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HEALTH QUARTERLY STATEMENT

As of June 30, 2004

of the Condition and Affairs of the

Physicians Health Plan of South Michigan

NAIC Group Code..... , (Current Period) (Prior Period) NAIC Company Code..... 52564 Employer's ID Number..... 38-3311905

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

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

Incorporated..... April 17, 1996 Commenced Business..... May 1, 2000

Statutory Home Office	One Jackson Square ..... Jackson ..... MI ..... 49201 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	One Jackson Square ..... Jackson ..... MI ..... 49201 *(Street and Number) (City or Town, State and Zip Code)*	800-428-7163 *(Area Code) (Telephone Number)*
Mail Address	One Jackson Square ..... Jackson ..... MI ..... 49201 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	One Jackson Square ..... Jackson ..... MI ..... 49201 *(Street and Number) (City or Town, State and Zip Code)*	800-428-7163 *(Area Code) (Telephone Number)*
Internet Website Address	N/A	
Statutory Statement Contact	David Spring *(Name)*	517-841-6973 *(Area Code) (Telephone Number) (Extension)*
	david_w_spring@uhc.com *(E-Mail Address)*	517-782-4512 *(Fax Number)*
Policyowner Relations Contact	One Jackson Square ..... Jackson ..... MI ..... 49201 *(Street and Number) (City or Town, State and Zip Code)*	800-428-7163 *(Area Code) (Telephone Number) (Extension)*

OFFICERS

Name	Title	Name	Title
1. Greg Gieseman	President	2. Jeanne' Hettinger	Secretary / Treasurer
3. David Spring	Chief Financial Officer	4.	

OTHER

DIRECTORS OR TRUSTEES

Dave Corravo	Brian Admaczyk M.D.	Georgia Fojtasek	Rick Warren
Edward Woods	K. V. Rao M.D.	Jeanne' Hettinger	Phil Miller
Mark Browne M.D.	Carolyn Bradley		

State of.....Michigan
County of.....Jackson

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

(Signature)	(Signature)	(Signature)
Greg Gieseman	Jeanne' Hettinger	David Spring
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Secretary / Treasurer	Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This _____ day of _____

_____

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

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

2. Date filed _____

3. Number of pages attached _____

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds	7,724,906		7,724,906	8,429,747
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks			0	
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate:				
4.1 Properties occupied by the company (less $.....0 encumbrances)	53,180	23,931	29,249	51,087
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....(1,387,572)), cash equivalents ($.....0) and short-term investments ($.....24,771,628)	23,384,057		23,384,057	21,373,365
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets	360,093	37,371	322,722	315,759
8. Receivable for securities			0	
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	31,522,236	61,302	31,460,934	30,169,959
11. Investment income due and accrued	90,865		90,865	91,406
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in course of collection	436,101	38,676	397,425	320,612
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
12.3 Accrued retrospective premiums			0	
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	26,028		26,028	89,170
13.2 Funds held by or deposited with reinsured companies			0	
13.3 Other amounts receivable under reinsurance contracts			0	
14. Amounts receivable relating to uninsured plans			0	
15.1 Current federal and foreign income tax recoverable and interest thereon			0	
15.2 Net deferred tax asset			0	
16. Guaranty funds receivable or on deposit			0	
17. Electronic data processing equipment and software	50,484		50,484	68,324
18. Furniture and equipment, including health care delivery assets ($.....0)	2,745	1,235	1,510	2,652
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	
20. Receivable from parent, subsidiaries and affiliates	46,490		46,490	31,243
21. Health care ($.....748,855) and other amounts receivable	748,855		748,855	635,920
22. Other assets nonadmitted			0	
23. Aggregate write-ins for other than invested assets	90,465	89,213	1,252	12,334
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	33,014,268	190,426	32,823,842	31,421,620
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	33,014,268	190,426	32,823,842	31,421,620

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepaid Insurance	89,213	89,213	0	
2302. Other Receivable	1,252		1,252	12,334
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	90,465	89,213	1,252	12,334

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $.....382,214 reinsurance ceded)	10,298,048	1,488,661	11,786,709	10,260,372
2. Accrued medical incentive pool and bonus amounts	1,150,085		1,150,085	2,181,252
3. Unpaid claims adjustment expenses	759,116		759,116	810,220
4. Aggregate health policy reserves			0	
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	760,560		760,560	493,648
9. General expenses due or accrued	1,467,723		1,467,723	1,618,498
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses))			0	
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable	61,688		61,688	81,641
12. Amounts withheld or retained for the account of others	8		8	
13. Remittances and items not allocated			0	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	485,841		485,841	495,685
16. Payable for securities			0	
17. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
18. Reinsurance in unauthorized companies			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	
20. Liability for amounts held under uninsured accident and health plans			0	
21. Aggregate write-ins for other liabilities (including $.....108 current)	108	0	108	0
22. Total liabilities (Lines 1 to 21)	14,983,176	1,488,661	16,471,837	15,941,316
23. Common capital stock	XXX	XXX		
24. Preferred capital stock	XXX	XXX		
25. Gross paid in and contributed surplus	XXX	XXX	10,888,193	10,888,193
26. Surplus notes	XXX	XXX		
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
28. Unassigned funds (surplus)	XXX	XXX	5,463,812	4,592,111
29. Less treasury stock, at cost:				
29.1 .....0.000 shares common (value included in Line 23 $.....0)	XXX	XXX		
29.2 .....0.000 shares preferred (value included in Line 24 $.....0)	XXX	XXX		
30. Total capital and surplus (Lines 23 to 28 minus Line 29)	XXX	XXX	16,352,005	15,480,304
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	32,823,842	31,421,620

DETAILS OF WRITE-INS

2101. Other Liabilities	108		108	
2102.			0	
2103.			0	
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	108	0	108	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 to Date		Prior Year to Date
	1 Uncovered	2 Total	3 Total
1. Member months	XXX	176,373	171,764
2. Net premium income (including $.....0 non-health premium income)	XXX	40,958,186	34,710,699
3. Change in unearned premium reserves and reserve for rate credits	XXX		1,134,369
4. Fee-for-service (net of $.....0 medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	40,958,186	35,845,068
Hospital and Medical:			
9. Hospital/medical benefits	3,202,026	25,352,541	24,441,753
10. Other professional services	400,335	3,169,718	13,725
11. Outside referrals			
12. Emergency room and out-of-area	190,855	1,511,123	
13. Prescription drugs	647,715	5,128,388	4,820,925
14. Aggregate write-ins for other hospital and medical	0	1,709	(43,481)
15. Incentive pool, withhold adjustments and bonus amounts	93,423	739,691	1,374,754
16. Subtotal (Lines 9 to 15)	4,534,354	35,903,169	30,607,676
Less:			
17. Net reinsurance recoveries		337,515	78,588
18. Total hospital and medical (Lines 16 minus 17)	4,534,354	35,565,654	30,529,087
19. Non-health claims			
20. Claims adjustment expenses, including $.....0 cost containment expenses		1,587,954	1,401,686
21. General administrative expenses		3,172,099	3,178,988
22. Increase in reserves for life and accident and health contracts (including $.....0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	4,534,354	40,325,707	35,109,762
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	632,479	735,306
25. Net investment income earned		166,926	164,809
26. Net realized capital gains (losses)		12,869	33,425
27. Net investment gains or (losses) (Lines 25 plus 26)	0	179,795	198,234
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	812,274	933,540
31. Federal and foreign income taxes incurred	XXX		
32. Net income (loss) (Lines 30 minus 31)	XXX	812,274	933,540

DETAILS OF WRITE-INS

0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
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. Other Medical Costs		1,709	(43,481)
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	1,709	(43,481)
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year to Date	2 Prior Year
33. Capital and surplus prior reporting year	15,480,304	10,942,553
GAINS AND LOSSES TO CAPITAL & SURPLUS		
34. Net income or (loss) from Line 32	812,274	4,464,533
35. Change in valuation basis of aggregate policy and claim reserves		
36. Net unrealized capital gains and losses	(173)	24,166
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	59,600	49,052
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	871,701	4,537,750
49. Capital and surplus end of reporting period (Line 33 plus 48)	16,352,005	15,480,304

DETAILS OF WRITE-INS

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

CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	41,148,285	73,071,798
2. Net investment income	249,470	530,545
3. Miscellaneous income	52,011	44,186
4. Total (Lines 1 through 3)	41,449,766	73,646,529
5. Benefit and loss related payments	36,666,354	61,501,235
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	3,322,875	5,693,482
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) $.....0 net tax on capital gains (losses)		
10. Total (Lines 5 through 9)	39,989,228	67,194,717
11. Net cash from operations (Line 4 minus Line 10)	1,460,538	6,451,812
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	2,621,634	3,954,097
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,621,634	3,954,097
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,973,058	3,777,252
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	19,832	(19,349)
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,992,889	3,757,904
14. Net increase (decrease) in policy loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	628,745	196,193
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds received		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(78,591)	96,520
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(78,591)	96,520
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	2,010,692	6,744,525
19. Cash and short-term investments:		
19.1 Beginning of year	21,373,365	14,628,840
19.2 End of period (Line 18 plus Line 19.1)	23,384,057	21,373,365

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

20.0001		
20.9999 Totals	0	0

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at End of:													
1. Prior Year	29,222	140	29,082										
2. First Quarter	29,524	156	29,368										
3. Second Quarter	29,258	133	29,125										
4. Third Quarter	0												
5. Current Year	176,373	798	175,575										
6. Current Year Member Months	176,373	798	175,575										
Total Member Ambulatory Encounters for Period:													
7. Physician	139,536	628	138,908										
8. Non-Physician	52,922	238	52,684										
9. Total	192,458	866	191,592	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	3,798	59	3,739										
11. Number of Inpatient Admissions	1,117	15	1,102										
12. Health Premiums Written	41,312,455	237,170	41,075,285										
13. Life Premiums Direct	0												
14. Property/Casualty Premiums Written	0												
15. Health Premiums Earned	41,312,455	237,170	41,075,285										
16. Property/Casualty Premiums Earned	0												
17. Amount Paid for Provision of Health Care Services	35,431,766	159,443	35,272,323										
18. Amount Incurred for Provision of Health Care Services	35,903,169	161,564	35,741,605										

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

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0299999. Aggregate Accounts Not Individually Listed-Uncovered	230,299	19,491	9	(98)	(783)	248,918
0399999. Aggregate Accounts Not Individually Listed-Covered	1,593,463	134,862	59	(677)	(5,416)	1,722,291
0499999. Subtotals	1,823,762	154,353	68	(775)	(6,199)	1,971,209
0599999. Unreported Claims and Other Claim Reserves						10,197,713
0799999. Total Claims Unpaid						12,168,922
0899999. Accrued Medical Incentive Pool and Bonus Amounts						1,150,084

UNDERWRITING AND INVESTMENT EXHIBIT

Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	5,963,242	27,174,282	3,475,478	7,536,346	9,438,721	9,535,282
2. Medicare Supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal Employees Health Benefits Plan Premiums					0	
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid					0	
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	5,963,242	27,174,282	3,475,478	7,536,346	9,438,721	9,535,282
10. Other non-health					0	
11. Medical incentive pools and bonus amounts	1,982,755			1,150,084	1,982,755	2,181,251
12. Totals	7,945,997	27,174,282	3,475,478	8,686,430	11,421,475	11,716,533

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

No significant change.

Note 2 - Accounting Changes and Corrections of Errors

No significant change.

Note 3 - Business Combinations and Goodwill

No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

No significant change.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

Note 7 - Investment Income

No significant change.

Note 8 - Derivative Instruments

No significant change.

Note 9 - Income Taxes

NOTE: No significant change.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

During the quarter, Physicians Health Plan of South Michigan established a subsidiary business, Physicians Health Plan of South Michigan - FamilyCare (PHPSM-FC) for the purpose of managing Medicaid members. An application for an HMO license is pending approval from the Michigan Office of Financial and Insurance Services. PHPSM-FC did not operate during the quarter ended June 30, 2004 and had no assets, liabilities or capital as of that date. It is anticipated t hat PHPSM-FC will commence operations in the 4th quarter of 2004

Note 11 - Debt

No significant change.

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

No significant change.

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

No significant change.

Note 14 - Contingencies

No significant change.

Note 15 - Leases

No significant change.

NOTES TO FINANCIAL STATEMENTS

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

No significant change.

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

C. No significant change.

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

No significant change.

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

No significant change.

Note 20 - September 11 Events

No significant change.

Note 21 - Other Items

No significant change.

Note 22 - Events Subsequent

No significant change.

Note 23 - Reinsurance

No significant change.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

No significant change.

Note 26 - Intercompany Pooling Arrangements

No significant change.

Note 27 - Structured Settlements

No significant change.

Note 28 - Health Care Receivables

No significant change.

Note 29 - Participating Policies

No significant change.

Note 30 - Premium Deficiency Reserves

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 31 - Anticipated Salvage and Subrogation

No significant change.

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? Yes [ ] No [X]

1.2 If yes, explain:...

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

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

3.1 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]

3.2 If yes, date of change: .....
If not previously filed, furnish herewith a certified copy of the instrument as amended.

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

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

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

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

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

7.2 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. 12/31/2001.....

7.3 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). 03/25/2003.....

7.4 By what department or departments?

Michigan Office of Financial & Insurance Services

8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [ ] No [X]

8.2 If yes, give full information:

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

9.2 If response to 9.1 is yes, please identify the name of the bank holding company.

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

9.4 If the response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator].

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

INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [ ] No [X]

10.2 If yes, explain:...

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

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

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

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES

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

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

14.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
14.21 Bonds		
14.22 Preferred Stock		
14.23 Common Stock		
14.24 Short-Term Investments		
14.25 Mortgages, Loans or Real Estate		
14.26 All Other	$315,759	$322,722
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$315,759	$322,722
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above		
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above		

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

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

16. Excluding items in Schedule E, 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 [ ]

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

1 Name of Custodian(s)	2 Custodian Address
Comerica Bank	Detroit, MI

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

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

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

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
Munder Capital	Bladen McClelland	480 Pierce St, Birmingham MI

SCHEDULE A - VERIFICATION

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	60,103	73,948
2. Increase (decrease) by adjustment	(6,923)	(13,845)
3. Cost of acquired		
4. Cost of additions to and permanent improvements		
5. Total profit (loss) on sales		
6. Increase (decrease) by foreign exchange adjustment		
7. Amount received on sales		
8. Book/adjusted carrying value at end of current period	53,180	60,103
9. Total valuation allowance		
10. Subtotal (Lines 8 plus 9)	53,180	60,103
11. Total nonadmitted amounts	23,931	9,015
12. Statement value, current period (Page 2, real estate lines, net admitted assets column)	29,249	51,087

SCHEDULE B - VERIFICATION

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year	0	
2. Amount loaned during period:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Accrual of discount and mortgage interest points and commitment fees		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, net admitted assets column)	0	0

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	360,266	336,100
2. Cost of acquisitions during period:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Accrual of discount		
4. Increase (decrease) by adjustment	(173)	24,166
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book adjusted/carrying value of long-term invested asset at end of current period	360,093	360,266
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	360,093	360,266
12. Total nonadmitted amounts	37,371	44,507
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	322,722	315,759

SCHEDULE D - VERIFICATION

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	8,429,747	8,733,189
2. Cost of bonds and stocks acquired	1,973,059	3,777,253
3. Accrual of discount	614	549
4. Increase (decrease) by adjustment		
5. Increase (decrease) by foreign exchange adjustment		
6. Total profit (loss) on disposal	12,869	46,883
7. Consideration for bonds and stocks disposed of	2,621,634	3,954,097
8. Amortization of premium	69,747	174,031
9. Book/adjusted carrying value, current period	7,724,906	8,429,747
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	7,724,906	8,429,747
12. Total nonadmitted amounts		
13. Statement value	7,724,906	8,429,747

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	34,321,684	10,157,731	11,949,858	(33,023)	34,321,684	32,496,534		31,960,918
2. Class 2								
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	34,321,684	10,157,731	11,949,858	(33,023)	34,321,684	32,496,534	0	31,960,918
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	34,321,684	10,157,731	11,949,858	(33,023)	34,321,684	32,496,534	0	31,960,918

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
8299999. Totals	24,771,628	XXX	24,771,628	97,994	

SCHEDULE DA - PART 2 - Verification

Short-Term Investments Owned

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	23,531,171	16,955,648
2. Cost of short-term investments acquired	20,570,419	46,912,332
3. Increase (decrease) by adjustment		(1,776)
4. Increase (decrease) by foreign exchange adjustment		
5. Total profit (loss) on disposal of short-term investments		
6. Consideration received on disposal of short-term investments	19,329,963	40,335,033
7. Book/adjusted carrying value, current period	24,771,628	23,531,171
8. Total valuation allowance		
9. Subtotal (Lines 7 plus 8)	24,771,628	23,531,171
10. Total nonadmitted amounts		
11. Statement value (Lines 9 minus 10)	24,771,628	23,531,171
12. Income collected during period	97,994	192,318
13. Income earned during period	98,990	178,308

Sch. DB-Part F-Section 1
NONE

Sch. DB-Part F-Section 2
NONE

Sch. S
NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	2	Direct Business Only Year-to-Date					
			3	4	5	6	7	8
State, Etc.	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Deposit-Type Contract Funds	Property/Casualty Premiums
1. Alabama AL	NO	NO						
2. Alaska AK	NO	NO						
3. Arizona AZ	NO	NO						
4. Arkansas AR	NO	NO						
5. California CA	NO	NO						
6. Colorado CO	NO	NO						
7. Connecticut CT	NO	NO						
8. Delaware DE	NO	NO						
9. District of Columbia DC	NO	NO						
10. Florida FL	NO	NO						
11. Georgia GA	NO	NO						
12. Hawaii HI	NO	NO						
13. Idaho ID	NO	NO						
14. Illinois IL	NO	NO						
15. Indiana IN	NO	NO						
16. Iowa IA	NO	NO						
17. Kansas KS	NO	NO						
18. Kentucky KY	NO	NO						
19. Louisiana LA	NO	NO						
20. Maine ME	NO	NO						
21. Maryland MD	NO	NO						
22. Massachusetts MA	NO	NO						
23. Michigan MI	NO	YES	41,312,455					
24. Minnesota MN	NO	NO						
25. Mississippi MS	NO	NO						
26. Missouri MO	NO	NO						
27. Montana MT	NO	NO						
28. Nebraska NE	NO	NO						
29. Nevada NV	NO	NO						
30. New Hampshire NH	NO	NO						
31. New Jersey NJ	NO	NO						
32. New Mexico NM	NO	NO						
33. New York NY	NO	NO						
34. North Carolina NC	NO	NO						
35. North Dakota ND	NO	NO						
36. Ohio OH	NO	NO						
37. Oklahoma OK	NO	NO						
38. Oregon OR	NO	NO						
39. Pennsylvania PA	NO	NO						
40. Rhode Island RI	NO	NO						
41. South Carolina SC	NO	NO						
42. South Dakota SD	NO	NO						
43. Tennessee TN	NO	NO						
44. Texas TX	NO	NO						
45. Utah UT	NO	NO						
46. Vermont VT	NO	NO						
47. Virginia VA	NO	NO						
48. Washington WA	NO	NO						
49. West Virginia WV	NO	NO						
50. Wisconsin WI	NO	NO						
51. Wyoming WY	NO	NO						
52. American Samoa AS	NO	NO						
53. Guam GU	NO	NO						
54. Puerto Rico PR	NO	NO						
55. U.S. Virgin Islands VI	NO	NO						
56. Canada CN	NO	NO						
57. Aggregate Other alien OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business)	XXX	(a) 1	41,312,455	0	0	0	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. Total (Lines 5701 thru 5703 plus 5798) (Line 57 above)	0	0	0	0	0	0

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

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

PART 1 – ORGANIZATIONAL CHART

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

	RESPONSE
1. Will the SVO Compliance Certification be filed with this statement?	NO

EXPLANATION:

BAR CODE:

* 5 2 5 6 4 2 0 0 4 4 7 0 0 0 0 0 2 *

Overflow Page
NONE

Sch. A-Part 2
NONE

Sch. A-Part 3
NONE

Sch. B-Part 1
NONE

Sch. B-Part 2
NONE

Sch. BA-Part 1
NONE

Sch. BA-Part 2
NONE

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Government									
3134A4 UD 4	FEDERAL HOME LN MTG CORP		06/03/2004	CS FIRST BOSTON CORP		196,287	200,000	1,591	1
912828 BM 1	UNITED STATES TREAS NTS		05/18/2004	CS FIRST BOSTON CORP		224,511	230,000	668	1
0399999.	Total - Bonds - U.S. Government					420,798	430,000	2,259	XXX
Bonds - Industrial and Miscellaneous									
United States									
14040K BX 5	CAPITAL ONE MASTER TR 2001-5		04/22/2004	BANK ONE CAPITAL MKTS		158,701	150,000	265	1FE
172967 BK 6	CITIGROUP INC		06/01/2004	CITIGROUP GLOBAL MARKETS		130,111	125,000	1,528	1FE
	U.S.					288,812	275,000	1,793	XXX
4599999.	Total - Bonds - Industrial & Miscellaneous					288,812	275,000	1,793	XXX
6099997.	Total - Bonds - Part 3					709,610	705,000	4,052	XXX
6099999.	Total - Bonds					709,610	705,000	4,052	XXX
7499999.	Total - Bonds, Preferred and Common Stocks					709,610	XXX	4,052	XXX

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

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Government																					
3133X1 XK 8	FEDERAL HOME LN BKS	..	.05/12/2004	CALLED		200,000	200,000	200,000	200,000				0		200,000			0	2,625	05/12/2006	1
3134A4 CX 0	FEDERAL HOME LN MTG CORP	..	.04/22/2004	BANC AMERICA SECS		157,705	150,000	159,236	158,605		(1,273)		(1,273)		157,332		373	373	8,323	01/15/2006	1
3134A4 EX 8	FEDERAL HOME LN MTG CORP	..	.05/15/2004	MATURITY		385,000	385,000	401,928	388,586		(3,586)		(3,586)		385,000			0	6,039	05/15/2004	1
912828 AD 2	US TREASURY NOTE	..	.05/31/2004	MATURITY		715,000	715,000	724,572	717,183		(2,183)		(2,183)		715,000			0	9,436	05/31/2004	1
0399999.	Total - Bonds - U.S. Government					1,457,705	1,450,000	1,485,736	1,464,374	0	(7,042)	0	(7,042)	0	1,457,332	0	373	373	26,423	XXX	XXX
6099997.	Total - Bonds - Part 4					1,457,705	1,450,000	1,485,736	1,464,374	0	(7,042)	0	(7,042)	0	1,457,332	0	373	373	26,423	XXX	XXX
6099999.	Total - Bonds					1,457,705	1,450,000	1,485,736	1,464,374	0	(7,042)	0	(7,042)	0	1,457,332	0	373	373	26,423	XXX	XXX
7499999.	Total - Bonds, Preferred and Common Stocks					1,457,705	XXX	1,485,736	1,464,374	0	(7,042)	0	(7,042)	0	1,457,332	0	373	373	26,423	XXX	XXX

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

Sch. DB-Part A-Section 1
NONE

Sch. DB-Part B-Section 1
NONE

Sch. DB-Part C-Section 1
NONE

Sch. DB-Part D-Section 1
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository		2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter 6 First Month	7 Second Month	8 Third Month	9 *
Open Depositories									
JPMorganChase	New York, NY					(2,713,599)	(2,802,143)	(2,847,588)	XXX
Comerica Bank	Detroit, MI					1,729,117	2,024,743	1,460,017	XXX
0199999. Total Open Depositories		XXX	XXX	0	0	(984,482)	(777,399)	(1,387,572)	XXX
0399999. Total Cash on Deposit		XXX	XXX	0	0	(984,482)	(777,399)	(1,387,572)	XXX
0599999. Total Cash		XXX	XXX	0	0	(984,482)	(777,399)	(1,387,572)	XXX