned funds (surplus) – NOT APPLICABLE

(7) The total amount of advances to surplus not repaid – NOT APPLICABLE

(8) The amount of stock held by BlueCaid for special purposes – NOT APPLICABLE

(9) Special surplus funds changes – NOT APPLICABLE

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses was a net unrealized gain of $419,368 at December 31, 2011.

(11) Surplus Notes – NOT APPLICABLE

(12) Impact of any restatement due to quasi-reorganization – NOT APPLICABLE

(13) Effective date(s) of all quasi-reorganizations in the prior 10 years is/are – NOT APPLICABLE

14. Contingencies

    Other than an investment security that temporarily has a fair market value that is below amortized cost, BlueCaid has no assets that it considers to be impaired.

15. Leases – NOT APPLICABLE

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk – NOT APPLICABLE

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities – NOT APPLICABLE

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans – NOT APPLICABLE

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – NOT APPLICABLE

20. Fair Value Measurements – NOT APPLICABLE.

    Certain assets and liabilities of BlueCaid are measured and reported: (a) at amortized cost, (b) at values using the adjusted audited GAAP equity method, or (c) at values that approximate fair value due to their liquid or short-term nature.

21. Other Items

    A. Extraordinary Items – NOT APPLICABLE

    B. Troubled Debt Restructuring – NOT APPLICABLE

    C. Other Disclosures

    Statutory Deposit - As a condition of maintaining its certificate of authority with the State of Michigan, BlueCaid maintains a deposit in a segregated account of $1,000,000, which is the maximum required for a Health Maintenance Organization. These funds are intended to be used for the sole benefit of all BlueCaid members in case of insolvency and only at the direction of the Insurance Commissioner of the State of Michigan. The funds are invested in an exempt money market mutual fund and reported in short-term investments. Interest on these funds accrues to BlueCaid.

    National Health Care Reform - In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 were enacted (collectively, these laws are know as the PPACA or the ACA). The structure of reform changes the fundamentals of health care and health insurance dynamics, including coverage requirements; insurance rules around issuance, rating and competition; and regulatory and compliance requirements.

    The establishment of minimum medical loss ratio (MLR) took effect in January 2011. Other significant changes, which will take effect over a multi-year period, with many important provisions taking effect in 2014, include: prohibiting health insurers from denying coverage or refusing claims based on pre-existing conditions, expanding Medicaid eligibility, subsidizing individual market and certain small group insurance premiums, providing incentives for businesses to provide health care benefits, establishing health insurance exchanges, making various changes to Medicare payment formulas, and providing support for public health and medical research.

    Certain provisions of the PPACA require state action and implementation. Michigan has developed a strategic plan to implement the PPACA. OFIR has been working with the Michigan Legislature to enact specific amendments to the Michigan Insurance Code that will provide state authority to enforce consumer protections enacted under the Federal law.

    BlueCaid was in compliance with all requirements that were in effect during the years ended December 31, 2011 and 2010.

    D. Uncollectible Premiums and Premiums Receivable – NOT APPLICABLE

    E. Business Interruption Insurance Recoveries – NOT APPLICABLE

    F. State Transferable and Non-transferable Tax Credits – NOT APPLICABLE

    G. Subprime-Mortgage-Related Risk Exposure – NOT APPLICABLE

H. Retained Assets – NOT APPLICABLE

22. Events Subsequent

Management has evaluated all events subsequent to the annual statement date of December 31, 2011 through February 29, 2012, for the annual statement submitted on March 1, 2012, and has determined that there are no Type I or Type II subsequent events that require disclosure under SSAP No. 9R, *Subsequent Events*.

23. Reinsurance

A. Ceded Reinsurance Report

In compliance with the NAIC annual statement instructions and SSAP No. 61, *Life, Deposit-Type and Accident and Health Reinsurance,* BlueCaid accounts for its transactions with the Stop-Loss Trust as ceded reinsurance. The Stop-Loss Trust covers risks incurred in excess of a retention amount. BlueCaid is responsible for inpatient facility claims up to $150,000 per member each calendar year (the deductible) and has an agreement with the Stop-Loss Trust to cover the claims incurred in excess of the deductible. The Stop-Loss Trust also provides insolvency coverage.

Section 1 - General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? NOT APPLICABLE

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?

Yes ( ) No (X)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( ) No (X)

a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. NOT APPLICABLE

b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement? NOT APPLICABLE

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No (X)

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. $0

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes ( ) No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? NOT APPLICABLE

B. Uncollectible Reinsurance – None

C. Commutation of Ceded Reinsurance – None

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination – NOT APPLICABLE

25. Change in Incurred Claims and Claim Adjustment Expenses

Liabilities for unpaid claims and claims adjustment expenses as of December 31, 2010 were $1,318,276. As of December 31, 2011, $1,429,195 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Liabilities for unpaid claims and claims adjustment expenses remaining for prior years are now estimated to be $30,756 as a result of re-estimation of unpaid claims and claims adjustment expenses. Therefore, there has been a $34,062 unfavorable prior year development based on the analysis of recent loss development trends from December 31, 2010 to December 31, 2011.

26. Inter-company Pooling Arrangements – NOT APPLICABLE

27. Structured Settlements – NOT APPLICABLE

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

Healthcare receivables include pharmacy rebates BlueCaid receives from third-party vendor. BlueCaid estimates pharmacy rebate receivables based on historical rebate experience and membership. Activity for the most recent three years is summarized as follows:

Quarter	(1) Estimated Pharmacy Rebates as Reported on Financial Statements	(2) Pharmacy Rebates as Billed or Otherwise Confirmed	(3) Actual Rebates Received Within 90 days of Billing	(4) Actual Rebates Received Within 91 to 180 Days of Billing	(5) Actual Rebates Received More Than 180 Days After Billing
12/31/2011	$ 27,000	$ -	$ -	$ -	$ -
9/30/2011	27,000	29,620	7,706	-	-
6/30/2011	27,888	27,888	6,903	8,114	-
3/31/2011	25,850	26,137	6,880	19,106	(137)
12/31/2010	$ 72,000	$ 26,808	$ 8,380	$ 18,253	$ 4
9/30/2010	72,000	30,715	7,612	22,374	(60)
6/30/2010	72,000	47,362	7,839	41,934	13
3/31/2010	72,208	72,125	24,114	48,009	(3)
12/31/2009	$ 75,001	$ 78,566	$ 28,142	$ 51,838	$ (129)
9/30/2009	69,000	71,313	22,602	45,743	(168)
6/30/2009	69,000	68,277	8,741	60,562	(105)
3/31/2009	76,780	65,909	26,469	40,212	(170)

B. Risk Sharing Receivables

BlueCaid estimates risk sharing receivables using actuarial estimates based on historical claims experience modified for current trends and benefits; as well as using actual payments to third party providers whose reimbursement is provided for in the risk sharing agreement. At December 31, 2011, 2010 and 2009 BlueCaid had risk sharing receivables of $1,675,711, $2,298,076 and $2,656,683, respectively, that were offset by risk sharing payables of $718,593, $754,219 and $994,966, respectively. The resulting net receivables are recorded in health care and other amounts receivable. Details of the balances for the most recent three years are summarized as follows:

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated and Reported in the Prior Year	Risk Sharing Receivable as Estimated and Reported in the Current Year	Risk Sharing Receivable Invoiced	Risk Sharing Receivable Not Invoiced	Actual Risk Sharing Amounts Collected in Year Invoiced	Actual Risk Sharing Amounts Collected First Year Subsequent	Actual Risk Sharing Amounts Collected Second Year Subsequent	Actual Risk Sharing Amounts Collected - All Other
2011	2011	$2,298,076	$ -	$2,298,076	$ -	$ -	2,298,076		
	2012	XXX	$1,675,711	XXX	$1,675,711	XXX	XXX	XXX	XXX
2010	2010	$2,656,683	$ -	$2,656,683	$ -	$ -	$2,656,683		
	2011	XXX	$2,298,076	XXX	$2,298,076	XXX	XXX	XXX	XXX
2009	2009	$3,663,571	$ -	$3,663,571	$ -	$ -	$3,663,571		
	2010	XXX	$2,656,683	XXX	$2,656,683	XXX	XXX	XXX	XXX

29. Participating Policies – NOT APPLICABLE

30. Premium Deficiency Reserves – NOT APPLICABLE

31. Anticipated Salvage and Subrogation – NOT APPLICABLE

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State regulating? Michigan

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

2.2 If yes, date of change: 01/01/2011

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2010

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2007

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/30/2009

3.4 By what department or departments? Department of Licensing and Regulatory Affairs - Office of Financial and Insurance Regulation

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

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

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

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

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

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

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

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control .....%

7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP
Suite 3900
200 Renaissance Center
Detroit, Michigan 48243

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ] N/A [ ]

10.6 If the answer to 10.5 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Erika Monroe, ASA MAAA Director of Actuarial Services, Blue Care Network of Michigan 20500 Civic Center Dr MC C410 Southfield, Michigan 48076

GENERAL INTERROGATORIES

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved .....

12.13 Total book/adjusted carrying value .....

12.2 If yes, provide explanation.

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

The company updated the code of ethics effective 1/1/2011 related to: conflicts of interest, gifts and entertainment, antitrust violations, government investigations and fraud, waste and abuse.

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

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes [ ] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No [ ]

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]

18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers $.....0

20.12 To stockholders not officers $.....0

20.13 Trustees, supreme or grand (Fraternal only) $.....0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers $.....0

20.22 To stockholders not officers $.....0

20.23 Trustees, supreme or grand (Fraternal only) $.....0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

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

21.21 Rented from others .....

21.22 Borrowed from others .....

21.23 Leased from others .....

21.24 Other .....

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment .....

22.22 Amount paid as expenses .....

22.23 Other amounts paid .....

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. $.....85

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.3)? Yes [X] No [ ]

24.2 If no, give full and complete information relating thereto.

24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]

24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. .....

24.6 If answer to 24.4 is no, report amount of collateral for other programs. .....

24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]

24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]

24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3) Yes [X] No [ ]

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

25.21	Subject to repurchase agreements	$.....0
25.22	Subject to reverse repurchase agreements	$.....0
25.23	Subject to dollar repurchase agreements	$.....0
25.24	Subject to reverse dollar repurchase agreements	$.....0
25.25	Pledged as collateral	$.....0
25.26	Placed under option agreements	$.....0
25.27	Letter stock or securities restricted as to sale	$.....0
25.28	On deposit with state or other regulatory body	$.....1,000,000
25.29	Other	$.....419,368

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
State Street Bank and Trust	801 Pennsylvania, Kansas City, MO 64105

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
	Blue Cross Blue Shield of Michigan	600 E. Lafayette Blvd. Detroit, MI 48226

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [ ] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj.Carrying Value
29.2999. TOTAL		0

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	6,629,317	6,623,758	(5,560)
30.2 Preferred stocks			0
30.3 Totals	6,629,317	6,623,758	(5,560)

30.4 Describe the sources or methods utilized in determining the fair values:
Securities Valuation Office of the NAIC and State Street Bank is the source for fair values.

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

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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

32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $.....11,576

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

1 Name	2 Amount Paid
Blue Cross Blue Shield Association	11,576

34.1 Amount of payments for legal expenses, if any? $.....0

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

1 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $.....0

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U.S. business only .....

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? .....

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .....

1.5 Indicate total incurred claims on all Medicare Supplement insurance. .....

1.6 Individual policies:

Most current three years:

1.61 Total premium earned .....

1.62 Total incurred claims .....

1.63 Number of covered lives .....

All years prior to most current three years:

1.64 Total premium earned .....

1.65 Total incurred claims .....

1.66 Number of covered lives .....

1.7 Group policies:

Most current three years:

1.71 Total premium earned .....

1.72 Total incurred claims .....

1.73 Number of covered lives .....

All years prior to most current three years:

1.74 Total premium earned .....

1.75 Total incurred claims .....

1.76 Number of covered lives .....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	59,443,655	60,796,290
2.2 Premium Denominator	59,443,655	60,796,290
2.3 Premium Ratio (2.1/2.2)	100.0	100.0
2.4 Reserve Numerator	1,158,802	1,267,126
2.5 Reserve Denominator	1,158,802	1,267,126
2.6 Reserve Ratio (2.4/2.5)	100.0	100.0

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, and if the earnings of the reporting entity permits? Yes [ ] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No [ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [ ]

5.1 Does the reporting entity have stop-loss reinsurance? Yes [ ] No [X]

5.2 If no, explain:

BlueCaid of Michigan participates in the BCN Stop-Loss & Casualty Self-Insurance Trust. Expiration date of 12/31/2011.
Unlimited coverage with a deductible of $150,000. BlueCaid accounts for the activity with the Trust as if it were re-insurance.

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive medical $.....150,000

5.32 Medical only $.....0

5.33 Medicare supplement $.....0

5.34 Dental and vision $.....0

5.35 Other limited benefit plan $.....0

5.36 Other $.....0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Hold harmless provisions are included in contracts with providers. BlueCaid has a full capitation arrangement with the University of Michigan Health System, which, in the event of insolvency, will continue member inpatient services until discharge occurs. In addition, a State mandated cash deposit is maintained along with Stop-Loss coverage through an affiliate which includes an insolvency clause.

7.1 Does the reporting entity set up its claim liability for provider services on a service date base? Yes [X] No [ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 2,877

8.2 Number of providers at end of reporting year 3,164

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months .....

9.22 Business with rate guarantees over 36 months .....

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus arrangements in its provider contracts? Yes [ ] No [X]

10.2 If yes:

10.21 Maximum amount payable bonuses .....

10.22 Amount actually paid for year bonuses .....

10.23 Maximum amount payable withholds .....

10.24 Amount actually paid for year withholds .....

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

11.1. Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,	Yes [ ]	No [X]
11.13 An Individual Practice Association (IPA), or	Yes [X]	No [ ]
11.14 A Mixed Model (combination of above)?	Yes [ ]	No [X]
11.2. Is the reporting entity subject to Minimum Net Worth Requirements?	Yes [X]	No [ ]

11.3. If yes, show the name of the state requiring such net worth. Michigan

11.4. If yes, show the amount required. $.....2,363,977

11.5. Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ] No [X]

11.6. If the amount is calculated, show the calculation:
4% of subscription revenue: $59,099,429 x 4% = $2,363,977

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

1 Name of Service Area
Livingston County
Washtenaw County
Wayne County (Partial)

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

FIVE-YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	8,445,096	7,754,716	6,884,723	6,987,985	11,772,882
2. Total liabilities (Page 3, Line 24)	3,821,867	3,562,611	3,114,799	3,741,278	8,793,077
3. Statutory surplus	2,363,977	2,456,797	2,390,361	2,054,153	1,786,200
4. Total capital and surplus (Page 3, Line 33)	4,623,229	4,192,105	3,769,924	3,246,707	2,979,805
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	59,443,655	60,821,461	58,599,500	48,450,126	41,636,290
6. Total medical and hospital expenses (Line 18)	52,195,125	53,797,517	51,890,287	45,134,738	37,697,065
7. Claims adjustment expenses (Line 20)	1,396,364	1,184,062	1,179,101	1,222,841	1,154,612
8. Total administrative expenses (Line 21)	5,579,019	5,515,389	5,064,311	2,267,549	4,334,385
9. Net underwriting gain (loss) (Line 24)	273,147	324,493	465,801	(175,002)	(1,549,772)
10. Net investment gain (loss) (Line 27)	(1,587)	(6,615)	(4,286)	94,534	238,179
11. Total other income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	271,560	317,878	461,515	(80,468)	(1,311,593)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	662,832	549,517	(873,872)	99,546	(1,074,135)
Risk-Based Capital Analysis					
14. Total adjusted capital	4,623,229	4,192,105	3,769,924	3,246,707	2,979,805
15. Authorized control level risk-based capital	1,292,706	1,331,261	1,289,317	1,154,033	1,018,041
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	18,970	20,159	20,878	19,014	18,238
17. Total member months (Column 6, Line 7)	235,514	245,530	239,751	224,152	218,436
Operating Percentage (Page 4) **(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100 .0**					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	87.8	88.5	87.4	88.0	85.1
20. Cost containment expenses	1.1	0.8	1.2	1.2	1.1
21. Other claims adjustment expenses	1.2	1.1	0.7	1.2	1.5
22. Total underwriting deductions (Line 23)	99.5	99.5	97.9	94.8	97.5
23. Total underwriting gain (loss) (Line 24)	0.5	0.5	0.8	(0.3)	(3.5)
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5)	1,301,188	1,099,959	1,587,558	1,587,507	1,920,889
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	1,267,126	1,017,629	1,977,802	1,584,277	1,806,861
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated	419,368	304,596	185,512	100,122	58,327
32. Total of above Lines 26 to 31	419,368	304,596	185,512	100,122	58,327

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

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & 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			59,099,429				59,099,429	
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	0	0	59,099,429	0	0	0	59,099,429	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	0	0	59,099,429	0	0	0	59,099,429	0

DETAILS OF WRITE-INS

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

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

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

By Situs of contract

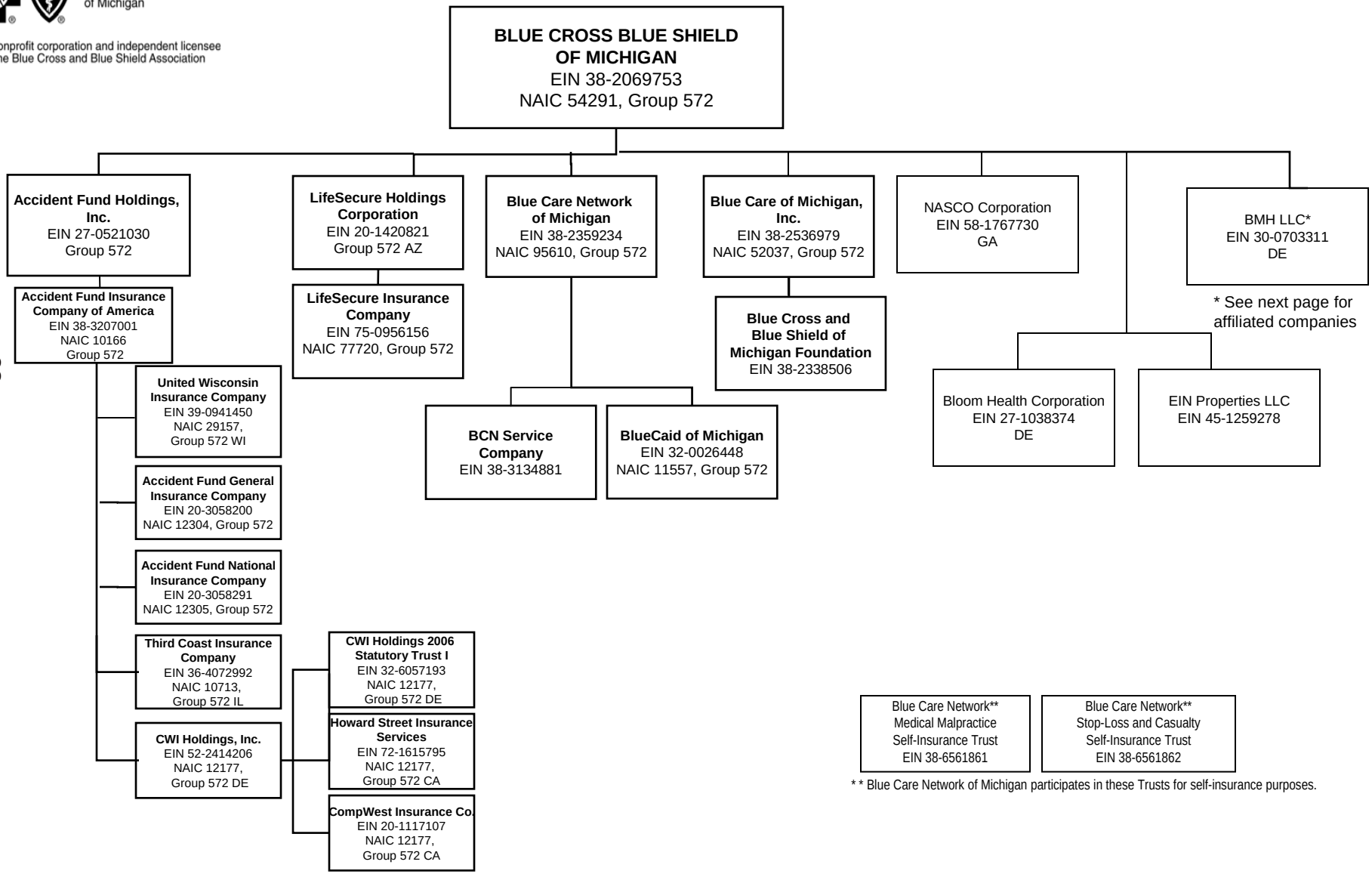
(a) Insert the number of L responses except for Canada and Other Alien.

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

Blue Cross Blue Shield of Michigan

A nonprofit corporation and independent licensee of the Blue Cross and Blue Shield Association

SUBSIDIARY & AFFILIATE ORGANIZATION CHART



* * Blue Care Network of Michigan participates in these Trusts for self-insurance purposes.

Reporting: 1/23/12 rev.

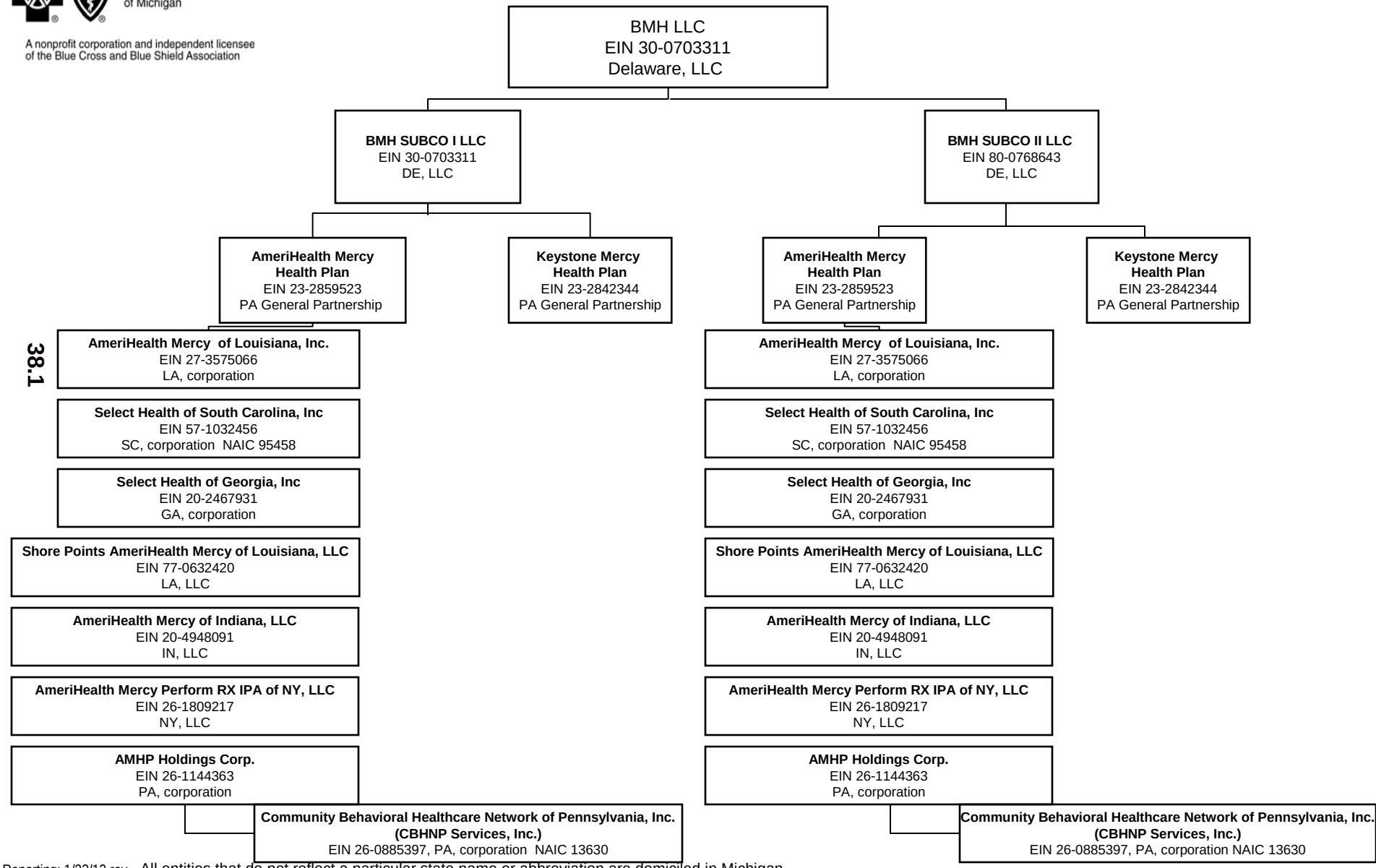
All entities that do not reflect a particular state name or abbreviation are domiciled in Michigan.

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

Blue Cross Blue Shield of Michigan

A nonprofit corporation and independent licensee of the Blue Cross and Blue Shield Association

SUBSIDIARY & AFFILIATE ORGANIZATION CHART



 All entities that do not reflect a particular state name or abbreviation are domiciled in Michigan.

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