We made some minor corrections to the reported information, as well as some changes that improved the RBCrequirement.

These include pages 2, 6, 7, 25, 33.

9 5 4 7 1 2 0 0 3 2 0 1 0 0 1 0 4

HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2003

OF THE CONDITION AND AFFAIRS OF THE

THE WELLNESS PLAN

NAIC Group Code 1150 (Current Period) 1150 (Prior Period) NAIC Company Code 95471 Employer's ID Number 38-2008890

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

Country of Domicile United States of America

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

Incorporated 11/08/1972 Commenced Business 02/28/1973

Statutory Home Office 7700 SECOND AVENUE (Street and Number), DETROIT, MI 48202 (City or Town, State and Zip Code)

Main Administrative Office 7700 SECOND AVENUE (Street and Number)
DETROIT, MI 48202 (City or Town, State and Zip Code) 313-202-8500-27828 (Area Code) (Telephone Number)

Mail Address 7700 SECOND AVENUE (Street and Number or P.O. Box), DETROIT, MI 48202 (City or Town, State and Zip Code)

Primary Location of Books and Records 7700 SECOND AVENUE (Street and Number)
DETROIT, MI 48202 (City or Town, State and Zip Code) 313-202-8500-27828 (Area Code) (Telephone Number)

Internet Website Address www.wellplan.com

Statutory Statement Contact Rao Kakarala Mr. (Name) 313-202-8500-27828 (Area Code) (Telephone Number) (Extension)
rkakarala@wellplan.com (E-mail Address) 313-202-6870 (FAX Number)

Policyowner Relations Contact 7700 SECOND AVENUE (Street and Number)
DETROIT, MI 48202 (City or Town, State and Zip Code) 313-202-8500 (Area Code) (Telephone Number) (Extension)

OFFICERS

President Richard Eugene Standridge, M.D. Secretary Donn Robert Merrill
Treasurer

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Kathleen Callahan, Bernard Francis Parker, Carol Ann Williams
Charles Francis Whitten, M.D.

State of Michigan
County of Wayne } ss

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

Richard Eugene Standridge, M.D.	Donn Robert Merrill	
President	Secretary	Treasurer
(Deputy Rehabilitator)	(Deputy Rehabilitator)	

Subscribed and sworn to before me this 28th day of April, 2004

a. Is this an original filing? Yes [ ] No [X]
b. If no,
1. State the amendment number 1
2. Date filed 04/28/2004
3. Number of pages attached

Polly J. Jones
Notary Public Wayne County, MI
August 17, 2007

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)	0		0	0
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	12,120,384	659,080	11,461,304	9,828,328
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ ..... encumbrances)	20,275,152		20,275,152	28,422,937
4.2 Properties held for the production of income (less $ ..... encumbrances)			0	0
4.3 Properties held for sale (less $ ..... encumbrances)			0	0
5. Cash ($ 20,983,303 , Schedule E, Part 1), cash equivalents ($ 12,736,261 , Schedule E, Part 2) and short -term investments ($ 0 , Schedule DA)	33,719,564	370,705	33,348,859	424,053
6. Contract loans, (including $ ..... premium notes)			0	0
7. Other invested assets (Schedule BA)	1,080,195	0	1,080,195	(7,441,674)
8. Receivable for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	541,249
10. Subtotals, cash and invested assets (Lines 1 to 9)	67,195,295	1,029,785	66,165,510	31,774,893
11. Investment income due and accrued	46,295		46,295	48,522
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	655,510		655,510	1,193,364
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ..... earned but unbilled premium)			0	0
12.3 Accrued retrospective premium			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers			0	0
13.2 Funds held by or deposited with reinsured companies			0	0
13.3 Other amounts receivable under reinsurance contracts			0	0
14. Amounts receivable relating to uninsured plans			0	0
15.1 Current federal and foreign income tax recoverable and interest thereon			0	0
15.2 Net deferred tax asset			0	0
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software	2,477,122	2,109,610	367,512	3,274,505
18. Furniture and equipment, including health care delivery assets ($ 1,402,330)	3,523,137	318,121	3,205,016	3,899,728
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
20. Receivables from parent, subsidiaries and affiliates	10,019	10,019	0	0
21. Health care ($ 6,948,166) and other amounts receivable	6,347,592	2,762,735	3,584,857	5,764,227
22. Other assets nonadmitted			0	0
23. Aggregate write-ins for other than invested assets	650,615	650,615	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	80,905,585	6,880,885	74,024,700	45,955,239
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	80,905,585	6,880,885	74,024,700	45,955,239
DETAILS OF WRITE-INS				
0901. Employee Benefit Trust			0	541,249
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	541,249
2301. Employee Advances	4,185	4,185	0	0
2302. Prepaid Expenses	646,430	646,430	0	0
2303.				
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)	650,615	650,615	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year 1 Covered	Current Year 2 Uncovered	Current Year 3 Total	Prior Year 4 Total
1. Claims unpaid (less $ 0 reinsurance ceded)	45,841,077		45,841,077	30,764,742
2. Accrued medical incentive pool and bonus amounts	3,550,379		3,550,379	1,578,750
3. Unpaid claims adjustment expenses	676,395		676,395	334,910
4. Aggregate health policy reserves	225,000		225,000	2,350,000
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserves			0	
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	220,574		220,574	525,956
9. General expenses due or accrued	10,338,710		10,338,710	5,628,374
10.1 Current federal and foreign income tax payable and interest thereon (including $ on realized capital gains (losses))			0	
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others	1,093,081		1,093,081	1,545,342
13. Remittance and items not allocated			0	
14. Borrowed money (including $ 0 current) and interest thereon $ 0 (including $ 0 current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	1		1	1
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with ($ authorized reinsurers and $ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including $ 3,473,311 current)	3,473,311	0	3,473,311	0
22 Total liabilities (Lines 1 to 21)	65,418,528	0	65,418,528	42,728,075
23. Common capital stock	XXX	XXX		0
24 Preferred capital stock	XXX	XXX		0
25. Gross paid in and contributed surplus	XXX	XXX		0
26. Surplus notes	XXX	XXX		0
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
28. Unassigned funds (surplus)	XXX	XXX	8,606,172	3,227,164
29. Less treasury stock, at cost:				
29.1 shares common (value included in Line 23 $)	XXX	XXX		0
29.2 shares preferred (value included in Line 24 $)	XXX	XXX		0
30. Total capital and surplus (Lines 23 to 28 Less 29)	XXX	XXX	8,606,172	3,227,164
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	74,024,700	45,955,239
DETAILS OF WRITE-INS				
2101. Provider Tax Liability	3,473,311		3,473,311	0
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	3,473,311	0	3,473,311	0
2701.	XXX	XXX		
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 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	1,375,374	1,530,915
2. Net premium income (including non-health premium income)	XXX	228,913,367	234,207,470
3. Change in unearned premium reserves and reserve for rate credits	XXX	0	0
4. Fee-for-service (net of $ 516,990 medical expenses)	XXX	(31,118)	(256,741)
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	(9,426,846)	190,043
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	219,455,403	234,140,772
Hospital and Medical:			
9. Hospital/medical benefits		119,062,898	142,593,168
10. Other professional services		10,458,715	13,769,640
11. Outside referrals		4,628,177	6,599,902
12. Emergency room and out-of-area		22,047,100	22,917,094
13. Prescription drugs		30,018,516	31,299,385
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		1,971,629	1,286,851
16. Subtotal (Lines 9 to 15)	0	188,187,035	218,466,040
Less:			
17. Net reinsurance recoveries			0
18. Total hospital and medical (Lines 16 minus 17)	0	188,187,035	218,466,040
19. Non-health claims			
20. Claims adjustment expenses		1,523,800	1,552,928
21. General administrative expenses		26,520,096	24,874,177
22. Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)		(2,125,000)	(1,625,935)
23. Total underwriting deductions (Lines 18 through 22)	0	214,105,931	243,267,210
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	5,349,472	(9,126,438)
25. Net investment income earned		528,269	989,923
26. Net realized capital gains or (losses)		(781,741)	199,655
27. Net investment gains or (losses) (Lines 25 plus 26)	0	(253,472)	1,189,578
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $)]			0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	5,096,000	(7,936,860)
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	5,096,000	(7,936,860)
DETAILS OF WRITE-INS			
0601. Other Miscellaneous Revenue	XXX	98,792	190,043
0602. QUAAP Provider Tax	XXX	(9,525,638)	0
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	(9,426,846)	190,043
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

CAPITAL AND SURPLUS ACCOUNT

		1 Current Year	2 Prior Year
	CAPITAL AND SURPLUS ACCOUNT:		
33.	Capital and surplus prior reporting period	3,227,164	11,678,348
	GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34.	Net income or (loss) from Line 32	5,096,000	(7,936,860)
35.	Change in valuation basis of aggregate policy and claim reserves		0
36.	Net unrealized capital gains and losses	(278,281)	144,175
37.	Change in net unrealized foreign exchange capital gain or (loss)		0
38.	Change in net deferred income tax		0
39.	Change in nonadmitted assets	(5,751,019)	(659,990)
40.	Change in unauthorized reinsurance	0	0
41.	Change in treasury stock	0	0
42.	Change in surplus notes	0	0
43.	Cumulative effect of changes in accounting principles	0	0
44.	Capital Changes:		
	44.1 Paid in		0
	44.2 Transferred from surplus (Stock Dividend)		0
	44.3 Transferred to surplus		0
45.	Surplus adjustments:		
	45.1 Paid in		0
	45.2 Transferred to capital (Stock Dividend)	0	0
	45.3 Transferred from capital		0
46.	Dividends to stockholders		0
47.	Aggregate write-ins for gains or (losses) in surplus	6,312,308	1,491
48.	Net change in capital & surplus (Lines 34 to 47)	5,379,008	(8,451,184)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	8,606,172	3,227,164
	DETAILS OF WRITE-INS		
4701.	Prior period adjustment	6,312,308	1,491
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)	6,312,308	1,491

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	224,373,399	233,523,008
2. Net investment income	530,496	1,028,033
3. Miscellaneous income	(9,457,964)	190,043
4. Total (Lines 1 to 3)	215,445,931	234,741,084
5. Benefits and loss related payments	171,139,071	235,069,125
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	23,126,466	21,420,127
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) $ net tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	194,265,537	256,489,252
11. Net cash from operations (Line 4 minus Line 10)	21,180,394	(21,748,168)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	8,447,550	0
12.3 Mortgage loans	0	0
12.4 Real estate	5,134,313	221,831
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	13,581,863	221,831
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	0
13.2 Stocks	10,553,027	9,827,389
13.3 Mortgage loans	0	0
13.4 Real estate	0	16,095
13.5 Other invested assets	5,134,313	0
13.6 Miscellaneous applications	475,443	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	16,162,783	9,843,484
14. Net increase (or decrease) in policy loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(2,580,920)	(9,621,653)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds received	1,791,594	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	12,533,738	1,659,991
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	14,325,332	1,659,991
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	32,924,806	(29,709,830)
19. Cash and short-term investments:		
19.1 Beginning of year	424,053	30,133,883
19.2 End of period (Line 18 plus Line 19.1)	33,348,859	424,053

Benefits and loss related payments (see Line 5) includes the effect of the prior period adjustment for $6,312,308 for the reestimation of the December 31, 2002 IBNR.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-term Care	12 Other Health	13 Other Non-Health
1. Net premium income	219,387,729	17,274,524				1,820,934		200,292,271					
2. Change in unearned premium reserves and reserve for rate credit	0												
3. Fee-for-service (net of $ 516,990 medical expenses)	(31,118)	0										(31,118)	XXX
4. Risk revenue	0												XXX
5. Aggregate write-ins for other health care related revenues	98,792	0	0	0	0	0	0	98,792	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	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	219,455,403	17,274,524	0	0	0	1,820,934	0	200,391,063	0	0	0	(31,118)	0
8. Hospital/medical/ benefits	119,062,898	12,182,626				1,352,495		105,527,777					XXX
9. Other professional services	10,458,715	1,057,109				117,358		9,284,248					XXX
10. Outside referrals	4,628,177	131,951				14,649		4,481,577					XXX
11. Emergency room and out-of-area	22,047,100	1,580,530				175,468		20,291,102					XXX
12. Prescription Drugs	30,018,516	3,085,251				342,519		26,590,746					XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	1,971,629	1,009				112		1,970,508					XXX
15. Subtotal (Lines 8 to 14)	188,187,035	18,038,476	0	0	0	2,002,601	0	168,145,958	0	0	0	0	XXX
16. Net reinsurance recoveries	0												XXX
17. Total medical and hospital (Lines 15 minus 16)	188,187,035	18,038,476	0	0	0	2,002,601	0	168,145,958	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses	1,523,800	83,756				9,298		1,430,746					
20. General administrative expenses	26,520,096	2,985,818				331,481		23,202,797					
21. Increase in reserves for accident and health contracts	(2,125,000)	(1,912,660)				(212,340)							XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	214,105,931	19,195,390	0	0	0	2,131,040	0	192,779,501	0	0	0	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	5,349,472	(1,920,866)	0	0	0	(310,106)	0	7,611,562	0	0	0	(31,118)	0
DETAILS OF WRITE-INS													
0501. Miscellaneous Revenue	98,792							98,792					XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	98,792	0	0	0	0	0	0	98,792	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	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	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.													XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX

QAAP Premium taxes were netted against Premiun Income for RBC reporting purposes.

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)	18,079,282			18,079,282
2. Medicare Supplement				0
3. Dental Only				0
4. Vision Only				0
5. Federal Employees Health Benefits Plan	1,910,277			1,910,277
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid	208,923,808			208,923,808
8. Stop Loss				0
9. Disability Income				0
10. Long-term care				0
11. Other health				0
12. Health subtotal (Lines 1 through 11)	228,913,367	0	0	228,913,367
13. Life				0
14. Property/Casualty				0
15. Totals (Lines 12 to 14)	228,913,367	0	0	228,913,367

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1 Total	2 Comprehensive (Hospital & 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 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Payments during the year:													
1.1 Direct	171,139,071	17,191,065				1,781,126		152,166,880					
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	0												
1.4 Net	171,139,071	17,191,065	0	0	0	1,781,126	0	152,166,880	0	0	0	0	0
2. Paid medical incentive pools and bonuses	0												
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	45,841,077	4,279,747	0	0	0	479,787	0	41,081,543	0	0	0	0	0
3.3 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	45,841,077	4,279,747	0	0	0	479,787	0	41,081,543	0	0	0	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	0	0	0
5. Accrued medical incentive pools and bonuses, current year	3,550,379	177,197				13,374		3,359,808					
6. Amounts recoverable from reinsurers December 31, current year	0												
7. Claim liability December 31, prior year from Part 2A:													
7.1 Direct	30,764,742	3,433,345	0	0	0	258,424	0	27,072,973					
7.2 Reinsurance assumed	0	0	0	0	0	0	0	0					
7.3 Reinsurance ceded	0	0	0	0	0	0	0	0					
7.4 Net	30,764,742	3,433,345	0	0	0	258,424	0	27,072,973	0	0	0	0	0
8. Claim reserve December 31, prior year from Part 2D:													
8.1 Direct	0	0	0	0	0	0	0	0					
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0					
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0					
8.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Accrued medical incentive pools and bonuses, prior year	1,578,750	176,188	0	0	0	13,262	0	1,389,300					
10. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0					
11. Incurred Benefits:													
11.1 Direct	186,215,406	18,037,467	0	0	0	2,002,489	0	166,175,450	0	0	0	0	0
11.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
11.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
11.4 Net	186,215,406	18,037,467	0	0	0	2,002,489	0	166,175,450	0	0	0	0	0
12. Incurred medical incentive pools and bonuses	1,971,629	1,009	0	0	0	112	0	1,970,508	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1 Total	2 Comprehensive (Medical & Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan Premium	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	26,055,779	2,410,865				270,273		23,374,641					
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	26,055,779	2,410,865	0	0	0	270,273	0	23,374,641	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	19,421,769	1,868,882				209,514		17,343,373					
2.2. Reinsurance assumed	0												
2.3. Reinsurance ceded	0												
2.4. Net	19,421,769	1,868,882	0	0	0	209,514	0	17,343,373	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	363,529							363,529					
3.2. Reinsurance assumed	0												
3.3. Reinsurance ceded	0												
3.4. Net	363,529	0	0	0	0	0	0	363,529	0	0	0	0	0
4. TOTALS:													
4.1. Direct	45,841,077	4,279,747	0	0	0	479,787	0	41,081,543	0	0	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	45,841,077	4,279,747	0	0	0	479,787	0	41,081,543	0	0	0	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 Dec. 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)	1,503,308	15,687,757	319,149	3,960,598	1,822,457	3,389,493
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan Premiums	177,723	1,603,403	35,779	444,008	213,502	259,434
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid	15,578,735	136,588,145	3,121,431	37,960,112	18,700,166	27,115,815
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	17,259,766	153,879,305	3,476,359	42,364,718	20,736,125	30,764,742
10. Other non-health	0	0			0	
11. Medical incentive pools, and bonus amounts			1,801,562	1,748,817	1,801,562	1,578,750
12. Totals (Lines 9 to 11)	17,259,766	153,879,305	5,277,921	44,113,535	22,537,687	32,343,492

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	8,751	9,278	9,385	9,387	9,387
2. 1999	13,749	20,388	20,859	20,888	20,888
3. 2000	XXX	16,383	23,155	23,375	23,375
4. 2001	XXX	XXX	24,056	31,079	31,079
5. 2002	XXX	XXX	XXX	28,282	29,785
6. 2003	XXX	XXX	XXX	XXX	15,688

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	8,936	9,350	9,385	9,387	9,387
2. 1999	17,858	20,865	20,859	20,889	20,888
3. 2000	XXX	22,352	23,155	23,375	23,375
4. 2001	XXX	XXX	33,569	31,252	31,079
5. 2002	XXX	XXX	XXX	31,543	30,104
6. 2003	XXX	XXX	XXX	XXX	19,649

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1999	XXX			XXX	0	XXX			0	XXX
2. 1999	0	0	0	0.0	0	0.0	0	0	0	0.0
3. 2000	0	0	0	0.0	0	0.0	0	0	0	0.0
4. 2001	25,319	31,406	401	1.3	31,807	125.6	9,513	29	41,349	163.3
5. 2002	26,072	35,556	135	0.4	35,691	136.9	3,435	37	39,163	150.9
6. 2003	18,079	17,191	61	0.4	17,252	95.4	4,279	48	21,579	119.4
7. Total (Lines 1 through 6)	XXX	84,153	597	XXX	84,750	XXX	17,227	114	102,091	XXX
8. Total (Lines 2 through 6)	69,470	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A – Paid Health Claims - Medicare Supplement

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	0	0	0	0	
2. 1999	0	0	0	0	
3. 2000	XXX	0	0	0	
4. 2001	XXX	XXX	0	0	
5. 2002	XXX	XXX	XXX	0	
6. 2003	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims - Medicare Supplement

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1	2	3	4	5
1. Prior					
2.					
3.	XXX				
4.	XXX	XXX			
5.	XXX	XXX	XXX		
6.	XXX	XXX	XXX	XXX	

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to	XXX			XXX		XXX				XXX
2.										
3.										
4.										
5.										
6.										
7. Total (Lines 1 through 6)	XXX			XXX		XXX				XXX
8. Total (Lines 2 through 6)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A – Paid Health Claims - Dental Only

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	0	0	0	0	
2. 1999	0	0	0	0	
3. 2000	XXX	0	0	0	
4. 2001	XXX	XXX	0	0	
5. 2002	XXX	XXX	XXX	0	
6. 2003	XXX	XXX	XXX	XXX	

Section B – Incurred Health Claims - Dental Only

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1	2	3	4	5
1. Prior					
2.					
3.	XXX				
4.	XXX	XXX			
5.	XXX	XXX	XXX		
6.	XXX	XXX	XXX	XXX	

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Dental Only

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to	XXX			XXX		XXX				XXX
2.										
3.										
4.										
5.										
6.										
7. Total (Lines 1 through 6)	XXX			XXX		XXX				XXX
8. Total (Lines 2 through 6)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A – Paid Health Claims - Vision Only

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	0	0	0	0	
2. 1999	0	0	0	0	
3. 2000	XXX	0	0	0	
4. 2001	XXX	XXX	0	0	
5. 2002	XXX	XXX	XXX	0	
6. 2003	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims - Vision Only

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1	2	3	4	5
1. Prior					
2.					
3.	XXX				
4.	XXX	XXX			
5.	XXX	XXX	XXX		
6.	XXX	XXX	XXX	XXX	

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Vision Only

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to	XXX			XXX		XXX				XXX
2.										
3.										
4.										
5.										
6.										
7. Total (Lines 1 through 6)	XXX			XXX		XXX				XXX
8. Total (Lines 2 through 6)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	0	0	9	9	9
2. 1999	0	0	39	41	41
3. 2000	XXX	0	508	522	522
4. 2001	XXX	XXX	1,270	1,708	1,708
5. 2002	XXX	XXX	XXX	1,762	1,940
6. 2003	XXX	XXX	XXX	XXX	1,604

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

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	0	0	9	9	9
2. 1999	0	0	39	41	41
3. 2000	XXX	0	523	522	522
4. 2001	XXX	XXX	2,110	1,721	1,708
5. 2002	XXX	XXX	XXX	2,008	1,976
6. 2003	XXX	XXX	XXX	XXX	2,048

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1999	XXX			XXX	0	XXX			0	XXX
2. 1999	0	0	0	0.0	0	0.0	0	0	0	0.0
3. 2000	0	0	0	0.0	0	0.0	0	0	0	0.0
4. 2001	1,954	1,825	31	1.7	1,856	95.0	855	2	2,713	138.8
5. 2002	1,962	2,216	10	0.5	2,226	113.5	259	3	2,488	126.8
6. 2003	1,910	1,782	6	0.3	1,788	93.6	480	5	2,273	119.0
7. Total (Lines 1 through 6)	XXX	5,823	47	XXX	5,870	XXX	1,594	10	7,474	XXX
8. Total (Lines 2 through 6)	5,826	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	0	0	0	0	
2. 1999	0	0	0	0	
3. 2000	XXX	0	0	0	
4. 2001	XXX	XXX	0	0	
5. 2002	XXX	XXX	XXX	0	
6. 2003	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims - Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1	2	3	4	5
1. Prior					
2.					
3.	XXX				
4.	XXX	XXX			
5.	XXX	XXX	XXX		
6.	XXX	XXX	XXX	XXX	

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to	XXX			XXX		XXX				XXX
2.										
3.										
4.										
5.										
6.										
7. Total (Lines 1 through 6)	XXX			XXX		XXX				XXX
8. Total (Lines 2 through 6)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	76,043	79,906	80,766	80,775	80,775
2. 1999	119,465	168,153	172,062	172,224	172,224
3. 2000	XXX	120,143	174,025	175,238	175,238
4. 2001	XXX	XXX	154,056	192,704	192,704
5. 2002	XXX	XXX	XXX	155,619	171,198
6. 2003	XXX	XXX	XXX	XXX	136,588

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	77,390	80,438	80,766	80,775	80,775
2. 1999	149,600	171,653	172,062	172,224	172,224
3. 2000	XXX	163,918	177,025	175,238	175,238
4. 2001	XXX	XXX	187,775	194,061	192,704
5. 2002	XXX	XXX	XXX	181,335	174,319
6. 2003	XXX	XXX	XXX	XXX	174,548

Section C – Incurred Year Health Claims and Claims 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 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1999	XXX			XXX	0	XXX			0	XXX
2. 1999	0	0	0	0.0	0	0.0	0	0	0	0.0
3. 2000	0	0	0	0.0	0	0.0	0	0	0	0.0
4. 2001	221,055	212,705	3,507	1.6	216,212	97.8	36,719	226	253,157	114.5
5. 2002	205,588	195,651	1,073	0.5	196,724	95.7	27,073	295	224,092	109.0
6. 2003	208,924	152,167	1,115	0.7	153,282	73.4	41,082	623	194,987	93.3
7. Total (Lines 1 through 6)	XXX	560,523	5,695	XXX	566,218	XXX	104,874	1,144	672,236	XXX
8. Total (Lines 2 through 6)	635,567	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	0	0	0	0	
2. 1999	0	0	0	0	
3. 2000	XXX	0	0	0	
4. 2001	XXX	XXX	0	0	
5. 2002	XXX	XXX	XXX	0	0
6. 2003	XXX	XXX	XXX	XXX	0

Section B – Incurred Health Claims - Other

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1	2	3	4	5
1. Prior					
2.					
3.	XXX				
4.	XXX	XXX			
5.	XXX	XXX	XXX		
6.	XXX	XXX	XXX	XXX	

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Other

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to	XXX			XXX		XXX				XXX
2.										
3.										
4.										
5.										
6.										
7. Total (Lines 1 through 6)	XXX			XXX		XXX				XXX
8. Total (Lines 2 through 6)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	84,794	89,184	90,160	90,171	90,171
2. 1999	133,214	188,541	192,960	193,153	193,153
3. 2000	XXX	136,526	197,688	199,135	199,135
4. 2001	XXX	XXX	179,382	225,491	225,491
5. 2002	XXX	XXX	XXX	185,663	202,923
6. 2003	XXX	XXX	XXX	XXX	153,880

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior	86,326	89,788	90,160	90,171	90,171
2. 1999	167,458	192,518	192,960	193,154	193,153
3. 2000	XXX	186,270	200,703	199,135	199,135
4. 2001	XXX	XXX	223,454	227,034	225,491
5. 2002	XXX	XXX	XXX	214,886	206,399
6. 2003	XXX	XXX	XXX	XXX	196,245

Section C – Incurred Year Health Claims and Claims 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 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1999	XXX	0	0	XXX	0	XXX	0	0	0	XXX
2. 1999	0	0	0	0.0	0	0.0	0	0	0	0.0
3. 2000	0	0	0	0.0	0	0.0	0	0	0	0.0
4. 2001	248,328	245,936	3,939	1.6	249,875	100.6	47,087	257	297,219	119.7
5. 2002	233,622	233,423	1,218	0.5	234,641	100.4	30,767	335	265,743	113.7
6. 2003	228,913	171,140	1,182	0.7	172,322	75.3	45,841	676	218,839	95.6
7. Total (Lines 1 through 6)	XXX	650,499	6,339	XXX	656,838	XXX	123,695	1,268	781,801	XXX
8. Total (Lines 2 through 6)	710,863	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other
POLICY RESERVE												
1. Unearned premium reserves	0											
2. Additional policy reserves (a)	225,000	225,000										
3. Reserve for future contingent benefits	0											
4. Reserve for rate credits or experience rating refunds (including $ ..... for investment income)	0											
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0	0	0	0
6. Totals (Gross)	225,000	225,000	0	0	0	0	0	0	0	0	0	0
7. Reinsurance ceded	0											
8. Totals (Net) (Page 3, Line 4)	225,000	225,000	0	0	0	0	0	0	0	0	0	0
CLAIM RESERVE												
9. Present value of amounts not yet due on claims	0											
10. Reserve for future contingent benefits	0											
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0	0	0	0
12. Totals (Gross)	0	0	0	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0											
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes $ 225,000 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administration Expenses	3 Investment Expenses	4 Total
1. Rent ($ ..... for occupancy of own building)				0
2. Salaries, wages and other benefits	1,157,393	8,569,376		9,726,769
3. Commissions (less $ ..... ceded plus $ ..... assumed)		376,510		376,510
4. Legal fees and expenses	15,000	361,819		376,819
5. Certifications and accreditation fees				0
6. Auditing, actuarial and other consulting services	50,000	1,458,653		1,508,653
7. Traveling expenses		264,582		264,582
8. Marketing and advertising		392,554		392,554
9. Postage, express and telephone	10,033	875,863		885,896
10. Printing and office supplies		458,220		458,220
11. Occupancy, depreciation and amortization	100,000	2,363,312		2,463,312
12. Equipment		335,747		335,747
13. Cost or depreciation of EDP equipment and software	60,000	2,251,349		2,311,349
14. Outsourced services including EDP, claims, and other services	35,004	7,050,467		7,085,471
15. Boards, bureaus and association fees		256,344		256,344
16. Insurance, except on real estate		284,213		284,213
17. Collection and bank service charges		0		0
18. Group service and administration fees				0
19. Reimbursements by uninsured accident and health plans				0
20. Reimbursements from fiscal intermediaries				0
21. Real estate expenses				0
22. Real estate taxes		117,367		117,367
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		66,606		66,606
23.4 Payroll taxes	80,460	600,422		680,882
23.5 Other (excluding federal income and real estate taxes)				0
24. Investment expenses not included elsewhere			134,392	134,392
25. Aggregate write-ins for expenses	15,910	436,692	0	452,602
26. Total expenses incurred (Lines 1 to 25)	1,523,800	26,520,096	134,392	(a) 28,178,288
27. Less expenses unpaid December 31, current year	676,395	10,338,711		11,015,106
28. Add expenses unpaid December 31, prior year	334,910	5,628,374		5,963,284
29. Amounts receivable related to uninsured accident and health plans, prior year				0
30. Amounts receivable related to uninsured accident and health plans, current year				0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	1,182,315	21,809,759	134,392	23,126,466
DETAIL OF WRITE-INS				
2501. Board of Trustees Fees		114,136		114,136
2502. Special Projects		140,398		140,398
2503. Miscellaneous	15,910	182,158		198,068
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	15,910	436,692	0	452,602

(a) Includes management fees of $ ..... to affiliates and $ 6,811,438 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)	
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	297,114	297,114
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d) 0	0
5.	Contract loans		
6.	Cash/short-term investments	(e) 250,268	250,268
7.	Derivative instruments	(f)	
8.	Other invested assets	115,279	115,279
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	662,661	662,661
11.	Investment expenses		(g) 134,392
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)
15.	Aggregate write-ins for deductions from investment income		0
16.	Total (Lines 11 through 15)		134,392
17.	Net Investment Income - (Line 10 minus Line 16)		528,269
	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 through 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.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

(a) Includes $ ..... accrual of discount less $ ..... amortization of premium and less $ ..... paid for accrued interest on purchases.
(b) Includes $ ..... accrual of discount less $ ..... amortization of premium and less $ ..... paid for accrued dividends on purchases.
(c) Includes $ ..... accrual of discount less $ ..... amortization of premium and less $ ..... paid for accrued interest on purchases.
(d) Includes $ 0 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ ..... accrual of discount less $ ..... amortization of premium and less $ ..... paid for accrued interest on purchases.
(f) Includes $ ..... accrual of discount less $ ..... amortization of premium.
(g) Includes $ 134,392 investment expenses and $ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ ..... interest on surplus notes and $ ..... interest on capital notes.
(i) Includes $ ..... depreciation on real estate and $ ..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
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)	101,360				101,360
2.21	Common stocks of affiliates					0
3.	Mortgage loans					0
4.	Real estate		(1,015,373)			(1,015,373)
5.	Contract loans					0
6.	Cash/Short-term investments	0				0
7.	Derivative instruments					0
8.	Other invested assets	132,272				132,272
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	233,632	(1,015,373)	0	0	(781,741)
	DETAILS OF WRITE-INS					
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 12 to 20, Column 2	2,437,750	625,303	(1,812,447)
2. Other Non-Admitted Assets:			
2.1 Bills receivable		0	0
2.2 Leasehold improvements		0	0
2.3 Cash advanced to or in hands of officers and agents		0	0
2.4 Loans on personal security, endorsed or not		0	0
2.5 Commuted commissions		0	0
3. Total (Lines 2.1 to 2.5)	0	0	0
4. Aggregate write-ins for other assets	4,443,135	504,563	(3,938,572)
5. Total (Line 1 plus Lines 3 and Line 4)	6,880,885	1,129,866	(5,751,019)
0401. Prepaid Expenses	646,430	486,529	(159,901)
0402. Employee Advances	4,185	18,034	13,849
0403. Health Care Receivables	2,762,735	0	(2,762,735)
0498. Summary of remaining write-ins for Line 4 from overflow page	1,029,785	0	(1,029,785)
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	4,443,135	504,563	(3,938,572)

EXHIBIT 2 - 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	118,685	117,525	116,122	113,418	110,453	1,375,374
2. Provider Service Organizations	0					
3. Preferred Provider Organizations	0					
4. Point of Service	0					
5. Indemnity Only	0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	118,685	117,525	116,122	113,418	110,453	1,375,374
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

NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of The Wellness Plan (TWP) are presented on the basis of accounting practices permitted by the Michigan Office of Financial and Insurance Services (OFIS).

As of January 1, 2003, OFIS has adopted the NAIC's *Accounting Practices and Procedures* as a component of prescribed and permitted practices. OFIS has certain permitted practices that can be used as a phase-in for the accounting practices.

1. Three-year phase-in period for the limitation of admitted electronic data processing equipment and software
2. Three-year phase-in period for the amount of nonadmitted furniture and equipment

TWP, with the previous permission of OFIS, records their Malpractice Trust Self Insurance Fund and the Stop Loss Self Insurance Trust on Schedule BA. These two items are not specifically addressed in statutory accounting. In addition, one of the funds has a negative balance in 2002, which OFIS has allowed to remain as an asset. If these funds were not allowed as admitted assets, the surplus would be decreased by $1,343,519 as of December 31, 2003 and by $907,695 as of December 31, 2002.

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

		12/31/03	12/31/02
(1)	Net income – Mich. OFIS basis	$ 5,096,000	$ (7,936,860)
(2)	State prescribed practice	-0-	-0-
(3)	State prescribed practice	-0-	-0-
(4)	Net income – NAIC SAP	$ 5,096,000	$ (7,936,860)
(5)	Statutory surplus – Mich. OFIS basis	$ 8,606,172	$ 3,227,164
(6)	State prescribed practices (surplus):		
	EDP equipment	215,440	2,841,244
	Furniture & equipment	1,802,686	2,114,569
(7)	State permitted practices (surplus):	-0-	-0-
(8)	Statutory surplus – NAIC SAP	$ 6,588,046	$ (1,728,649)

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

The preparation of financial statements in conformity with NAIC's and OFIS's accounting practices and permitted practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the statement of admitted assets, liabilities and capital and surplus—statutory basis and revenues and expenses and capital and surplus—statutory basis for the period reported on. Actual results could differ from those estimates.

C. Accounting Policy

Fair Value of Financial Instruments—The carrying amounts of cash, short-term investments, receivables, accounts payable, and accrued expenses approximate fair value due to the short maturity of these items. Investments are valued at fair values, which are based on quoted market prices.

Cash and Short-Term Investments—Cash and short-term investments are carried at cost, which approximate fair market value, and are comprised of cash and highly liquid short-term investments with an original maturity of 90 days or less.

Investments—Investments consist primarily of mutual funds and short-term interest bearing investments with original maturities greater than three months. Investments are stated at fair value, which are based on quoted market prices. Investment income, including interest, dividends and realized gains and losses are included in the statement of revenue over expenses. Unrealized gains and losses are excluded from excess of expenses over revenues.

NOTES TO FINANCIAL STATEMENTS

Inventories—Inventories are stated at the lower of cost or market, determined by the first-in, first-out method.

Property and Equipment—Property and equipment are stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 30 years.

Statutory Reserves—As a condition of licensure with the State of Michigan, the Corporation is required to maintain in a contingency fund a deposit of $1,000,000 as of December 31, 2003 and 2002, as an additional resource to provide for health care services for its members. This deposit is restricted and is held in a jointly administered trust fund with the Michigan Insurance Bureau. The funds are invested in certificates of deposit and U.S. Government securities and recorded as cash and short-term investments.

Revenue Recognition—Premium revenue is recognized during the month in which coverage for enrolled members is in effect. Advanced premiums represent payments received on advance billings prior to period when coverage is in effect.

Accrued Medical Claims—Health care costs are accrued in the period services are provided to the enrolled members based in part on estimates, including an accrual for medical services provided but not yet reported. Such estimates are based on historical payment patterns using actuarial techniques and are regularly reviewed and updated. Differences in estimates resulting there from are reflected in current operations.

Malpractice Costs—The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Income Tax Status—The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for federal income taxes has been made in the financial statements.

2. Accounting Changes and Correction of Errors

As of January 1, 2003, OFIS has adopted the NAIC's Accounting Practices and Procedures as a component of prescribed and permitted practices. OFIS has certain permitted practices that can be used as a phase-in for the accounting procedures.

• The prepaid portion of the Retired Employees Health Insurance Fund is now being reported as a nonadmitted asset, based on the following amounts:

	12/31/03	12/31/02
Employee Benefit Trust Fund – Investments	659,080	1,654,873
Employee Benefit Trust Fund – Cash	1,194,668	33,705
Subtotal	1,853,748	1,688,578
Accrued Pension Benefit Liability	823,963	658,794
Nonadmitted Prepaid employee benefits	1,029,785	1,029,784

The total nonadmitted prepaid employee benefits were allocated as follows:

Common stock	659,080
Cash equivalents	370,705
Total	1,029,785

• The reported amount for computer hardware is limited to 25% of the Company's capital surplus as reported at September 30, 2003, as allowed under the State of Michigan prescribed accounting practices. The amount of the Company's non-operating systems software is treated as a non-admitted asset.

	12/31/03	12/31/02
Capital and surplus, beginning of period	5,069,062	12,914,743
Percentage allowed for 2003	25%	25%
Allowable limit of computer equipment	1,267,266	3,228,686
Amount of EDP equipment and software	2,477,122	3,274,504
Less amount of EDP software	2,109,610	2,888,136
Net amount of EDP equipment	367,512	386,368

NOTES TO FINANCIAL STATEMENTS

Admitted amount (not to exceed the allowable limit as determined above)	367,512	386,368
Nonadmitted amount	2,109,610	2,888,136

• Office Furniture and Equipment is stated at 85% of the net book value as allowed under the State of Michigan's prescribed accounting practices.

	12/31/03	12/31/02
Furniture and Equipment	3,523,137	3,899,728
Less: Medical Delivery assets	1,402,330 *	1,412,000
Net Office Equipment	2,120,807	2,487,728
Admitted amount at 85% of total	1,802,686	2,114,569
Nonadmitted amount	318,121	373,159

* Medical Delivery assets of $1,402,330 consisting of inventory of medical supplies, drugs and staff clinics equipment were deducted from the total office furniture and equipment when determining nonadmitted assets.

During 2003, the Corporation recognized an impairment loss resulting from the adjustment to fair market value for the land and building.

Original cost of property	$9,013,215
Less: accumulated depreciation	2,997,839
Net book value before impairment loss	6,015,376
Less fair market value per appraisal	5,000,000
Impairment loss recognized in 2003	1,015,376

Prior Period Adjustments:

The prior period adjustments as included as an aggregate write-in on the Capital and Surplus schedule (page 5), were included in the Audited Financial Statements for the year ended December 31, 2002, and represent the adjustment of claims incurred but not reported of $6,312,308.

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

The Plan is in the process of ending its commercial business. Once each group's contract expires, it is not renewed. The Corporation will no longer have any commercial members, effective July 1, 2004.

5. Investments (Mortgage Loans, Debt Restructuring, Reverse Mortgages, Loan-Backed Securities and Repurchase Agreements)

A. Not applicable
B. Not applicable
C. Not applicable
D. Not applicable
E. Not applicable
F. Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

Not applicable

7. Investment Income

Not applicable

8. Derivative Instruments

Not applicable

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

The corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made.

10. Information Concerning Parent, Subsidiaries and Affiliates

Wellcorp, Inc.: the reported value of this subsidiary is $10,019 at December 31, 2003 and is treated as a non-admitted asset for statutory reporting purposes.

WellChoice: The reported value of this subsidiary is $-0- at December 31, 2003.

11. Debt

In April 2003, the Corporation entered into a second loan agreement with Cananwill, Inc. in the amount of $395,644. The last installment was paid in December 2003. Interest compounds at 4.24% per year and is included in the equal monthly installment payments of $44,740.72.

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

Money-Purchase Pension Plan: Corporation employees are covered by a qualified defined contribution pension plan sponsored by The Wellness Plan. Contributions of six percent (6%) of each employee's compensation are made each year. The corporation's contribution to the plan was $1,162,173 for 2003 and $970,520 for 2002. At December 31, 2003, the fair value of plan assets was $11,773,802.

Deferred Compensation Plan: In April 2003, the Corporation terminated its non-qualified deferred compensation plan covering several key employees. Plan assets totalled $-0- at December 31, 2003 and $507,543 at December 31, 2002 and consisted of equity and bond mutual funds and a fixed annuity account.

Employees' Retirement Health Care Plan: This plan replaces the defined benefit postretirement health care plan, which was terminated in July 2001, and covers 17 retired employees who were receiving benefits under the old plan. Plan assets totaled $1,853,873 at December 31, 2003 and $1,688,578 at December 31, 2002 and consist of equity and bond mutual funds and cash equivalents.

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

Not applicable

14. Contingencies

Litigation: Various lawsuits are filed against the Corporation for incidents which arise in the ordinary course of business. In the opinion of the Corporation's management, the outcome of the lawsuits will not have a material adverse effect on the financial position of the Corporation.

Malpractice Self-Insurance: The Corporation has a self-insurance program in effect which provides for limits of $3,000,000 per claim. In conjunction with this program, the Corporation purchased insurance policies to provide for claims in excess of $3,000,000 up to a maximum of $5,000,000.

WellChoice: The Texas Department of Insurance placed the Corporation's subsidiary, WellChoice, into temporary receivership in February 1999. In June 2000, the Texas Department of Insurance filed a claim against the Corporation to recover the outstanding liabilities of WellChoice. Management believes that any obligation the Corporation may incur on behalf of WellChoice would not have a material adverse effect on the consolidated financial position of the Corporation.

15. Leases

The Corporation has operating leases for various office facilities in Michigan. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year at December 31, 2003.

NOTES TO FINANCIAL STATEMENTS

2004	$ 521,387
2005	71,148
2006	71,148
2007	17,148
2008	5,716
Total minimum payments required:	$ 586,547

Then total rental expense for all operating leases amounted to $557,419 in 2003 and $587,066 in 2002, respectively.

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 A&H 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. Other Items

Not applicable

21. Events Subsequent

Not applicable

22. Reinsurance

Not applicable

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable

24. Change in Incurred Claims and Claim Adjustment Expenses

Reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years decreased $9,805,805 from $32,343,492 at December 31, 2002 to $22,537,687 at December 31, 2003 as a result of reestimation of unpaid claims and claim adjustment expenses. This decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased when additional information becomes known regarding individual claims.

On July 1, 2003, the Corporation was placed under an Order of Rehabilitation. Unpaid claims for services provided prior to the Rehabilitation Order include the following amounts:

Medical Claims	$18,626,763
Other Medical Liabilities	1,542,659
IPA Cost Settlements	2,856,347
Retention Withholds	227,672
Accounts Payable	1,380,371
TOTAL	$24,633,812

NOTES TO FINANCIAL STATEMENTS

25. Intercompany Pooling Arrangements

Not applicable

26. Structured Settlements

Not applicable

27. Health Care Receivables

Pharmaceutical receivables

The Corporation only accrues the pharmaceutical rebates from Advanced PCS based on the actual information received from the vendor for of three quarterly reporting periods, while the most recent reporting period is estimated based on a percentage of paid claims. Rebates arising from other vendors are recorded as income when received. The table below shows for each quarter for the last three years, the estimated balance of pharmacy rebate receivable as reported on the financial statements, pharmacy rebates as billed or otherwise confirmed and the pharmacy rebate received. The Corporation ended its contract with PCS on September 30, 2003, and entered into a new contract with Envision. Under the new contract, any rebates are built into the contract pricing, and no receivables will occur from this contract.

	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91-180 Days of billing	Actual Rebates Received More than 180 Days of billing
12/31/2003	1,014,585	729,733			601,972
9/30/2003	886,824	336,039			208,089
6/30/2003	758,874	79,807			147,582
3/31/2003	826,649	237,408			237,854
12/31/2002	827,095	342,202			235,107
9/30/2002	720,000	380,727			487,610
6/30/2002	826,883	245,991			304,256
3/31/2002	885,148	240,229			335,103
12/31/2001	980,022	441,649			281,785
9/30/2001	820,158	277,134			321,504
6/30/2001	864,528	945,475			240,000
3/31/2001	159,053	240,000			256,700

Risk Sharing Receivables

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
2003	2003	-0-	335,349	-0-	335,349	-0-	-0-	-0-	-0-
	2004		-0-						
2002	2002	761,707	717,782	717,782	-0-	-0-	-0-	-0-	-0-
	2003		-0-						
2001	2001	120,586	45,334	120,586	-0-	-0-	75,240	-0-	-0-
	2002		-0-						

Key to column headings

(A) Calendar year
(B) Evaluation period ending year
(C) Risk sharing receivable as estimated in the prior year
(D) Risk sharing receivable as estimated in the current year
(E) Risk sharing receivable billed
(F) Risk sharing receivable not yet billed
(G) Actual risk sharing amounts received in year billed
(H) Actual risk sharing amounts received in first subsequent year

NOTES TO FINANCIAL STATEMENTS

(I) Actual risk sharing amounts received in second subsequent year
(J) Actual risk sharing amounts received – all other

28. Participating Policies

Not applicable

29. Premium Deficency Reserves

At December 31, 2003, the Company recorded a loss of $225,000 in commercial premium deficiency reserves based on expected losses occurring during 2004. The Corporation did consider anticipated investment income when calculating its premium deficiency reserves.

At December 31, 2002, the Company recorded a loss of $2,350,000 in commercial premium deficiency reserves based on expected losses occurring during 2003. Resulting from the net reduction of commercial membership as well as the reduction in incurred claims expenses, $2,125,000 was recognized as a reduction of medical expenses during the year ended December 31, 2003.

30. Anticipated Salvage and Subrogation

Not applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities		0.000		0.000
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA		0.000		0.000
1.512 Issued by FNMA and FHLMC		0.000		0.000
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC		0.000		0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC		0.000		0.000
1.523 All other privately issued		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.000		0.000
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated	12,120,384	18.038	11,461,304	17.322
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company	20,275,121	30.173	20,275,152	30.643
5.2 Property held for the production of income (includes $ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale ($ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash and short-term investments	33,719,564	50.181	33,348,859	50.402
9. Other invested assets	1,080,195	1.608	1,080,195	1.633
10. Total invested assets	67,195,264	100.000	66,165,510	100.000

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 [ ] NA [ ]

1.3 State Regulating? Michigan

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

2.2 If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2001

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. 12/31/1997

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). 04/15/1999

3.4 By what department or departments?

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 Company Code	3 State of Domicile

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) 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(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

(continued)

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Deloitte & Touche LLP, 600 Renaissance Ctr, Ste. 900, Detroit, MI 48243

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Actuarial Business Solutions LLC, 3862 Pheasant Point Court, Verona, WI 53593

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

11.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?

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

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

11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] NA [ ]

BOARD OF DIRECTORS

12. 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 [ ]

13. 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 [ ]

14. 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 which is in or likely to conflict with the official duties of such person?. Yes [X] No [ ]

FINANCIAL

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

15.11 To directors or other officers .. $.....

15.12 To stockholders not officers ... $.....

15.13 Trustees, supreme or grand (Fraternal only) ..... $.....

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

15.21 To directors or other officers ... $.....

15.22 To stockholders not officers .... $.....

15.23 Trustees, supreme or grand (Fraternal only) ..... $.....

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

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

16.21 Rented from others ..... $.....

16.22 Borrowed from others ..... $.....

16.23 Leased from others ..... $.....

16.24 Other ..... $.....

Disclose in Notes to Financial the nature of each obligation.

17.1 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]

17.2 If answer is yes,

17.21 Amount paid as losses or risk adjustment ..... $.....

17.22 Amount paid as expenses ..... $.....

17.23 Other amounts paid ..... $.....

GENERAL INTERROGATORIES

(continued)

INVESTMENT

18. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
					Yes No	Yes No
Preferred					[ ] [ ]	[ ] [ ]
Common				XXX	XXX XXX	XXX XXX

19.1. 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, except as shown by Schedule E - Part 3 - Special Deposits? Yes [X] No [ ]

19.2 If no, give full and complete information relating thereto:

20.1 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, except as shown on the Schedule E - Part 3 - Special Deposits; 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 16.1) Yes [X] No [ ]

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

20.21	Loaned to others	$
20.22	Subject to repurchase agreements	$
20.23	Subject to reverse repurchase agreements	$
20.24	Subject to dollar repurchase agreements	$
20.25	Subject to reverse dollar repurchase agreements	$
20.26	Pledged as collateral	$
20.27	Placed under option agreements	$
20.28	Letter stock or other securities restricted as to sale	$
20.29	Other	$ 6,045,883

20.3 For each category above, if any of these assets are held by other, identify by whom held:

20.31 20.35
20.32 20.36
20.33 20.37
20.34 20.38
20.39 Bank One

For categories (20.21) and (20.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

20.4 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

22.1 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]

22.2 If yes, state the amount thereof at December 31 of the current year. $

GENERAL INTERROGATORIES

(continued)

INVESTMENT

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

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

1 Name of Custodian(s)	2 Custodian's Address
Comerica Bank	Detroit, Michigan
Bank One	Detroit, Michigan

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

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

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year? ..... Yes [ ] No [X]

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

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

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

1 Central Registration Depository Number(s)	2 Name	2 Address
DTC 2255	Clarence Lewis, Jr.	Bank One, 611 Woodward, Detroit, MI 48226
DTC 2255	Richard F. Cipicchio	Bank One, 1111 Polaris Pkwy., Columbus, OH 43420
DTC 2108	Randy L. Browning	Comerica, 411 W. Lafayette, Detroit, MI 48226

24.1 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]

24.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
9999999. TOTAL		0

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

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

GENERAL INTERROGATORIES

(continued)

OTHER

25.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? $ 256,344

25.2 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

26.1 Amount of payments for legal expenses, if any? $ 279,075

26.2 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
BRADY HATHAWAY BRADY & BRETZ, 1330 Buhl Building, 535 Griswold, Detroit, MI 48226	70,429

27.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 30,250

27.2 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
Muchmore, Harrington, Smalley, 500 Michigan National Tower, Lansing, MI 48933	30,250

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 $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives $ 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives $ 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives $ 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives $ 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 219,387,729	$ 234,207,470
2.2	Premium Denominator	$ 228,913,367	$ 234,207,470
2.3	Premium Ratio (2.1/2.2)	0.958	1.000
2.4	Reserve Numerator	$ 49,616,456	$ 34,693,492
2.5	Reserve Denominator	$ 49,616,456	$ 34,693,492
2.6	Reserve Ratio (2.4/2.5)	1.000	1.000

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

3.2 If yes, give particulars:

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

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

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

5.2 If no, explain:

Self Insured Trust

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical $

5.32 Medical Only $

5.33 Medicare Supplement $

5.34 Dental $

5.35 Other Limited Benefit Plan $

5.36 Other $

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

7.1 Does the reporting entity set up its claim liability for provider services on a service data 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 2,669

8.2 Number of providers at end of reporting year 2,491

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

GENERAL INTERROGATORIES

(continued)

PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold and Bonus/ Arrangements in its provider contract? Yes [X] No [ ]

10.2 If yes:

10.21 Maximum amount payable bonuses $ 0

10.22 Amount actually paid for year bonuses $ 0

10.23 Maximum amount payable withholds $ 425,750

10.24 Amount actually paid for year withholds $ 308,019

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 [ ] No [X]

11.14 A Mixed Model (combination of above) ? Yes [X] No [ ]

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. $ 13,780,068

11.5 Is this amount included as part of a contingency reserve in stockholders equity? Yes [ ] No [X]

11.6 If the amount is calculated, show the calculation.

The amount was determined in the Risk Based Capital submission.

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

1 Name of Service Area
Genesee
Lapeer
Macomb
Muskegon
Oakland
Oceana
Wayne

FIVE-YEAR HISTORICAL DATA

	1 2003	2 2002	3 2001	4 2000	5 1999
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	74,024,700	45,955,239	74,201,337	79,455,321	88,596,628
2. Total liabilities (Page 3, Line 22)	65,418,528	42,728,075	62,522,989	67,415,861	72,856,557
3. Statutory surplus	13,780,068	18,785,360	0	0	0
4. Total capital and surplus (Page 3, Line 30)	8,606,172	3,227,164	11,678,348	12,039,460	15,740,071
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	219,455,403	234,140,772	251,578,503	241,089,648	226,174,451
6. Total medical and hospital expenses (Line 18)	188,187,035	218,466,040	216,053,917	214,794,275	213,199,854
7. Total administrative expenses (Line 21)	26,520,096	24,874,177	29,599,001	32,710,823	36,784,581
8. Net underwriting gain (loss) (Line 24)	5,349,472	(9,126,438)	(1,989,489)	(11,129,779)	(23,809,984)
9. Net investment gain (loss) (Line 27)	(253,472)	1,189,578	2,026,104	2,295,639	2,167,597
10. Total other income (Lines 28 plus 29)	0	0	(397,726)	5,133,528	981,770
11. Net income (loss) (Line 32)	5,096,000	(7,936,860)	(361,111)	(3,700,612)	(23,809,984)
RISK - BASED CAPITAL ANALYSIS					
12. Total adjusted capital	8,606,172	3,227,164	11,678,348	12,039,460	15,982,839
13. Authorized control level risk-based capital	6,890,034	9,392,680	8,819,788	9,105,698	7,962,894
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	110,453	118,685	134,548	134,123	141,518
15. Total member months (Column 6, Line 7)	1,375,374	1,530,915	1,596,772	1,662,272	1,653,996
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total hospital and medical (Line 18)	82.2	93.3	87.0	89.8	95.3
18. Total underwriting deductions (Line 23)	93.5	103.9	102.1	105.4	112.5
19. Total underwriting gain (loss) (Line 24)	2.3	(3.9)	(0.8)	(4.7)	(10.7)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 12, Col. 5)	22,537,687	48,830,224	58,015,682	41,419,775	57,489,777
21. Estimated liability of unpaid claims – [prior year (Line 12, Col. 6)]	32,343,492	47,728,559	56,585,235	35,775,433	27,617,333
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
26. Affiliated mortgage loans on real estate		0	0	0	0
27. All other affiliated		0	0	0	0
28. Total of above Lines 22 to 27	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS	1. United States	0	0	0	0
Governments	2. Canada	0	0	0	0
(Including all obligations guaranteed	3. Other Countries	0	0	0	0
by governments)	4. Totals	0	0	0	0
States, Territories and Possessions	5. United States	0	0	0	0
(Direct and guaranteed)	6. Canada	0	0	0	0
	7. Other Countries	0	0	0	0
	8. Totals	0	0	0	0
Political Subdivisions of States,	9. United States	0	0	0	0
Territories and Possessions	10. Canada	0	0	0	0
(Direct and guaranteed)	11. Other Countries	0	0	0	0
	12. Totals	0	0	0	0
Special revenue and special assessment					
obligations and all non-guaranteed	13. United States	0	0	0	0
obligations of agencies and authorities of	14. Canada	0	0	0	0
governments and their political subdivisions	15. Other Countries	0	0	0	0
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States	0	0	0	0
	18. Canada	0	0	0	0
	19. Other Countries	0	0	0	0
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant	21. United States	0	0	0	0
Loans (unaffiliated)	22. Canada	0	0	0	0
	23. Other Countries	0	0	0	0
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. **Total Bonds**	0	0	0	0
PREFERRED STOCKS	27. United States	0	0	0	
Public Utilities (unaffiliated)	28. Canada	0	0	0	
	29. Other Countries	0	0	0	
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies	31. United States	0	0	0	
(unaffiliated)	32. Canada	0	0	0	
	33. Other Countries	0	0	0	
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States	0	0	0	
	36. Canada	0	0	0	
	37. Other Countries	0	0	0	
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. **Total Preferred Stocks**	0	0	0	
COMMON STOCKS	41. United States	0	0	0	
Public Utilities (unaffiliated)	42. Canada	0	0	0	
	43. Other Countries	0	0	0	
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies	45. United States	0	0	0	
(unaffiliated)	46. Canada	0	0	0	
	47. Other Countries	0	0	0	
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States	12,120,384	11,461,304	12,083,966	
	50. Canada	0	0	0	
	51. Other Countries	0	0	0	
	52. Totals	12,120,384	11,461,304	12,083,966	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. **Total Common Stocks**	12,120,384	11,461,304	12,083,966	
	55. **Total Stocks**	12,120,384	11,461,304	12,083,966	
	56. **Total Bonds and Stocks**	12,120,384	11,461,304	12,083,966	

(a) The aggregate value of bonds which are valued at other than actual fair value is $ .....

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 9,828,328
2. Cost of bonds and stocks acquired, Column 6, Part 3 10,553,027
3. Increase (decrease) by adjustment:
   - 3.1 Column 16, Part 1 0
   - 3.2 Column 12, Part 2, Sec. 1 0
   - 3.3 Column 10, Part 2, Sec. 2 85,219
   - 3.4 Column 10, Part 4 ..... 0 85,219
4. Total gain (loss), Col. 14, Part 4 101,360
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 8,447,550
6. Foreign Exchange Adjustment:
   - 6.1 Column 17, Part 1 0
   - 6.2 Column 13, Part 2, Sec. 1 0
   - 6.3 Column 11, Part 2, Sec. 2 0
   - 6.4 Column 11, Part 4 ..... 0 0
7. Book/adjusted carrying value at end of current period 12,120,384
8. Total valuation allowance 0
9. Subtotal (Lines 7 plus 8) 12,120,384
10. Total nonadmitted amounts 659,080
11. Statement value of bonds and stocks, current period 11,461,304

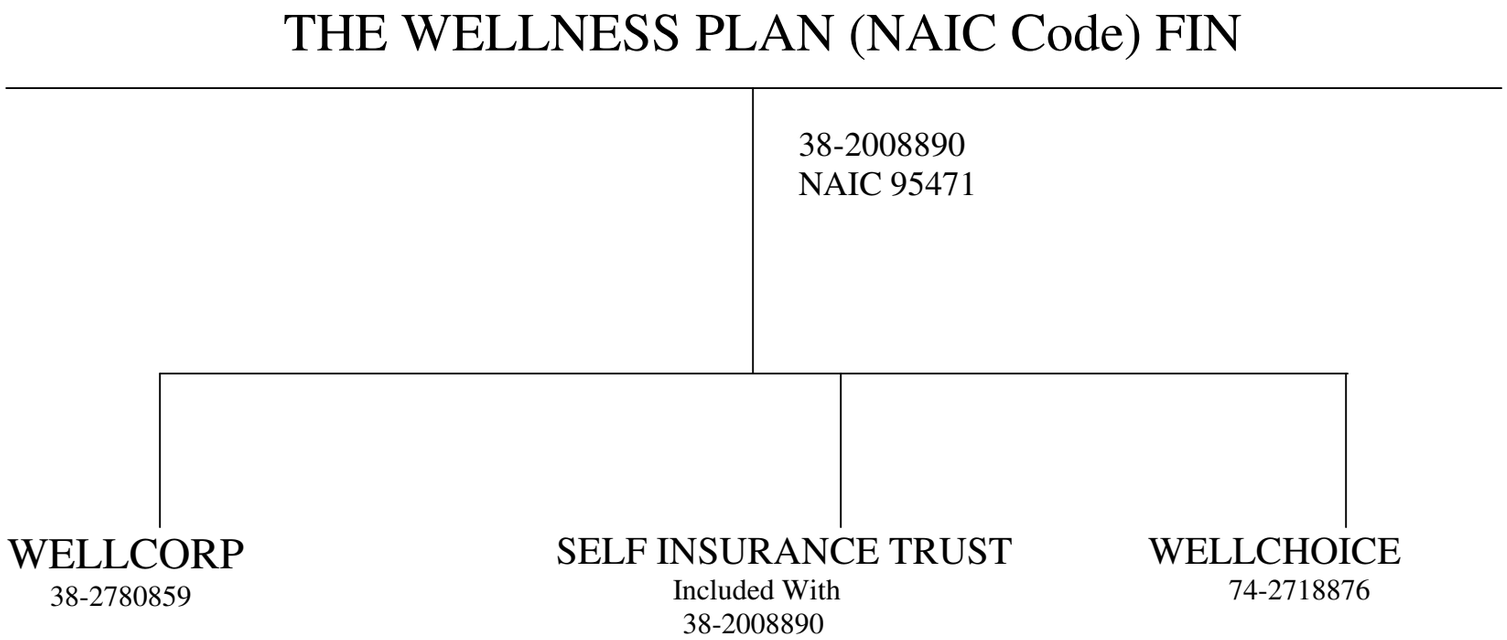
SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only 3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	8 Property/ Casualty Premiums
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI	No	Yes	18,079,282		208,923,808	1,910,277		
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56 Canada CN								
57. Aggregate other alien OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business)	XXX	(a) 1	18,079,282	0	208,923,808	1,910,277	0	0
DETAILS OF WRITE-INS								
5701.								
5702.								
5703.								
5798. Summary of remaining write-ins for Line 57 from overflow page			0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)			0	0	0	0	0	0

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

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

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

PART 1 - ORGANIZATIONAL CHART