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HEALTH QUARTERLY STATEMENT

As of March 31, 2004

of the Condition and Affairs of the

BLUE CROSS BLUE SHIELD OF MICHIGAN

NAIC Group Code....0572, 0000 (Current Period) (Prior Period) NAIC Company Code..... 54291 Employer's ID Number..... 38-2069753

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

Licensed as Business Type Hospital, Medical & Dental Service or Indemnity Is HMO Federally Qualified? Yes [ ] No [X]

Incorporated..... February 1, 1975 Commenced Business..... January 1, 1975

Statutory Home Office	600 Lafayette East ..... Detroit ..... MI ..... 48226 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	600 Lafayette East ..... Detroit ..... MI ..... 48226 *(Street and Number) (City or Town, State and Zip Code)*	313-225-9000 *(Area Code) (Telephone Number)*
Mail Address	600 Lafayette East ..... Detroit ..... MI ..... 48226 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	600 Lafayette East ..... Detroit ..... MI ..... 48226 *(Street and Number) (City or Town, State and Zip Code)*	313-225-9000 *(Area Code) (Telephone Number)*
Internet Website Address	http://bcbsm.com/	
Statutory Statement Contact	Kenneth A. Bluhm *(Name)*	313-225-9095 *(Area Code) (Telephone Number) (Extension)*
	kbluhm@bcbsm.com *(E-Mail Address)*	313-983-2358 *(Fax Number)*
Policyowner Relations Contact	600 Lafayette East ..... Detroit ..... MI ..... 48226 *(Street and Number) (City or Town, State and Zip Code)*	313-225-9000 *(Area Code) (Telephone Number) (Extension)*

OFFICERS

Name	Title	Name	Title
1. RICHARD E. WHITMER	President and CEO	2. LISA S. DEMOSS	Secretary
3. CAROLYNN WALTON	Treasurer		

OTHER

J. PAUL AUSTIN	Senior Vice President	MARK R. BARTLETT	Chief Financial Officer
LISA S. DEMOSS	General Counsel and Corporate Secretary	JAMES C. EPOLITO	Senior Vice President
GEORGE F. FRANCIS, III	Chief Administrative Officer	DANIEL J. LOEPP	Chief of Staff
KEVIN L. SEITZ	Senior Vice President	WILLIAM P. SMITH	Chief Information Officer
LESLIE A. VIEGAS	Senior Vice President		

DIRECTORS OR TRUSTEES

JAMES G. AGEE	JON E. BARFIELD	WILLIAM H. BLACK	ARLENE R. BRENNAN RN
RUBEN BURKS	GERSON I. COOPER	JOHN W. COPELAND	PATRICK J. DEVLIN
MARK T. GAFFNEY	CHARLES M. GAYNEY	THOMAS J. HADRYCH	JOHN M HAMILTON #
TEOLA P HUNTER #	LILA R. JOHNSON	SPENCER C. JOHNSON	JOANNE LAFLECHE -GALLAGHER
JOHN M. MACKEIGAN , MD	A. BARRY MCGUIRE	GARY J. MCINERNEY	CULLAN F. MEATHE #
ROBERT A. PATZER	CALVIN T. RAPSON	JAMES W. RICHARDS, RPH	IRIS K. SALTERS
KRISHNA K. SAWHNEY, MD	KATHLEEN B. SHAPIRO	RICHARD SHOEMAKER	DONALD E. STROUD, DDS
GREGORY A. SUDDERTH	S. MARTIN TAYLOR	JOHN VANDER MOLEN	RICHARD E. WHITMER
L.L. "WOODY" WILLIAMS	LEWIN WYATT JR., DO		

State of..... MICHIGAN
County of..... WAYNE

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 of the enclosed statement (except for formatting differences due to electronic filing). The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
RICHARD E. WHITMER 1. (Printed Name)	LISA S. DEMOSS 2. (Printed Name)	CAROLYNN WALTON 3. (Printed Name)
President and CEO (Title)	Secretary (Title)	Treasurer (Title)

Subscribed and sworn to before me

This _____ day of _____

_____

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

b. If no
1. State the amendment number 1
2. Date filed July 29, 2004
3. Number of pages attached 5

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	2,270,113,791		2,270,113,791	1,881,600,490
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks	857,304,625	18,938,012	838,366,613	800,433,976
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)	192,795,834		192,795,834	194,914,444
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....(81,594,817)), cash equivalents ($.....0) and short-term investments ($.....72,109,147)	(9,485,670)		(9,485,670)	184,594,801
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets	196,571,357		196,571,357	191,571,086
8. Receivable for securities	62,044,872		62,044,872	
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	3,569,344,809	18,938,012	3,550,406,797	3,253,114,797
11. Investment income due and accrued	18,941,507		18,941,507	14,746,343
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in course of collection	51,366,427		51,366,427	15,138,964
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
12.3 Accrued retrospective premiums			0	
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers			0	
13.2 Funds held by or deposited with reinsured companies			0	
13.3 Other amounts receivable under reinsurance contracts			0	
14. Amounts receivable relating to uninsured plans	50,248,047		50,248,047	13,602,992
15.1 Current federal and foreign income tax recoverable and interest thereon			0	
15.2 Net deferred tax asset	21,577,447		21,577,447	23,450,593
16. Guaranty funds receivable or on deposit			0	
17. Electronic data processing equipment and software	53,120,654	53,120,654	0	51,262,963
18. Furniture and equipment, including health care delivery assets ($.....0)	8,789,331	8,789,331	0	9,474,926
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	
20. Receivable from parent, subsidiaries and affiliates	30,011,455		30,011,455	25,610,717
21. Health care ($.....13,680,701) and other amounts receivable	71,064,812	2,564,042	68,500,770	78,008,073
22. Other assets nonadmitted			0	
23. Aggregate write-ins for other than invested assets	269,991,470	86,309,046	183,682,424	771,933,907
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	4,144,455,959	169,721,085	3,974,734,874	4,256,344,275
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	4,144,455,959	169,721,085	3,974,734,874	4,256,344,275

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. Miscellaneous Accounts Receivable	2,796,907	2,796,907	0	35,983,264
2302. Securities Lending Collateral Receivable			0	390,298,779
2303. Prepaid and Other Assets	5,351,030	5,351,030	0	3,273,753
2398. Summary of remaining write-ins for Line 23 from overflow page	261,843,533	78,161,109	183,682,424	342,378,111
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	269,991,470	86,309,046	183,682,424	771,933,907

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $.....0 reinsurance ceded)	619,798,691		619,798,691	576,481,245
2. Accrued medical incentive pool and bonus amounts			0	
3. Unpaid claims adjustment expenses	64,764,059		64,764,059	55,467,674
4. Aggregate health policy reserves	423,950,938		423,950,938	475,739,600
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance			0	
9. General expenses due or accrued	120,496,101		120,496,101	113,184,303
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses))	41,145,397		41,145,397	33,652,739
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others	7,938,620		7,938,620	5,506,735
13. Remittances and items not allocated			0	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	8,745,443		8,745,443	8,618,964
16. Payable for securities	55,814,528		55,814,528	
17. Funds held under reinsurance treaties with ($.....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	141,392,514		141,392,514	136,344,660
21. Aggregate write-ins for other liabilities (including $.....0 current)	471,347,041	0	471,347,041	953,225,076
22. Total liabilities (Lines 1 to 21)	1,955,393,332	0	1,955,393,332	2,358,220,996
23. Common capital stock	XXX	XXX		
24. Preferred capital stock	XXX	XXX		
25. Gross paid in and contributed surplus	XXX	XXX		
26. Surplus notes	XXX	XXX		
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	391,375,006
28. Unassigned funds (surplus)	XXX	XXX	2,019,341,542	1,506,748,273
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	2,019,341,542	1,898,123,279
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	3,974,734,874	4,256,344,275

DETAILS OF WRITE-INS

2101. Postretirement Liabilities	172,830,557		172,830,557	314,060,732
2102. Securities Lending Collateral Payable			0	390,298,779
2103. Liability for Uncashed Checks	12,161,412		12,161,412	12,708,651
2198. Summary of remaining write-ins for Line 21 from overflow page	286,355,072	0	286,355,072	236,156,914
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	471,347,041	0	471,347,041	953,225,076
2701. Managed Care Division Accumulated Funds	XXX	XXX		152,393,126
2702. Accident Fund Insurance Company of America Accumulated Funds	XXX	XXX		238,245,880
2703. DenteMax Accumulated Funds	XXX	XXX		726,000
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	10,000
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	0	391,375,006

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year to Date
	1 Uncovered	2 Total	3 Total
1. Member months	XXX	7,954,129	8,325,111
2. Net premium income (including $.....0 non-health premium income)	XXX	1,343,560,941	1,377,853,952
3. Change in unearned premium reserves and reserve for rate credits	XXX	51,788,662	4,531,495
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	1,395,349,603	1,382,385,447
Hospital and Medical:			
9. Hospital/medical benefits		999,883,553	953,959,204
10. Other professional services		23,936,555	25,884,301
11. Outside referrals			
12. Emergency room and out-of-area			
13. Prescription drugs		202,674,542	239,361,582
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts			1,582,161
16. Subtotal (Lines 9 to 15)	0	1,226,494,650	1,220,787,248
Less:			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)	0	1,226,494,650	1,220,787,248
19. Non-health claims			
20. Claims adjustment expenses, including $.....7,193,417 cost containment expenses		36,571,748	31,931,483
21. General administrative expenses		67,284,511	101,448,205
22. Increase in reserves for life and accident and health contracts (including $.....0 increase in reserves for life only)		(3,201,000)	
23. Total underwriting deductions (Lines 18 through 22)	0	1,327,149,909	1,354,166,936
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	68,199,694	28,218,511
25. Net investment income earned		20,583,454	14,412,253
26. Net realized capital gains (losses)		20,682,487	20,280,576
27. Net investment gains or (losses) (Lines 25 plus 26)	0	41,265,941	34,692,829
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	8,819,671	24,986,114
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	118,285,306	87,897,453
31. Federal and foreign income taxes incurred	XXX	20,916,000	12,952,000
32. Net income (loss) (Lines 30 minus 31)	XXX	97,369,306	74,945,453

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.			
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. Miscellaneous Income		8,819,671	4,562,414
2902. Gain/ (Loss) from Managed Care Division			6,089,000
2903. Gain (Loss) from Accident Fund Insurance Company of America			9,821,000
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	4,513,700
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	8,819,671	24,986,114

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	1,898,123,279	1,532,349,682
GAINS AND LOSSES TO CAPITAL & SURPLUS		
34. Net income or (loss) from Line 32	97,369,306	374,497,394
35. Change in valuation basis of aggregate policy and claim reserves		
36. Net unrealized capital gains and losses	44,823,720	(8,723,796)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets		
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles	(20,974,763)	
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)	121,218,263	365,773,598
49. Capital and surplus end of reporting period (Line 33 plus 48)	2,019,341,542	1,898,123,279

DETAILS OF WRITE-INS

4701. Nonvested Retiree health obligation		
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	1,361,798,478	5,704,356,546
2. Net investment income	17,481,835	89,757,402
3. Miscellaneous income	34,667,114	108,869,223
4. Total (Lines 1 through 3)	1,413,947,427	5,902,983,171
5. Benefit and loss related payments	1,068,066,850	4,868,988,343
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	178,713,198	447,477,685
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) $.....0 net tax on capital gains (losses)	11,550,196	79,300,041
10. Total (Lines 5 through 9)	1,258,330,244	5,395,766,069
11. Net cash from operations (Line 4 minus Line 10)	155,617,183	507,217,102
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	649,879,112	3,535,977,307
12.2 Stocks	702,887	47,614,407
12.3 Mortgage loans		
12.4 Real estate		4,176,594
12.5 Other invested assets	187,221	4,324,894
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)	650,769,220	3,592,093,202
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,015,038,174	4,018,295,735
13.2 Stocks	20,966,162	155,961,376
13.3 Mortgage loans		
13.4 Real estate	916,842	5,027,257
13.5 Other invested assets	35,894	5,913,537
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,036,957,072	4,185,197,905
14. Net increase (decrease) in policy loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	(386,187,852)	(593,104,703)
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		151,515,000
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	36,490,198	(37,017,183)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	36,490,198	114,497,817
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	(194,080,471)	28,610,216
19. Cash and short-term investments:		
19.1 Beginning of year	184,594,801	155,984,585
19.2 End of period (Line 18 plus Line 19.1)	(9,485,670)	184,594,801

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	2,698,830	94,099	1,469,657	202,867	5,749	31,517	68,250			826,691			
2. First Quarter	2,640,512	94,717	1,404,728	203,113	5,549	27,323	72,626			832,456			
3. Second Quarter	0												
4. Third Quarter	0												
5. Current Year	0												
6. Current Year Member Months	7,954,129	289,686	4,237,361	613,065	16,739	82,421	217,878			2,496,979			
Total Member Ambulatory Encounters for Period:													
7. Physician	0												
8. Non-Physician	0												
9. Total	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	0												
11. Number of Inpatient Admissions	0												
12. Health Premiums Written	1,447,138,265	43,720,817	1,240,957,016	53,986,692	4,902,258	24,137,880	55,180,795			24,252,807			
13. Life Premiums Direct	0												
14. Property/Casualty Premiums Written	0												
15. Health Premiums Earned	1,395,349,603	42,156,182	1,196,546,952	52,054,673	4,726,821	23,274,059	53,206,043			23,384,873			
16. Property/Casualty Premiums Earned	0												
17. Amount Paid for Provision of Health Care Services	1,183,177,204	48,852,376	964,682,393	84,029,605	4,080,114	21,737,250	48,777,086			11,018,380			
18. Amount Incurred for Provision of Health Care Services	1,226,494,650	49,912,042	996,462,015	89,235,119	4,251,157	19,403,843	50,267,685			16,962,789			

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)						
0399999. Aggregate Accounts Not Individually Listed-Covered	26,311,998	2,752,332	338,808	36,696	3,856	29,443,690
0499999. Subtotals	26,311,998	2,752,332	338,808	36,696	3,856	29,443,690
0599999. Unreported Claims and Other Claim Reserves						590,355,001
0799999. Total Claims Unpaid						619,798,691

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)	360,296,472	653,238,297	99,680,008	388,472,044	459,976,480	455,312,764
2. Medicare Supplement	37,061,269	46,968,336	11,822,379	48,152,893	48,883,648	54,769,759
3. Dental only	4,681,419	17,055,831	784,306	4,719,375	5,465,725	7,837,088
4. Vision only	1,183,464	2,896,650	229,453	1,089,697	1,412,917	1,148,107
5. Federal Employees Health Benefits Plan Premiums	20,610,066	28,167,020	15,450,138	21,775,512	36,060,204	35,735,051
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid					0	
8. Other health		11,018,380	21,678,477	5,944,409	21,678,477	21,678,477
9. Health subtotal (Lines 1 to 8)	423,832,690	759,344,514	149,644,761	470,153,930	573,477,451	576,481,246
10. Other non-health					0	
11. Medical incentive pools and bonus amounts					0	
12. Totals	423,832,690	759,344,514	149,644,761	470,153,930	573,477,451	576,481,246

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

In accordance with Michigan Public Act 350 of 1980 and amended by Act 59 of 2003, the financial statements of Blue Cross Blue Shield of Michigan (BCBSM or the "Company") are presented on the basis of accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Services ("OFIS"). Prior to Act 59, BCBSM was required to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The final year of reporting financial statements on a GAAP basis was 2003. The prior year financial data contained in this filing is reported on a GAAP basis and has not been restated. As described below, all annual statement filed with the Michigan OFIS beginning in 2004 will be prepared using Statutory Accounting Principles (SAP).

The Michigan OFIS recognizes only statutory accounting practices prescribed or permitted by the state of Michigan for determining and reporting the financial condition and results of operations of an insurance company. The Michigan OFIS has adopted the National Association of Insurance Commissioners' Accounting Practices and Procedures (NAIC SAP) as the basis for its statutory accounting practices. The accompanying financial statements have been prepared, except as to form, in conformity with accounting practices prescribed or permitted by the Michigan OFIS.

The Commissioner of the Michigan OFIS has the right to permit other specific practices that may deviate from prescribed practices. In accordance with Act 59, the Company, in agreement with the Michigan OFIS, adopted a three-year plan allowing transition of its reporting from accounting principles generally accepted in the United States of America ("GAAP") to statutory accounting practices ("SAP"). Implementation of the transition plan began with the statutory filing for the first quarter of 2004. All statutory requirements under the transition plan will be fully adopted by and phased in by January 1, 2007.

The essential elements of the transition plan, as set forth in State Order No. 03-080M are as follows:

1. **Bonds—**The Company will report the any security purchased on or before December 31, 2003 on a GAAP basis and any new securities purchased after December 31, 2003 will be reported in accordance with SAP. Approximately 33% of the Company's portfolio will be valued on a SAP basis after year 1, 66% after year 2 and the entire balance after year 3.

2. **Investment in subsidiaries—** The Company will use the current equity method and follow SAP in valuing the subsidiaries. The Company will have three years to record the statutory impact to surplus for investment in subsidiaries based on the following percentages: 1st year 25%, 2nd year 50% and 3rd year 75%.

3. **Goodwill—**The Company will apply SAP guidelines, however, beginning 1-1-04, the percentage of surplus limitation will be as follows: 1st year 16%, 2nd year 14% and 3rd year 12%.

method and follow SAP in valuing the subsidiaries. The Company will have three years to record the statutory impact to surplus for investment in subsidiaries based on the following percentages: 1st year 25%, 2nd year 50% and 3rd year 75%.

3. **Goodwill—** The Company will apply SAP guidelines, however, beginning 1-1-04, the percentage of surplus limitation will be as follows: 1st year 16%, 2nd year 14% and 3rd year 12%.

4. **Regulatory asset—** The Company will non-admit the balance based on the following percentages: 1st year 25%, 2nd year 50% and 3rd year 75%.

5. **Furniture, equipment and automobiles—** The Company will non-admit balances in accordance with SSAP No. 19, *Furniture and Equipment; Leasehold Improvements Paid by the Reporting Entity as Lessee; Depreciation of Property and Amortization of Leasehold Improvements* and SSAP No. 20, *Nonadmitted Assets*.

6. **Retiree health obligation—** The Company will discontinue reporting an obligation for non-vested employees. The statutory impact will be reported in the first year.

7. **Retiree pension asset—** The Company will non-admit the balance based on the following minimum percentages: 1st year 25%, 2nd year 50% and 3rd year 75%.

8. **Prepaid expenses and other assets-** The Company will non-admit balances in accordance with SAP.

A reconciliation of the Company's net income and capital and surplus between GAAP and practices prescribed and permitted by the State of Michigan is shown below (in thousands):

GAAP net income, March 31, 2004	$	124,139
Add (Deduct) GAAP to Statutory differences		
Sale-leaseback adjustments		7,769
Statutory net income, March 31, 2004	$	131,908
GAAP surplus, March 31, 2004	$	2,047,340
Add(Deduct) Assets or liabilities not admitted as set forth in the transition plan		
Bonds		(8,780)
Investment in subsidiaries		(18,938)
Regulatory asset		(20,364)
Furniture, fixtures and automobiles		(9,602)
Retiree health obligation		148,746
Retiree pension asset		(27,594)
Non-admitted portion of advances to providers		(29,390)
Deferred tax asset related to bond adjustment		1,756
Electronic data processing equipment and software		(53,121)
Health care receivables		(2,564)
Prepaid and other assets		(5,351)
Miscellaneous receivables		(2,797)
Statutory surplus, March 31, 2004	$	2,019,341

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

The preparation of financial statements, in conformity with SAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

(1) Short-term investments are recorded at amortized cost, which approximates market value, and include commercial paper, certificates of deposits, and other readily marketable investments with initial maturities less than one year.

(2) Bonds not backed by other loans are stated at amortized cost using the interest method except for those bonds that were purchased on or before December 31, 2003, which are stated at market value.

(3) Common stocks are stated at market.

(4) Preferred Stocks – NOT APPLICABLE

(5) Mortgage loans on real estate – NOT APPLICABLE

(6) Loan-backed securities are stated at amortized cost.

(7) Investment in subsidiaries and goodwill- The Company will use the current equity method and follow SAP in valuing the subsidiaries. The Company will have three years to record the statutory impact to surplus for

(4) Preferred Stocks – NOT APPLICABLE

(5) Mortgage loans on real estate – NOT APPLICABLE

(6) Loan-backed securities are stated at amortized cost.

(7) Investment in subsidiaries and goodwill- The Company will use the current equity method and follow SAP in valuing the subsidiaries. The Company will have three years to record the statutory impact to surplus for investment in subsidiaries based on the following percentages: 1st year 25%, 2nd year 50%, 3rd year 75%. The Company will follow SAP guidelines for goodwill using the following percentage of surplus limitation: 1st year 16%, 2nd year 14%, 3rd year 12%.

(8) Investments in joint ventures, partnerships and limited liability companies

The Company has minor ownership interests in partnerships or limited liability companies. The company carries the investment in partnership based on the underlying audited GAAP equity of the partnership.

(9) Derivatives – NOT APPLICABLE

(10) A liability for premium deficiency losses is recognized when it is probable that expected claim losses and allocable administrative expenses will exceed future premiums on existing health and other contracts without consideration of investment income. For purposes of premium deficiency losses, contracts are grouped in a manner consistent with the Company's method of acquiring, servicing and measuring the profitability of such contracts. Once established, premium deficiency losses are amortized over the period that the contract is in a loss position. The Company did not consider investment income as a factor in the premium deficiency calculation.

(11) Claims Unpaid- The liability for incurred but unpaid and unreported medical and hospital claims is accrued in the period during which the services are provided, and includes actuarial estimates of services performed which have not been reported by providers to BCBSM. Such estimates are based on historical claims experience modified for current trends and changes in benefits provided. Revisions in actuarial estimates are reported in the period in which they arise.

(12) .Real Estate – Real property occupied by the Company is stated at cost and is depreciated using the straight-line method over estimated useful lives ranging from 30 to 40 years for buildings.

(13) Long-Lived Assets - Long-lived assets held and used by the Company are reviewed for impairment based on market factors and operational considerations whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

(14) Area Rated Groups – The Company's rating formula for area rated groups is subject to regulation by the Michigan OFIS. The difference between costs and revenues for area rated groups are considered regulatory assets or liabilities because they are, over time, either returned to the groups or collected from them via future rate adjustments. A regulatory asset is carried on the balance sheet to the extent the Company considers it probable that the rating formula for future years will be sufficient to

the carrying amount of an asset may not be recoverable.

(14) Area Rated Groups – The Company's rating formula for area rated groups is subject to regulation by the Michigan OFIS. The difference between costs and revenues for area rated groups are considered regulatory assets or liabilities because they are, over time, either returned to the groups or collected from them via future rate adjustments. A regulatory asset is carried on the balance sheet to the extent the Company considers it probable that the rating formula for future years will be sufficient to recover the asset. The Company will non-admit the balance based on the following percentages: 1st year 25%, 2nd year 50% and 3rd year 75%.

(15) Premium and Fee Revenues - Premiums, which generally are billed in advance, are recognized as revenue during the respective periods of coverage. Premiums applicable to the unexpired portion of coverage are reported as unearned revenue. Fee revenue primarily consists of administrative fees for services provided under administrative service contracts ("ASC"), including management of medical services, claims processing and access to provider networks. Under ASC arrangements, self-funded groups retain the full risk of paying claims. Amounts due from ASC groups are equal to the amounts required to pay claims and administrative fees. Administrative fees are earned as services are performed and are calculated based on the number of members in a group or the group's claim experience. Since benefit expenses for ASC arrangements are not the responsibility of the Company, claims paid by the Company and the corresponding reimbursement of claims plus administrative fees are netted in the financial statements. Administrative expenses related to ASC arrangements are included in operating expenses.

1. Accounting Changes and Corrections of Errors

A. Under the provisions of Act 59, the Company is required to prepare statutory financial statements in accordance with SAP prescribed or permitted by OFIS. Prior to the enactment of the new law, the Company was required to prepare its statutory statements in accordance with GAAP.

B. The Company and OFIS have agreed to a three-year plan that will allow the Company to transition its statutory reporting from GAAP to SAP in a non-disruptive manner. Implementation of the transition plan begins with the statutory filing for the first quarter of 2004.

C. Accounting changes adopted to comply with the OFIS approved transition plan are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds in the period of the change in accounting principle. The adoption of the new accounting principle had the effect of decreasing unassigned surplus at January 1, 2004, reported as a change of accounting principle, of $28,279,000.

The cumulative effect is the difference between the amount of capital and surplus at January 1, 2004, and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods.

2. Business Combinations – NOT APPLICABLE

3. Discontinued Operations – NOT APPLICABLE

The cumulative effect is the difference between the amount of capital and surplus at January 1, 2004, and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods.

2. Business Combinations – NOT APPLICABLE

3. Discontinued Operations – NOT APPLICABLE

4. Investments

   A. Mortgage Loans – NOT APPLICABLE

   B. Debt Restructuring – NOT APPLICABLE

   C. Reverse Mortgages – NOT APPLICABLE

   D. Loan-Backed Securities are stated in accordance with the agreed upon transition plan.

   E. Repurchase Agreements – NOT APPLICABLE

   F. Real Estate – NOT APPLICABLE

5. Joint Ventures, Partnerships and Limited Liability Companies

   A. The Company has no investments in partnerships or limited liability companies that exceed 10 percent of its admitted assets.

   B. The Company did not recognize any impairment for its investments in partnerships or limited liability companies during the statement period.

6. Investment Income

   A. Investment income due and accrued with amounts that are over 90 days past due will be non-admitted.

   B. No investment income due and accrued was non-admitted at March 31, 2004.

7. Derivative Instruments – NOT APPLICABLE

8. Income Taxes

   A. The components of the net deferred tax asset at March 31, 2004 are as follows (in thousands):

Description	Amount
Total of all deferred tax assets (admitted and nonadmitted)	$ 82,474
Total of all deferred tax liabilities	(60,897)
Net deferred tax asset	21,577
Total deferred tax assets nonadmitted in accordance with SSAP 10	-
Net admitted deferred tax asset	$ 21,577
Increase (decrease) in deferred tax assets nonadmitted	$ -

Description	Amount
Total of all deferred tax assets (admitted and nonadmitted)	$ 82,474
Total of all deferred tax liabilities	(60,897)
Net deferred tax asset	21,577
Total deferred tax assets nonadmitted in accordance with SSAP 10	-
Net admitted deferred tax asset	$ 21,577
Increase (decrease) in deferred tax assets nonadmitted	$ -

B. Unrecognized Deferred Tax Liabilities – NOT APPLICABLE

C. Current Tax and Change in Deferred Tax

Current income taxes incurred consist of the following major components (in thousands):

Description	Amount
Federal income tax current period excluding net capital gains/(losses)	$ 16,780
Federal income tax current period on net capital gains/(losses)	4,136
Federal income tax incurred	$ 20,916

The main components of deferred tax amounts were as follows (in thousands):

Deferred Tax Assets	
Accrued expenses associated with postretirement and pension benefits	$ 41,294
Amounts accrued to groups	7,414
Amount accrued for premium deficiency	7,000
Accrued expenses and bad debts	18,272
Discount of claim liabilities	8,494
Total deferred tax asets	$ 82,474
Deferred Tax Liabilities	
Depreciation, amortization and other	$ 24,311
Unrealized gains on investments	14,114
Rate recovery from area rated groups	22,472
Total deferred tax liabilities	$ 60,897
Net deferred tax asset	$ 21,577

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

As of March 31, 2004, the federal income tax rate is similar as the actual effective rate. Under the existing legislation the Company is subject to a 20% Alternative Minimum Tax ("AMT") rate. Given the preference items afforded Blue Cross and Blue Shield organizations, it is likely to remain an AMT taxpayer. The deferred tax assets are recorded at the regular corporate tax rate of 35% and a valuation allowance has been established for the difference between the value of the asset at the regular tax rate and its likely value at the AMT rate. In addition, the AMT credit carryforward has been fully reserved in the valuation allowance.

E. Consolidated Federal Income Tax Return

The Company files a consolidated federal income tax return with the Accident Fund Insurance Company of America and PPOM, LLC. PPOM, LLC is organized as a sole member limited liability company, and has elected to be treated as a division of the Company for federal tax purposes. Income taxes are allocated between the companies in accordance with written agreements, which have been

credit carryforward has been fully reserved in the valuation allowance.

E. Consolidated Federal Income Tax Return

The Company files a consolidated federal income tax return with the Accident Fund Insurance Company of America and PPOM, LLC. PPOM, LLC is organized as a sole member limited liability company, and has elected to be treated as a division of the Company for federal tax purposes. Income taxes are allocated between the companies in accordance with written agreements, which have been approved by the Board of Directors. Allocation is based upon separate return calculations. Inter-company tax balances are settled annually in the first quarter.

The Company's HMO affiliates are exempt from federal income tax under 501 (C) (4) of the Internal Revenue Code.

9. Information Concerning Parent, Subsidiaries and Affiliates

The Company is incorporated as a nonprofit corporation under the provisions of Public Act 350 ("P.A. 350") of the State of Michigan. Hospital, medical and other health benefits are provided under contracts with subscribers. The Company owns 100% of Blue Care Network of Michigan ("BCNM"), a health maintenance organization ("HMO") subsidiary that provides health care services to subscribers and contracts with various physician groups, hospitals and other health care providers to provide such services. The Company also owns 100% of Accident Fund Insurance Company of America ("Accident Fund"), a provider of workers' compensation insurance and PPOM, LLC and DenteMax, providers of network services.

BCBSM conducts business transactions with its wholly owned subsidiaries on a routine basis. The Company will use the current equity method and follow SAP in valuing the subsidiaries. The Company will have three years to record the statutory impact to surplus for investment in subsidiaries based on the following percentages: 1st year 25%, 2nd year 50%, 3rd year 75%.

At March 31, 2004, BCBSM had receivables from subsidiaries amounting to $ 30,011,455. There were no changes to the terms of intercompany arrangements.

10. Debt – NOT APPLICABLE

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

A. Defined Benefit Plan

Substantially all employees who meet certain requirements of age and length of service are covered by the Company's defined benefit retirement income plans. Benefits paid to retirees are based on age at retirement, years of credited service and highest monthly average earnings over 60 consecutive months.

Under the Company's amended retirement account plan, each participant has an account balance to which interest and earnings credits are added. Interest will be credited quarterly based on the prior August one-year Treasury bill rate. Annual earnings credits of 6% to 10% are credited to participants' account balances on a monthly basis and monthly 2% annual transition credits are made through 2008. Employees can elect to receive the lump-sum value of their vested account balance or monthly payments at retirement or termination.

and highest monthly average earnings over 60 consecutive months.

Under the Company's amended retirement account plan, each participant has an account balance to which interest and earnings credits are added. Interest will be credited quarterly based on the prior August one-year Treasury bill rate. Annual earnings credits of 6% to 10% are credited to participants' account balances on a monthly basis and monthly 2% annual transition credits are made through 2008. Employees can elect to receive the lump-sum value of their vested account balance or monthly payments at retirement or termination.

The Company also provides certain health care and selected other benefits for retired employees and their dependents. Represented and nonrepresented employees who have at least ten years of service after age 45 and retire from active employment or who become disabled and meet certain benefit and service requirements are eligible.

For nonrepresented employees, this benefit is subject to revision at the discretion of the Board of Directors. For represented employees, this benefit is subject to collective bargaining agreements. These plans are noncontributory plans.

Certain revisions to the nonrepresented employees' postretirement benefits other than pensions took effect January 1, 2004. Nonrepresented employees retiring after December 31, 2003 may share in the cost of their health care premiums and have higher deductibles and co-payments depending on their eligibility status at December 31, 2003. Additionally, nonrepresented employees hired on or after January 1, 2004 are required to have fifteen years of service after age 45 to be eligible for retiree health care benefits and selected other benefits.

There is no significant change to the summary of assets, obligations and assumptions of the pension and other postretirement benefit plans from the prior period reported.

B. Defined Contribution Plan

Substantially all employees of the Company who have attained the age of 21 years and have completed three months of continuous service may elect to participate in one of two employee savings plans, which are qualified under Section 401(k) of the Internal Revenue Code. For nonrepresented employees, the Company matches 50% of employee contributions up to 7% of bi-weekly adjusted W-2 wages for employees with one year of continuous service. Effective January 1, 2004, the match will be increased to 10%. For represented employees with at least one year of continuous service, the 50% match is 7% in 2001, ratably increasing in 2002 through 2004 to 8%, 9% and 10%, respectively.

C. Multi-employer Plans – NOT APPLICABLE

D. Consolidated/Holding Company Plans – NOT APPLICABLE

E. Postemployment Benefits and Compensated Absences – NOT APPLICABLE

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

(1) Under the provisions of Public Act No. 59 of 2003 ("Act 59") of the State of Michigan, the Company must maintain adequate subscriber reserves to comply with Section 403 of the Michigan Insurance Code, which requires authorized insurers to be safe, reliable and entitled to public confidence. As a result, the Company is required to file with OFIS, on an annual basis, its risk-based capital

E. Postemployment Benefits and Compensated Absences – NOT APPLICABLE

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

(1) Under the provisions of Public Act No. 59 of 2003 ("Act 59") of the State of Michigan, the Company must maintain adequate subscriber reserves to comply with Section 403 of the Michigan Insurance Code, which requires authorized insurers to be safe, reliable and entitled to public confidence. As a result, the Company is required to file with OFIS, on an annual basis, its risk-based capital ("RBC") calculation based on the National Association of Insurance Commissioners ("NAIC") model. Act 59 requires the Company to maintain a RBC ratio of at least 200% but not to exceed 1,000% of subscriber reserves. The Company is in compliance with the RBC requirement as of the end of reporting period.

(2) BCBSM has no preferred stock outstanding.

(3) The Company's Articles of Incorporation state that no dividends shall be directly paid on any shares nor shall the shareholders be entitled to any portion of the earnings.

(4) Dividend payment restriction – NOT APPLICABLE

(5) Surplus Restriction – NOT APPLICABLE

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

(7) The amount of stock held by BCBSM for special purposes – NOT APPLICABLE

(8) Special surplus funds changes – NOT APPLICABLE

(9) The portion of unassigned funds (surplus) represented or reduced by each item below

	(in thousands)
a. Unrealized gains and losses	$ 7,139
b. Nonadmitted asset values	$ 8,693
c. Provision for reinsurance	$ -

The Company will non-admit the balance based on the following percentages: 1st year 25%, 2nd year 50% and 3rd year 75%.

(10) Surplus debentures of similar obligations – NOT APPLICABLE

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

(12) Effective dates of all quasi-reorganizations in the prior 10 years – NOT APPLICABLE

14. Contingencies

A. Contingent Commitments – NOT APPLICABLE

B. Assessments – NOT APPLICABLE

C. Gain Contingencies – NOT APPLICABLE

D. All Other Contingencies

14. Contingencies

A. Contingent Commitments – NOT APPLICABLE

B. Assessments – NOT APPLICABLE

C. Gain Contingencies – NOT APPLICABLE

D. All Other Contingencies

The Company has been included as a defendant in two national class action lawsuits filed against the Blue Cross Blue Shield Association and several Blue Cross Blue Shield Plans, alleging unfair pricing of medical claims for a multiple year period. As both lawsuits are in the early stages of development, it is not yet possible to make an assessment regarding the probability of an adverse outcome, nor an estimate of the potential range of loss. The Company believes it has meritorious defenses against both lawsuits and intends to defend the actions vigorously.

In addition, the Corporation is the defendant in numerous other lawsuits arising in the normal course of business. While the ultimate outcome cannot be determined at this time, it is the opinion of management and outside counsel, that the outcome of such lawsuits will not have a material adverse effect on the Corporation's consolidated financial position or results of operations.

Under the terms of self-funded administrative service contracts with its customers, the Company is subject to audits of claims processed by the Company as well as those processed by its related participating plans in other states. Such audits encompass the accuracy of claims payments made on behalf of customers and the administrative expenses charged to the customer. The Company records an estimated amount for the resolution of customer disputes. Settlements of such disputes are not expected to have a material effect on the Corporation's consolidated financial position or results of operations.

15. Leases

The Company entered into a sale and leaseback agreement with RBS Lombard (Lombard) on September 25, 2003. Under the transaction, the Company sold Lombard substantially all of its computer hardware and software $101 million and subsequently leased the assets back. No gain or loss was recorded on this transaction. Second sale and leaseback transaction was entered into on November 25, 2003 under which the Company sold Lombard $53.2 million of work-in-process capitalized software. No gain or loss was recorded on this transaction. The initial lease terms are five years, and monthly lease payments are based on a ten-year amortization period with a balloon payment at the end of five years. In lieu of payment of the balance at the end of year five, the Company will have the option to enter into another lease for an additional five years.

As part of the financing agreement, the Company is required to maintain a letter of credit to collateralize the transaction. The current letter of credit is with Comerica Bank. The amount of the letter of credit is equal to 50 percent of the financed amount of the sale-leaseback transaction. The term of the letter of credit is for one year and will renew annually.

The sale-leaseback transaction has been accounted for under SSAP No. 22, which

another lease for an additional five years.

As part of the financing agreement, the Company is required to maintain a letter of credit to collateralize the transaction. The current letter of credit is with Comerica Bank. The amount of the letter of credit is equal to 50 percent of the financed amount of the sale-leaseback transaction. The term of the letter of credit is for one year and will renew annually.

The sale-leaseback transaction has been accounted for under SSAP No. 22, which requires a sale of equipment that is accompanied by a leaseback of all or part of the equipment be accounted for as an operating lease. The rent expense incurred through March 31, 2004 related to the sale-leaseback transactions was $5.3 million.

Future minimum lease payments as of March 31, 2004 in connection with the sale-leaseback transactions are as follows:

Year Ending December 31		Lease Payments Under Sale-Leaseback Agreement
2004 remaining	$	15,863,855
2005		21,151,807
2006		21,151,807
2007		21,151,807
2008 and thereafter		94,160,569

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

    A. ASO Plans – NOT APPLICABLE

    B. ASC Plans - The gain from operations from ASC uninsured plans and the uninsured portion of partially insured plans (ASC plans with stop loss coverage) as of March 31, 2004 are as follows (in thousands):

	ASC Plans without stoploss	ASC Plans with stoploss	Total
Gross reimbursement for medical cost incurred	$ 667,826	$ 932,083	$ 1,599,909
Gross administrative fees accrued	54,821	101,374	156,195
Subsidy transfer	(135)	(11,540)	(11,675)
Gross expenses incurred (claims and administrative)	717,577	1,004,476	1,722,053
Total net gain from operations	$ 4,935	$ 17,440	$ 22,375

	Insured	ASC	Total
Premium fees and reibursements	$ 1,395,350	$ 1,756,103	$ 3,151,453
Claims Incurred	1,226,495	1,599,909	2,826,404
Premium deficiency charge	(3,201)		(3,201)
Administrative Expenses	137,906	122,144	260,050
Total Operating Expenses	1,361,200	1,722,053	3,083,253
Senior Cost Transfer	11,675	(11,675)	-
Underwriting Gain/(Loss)	45,825	22,375	68,200

B. Medicare or Similarly Structured Cost Based Reimbursement Contract – NOT APPLICABLE

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

20. September 11 Events – NOT APPLICABLE

21. Other Items

A. Extraordinary Items – NOT APPLICABLE

B. Troubled Debt Restructuring – NOT APPLICABLE

C. Other Disclosures:

Blue Cross Blue Shield Association ("BCBSA") Deposit - As part of its BCBSA license requirements, the Company is required to maintain a custodial bank account to assure the payment of claims in the event of the Company's insolvency. The account balance is calculated as a percentage of the Company's unpaid claim liability and consists primarily of marketable securities. The funds in the account are included in the Company's investment portfolio. The Company has the ability to trade and transfer securities within the account as long as balance in the account is at or above the required minimum. The required balance for the period April 1, 2003 through March 31, 2004 is $127.1 million. At March 31, 2004, the balance in this custodial account was $140.5 million.

D. Uncollectible Assets on Uninsured plans – NOT APPLICABLE

Company's unpaid claim liability and consists primarily of marketable securities. The funds in the account are included in the Company's investment portfolio. The Company has the ability to trade and transfer securities within the account as long as balance in the account is at or above the required minimum. The required balance for the period April 1, 2003 through March 31, 2004 is $127.1 million. At March 31, 2004, the balance in this custodial account was $140.5 million.

D. Uncollectible Assets on Uninsured plans – NOT APPLICABLE

E. Noncash Transactions – NOT APPLICABLE

F. Business Interruption Insurance Recoveries – NOT APPLICABLE

22. Events Subsequent – NOT APPLICABLE

23. Reinsurance – NOT APPLICABLE

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. The Company estimates accrued retrospective premium adjustments for its group health business through a mathematical approach using an algorithm of the Company's underwriting rules and experience rating practices.

B. The amount of net premiums written by the Company at March 31, 2004 that are subject to retrospective rating features was $891,480,211, that represented 64% of the total net premiums written for the group health financial arrangements. No other net premiums written by the Company are subject to retrospective rating features.

25. Change in Incurred Losses and Loss Adjustment Expenses -

No significant changes in computing incurred losses and loss adjustment expenses this quarter compared to previous years.

26. Intercompany Pooling Arrangements – NOT APPLICABLE

27. Structured Settlements – NOT APPLICABLE

28. Health Care Receivables –The company' health care receivables are in conformity with SSAP 84.

29. Participating Policies – NOT APPLICABLE

30. Premium Deficiency Reserves

In 2003, the Company established a premium deficiency reserve for the anticipated loss on the state sponsored MIChild insurance program, which provides health and dental insurance for uninsured children of Michigan's working families. The MIChild premium deficiency reserve will be amortized over a two-year contract period ending September 30, 2005. As of March 31, 2004, the balance of the premium deficiency reserve is $31,799,000.

31. Anticipated Salvage and Subrogation - Anticipated salvage and subrogation is included as a reduction to claims unpaid as reported on line 1, page 3.

dental insurance for uninsured children of Michigan's working families. The MIChild premium deficiency reserve will be amortized over a two-year contract period ending September 30, 2005. As of March 31, 2004, the balance of the premium deficiency reserve is $31,799,000.

31. Anticipated Salvage and Subrogation - Anticipated salvage and subrogation is included as a reduction to claims unpaid as reported on line 1, page 3.

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 [X] No [ ]

1.2 If yes, explain:... Please see Note 1 for the details

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 [ ] No [X]
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. 09/30/2000.....

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. 09/30/2000.....

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). 09/11/2001.....

7.4 By what department or departments?

Office of Financial and 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: None.....

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: None.....

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	$695,666,322	$729,149,827
14.24 Short-Term Investments		
14.25 Mortgages, Loans or Real Estate		
14.26 All Other	$153,498,184	$157,345,183
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$849,164,506	$886,495,010
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
State Street Insurance Services	801 Pennsylvania, Kansas City, MO 64105
Federal Home Loan Bank of Indianpolis	8250 Woodfield Crossing, Indianapolis, IN 46240
Comerica Bank	Institutional Trust, P.O Box 75000, Detroit, MI 48275

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

SCHEDULE A - VERIFICATION

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	194,914,444	206,823,417
2. Increase (decrease) by adjustment	(3,035,452)	(12,646,251)
3. Cost of acquired		
4. Cost of additions to and permanent improvements	916,842	5,027,257
5. Total profit (loss) on sales		(113,385)
6. Increase (decrease) by foreign exchange adjustment		
7. Amount received on sales		4,176,594
8. Book/adjusted carrying value at end of current period	192,795,834	194,914,444
9. Total valuation allowance		
10. Subtotal (Lines 8 plus 9)	192,795,834	194,914,444
11. Total nonadmitted amounts		
12. Statement value, current period (Page 2, real estate lines, net admitted assets column)	192,795,834	194,914,444

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	191,571,086	193,309,511
2. Cost of acquisitions during period:		
2.1 Actual cost at time of acquisitions		5,400,000
2.2 Additional investment made after acquisitions	35,894	513,536
3. Accrual of discount		
4. Increase (decrease) by adjustment	5,151,598	(3,327,066)
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period	187,221	4,324,895
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	196,571,357	191,571,086
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	196,571,357	191,571,086
12. Total nonadmitted amounts		
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	196,571,357	191,571,086

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	2,690,106,045	2,071,841,035
2. Cost of bonds and stocks acquired	1,035,938,623	4,089,209,486
3. Accrual of discount	2,115,297	752,384
4. Increase (decrease) by adjustment	33,483,505	101,843,001
5. Increase (decrease) by foreign exchange adjustment		
6. Total profit (loss) on disposal	20,682,487	16,279,826
7. Consideration for bonds and stocks disposed of	650,581,999	3,583,591,714
8. Amortization of premium	255,067	6,227,973
9. Book/adjusted carrying value, current period	3,131,488,891	2,690,106,045
10. Total valuation allowance	4,709,594	(8,071,578)
11. Subtotal (Lines 9 plus 10)	3,136,198,485	2,682,034,467
12. Total nonadmitted amounts	27,718,081	
13. Statement value	3,108,480,404	2,682,034,467

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	2,168,984,948	2,396,045,446	2,273,835,120	51,027,664	2,342,222,938			2,168,984,948
2. Class 2	54,705,827		27,245,750	(27,460,077)				54,705,827
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	2,223,690,775	2,396,045,446	2,301,080,870	23,567,587	2,342,222,938	0	0	2,223,690,775
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	2,223,690,775	2,396,045,446	2,301,080,870	23,567,587	2,342,222,938	0	0	2,223,690,775

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	72,109,147	XXX	72,091,839	491,431	

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	342,090,285	328,105,150
2. Cost of short-term investments acquired	1,381,086,273	6,714,071,337
3. Increase (decrease) by adjustment	134,351	1,688,209
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	1,651,201,762	6,701,774,411
7. Book/adjusted carrying value, current period	72,109,147	342,090,285
8. Total valuation allowance		
9. Subtotal (Lines 7 plus 8)	72,109,147	342,090,285
10. Total nonadmitted amounts		
11. Statement value (Lines 9 minus 10)	72,109,147	342,090,285
12. Income collected during period	491,431	1,642,775
13. Income earned during period	324,093	1,787,031

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	1,391,957,470			55,180,795		
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	1,391,957,470	0	0	55,180,795	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?	Yes

EXPLANATION:

BAR CODE:

Overflow Page for Write-Ins

Additional Write-ins for Assets:

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31, Prior Year Net Admitted Assets
2304. Area Regulatory Asset	294,004,468	20,364,000	273,640,468	324,904,468
2305. Area Regulatory Asset Impairment	(212,548,000)		(212,548,000)	(212,548,000)
2306. Advances to Providers	69,196,509	29,390,031	39,806,478	118,077,296
2307. Company Owned Automobile	812,585	812,585	0	845,179
2308. Prepaid Pension Fund	110,377,971	27,594,493	82,783,478	111,099,168
2397. Summary of remaining write-ins for Line 23	261,843,533	78,161,109	183,682,424	342,378,111

Additional Write-ins for Liabilities:

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
2104. Advances to Providers	233,423,791		233,423,791	236,156,914
2105. Accounts Payable for Drugs and Vision Vendors	47,686,495		47,686,495	
2106. Amounts payable to other plans	5,244,786		5,244,786	
2197. Summary of remaining write-ins for Line 21	286,355,072	0	286,355,072	236,156,914

Additional Write-ins for Liabilities:

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
2704. Preferred Providers of Michigan Accumulated Funds	XXX	XXX		10,000
2797. Summary of remaining write-ins for Line 27	XXX	XXX	0	10,000

Additional Write-ins for Statement of Revenue:

	Current Year to Date 1 Uncovered	2 Total	Prior Year to Date 3 Total
2904. Gain (Loss) from PPOM, LLC			4,390,700
2905. Gain (Loss) from DenteMax			123,000
2997. Summary of remaining write-ins for Line 29	0	0	4,513,700

SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED During the Current Quarter

1	Location		4	5	6	7	8	9
	2	3						
Description of Property	City	State	Date Acquired	Name of Vendor	Actual Cost	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Expended for Additions and Permanent Improvements
Acquired by Purchase								
TOWER SERVICE CENTER	DETROIT	MI	03/31/2004	VARIOUS				189,336
OAKLAND-MACOMB OFFICE	UTICA	MI	03/31/2004	VARIOUS				15,784
METRO SERVICE CENTER	SOUTHFIELD	MI	03/31/2004	VARIOUS				495,146
LYON MEADOWS	NEW HUDSON	MI	03/31/2004	VARIOUS				4,578
JEFFERSON FACILITY	DETROIT	MI	03/31/2004	VARIOUS				211,998
0199999. Totals					0	0	0	916,842
9999999. Totals					0	0	0	916,842

SCHEDULE A - PART 3

Showing all Real Estate SOLD During the Quarter, Including Payments During the Final Year on "Sales Under Contract"

1	Location		4	5	6	7	8	9	10	11	12	13	14	15	16
	2	3													
Description of Property	City	State	Disposal Date	Name of Purchaser	Actual Cost	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Expended for Additions, Permanent Improvements and Changes in Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Amounts Received	Foreign Exchange Profit (Loss) on Sale	Realized Profit (Loss) on Sale	Total Profit (Loss) on Sale	Gross Income Earned Less Interest Incurred on Encumbrances	Taxes, Repairs, and Expenses Incurred

NONE

SCHEDULE B - PART 1

Showing all Mortgage Loans ACQUIRED During the Current Quarter

1	Location		4	5	6	7	8	9	10	11
	2	3								
Loan Number	City	State	Loan Type	Date Acquired	Rate of Interest	Book Value/Recorded Investment Excluding Accrued Interest	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Value of Land and Buildings	Date of Last Appraisal or Valuation

NONE

SCHEDULE B - PART 2

Showing all Mortgage Loans SOLD, Transferred or Paid in Full During the Current Quarter

1	Location		4	5	6	7	8	9	10	11	12	13
	2	3										
Loan Number	City	State	Loan Type	Date Acquired	Book Value/ Recorded Investment Excluding Accrued Interest Prior Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Book Value/ Recorded Investment Excluding Accrued Interest at Disposition	Consideration Received	Foreign Exchange Profit (Loss) on Sale	Realized Profit (Loss) on Sale	Total Profit (Loss) on Sale

NONE

SCHEDULE BA - PART 1

Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter

1	Location		4	5	6	7	8	9	10
	2	3							
Number of Units and Description	City	State	Name of Vendor	Date Acquired	Actual Cost	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment
Any Other Class of Admitted Asset									
MTS Investors, LP	New York	NY	Direct	01/31/2004	35,894		35,894		
NASCO Investment	Atlanta	GA	Direct	03/31/2004				1,304,598	
PPOM, LLC	Southfield	MI	Direct	03/31/2004				3,846,999	
1499999. Total - Any Other Class of Admitted Asset					35,894	0	35,894	5,151,597	0
9999999. Totals					35,894	0	35,894	5,151,597	0

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets SOLD, Transferred or Paid in Full During the Current Quarter

1	Location		4	5	6	7	8	9	10	11	12	13
	2	3										
Number of Units and Description	City	State	Name of Purchaser or Nature of Disposition	Date Acquired	Book/Adjusted Carrying Value Less Encumbrances Prior Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Book/ Adjusted Carrying Value Less Encumbrances at Disposition	Consideration Received	Foreign Exchange Profit (Loss) on Sale	Realized Profit (Loss) on Sale	Total Profit (Loss) on Sale
Fixed or Variable Interest Rate Investments That Have Underlying Characteristics of Other Fixed Income Instruments												
Promissory Notes-Solomon Office Associates, L.L.C.	Southfield	MI	Repayment of Note	03/31/2004	111,164			111,164				0
0699999. Total - Fixed or Variable Interest Rate Investments That Have Underlying Characteristics of Other Fixed Income Instruments					111,164	0	0	111,164	0	0	0	0
Any Other Class of Admitted Assets												
Peninsula Fund	Detroit	MI	Return of Capital	03/30/2004	76,057			76,057				0
1499999. Total - Any Other Class of Admitted Assets					76,057	0	0	76,057	0	0	0	0
9999999. Totals					187,221	0	0	187,221	0	0	0	0

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									
912810 EQ 7	U.S. TREASURY NOTES 6.250 08/15/2023		02/12/2004	MERRILL LYNCH CAPITAL MARKETS		5,816,406	5,000,000	154,552	1FE
912828 AP 5	U.S. TREASURY NOTES 4.000 11/15/2012		03/12/2004	CS FIRST BOSTON		20,624,219	20,000,000	265,934	1FE
912828 BT 6	U.S. TREASURY NOTES 3.375 12/15/2008		01/06/2004	A.G. EDWARDS		15,048,047	15,000,000	33,197	1FE
912828 BV 1	U.S. TREASURY NOTES 3.250 01/15/2009		03/31/2004	VARIOUS		55,236,719	55,000,000	101,339	1FE
912828 BZ 2	U.S. TREASURY NOTES 3.000 02/15/2009		02/20/2004	VARIOUS		49,868,750	50,000,000	30,495	1FE
912828 BT 6	U.S. TREASURY NOTES 3.375 12/15/2008		02/12/2004	MERRILL LYNCH		5,081,250	5,000,000	27,664	1FE
912828 BZ 2	U.S. TREASURY NOTES 3.000 02/15/2009		02/26/2004	STATE STREET BANK		1,968,023	1,967,870		1FE
0399999.	Total - Bonds - U.S. Government					153,643,414	151,967,870	613,181	XXX
Bonds - Special Revenue and Special Assessment									
United States									
31284B BB 2	FHLMC FGP10034 5.000 02/01/2018		01/12/2004	CS FIRST BOSTON		26,332,844	25,633,919	67,645	1FE
31284B BH 9	FHLMC FGP10040 5.500 12/01/2017		01/13/2004	A.G. EDWARDS		38,778,243	37,290,356	108,246	1FE
312963 5T 4	FHLMC FGB11758 5.000 12/01/2018		01/20/2004	CS FIRST BOSTON		41,046,875	40,000,000	122,222	1FE
312964 EJ 4	FHLMC FGB11937 5.000 11/01/2018		01/20/2004	CS FIRST BOSTON		51,300,781	50,000,000	152,778	1FE
312965 KP 0	FHLMC FGB13002 5.000 03/01/2019		03/23/2004	LEHMAN BROTHERS		31,007,813	30,000,000	104,167	1FE
31296S BJ 4	FHLMC FGA17241 6.000 11/01/2033		02/25/2004	FHLMC		30,808,586	29,552,600	123,136	1FE
31296S X7 6	FHLMC FGA17902 6.000 11/01/2033		02/09/2004	LEHMAN BROTHERS		41,265,879	39,654,899	72,701	1FE
3133X0 6Q 7	FHLB 4.125 08/13/2010		02/18/2004	VARIOUS		66,229,345	65,000,000	29,792	1FE
3133X4 2H 3	FHLB 4.000 02/15/2011		02/26/2004	GREENWICH CAPITAL		10,008,090	10,000,000	27,778	1FE
31359M LS 0	FNMA 5.375 11/15/2011		02/19/2004	CITIGROUP GLOBAL		27,051,875	25,000,000	354,601	1FE
31359M PF 4	FNMA 4.375 09/15/2012		03/03/2004	VARIOUS		55,357,585	55,000,000	1,095,573	1FE
31359M TZ 6	FNMA 3.250 02/15/2009		03/11/2004	VARIOUS		49,974,365	50,000,000	106,979	1FE
31403F ZJ 6	FNMA FN747845 5.000 11/01/2018		03/25/2004	FHLMC		50,546,921	49,007,770	129,326	1FE
31359M TR 4	FNMA 3.375 12/15/2008		01/06/2004	CS FIRST BOSTON		14,827,500	15,000,000	30,938	1FE
3133X4 2H 3	FHLB 4.000 02/15/2011		02/26/2004	STATE STREET BANK		1,974,209	1,967,870		1FE
	U.S.					536,510,911	523,107,414	2,525,882	XXX
3199999.	Total - Bonds - Special Revenue & Special Assessments					536,510,911	523,107,414	2,525,882	XXX
Bonds - Industrial and Miscellaneous									
United States									
010392 EK 0	ALABAMA POWER COMPANY 5.125 02/15/2019		02/10/2004	BARCLAY CAPITAL		6,967,450	7,000,000		1FE
073902 CF 3	BEAR STEARNS 3.250 03/25/2009		03/18/2004	BEAR STEARNS		15,942,240	16,000,000		1FE
134429 AM 1	CAMPBELL SOUP COMPANY 6.750 02/15/2011		03/15/2004	BARCLAY CAPITAL		11,420,760	9,750,000	60,328	1FE
14912L Z3 8	CATERPILLAR FINANCIAL 3.450 01/15/2009		01/13/2004	JPM		9,995,900	10,000,000		1FE
172967 CH 2	CITIGROUP, INC. 3.625 02/09/2009		02/05/2004	CITIGROUP GLOBAL		15,982,560	16,000,000	1,611	1FE
24422E PF 0	JOHN DEERE CAPITAL 3.750 01/13/2009		01/08/2004	MERRILL LYNCH CAPITAL MARKETS		4,998,650	5,000,000		1FE
30161M AC 7	EXELON GENERATION CO. 5.350 01/15/2014		03/01/2004	VARIOUS		20,538,200	20,000,000	138,208	1FE
36962G E7 5	GENERAL ELECTRIC CAPITA 4.250 12/01/2010		01/06/2004	LEHMAN BROTHERS		9,904,200	10,000,000	44,861	1FE
36962G YY 4	GENERAL ELECTRIC CAPITA 6.000 06/15/2012		02/12/2004	CITIGROUP GLOBAL		5,510,850	5,000,000	52,500	1FE
370334 AW 4	GENERAL MILLS, INC. 3.875 11/30/2007		01/06/2004	UBS SECURITIES		10,174,100	10,000,000	41,979	1FE
38143U AA 9	GOLDMAN SACHS 3.875 01/15/2009		01/06/2004	GOLDMAN SACHS AND COMPANY		4,988,750	5,000,000		1FE
38143U AB 7	GOLDMAN SACHS 5.150 01/15/2014		01/06/2004	GOLDMAN SACHS AND COMPANY		6,973,470	7,000,000		1FE
46625H BJ 8	JP MORGAN CHASE COMPANY 4.875 03/15/2014		03/03/2004	J.P.MORGAN		9,978,700	10,000,000		1FE
52517P VM 0	LEHMEN BROTHERS HOLDING 4.375 11/30/2010		02/09/2004	LEHMAN BROTHERS		6,078,840	6,000,000	59,063	1FE
52517P VV 0	LEHMEN BROTHERS HOLDING 4.800 03/13/2014		02/19/2004	LEHMAN BROTHERS		9,937,500	10,000,000		1FE
694308 GD 3	PACIFIC GAS & ELECTRIC 4.800 03/01/2014		03/18/2004	LEHMAN BROTHERS		4,992,350	5,000,000		1FE
78442F BG 2	SLM CORPORATION 5.000 10/01/2013		02/26/2004	J.P.MORGAN		10,147,100	10,000,000	219,444	1FE
803111 AP 8	SARA LEE CORP 2.750 06/15/2008		01/07/2004	JPM		4,846,650	5,000,000	10,313	1FE
867363 AB 9	SUNGARD DATA SYSTEMS 3.750 01/15/2009		01/20/2004	JPM		10,003,780	10,000,000	6,667	1FE
867363 AC 7	SUNGARD DATA SYSTEMS 4.875 01/15/2014		01/20/2004	JPM		9,976,275	10,000,000	8,125	1FE
87612E AL 0	TARGET CORPORTATION 3.375 03/01/2008		01/07/2004	JPM		20,000,200	20,000,000	245,625	1FE
90331H JK 0	U.S. BANK 3.400 03/01/2009		03/02/2004	UBS SECURITIES		4,982,500	5,000,000		1FE
927804 EV 2	VIRGINIA ELECTRIC & POW 4.500 12/15/2010		03/17/2004	CITIGROUP GLOBAL		12,214,874	11,895,000	86,898	1FE

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)
929903 AD 4	WACHOVIA CORP 3.625 02/17/2009		02/05/2004	BARCLAY CAPITAL		19,873,600	20,000,000	8,056	1FE
931142 BU 6	WAL-MART STORES 3.375 10/01/2008		01/07/2004	LEHMAN BROTHERS		4,961,250	5,000,000	46,875	1FE
931142 BV 4	WAL-MART STORES 4.125 02/15/2011		02/25/2004	VARIOUS		27,118,400	27,000,000	29,792	1FE
949746 FJ 5	WELLS FARGO & CO 4.950 10/16/2013		03/10/2004	CITIGROUP GLOBAL		10,426,000	10,000,000	204,875	1FE
060505 BH 6	BANK OF AMERICA 3.375 02/27/2009		01/23/2004	BEAR STERNS		15,889,600	16,000,000		1FE
172967 BS 9	CITIGROUP CORP. 02/01/2008		01/06/2004	CITIGROUP GLOBAL		10,036,700	10,000,000	153,611	1FE
929903 AC 6	WACHOVIA CORP. 08/15/2008		01/06/2004	BARCLAY CAPITAL		9,943,400	10,000,000	159,444	1FE
	U.S.					324,804,849	321,645,000	1,578,275	XXX
4599999.	Total - Bonds - Industrial & Miscellaneous					324,804,849	321,645,000	1,578,275	XXX
6099997.	Total - Bonds - Part 3					1,014,959,174	996,720,284	4,717,338	XXX
6099999.	Total - Bonds					1,014,959,174	996,720,284	4,717,338	XXX
Common Stocks - Industrial and Miscellaneous									
United States									
784924 88 8	STATE STREET S&P INDEX FUND		03/19/2004	STATE STREET	1,086,328,917.000	20,226,951			L
316191 60 0	Fid Retire MMKT		03/19/2004	FIDELITY	92,194.730	92,195			L
316464 10 6	Fid Value		03/31/2004	FIDELITY	45.346	2,877			L
316146 10 9	Fid Inv Gr Bond		03/31/2004	FIDELITY	791.600	6,026			L
316389 20 4	Fid Gr & Inc		03/31/2004	FIDELITY	355.275	12,894			L
316184 10 0	Fid Magellan		03/31/2004	FIDELITY	3.223	322			L
316069 10 3	Fid Asset Mgr		03/31/2004	FIDELITY	310.173	4,960			L
315911 20 6	Spartan US Eq		03/31/2004	FIDELITY	4,347.576	172,298			L
880196 20 9	Templeton Foreign		03/31/2004	FIDELITY	3,559.941	39,520			L
471023 80 4	Janus Enterprise		03/31/2004	FIDELITY	428.876	12,783			L
471023 30 9	Janus Worldwide		03/31/2004	FIDELITY	1,008.322	41,792			L
31617R 30 8	Freedom Income		03/31/2004	FIDELITY	0.462	5			L
31617R 50 6	Freedom 2010		03/31/2004	FIDELITY	261.463	3,465			L
31617R 60 5	Freedom 2020		03/31/2004	FIDELITY	750.188	10,000			L
86335K 10 0	Strong Opportunity		03/31/2004	FIDELITY	382.129	15,746			L
262001 44 9	Drey Fndrs Discvry		03/31/2004	FIDELITY	4,048.111	111,489			L
31617R 40 7	Freedom 2000		03/31/2004	FIDELITY	13.544	159			L
31617R 70 4	Freedom 2030		03/31/2004	FIDELITY	468.868	6,217			L
015570 20 3	Alger Midcap Growth		03/31/2004	FIDELITY	6,932.066	106,295			L
69316H 54 4	PBHG Clipper Focus		03/31/2004	FIDELITY	2,215.624	33,872			L
701769 10 1	Parnassus Equity		03/31/2004	FIDELITY	23.914	584			L
000000 00 0	Federal Home Loan Bank of Indiianpolis		03/19/2004	FIDELITY	790.000	79,000			L
	U.S.					20,979,449	XXX	0	XXX
6899999.	Total - Common Stocks - Industrial & Miscellaneous					20,979,449	XXX	0	XXX
7299997.	Total - Common Stocks - Part 3					20,979,449	XXX	0	XXX
7299999.	Total - Common Stocks					20,979,449	XXX	0	XXX
7399999.	Total - Preferred and Common Stocks					20,979,449	XXX	0	XXX
7499999.	Total - Bonds, Preferred and Common Stocks					1,035,938,623	XXX	4,717,338	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 11	12	13	14	15	16	17	18	19	20	21	22
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																					
912828 AC 4	U.S. TREASURY NOTES 4.375 05/15/2	..	02/20/2004	LEHMAN BROTHERS		31,889,063	30,000,000	30,990,625	30,918,016		(38,318)		(38,318)		30,879,698		1,009,364	1,009,364	322,259	05/15/2007	1FE
912828 BG 4	U.S. TREASURY NOTES 3.250 08/15/2	..	01/28/2004	JPM		5,039,844	5,000,000	4,944,141	4,947,346		901		901		4,948,247		91,596	91,596	75,086	08/15/2008	1FE
912828 BM 1	U.S. TREASURY NOTES 3.125 10/15/2	..	01/28/2004	JPM		12,000,000	12,000,000	11,953,125	11,954,609		693		693		11,955,303		44,697	44,697	110,324	10/15/2008	1FE
912828 BT 6	U.S. TREASURY NOTES 3.375 12/15/2	..	01/28/2004	JPM		22,204,531	22,000,000	22,192,500	22,190,826		(3,131)		(3,131)		22,187,694		16,837	16,837	90,188	12/15/2008	1FE
912828 BT 6	U.S. TREASURY NOTES 3.375 12/15/2	..	03/31/2004	A.G. EDWARDS		5,135,156	5,000,000	5,081,250	5,081,250		(2,069)		(2,069)		5,079,181		55,975	55,975	49,795	12/15/2008	1FE
912827 Y5 5	U.S. TREASURY NOTES 7.000 02/15/2	..	03/31/2004	STATE STREET BANK		2,200,632	1,967,870	2,158,968	2,158,968				0		2,158,968		41,663	41,663		12/15/2008	1FE
0399999.	Total - Bonds - U.S. Government					78,469,226	75,967,870	77,320,609	77,251,015	0	(41,924)	0	(41,924)	0	77,209,091	0	1,260,132	1,260,132	647,652	XXX	XXX
Bonds - Special Revenue and Special Assessment																					
United States																					
31284B BB 2	FHLMC FGP10034 5.000 02/01/2018	..	03/01/2004	MBS PAYDOWN		350,845	350,845	360,411	350,868		(23)		(23)		350,845			0	2,165	02/01/2018	1FE
31284B BH 9	FHLMC FGP10040 5.500 12/01/2017	..	03/01/2004	MBS PAYDOWN		2,167,607	2,167,607	2,239,473	2,168,362		(755)		(755)		2,167,607			0	16,954	12/01/2017	1FE
3128H7 N9 9	FHLMC FGE99416 5.000 07/01/2018	..	03/01/2004	MBS PAYDOWN		1,177,258	1,177,258	1,193,282	1,177,505		(247)		(247)		1,177,258			0	8,889	07/01/2018	1FE
3128H7 PG 1	FHLMC FGE99423 5.000 07/01/2018	..	03/01/2004	MBS PAYDOWN		731,331	731,331	742,986	731,591		(261)		(261)		731,331			0	5,757	07/01/2018	1FE
3128H7 R9 5	FHLMC FGE99512 5.500 07/01/2018	..	01/20/2004	VARIOUS		19,185,010	18,488,142	19,063,007	19,043,090		(35,857)		(35,857)		19,007,233		177,777	177,777	108,366	07/01/2018	1FE
3128H7 SD 5	FHLMC FGE99516 5.000 08/01/2018	..	03/01/2004	MBS PAYDOWN		2,898,134	2,898,134	2,954,598	2,899,517		(1,383)		(1,383)		2,898,134			0	24,476	08/01/2018	1FE
3128H7 T8 5	FHLMC FGE99575 5.000 07/01/2018	..	03/25/2004	VARIOUS		20,198,045	19,641,932	19,896,663	19,892,450		(29,056)		(29,056)		19,863,394		334,650	334,650	265,136	07/01/2018	1FE
3128H8 DA 5	FHLMC FGE99997 5.000 08/01/2018	..	03/01/2004	MBS PAYDOWN		1,932,718	1,932,718	1,962,917	1,933,589		(871)		(871)		1,932,718			0	17,811	08/01/2018	1FE
31294K UR 4	FHLMC FGE01492 5.500 08/01/2018	..	03/01/2004	VARIOUS		33,724,603	32,394,575	33,457,522	33,435,899		(132,944)		(132,944)		33,302,956		421,647	421,647	421,240	08/01/2018	1FE
312962 2U 6	FHLMC FGB10787 5.500 11/01/2018	..	03/01/2004	MBS PAYDOWN		676,310	676,310	696,599	676,824		(514)		(514)		676,310			0	6,262	11/01/2018	1FE
312962 FT 5	FHLMC FGB10178 5.000 10/01/2018	..	03/01/2004	MBS PAYDOWN		3,402,447	3,402,447	3,463,053	3,403,791		(1,344)		(1,344)		3,402,447			0	28,650	10/01/2018	1FE
312962 J4 6	FHLMC FGB10283 5.000 09/01/2018	..	03/01/2004	MBS PAYDOWN		2,551,694	2,551,694	2,584,786	2,552,800		(1,106)		(1,106)		2,551,694			0	27,005	09/01/2018	1FE
312962 WN 9	FHLMC FGB10653 5.500 09/01/2018	..	03/01/2004	MBS PAYDOWN		1,461,719	1,461,719	1,505,799	1,463,337		(1,619)		(1,619)		1,461,719			0	15,501	09/01/2018	1FE
312962 ZL 0	FHLMC FGB10747 5.500 10/01/2018	..	03/01/2004	VARIOUS		13,654,408	13,267,960	13,759,488	13,616,580		(11,158)		(11,158)		13,605,422		48,987	48,987	97,911	10/01/2018	1FE
312963 5T 4	FHLMC FGB11758 5.000 12/01/2018	..	03/01/2004	MBS PAYDOWN		371,290	371,290	381,007	371,429		(139)		(139)		371,290			0	2,334	12/01/2018	1FE
312963 BE 0	FHLMC FGB10937 5.000 10/01/2018	..	03/25/2004	VARIOUS		40,086,090	39,015,392	39,442,123	39,440,579		(60,819)		(60,819)		39,379,760		706,330	706,330	516,591	10/01/2018	1FE
312964 EJ 4	FHLMC FGB11937 5.000 11/01/2018	..	03/01/2004	MBS PAYDOWN		1,201,255	1,201,255	1,232,506	1,201,819		(565)		(565)		1,201,255			0	8,660	11/01/2018	1FE
31296S BJ 4	FHLMC FGA17241 6.000 11/01/2033	..	03/01/2004	MBS PAYDOWN		339,856	339,856	354,300	339,857		(1)		(1)		339,856			0	1,699	11/01/2033	1FE
31296S X7 6	FHLMC FGA17902 6.000 11/01/2033	..	03/01/2004	MBS PAYDOWN		436,087	436,087	453,803	436,292		(205)		(205)		436,087			0	1,975	11/01/2033	1FE
31339X 2M 5	FHLB 3.875 06/14/2013	..	02/19/2004	LEHMAN BROTHERS		6,741,469	7,000,000	6,385,260	6,401,001		6,535		6,535		6,407,535		333,934	333,934	56,264	06/14/2013	1FE
3133X1 BV 8	FHLB 4.500 09/16/2013	..	02/19/2004	LEHMAN BROTHERS		6,034,170	6,000,000	5,910,420	5,911,092		1,145		1,145		5,912,236		121,934	121,934	112,145	09/16/2013	1FE
3134A4 DY 7	FHLMC 5.625 03/15/2011	..	02/18/2004	CS FIRST BOSTON		5,521,955	5,000,000	4,961,950	4,970,040		679		679		4,970,718		551,237	551,237	120,991	03/15/2011	1FE
31359M FL 2	FNMA 7.125 03/15/2007	..	02/18/2004	LEHMAN BROTHERS		12,513,050	11,000,000	11,339,760	11,196,557		(6,793)		(6,793)		11,189,764		1,323,286	1,323,286	328,478	03/15/2007	1FE
31359M MP 5	FNMA 5.250 04/15/2007	..	02/18/2004	VARIOUS		44,405,109	41,000,000	41,283,860	41,192,855		(6,944)		(6,944)		41,185,911		3,219,198	3,219,198	734,473	04/15/2007	1FE
31359M QM 8	FNMA 3.250 01/15/2008	..	02/18/2004	VARIOUS		23,310,155	23,000,000	22,942,960	22,953,043		1,214		1,214		22,954,256		355,899	355,899	447,186	01/15/2008	1FE
31359M RK 1	FNMA 4.625 05/01/2013	..	03/03/2004	CS FIRST BOSTON		9,937,500	10,000,000	9,585,050	9,594,987		5,926		5,926		9,600,913		336,587	336,587	163,947	05/01/2013	1FE
31359M TG 8	FNMA 4.625 10/15/2013	..	03/03/2004	GREENWICH CAPITAL		25,228,750	25,000,000	24,857,250	24,857,675		2,928		2,928		24,860,602		368,148	368,148	510,393	10/15/2013	1FE
31400E F2 1	FNMA FN685185 5.500 12/01/2017	..	01/01/2004	VARIOUS		57,627,973	55,498,824	56,634,815	56,582,300		(49,401)		(49,401)		56,532,899		1,095,074	1,095,074	388,170	12/01/2017	1FE
31400E QW 3	FNMA FN685469 5.500 01/01/2018	..	01/01/2004	VARIOUS		19,171,536	18,473,349	18,822,611	18,804,966		(21,165)		(21,165)		18,783,801		387,736	387,736	123,340	01/01/2018	1FE
31359M TR 4	FNMA 3.375 12/15/2008	..	03/11/2004	CS FIRST BOSTON		15,318,750	15,000,000	14,827,500	14,827,500		5,448		5,448		14,832,948		485,802	485,802	122,344	12/15/2008	1FE
312962 FT 5	FHLMC FG10178 5.000 10/01/2018	..	03/31/2004	STATE STREET BANK		231,392	231,392	234,935	234,935				0		234,935		(3,543)	(3,543)		10/01/2018	1FE
	U.S.					372,588,516	359,710,117	363,530,694	362,663,130	0	(339,295)	0	(339,295)	0	362,323,834	0	10,264,683	10,264,683	4,685,113	XXX	XXX
3199999.	Total - Bonds - Special Revenue & Assessment					372,588,516	359,710,117	363,530,694	362,663,130	0	(339,295)	0	(339,295)	0	362,323,834	0	10,264,683	10,264,683	4,685,113	XXX	XXX
Bonds - Industrial and Miscellaneous																					
United States																					
002824 AM 2	ABBOTT LABORATORIES 5.625 07/01/	..	01/05/2004	JPM		10,717,600	10,000,000	10,028,100	10,015,213		(254)		(254)		10,014,959		702,641	702,641	291,934	07/01/2006	1FE
060505 BC 7	BANK OF AMERICA 3.250 08/15/200	..	01/23/2004	BEAR STEARNS		15,942,880	16,000,000	15,725,440	15,746,137		4,104		4,104		15,750,241		192,639	192,639	272,771	08/15/2008	1FE
079860 AC 6	BELLSOUTH CORPORATION 5.000 10/1	..	01/05/2004	JPM		10,573,400	10,000,000	10,094,800	10,057,913		(396)		(396)		10,057,516		515,884	515,884	114,881	10/15/2006	1FE
10138M AE 5	BOTTLING GROUP 2.450 10/16/200	..	01/05/2004	JPM		4,951,900	5,000,000	4,983,000	4,984,082		106		106		4,984,188		(32,288)	(32,288)	31,071	10/16/2006	1FE

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 11	12	13	14	15	16	17	18	19	20	21	22
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)
172967 BJ 9	CITIGROUP, INC. 6.000 02/21/2012		02/12/2004	CITIGROUP GLOBAL		5,548,200	5,000,000	4,930,550	4,939,501		1,169		1,169		4,940,670		607,530	607,530	148,669	02/21/2012	1FE
172967 BS 9	CITIGROUP CORP. 3.500 02/01/2008		02/05/2004	CITIGROUP GLOBAL		6,049,020	6,000,000	5,968,680	5,973,888		728		728		5,974,616		74,404	74,404	110,978	02/01/2008	1FE
20034D HA 0	COMERICA BANK 2.950 11/15/2006		01/05/2004	UBS SECURITIES		5,012,850	5,000,000	4,999,500	4,999,399		(2)		(2)		4,999,397		13,453	13,453	30,317	11/15/2006	1FE
233331 AD 9	DTE ENERGY COMPANY 6.450 06/01		01/05/2004	CITIGROUP GLOBAL		10,769,800	10,000,000	10,188,040	10,115,142		(983)		(983)		10,114,159		655,641	655,641	65,309	06/01/2006	2FE
237194 AB 1	DARDEN RESTAURANTS, INC 7.125 02/0		03/18/2004	STATE STREET		5,810,050	5,000,000	4,653,950	4,692,013		3,299		3,299		4,695,312		1,114,738	1,114,738	232,883	02/01/2016	2FE
244217 BJ 3	JOHN DEERE CAPITAL CORP 3.900 01/1		01/09/2004	BANC ONE		5,114,450	5,000,000	5,081,350	5,074,266		(563)		(563)		5,073,703		40,747	40,747	96,395	01/15/2008	1FE
52517P VM 0	LEHMEN BROTHERS HOLDING 4.375 11		02/19/2004	LEHMAN BROTHERS		8,083,520	8,000,000	8,016,240	8,015,694		(447)		(447)		8,015,247		68,273	68,273	90,942	11/30/2010	1FE
548661 CA 3	LOWE'S COMPANIES 8.250 06/01/20		03/15/2004	BARCLAY CAPITAL		5,005,960	4,000,000	4,162,400	4,119,508		(3,456)		(3,456)		4,116,052		889,908	889,908	94,627	06/01/2010	1FE
718507 BQ 8	PHILLIPS PETROLEUM CO 8.750 05/25/		03/15/2004	BARCLAY CAPITAL		6,391,600	5,000,000	5,310,450	5,225,427		(6,211)		(6,211)		5,219,216		1,172,385	1,172,385	131,115	05/25/2010	1FE
78387G AF 0	SBC COMMUNICATIONS, INC 5.750 05/0		01/05/2004	MERRILL LYNCH CAPITAL MAR		10,696,600	10,000,000	9,962,570	9,980,319		97		97		9,980,416		716,184	716,184	105,513	05/02/2006	1FE
927804 EN 0	VIRGINIA ELECTRIC POWER 5.750 03/31		01/05/2004	CITIGROUP GLOBAL		10,665,900	10,000,000	9,964,800	9,981,949		146		146		9,982,094		683,806	683,806	156,673	03/31/2006	2FE
929903 AC 6	WACHOVIA CORP 3.500 08/15/200		02/05/2004	BARCLAY CAPITAL		9,981,700	10,000,000	9,873,300	9,882,735		2,851		2,851		9,885,587		96,113	96,113	192,435	08/15/2008	1FE
931142 BU 6	WAL-MART STORES 3.375 10/01/20		02/25/2004	BARCLAY CAPITAL		20,089,200	20,000,000	19,924,400	19,927,121		2,648		2,648		19,929,770		159,430	159,430	282,023	10/01/2008	1FE
94975C AF 4	WELLS FARGO FINANCIAL 5.875 08/15/		03/10/2004	CITIGROUP GLOBAL		11,198,300	10,000,000	10,029,350	10,020,260		(842)		(842)		10,019,634		1,178,667	1,178,667	342,082	08/15/2008	1FE
060505 BH 6	BANK OF AMERICA 3.375 02/27/20		03/18/2004	BEAR STERNS		16,155,040	16,000,000	15,889,600	15,889,600		2,503		2,503		15,892,103		262,937	262,937	81,000	02/17/2009	1FE
172967 BS 9	CITIGROUP CORP. 02/01/2008		02/05/2004	CITIGROUP GLOBAL		10,081,700	10,000,000	10,036,700	10,036,700		(642)		(642)		10,036,056		45,640	45,640	183,750	02/01/2008	1FE
929903 AC 6	WACHOVIA CORP. 08/15/2008		02/05/2004	BARCLAY CAPITAL		9,981,700	10,000,000	9,943,400	9,943,400		1,240		1,240		9,944,640		37,060	37,060	189,583	08/15/2008	1FE
	U.S.					198,821,370	190,000,000	189,766,620	189,620,267	0	5,095	0	5,095	0	189,625,576	0	9,195,792	9,195,792	3,244,951	XXX	XXX
4599999.	Total - Bonds - Industrial & Miscellaneous					198,821,370	190,000,000	189,766,620	189,620,267	0	5,095	0	5,095	0	189,625,576	0	9,195,792	9,195,792	3,244,951	XXX	XXX
6099997.	Total - Bonds - Part 4					649,879,112	625,677,987	630,617,923	629,534,412	0	(376,124)	0	(376,124)	0	629,158,501	0	20,720,607	20,720,607	8,577,716	XXX	XXX
6099999.	Total - Bonds					649,879,112	625,677,987	630,617,923	629,534,412	0	(376,124)	0	(376,124)	0	629,158,501	0	20,720,607	20,720,607	8,577,716	XXX	XXX
Common Stocks - Industrial and Miscellaneous																					
United States																					
316191 60 0	Fid Retire MMKT		03/31/2004	FIDELITY	241,298.940	241,299		241,299	241,299				0		241,299			0		XXX	L
316464 10 6	Fid Value		03/31/2004	FIDELITY	21,654.210	21,654		16,778	16,778				0		16,778		4,876	4,876		XXX	L
316146 10 9	Fid Inv Gr Bond		03/31/2004	FIDELITY	9,543.370	9,543		9,288	9,288				0		9,288		256	256		XXX	L
316389 20 4	Fid Gr & Inc		03/31/2004	FIDELITY	30,531.180	30,531		30,139	30,139				0		30,139		392	392		XXX	L
316184 10 0	Fid Magellan		03/31/2004	FIDELITY	6,411.720	6,412		5,661	5,661				0		5,661		751	751		XXX	L
316069 10 3	Fid Asset Mgr		03/31/2004	FIDELITY	12,462.370	12,462		13,803	13,803				0		13,803		(1,341)	(1,341)		XXX	L
315911 20 6	Spartan US Eq		03/31/2004	FIDELITY	54,347.870	54,348		50,020	50,020				0		50,020		4,328	4,328		XXX	L
471023 80 4	Janus Enterprise		03/31/2004	FIDELITY	21,438.850	21,439		17,842	17,842				0		17,842		3,597	3,597		XXX	L
31617R 30 8	Freedom Income		03/31/2004	FIDELITY	1,898.540	1,899		1,868	1,868				0		1,868		31	31		XXX	L
31617R 60 5	Freedom 2020		03/31/2004	FIDELITY	51,286.620	51,287		51,550	51,550				0		51,550		(263)	(263)		XXX	L
86335K 10 0	Strong Opportunity		03/31/2004	FIDELITY	230,444.750	230,445		191,661	191,661				0		191,661		38,784	38,784		XXX	L
262001 44 9	Drey Fndrs Discvry		03/31/2004	FIDELITY	13,957.900	13,958		11,934	11,934				0		11,934		2,024	2,024		XXX	L
015570 20 3	Alger Midcap Growth		03/31/2004	FIDELITY	7,610.280	7,610		7,283	7,283				0		7,283		328	328		XXX	L
	U.S.					702,887	XXX	649,126	649,126	0	0	0	0	0	649,126	0	53,761	53,761	0	XXX	XXX
6899999.	Total - Common Stocks - Industrial & Miscellaneous					702,887	XXX	649,126	649,126	0	0	0	0	0	649,126	0	53,761	53,761	0	XXX	XXX
7299997.	Total - Common Stocks - Part 4					702,887	XXX	649,126	649,126	0	0	0	0	0	649,126	0	53,761	53,761	0	XXX	XXX
7299999.	Total - Common Stocks					702,887	XXX	649,126	649,126	0	0	0	0	0	649,126	0	53,761	53,761	0	XXX	XXX
7399999.	Total - Preferred and Common Stocks					702,887	XXX	649,126	649,126	0	0	0	0	0	649,126	0	53,761	53,761	0	XXX	XXX
7499999.	Total - Bonds, Preferred and Common Stocks					650,581,999	XXX	631,267,049	630,183,538	0	(376,124)	0	(376,124)	0	629,807,627	0	20,774,368	20,774,368	8,577,716	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									
Comerica	Detroit, Michigan					(43,331,266)	(34,025,069)	16,149,562	XXX
Bank One	Detroit, Michigan					(38,614,066)	(32,528,454)	(31,576,905)	XXX
Michigan National Bank	Farmington Hills, Michigan					38,667,837	27,265,301	40,626,899	XXX
First Independence	Detroit, Michigan					(3,825,843)	195,437	329,123	XXX
Health One Credit Union	Detroit, Michigan					(5,559)	812	(21,683)	XXX
Northern Michigan Bank	Marquette, Michigan					12,110	12,110	12,046	XXX
First Wachovia Bank	Charlotte, North Carolina					18,486,195	8,667,529	8,693,430	XXX
Standard Federal Bank	Detroit, Michigan					(53,383,778)	(44,252,667)	(78,803,072)	XXX
Federal Home Loan Bank of Indianapolis	Indianapolis, Indiana					142,040	142,113	2,030,780	XXX
First Union Bank	Charlotte, North Carolina					(72,412,502)	(58,030,469)	(39,046,712)	XXX
0199999. Total Open Depositories		XXX	XXX	0	0	(154,264,832)	(132,553,357)	(81,606,532)	XXX
0399999. Total Cash on Deposit		XXX	XXX	0	0	(154,264,832)	(132,553,357)	(81,606,532)	XXX
0499999. Cash in Company's Office		XXX	XXX	XXX	XXX	12,215	12,079	11,715	XXX
0599999. Total Cash		XXX	XXX	0	0	(154,252,617)	(132,541,278)	(81,594,817)	XXX