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HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2004

OF THE CONDITION AND AFFAIRS OF THE

Community Choice Michigan

NAIC Group Code 0000 (Current Period) 0000 (Prior Period) NAIC Company Code 95562 Employer's ID Number 38-3252216

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

Country of Domicile United States of America

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

Incorporated 05/24/1995 Commenced Business 08/01/1996

Statutory Home Office 2369 Woodlake Dr, Suite 200 (Street and Number), Okemos, MI 48864 (City or Town, State and Zip Code)

Main Administrative Office 2369 Woodlake Dr, Suite 200 (Street and Number)
Okemos, MI 48864 (City or Town, State and Zip Code) 517-349-9922 (Area Code) (Telephone Number)

Mail Address 2369 Woodlake Dr, Suite 200 (Street and Number or P.O. Box), Okemos, MI 48864 (City or Town, State and Zip Code)

Primary Location of Books and Records 2369 Woodlake Dr, Suite 200 (Street and Number)
Okemos, MI 48864 (City or Town, State and Zip Code) 517-706-6604 (Area Code) (Telephone Number)

Internet Website Address www.ccmhmo.org

Statutory Statement Contact Kimberly A. Saxton (Name) 517-706-6604 (Area Code) (Telephone Number) (Extension)
kim.saxton@care-source.com (E-mail Address) 517-349-5343 (FAX Number)

Policyowner Relations Contact 2369 Woodlake Dr, Suite 200 (Street and Number)
Okemos, MI 48864 (City or Town, State and Zip Code) 800-390-7102 (Area Code) (Telephone Number) (Extension)

OFFICERS

Name	Title	Name	Title
Karl V Kovacs	Chief Executive Officer	Chris Shea	Board Vice-President
Christine Baumgardner	Board President	Sharron Gallop	Board Secretary- Treasurer

OTHER OFFICERS

Robert Bair	Chief Financial Officer		

DIRECTORS OR TRUSTEES

Velma Hendershott	AJ Jones	Denise Holmes	Anthony King
Patricia Teague #	Evonne Williams #	Gwendolyn Williams #	

State of Michigan
County of Ingham
ss

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

Karl V Kovacs Chief Executive Officer	Christine Baumgardner Board President	Robert Bair Chief Financial Officer

Subscribed and sworn to before me this 23 day of February, 2005

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

Stephanie Wycoff
Notary Public
08-15-2006

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	0		0	144,028
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	76,883		76,883	23,272
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ ..... encumbrances)			0	0
4.2 Properties held for the production of income (less $ ..... encumbrances)			0	0
4.3 Properties held for sale (less $ ..... encumbrances)			0	0
5. Cash ($ 25,473,944 , Schedule E, Part 1), cash equivalents ($ 0 , Schedule E, Part 2) and short-term investments ($ 0 , Schedule DA)	25,473,944		25,473,944	22,152,876
6. Contract loans, (including $ ..... premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivable for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	25,550,827	0	25,550,827	22,320,176
11. Investment income due and accrued	2,340		2,340	5,249
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection			0	0
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ..... earned but unbilled premium)			0	0
12.3 Accrued retrospective premium			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers			0	0
13.2 Funds held by or deposited with reinsured companies			0	0
13.3 Other amounts receivable under reinsurance contracts			0	0
14. Amounts receivable relating to uninsured plans			0	0
15.1 Current federal and foreign income tax recoverable and interest thereon			0	0
15.2 Net deferred tax asset			0	0
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software			0	0
18. Furniture and equipment, including health care delivery assets ($ .....)			0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
20. Receivables from parent, subsidiaries and affiliates	131,838	29,037	102,801	0
21. Health care ($ 2,533,326) and other amounts receivable	2,533,326	303,465	2,229,861	2,365,828
22. Other assets nonadmitted			0	0
23. Aggregate write-ins for other than invested assets	28,806	28,806	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	28,247,137	361,308	27,885,829	24,691,253
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	28,247,137	361,308	27,885,829	24,691,253
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Prepaid Insurance	14,500	14,500	0	0
2302. Prepaid Other	14,306	14,306	0	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	28,806	28,806	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $ ..... reinsurance ceded)	15,088,385		15,088,385	21,891,739
2. Accrued medical incentive pool and bonus amounts	346,130		346,130	(271,557)
3. Unpaid claims adjustment expenses	254,912		254,912	0
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	1,471,015		1,471,015	2,901,185
10.1 Current federal and foreign income tax payable and interest thereon (including $ ..... on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittance and items not allocated			0	0
14. Borrowed money (including $ ..... current) and interest thereon $ ..... (including $ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	0
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with ($ ..... authorized reinsurers and $ ..... unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including $ ..... current)	0	0	0	0
22 Total liabilities (Lines 1 to 21)	17,160,442	0	17,160,442	24,521,367
23. Common capital stock	XXX	XXX		0
24 Preferred capital stock	XXX	XXX		0
25. Gross paid in and contributed surplus	XXX	XXX	358,046	358,046
26. Surplus notes	XXX	XXX	7,000,000	0
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
28. Unassigned funds (surplus)	XXX	XXX	3,367,341	(188,160)
29. Less treasury stock, at cost:				
29.1 ..... shares common (value included in Line 23 $ .....)	XXX	XXX		0
29.2 ..... shares preferred (value included in Line 24 $ .....)	XXX	XXX		0
30. Total capital and surplus (Lines 23 to 28 Less 29)	XXX	XXX	10,725,387	169,886
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	27,885,829	24,691,253
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2701.	XXX	XXX		
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1. Member Months	XXX	613,478	773,435
2. Net premium income (including 0 non-health premium income)	XXX	101,422,652	111,717,581
3. Change in unearned premium reserves and reserve for rate credits	XXX	0	0
4. Fee-for-service (net of $ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	(6,118,914)	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	95,303,738	111,717,581
Hospital and Medical:			
9. Hospital/medical benefits		54,929,788	61,015,515
10. Other professional services		2,052,047	0
11. Outside referrals			0
12. Emergency room and out-of-area		7,772,306	11,962,124
13. Prescription drugs		18,143,394	19,656,361
14. Aggregate write-ins for other hospital and medical	0	(1,219,412)	8,234,604
15. Incentive pool, withhold adjustments and bonus amounts		72,638	(502,684)
16. Subtotal (Lines 9 to 15)	0	81,750,761	100,365,920
Less:			
17. Net reinsurance recoveries			0
18. Total hospital and medical (Lines 16 minus 17)	0	81,750,761	100,365,920
19. Non-health claims			0
20. Claims adjustment expenses, including $ 0 cost containment expenses		965,975	2,219,654
21. General administrative expenses		9,286,605	10,847,770
22. Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	92,003,341	113,433,344
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	3,300,397	(1,715,763)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)	315,111	315,111	174,921
26. Net realized capital gains (losses)		0	28,876
27. Net investment gains (losses) (Lines 25 plus 26)	315,111	315,111	203,797
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $)]			0
29. Aggregate write-ins for other income or expenses	0	99,461	1,414,909
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	3,714,969	(97,057)
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	3,714,969	(97,057)
DETAILS OF WRITE-INS			
0601. Quality Assurance Assesment	XXX	(6,118,914)	0
0602. Grant	XXX		0
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	(6,118,914)	0
0701.	XXX		0
0702.	XXX		0
0703.	XXX		0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401. Other Ancilliary		(1,219,412)	8,222,864
1402. Grant Expense			11,740
1403. Risk Settlement			0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	(1,219,412)	8,234,604
2901. Third Party Liability		99,461	93,997
2902. Transition Agreement			1,320,912
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	99,461	1,414,909

CAPITAL AND SURPLUS ACCOUNT

		1 Current Year	2 Prior Year
	CAPITAL AND SURPLUS ACCOUNT:		
33.	Capital and surplus prior-reporting period	169,886	205,390
	GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34.	Net income or (loss) from Line 32	3,714,969	(97,057)
35.	Change in valuation basis of aggregate policy and claim reserves		0
36.	Net unrealized capital gains and losses	32,780	0
37.	Change in net unrealized foreign exchange capital gain or (loss)		0
38.	Change in net deferred income tax		0
39.	Change in nonadmitted assets	(192,310)	61,553
40.	Change in unauthorized reinsurance	0	0
41.	Change in treasury stock	0	0
42.	Change in surplus notes	7,000,000	0
43.	Cumulative effect of changes in accounting principles		0
44.	Capital Changes:		
	44.1 Paid in		0
	44.2 Transferred from surplus (Stock Dividend)	0	0
	44.3 Transferred to surplus	62	0
45.	Surplus adjustments:		
	45.1 Paid in		0
	45.2 Transferred to capital (Stock Dividend)	0	0
	45.3 Transferred from capital	0	0
46.	Dividends to stockholders		0
47.	Aggregate write-ins for gains or (losses) in surplus	0	0
48.	Net change in capital & surplus (Lines 34 to 47)	10,555,501	(35,504)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	10,725,387	169,886
	DETAILS OF WRITE-INS		
4701.			
4702.			
4703.			
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0
4799.	Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	101,132,990	114,669,584
2. Net investment income	318,022	169,672
3. Miscellaneous income	(6,118,914)	0
4. Total (Lines 1 to 3)	95,332,098	114,839,256
5. Benefits and loss related payments	87,681,516	96,976,363
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	11,396,204	12,341,659
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) $ ..... net of tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	99,077,720	109,318,022
11. Net cash from operations (Line 4 minus Line 10)	(3,745,622)	5,521,234
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	96,000	4,554,348
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	(33,825)
12.7 Miscellaneous proceeds	0	65,759
12.8 Total investment proceeds (Lines 12.1 to 12.7)	96,000	4,586,282
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	864,000
13.2 Stocks	32,828	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	32,828	864,000
14. Net increase (or decrease) in policy loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	63,172	3,722,282
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	7,000,000	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	3,518	(168,998)
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	7,003,518	(168,998)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	3,321,068	9,074,518
19. Cash and short-term investments:		
19.1 Beginning of year	22,152,876	13,078,358
19.2 End of period (Line 18 plus Line 19.1)	25,473,944	22,152,876

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

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-term Care	12 Other Health	13 Other Non-Health
1. Net premium income	101,422,652	0	0	0	0	0	0	101,422,652	0	0	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	0												
3. Fee-for-service (net of $ ..... medical expenses)	0												XXX
4. Risk revenue	0												XXX
5. Aggregate write-ins for other health care related revenues	(6,118,914)	0	0	0	0	0	0	(6,118,914)	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	95,303,738	0	0	0	0	0	0	95,303,738	0	0	0	0	0
8. Hospital/medical/ benefits	54,929,788							54,929,788					XXX
9. Other professional services	2,052,047							2,052,047					XXX
10. Outside referrals	0												XXX
11. Emergency room and out-of-area	7,772,306							7,772,306					XXX
12. Prescription Drugs	18,143,394							18,143,394					XXX
13. Aggregate write-ins for other hospital and medical	(1,219,412)	0	0	0	0	0	0	(1,219,412)	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	72,638							72,638					XXX
15. Subtotal (Lines 8 to 14)	81,750,761	0	0	0	0	0	0	81,750,761	0	0	0	0	XXX
16. Net reinsurance recoveries	0												XXX
17. Total medical and hospital (Lines 15 minus 16)	81,750,761	0	0	0	0	0	0	81,750,761	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including $ ..... 0 cost containment expenses	965,975							965,975					
20. General administrative expenses	9,286,605							9,286,605					
21. Increase in reserves for accident and health contracts	0							0					XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	92,003,341	0	0	0	0	0	0	92,003,341	0	0	0	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	3,300,397	0	0	0	0	0	0	3,300,397	0	0	0	0	0
DETAILS OF WRITE-INS													
0501. Quality Assurance Assesment	(6,118,914)							(6,118,914)					XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(6,118,914)	0	0	0	0	0	0	(6,118,914)	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Other Ancilliary	(1,219,412)							(1,219,412)					XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	(1,219,412)	0	0	0	0	0	0	(1,219,412)	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)				0
2. Medicare Supplement				0
3. Dental Only				0
4. Vision Only				0
5. Federal Employees Health Benefits Plan				0
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid	101,920,934		498,282	101,422,652
8. Stop Loss				0
9. Disability Income				0
10. Long-term care				0
11. Other health				0
12. Health subtotal (Lines 1 through 11)	101,920,934	0	498,282	101,422,652
13. Life				0
14. Property/Casualty				0
15. Totals (Lines 12 to 14)	101,920,934	0	498,282	101,422,652

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Payments during the year:													
1.1 Direct	88,481,477							88,481,477					
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	0												
1.4 Net	88,481,477	0	0	0	0	0	0	88,481,477	0	0	0	0	0
2. Paid medical incentive pools and bonuses	(545,049)							(545,049)					
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	15,088,385	0	0	0	0	0	0	15,088,385	0	0	0	0	0
3.3 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	15,088,385	0	0	0	0	0	0	15,088,385	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0												
4.2 Reinsurance assumed	0												
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0		
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	346,130							346,130					
6. Amounts recoverable from reinsurers December 31, current year	0												
7. Claim liability December 31, prior year from Part 2A:													
7.1 Direct	21,891,739	0	0	0	0	0	0	21,891,739	0	0	0	0	0
7.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
7.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
7.4 Net	21,891,739	0	0	0	0	0	0	21,891,739	0	0	0	0	0
8. Claim reserve December 31, prior year from Part 2D:													
8.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Accrued medical incentive pools and bonuses, prior year	(271,557)	0	0	0	0	0	0	(271,557)	0	0	0	0	0
10. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Incurred Benefits:													
11.1 Direct	81,678,123	0	0	0	0	0	0	81,678,123	0	0	0	0	0
11.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
11.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
11.4 Net	81,678,123	0	0	0	0	0	0	81,678,123	0	0	0	0	0
12. Incurred medical incentive pools and bonuses	72,638	0	0	0	0	0	0	72,638	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1 Total	2 Comprehensive (Medical & Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan Premium	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	2,402,298							2,402,298					
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	2,402,298	0	0	0	0	0	0	2,402,298	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	11,500,697							11,500,697					
2.2. Reinsurance assumed	0												
2.3. Reinsurance ceded	0												
2.4. Net	11,500,697	0	0	0	0	0	0	11,500,697	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	1,185,390							1,185,390					
3.2. Reinsurance assumed	0												
3.3. Reinsurance ceded	0												
3.4. Net	1,185,390	0	0	0	0	0	0	1,185,390	0	0	0	0	0
4. TOTALS:													
4.1. Direct	15,088,385	0	0	0	0	0	0	15,088,385	0	0	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	15,088,385	0	0	0	0	0	0	15,088,385	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan Premiums					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid	17,875,426	70,606,051	460,096	14,628,289	18,335,522	21,891,739
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	17,875,426	70,606,051	460,096	14,628,289	18,335,522	21,891,739
10. Other non-health					0	0
11. Medical incentive pools, and bonus amounts	(545,049)	0	346,130	0	(198,919)	(271,557)
12. Totals (Lines 9 to 11)	17,330,377	70,606,051	806,226	14,628,289	18,136,603	21,620,182

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior	15,113	821	211	9	41
2. 2000	77,268	21,056	789	164	11
3. 2001	XXX	95,136	16,559	587	28
4. 2002	XXX	XXX	105,813	16,543	479
5. 2003	XXX	XXX	XXX	79,674	17,317
6. 2004	XXX	XXX	XXX	XXX	70,606

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior	17,722	821	211	0	41
2. 2000	99,327	21,549	789	0	11
3. 2001	XXX	119,864	17,194	0	28
4. 2002	XXX	XXX	105,186	0	479
5. 2003	XXX	XXX	XXX	100,869	17,777
6. 2004	XXX	XXX	XXX	XXX	85,234

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2000	108,648	11		0.0	11	0.0			11	0.0
2. 2001	131,390	28		0.0	28	0.0			28	0.0
3. 2002	126,807	479		0.0	479	0.4			479	0.4
4. 2003	112,706	17,317	22	0.1	17,339	15.4	806	8	18,153	16.1
5. 2004	101,921	70,606	689	1.0	71,295	70.0	14,628	247	86,171	84.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior	15,113	821	211	9	41
2. 2000	77,268	21,056	789	164	11
3. 2001	XXX	95,136	16,559	587	28
4. 2002	XXX	XXX	105,813	16,543	479
5. 2003	XXX	XXX	XXX	79,674	17,317
6. 2004	XXX	XXX	XXX	XXX	70,606

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior	17,722	821	211	0	41
2. 2000	99,327	21,549	789	0	11
3. 2001	XXX	119,864	17,194	0	28
4. 2002	XXX	XXX	105,186	0	479
5. 2003	XXX	XXX	XXX	100,869	17,777
6. 2004	XXX	XXX	XXX	XXX	85,234

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2000	108,648	11	0	0.0	11	0.0	0	0	11	0.0
2. 2001	131,390	28	0	0.0	28	0.0	0	0	28	0.0
3. 2002	126,807	479	0	0.0	479	0.4	0	0	479	0.4
4. 2003	112,706	17,317	22	0.1	17,339	15.4	806	8	18,153	16.1
5. 2004	101,921	70,606	689	1.0	71,295	70.0	14,628	247	86,171	84.5

UNDERWRITING AND INVESTMENT EXHIBIT

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

NONE

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

(a) Includes $ ..... premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administration Expenses	Investment Expenses	Total
1. Rent ($ ..... for occupancy of own building)		26,476	254,515		280,991
2. Salaries, wages and other benefits		473,172	4,548,950		5,022,122
3. Commissions (less $ ..... ceded plus $ ..... Assumed)					0
4. Legal fees and expenses		10,374	99,733		110,107
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services		154,510	1,485,417		1,639,927
7. Traveling expenses		33,261	319,761		353,022
8. Marketing and advertising		50,145	482,077		532,222
9. Postage, express and telephone		34,377	330,491		364,868
10. Printing and office supplies		5,714	54,936		60,650
11. Occupancy, depreciation and amortization		78,708	756,682		835,390
12. Equipment		17,932	172,394		190,326
13. Cost or depreciation of EDP equipment and software					0
14. Outsourced services including EDP, claims, and other services		16,918	162,645		179,563
15. Boards, bureaus and association fees		3,008	28,921		31,929
16. Insurance, except on real estate		1,613	15,504		17,117
17. Collection and bank service charges		9,519	91,510		101,029
18. Group service and administration fees					0
19. Reimbursements by uninsured accident and health plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees					0
23.4 Payroll taxes		30,288	291,177		321,465
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	0	19,960	191,892	0	211,852
26. Total expenses incurred (Lines 1 to 25)	0	965,975	9,286,605	0	(a) 10,252,580
27. Less expenses unpaid December 31, current year		254,912	1,471,015		1,725,927
28. Add expenses unpaid December 31, prior year			2,901,185		2,901,185
29. Amounts receivable related to uninsured accident and health plans, prior year					0
30. Amounts receivable related to uninsured accident and health plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	711,063	10,716,775	0	11,427,838
DETAIL OF WRITE-INS					
2501. Janitorial		960	9,234		10,194
2502. Membership		5,120	49,223		54,343
2503. Other		13,880	133,435		147,315
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	0	19,960	191,892	0	211,852

(a) Includes management fees of $ 8,927,327 to affiliates and $ 156,807 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a)	
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a)	
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	839	839
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 317,181	314,272
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	318,020	315,111
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 0
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		0
16.	Total (Lines 11 through 15)		0
17.	Net Investment Income - (Line 10 minus Line 16)		315,111
	DETAILS OF WRITE-INS		
0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

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

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Total
1.	U.S. Government bonds				0
1.1	Bonds exempt from U.S. tax				0
1.2	Other bonds (unaffiliated)				0
1.3	Bonds of affiliates				0
2.1	Preferred stocks (unaffiliated)				0
2.11	Preferred stocks of affiliates				0
2.2	Common stocks (unaffiliated)				0
2.21	Common stocks of affiliates				0
3.	Mortgage loans				0
4.	Real estate				0
5.	Contract loans				0
6.	Cash, cash equivalents and short-term investments				0
7.	Derivative instruments				0
8.	Other invested assets				0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0
10.	Total capital gains (losses)	0	0	0	0
	DETAILS OF WRITE-INS				
0901.					
0902.					
0903.					
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule E, Part 1), cash equivalents (Schedule E, Part 2) and short -term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivable for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Investment income due and accrued	0	0	0
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
12.3 Accrued retrospective premium	0	0	0
13. Reinsurance:			
13.1 Amounts recoverable from reinsurers	0	0	0
13.2 Funds held by or deposited with reinsured companies	0	0	0
13.3 Other amounts receivable under reinsurance contracts	0	0	0
14. Amounts receivable relating to uninsured plans	0	0	0
15.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
15.2 Net deferred tax asset	0	0	0
16. Guaranty funds receivable or on deposit	0	0	0
17. Electronic data processing equipment and software	0	0	0
18. Furniture and equipment, including health care delivery assets	0	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
20. Receivables from parent, subsidiaries and affiliates	29,037	0	(29,037)
21. Health care and other amounts receivable	303,465	0	(303,465)
22. Other assets nonadmitted	0	0	0
23. Aggregate write-ins for other than invested assets	28,806	168,998	140,192
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	361,308	168,998	(192,310)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
26. Total (Lines 24 and 25)	361,308	168,998	(192,310)
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301. Prepaid Insurance	14,500	1,957	(12,543)
2302. Prepaid Other	14,306	167,041	152,735
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	28,806	168,998	140,192

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health Maintenance Organizations	56,312	53,815	50,581	48,920	49,047	613,478
2. Provider Service Organizations	0					
3. Preferred Provider Organizations	0					
4. Point of Service	0					
5. Indemnity Only	0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	56,312	53,815	50,581	48,920	49,047	613,478
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices - Effective January 1, 2004, Community Choice Michigan (CCM) adopted SSAP 84 – Certain Health Care Receivables and Receivables Under Government Insured Plans. At December 31, 2004, CCM had $332,502 of non-admitted receivable assets as a result of this change.

B. Use of Estimates in the Preparation of the Financial Statements - No material change since annual 2003 filing.

C. Accounting Policy - No material change since annual 2003 filing.

2. Accounting Changes and Correction of Errors - None

3. Business Combinations and Goodwill – None

4. Discontinued Operations - None

5. Investments
a. Mortgage Loans - None
b. Debt Restructuring - None
c. Reverse Mortgage - None
d. Loan-Backed Securities - None
e. Repurchase Agreements - None

6. Joint Ventures, Partnerships and Limited Liability Companies - None

7. Investment Income - No material change since annual 2003 filing.

8. Derivative Instruments – None

9. Income Taxes – Not applicable; tax exempt 501(c)3 organization.

10. Information Concerning Parent, Subsidiaries and Affiliates - No material change since annual 2003 filing. Expense for management services totals $9,084,134 through December 31, 2004.

11. Debt - None

12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Other Post Retirement Benefit Plans

a. Defined Benefit Plan - None
b. Defined Contribution Plan - None
c. Multi-employer Plans - None
d. Consolidated/Holding Company Plans - None
e. Post Employment Benefits and Compensated Absences - None

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations - On May 7, 2004, CCM received a guaranty letter from the Bureau of Primary Care, Health Resources Services Administration, in the amount of $9,000,000. With this guaranty, CCM was able to secure capital funding that qualifies as a surplus note. On September 29, 2004 CCM drew $7,000,000 of the $9,000,000 in available funds to meet financial solvency requirements, which is reflected on page 3 of this filing. The proceeds of the surplus note meet the requirements of Statement of Statutory Accounting Principle No. 41 Surplus Notes. Interest is not recorded as a liability nor an expense until payment of such interest has been granted by the commissioner of the State of Michigan. The first principal and interest payment is due May 2005 and requires commissioner approval. The Note has a five year term with interest at ¼ percent less than the Bank's prime lending rate.

14. Contingencies

a. Contingent Commitments - None

NOTES TO FINANCIAL STATEMENTS

b. Assessments - None
c. Gain Contingencies - None
d. All other Contingencies - None

15. Leases **-** No material change since annual 2003 filing.

16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk – No such instruments**.**

17. Sale, transfer and servicing of financial assets and extinguishments of liabilities

a. Transfers of receivables reported as sales - None
b. Transfer and servicing of financial assets - None
c. Wash sales - None

18. Gain or Loss to the reporting entity for uninsured A&H plans and the uninsured portion of partially insured plans

a. ASO plans – N/A
b. ASC plans – N/A
c. Medicare or similarly structured cost based reimbursed contracts – N/A

19. Direct premium written/produced by managing general agents/third party administrator – Not applicable.

20. Other items

a. Extraordinary items - None
b. Troubled debt restructuring: Debtors - None
c. Other Disclosures **-** On May 17, 2004, CCM responded to the State of Michigan Invitation to Bid on Comprehensive Health Care Program Services for Medicaid Beneficiaries in Selected Michigan Counties. In July 2004 CCM was notified of a contract award to serve Medicaid enrollees in 39 Michigan counties for the two year period October 1, 2004 through October 1, 2006. The contract may be extended for no more than three one year extensions after October 1, 2006.

21. Events subsequent – No significant events after December 31, 2004.
22. Reinsurance

a. Unsecured Reinsurance Recoverables - None
b. Reinsurance Recoverable in Dispute - None
c. Reinsurance Assumed and Ceded - $ 0 and $ 498,282 respectively
d. Uncollectible Reinsurance - None
e. Commutation of Ceded Reinsurance - None
f. Retroactive Reinsurance - None

23. Retrospectively rated contracts & contracts subject to redeterimation – None.

24. Salvage and Subrogation – Subrogation recoveries totaled $ 99,461 for the period ended December 31, 2004.

25. Change in incurred claims and claim adjustment expenses – Amount of liability at December 31, 2004 is less than the outstanding balance at December 31, 2003 due to decreased enrollment and increased timeliness of payment.

26. Organizations and Operation - No material change since annual 2003 filing.

27. Minimum Net Worth – See number 13 above.

NOTES TO FINANCIAL STATEMENTS

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities		0.000		0.000
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA		0.000		0.000
1.512 Issued or guaranteed by FNMA and FHLMC		0.000		0.000
1.513 All other		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.000		0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521		0.000		0.000
1.523 All other		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.000		0.000
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000	76,883	0.301
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes $ ..... of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale ($ ..... including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash, cash equivalents and short-term investments		0.000	25,473,944	99.699
9. Other invested assets		0.000	0	0.000
10. Total invested assets	0	0.000	25,550,827	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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

1.3 State Regulating?

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

2.2 If yes, date of change: 09/29/2004

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

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 09/30/2002

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1998

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 10/22/1999

3.4 By what department or departments? Office of Financial and Insurance Services

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

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

4.12 renewals? Yes [ ] No [X]

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

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

4.22 renewals? Yes [ ] No [X]

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

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

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

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

6.2 If yes, give full information

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

7.2 If yes,

7.21 State the percentage of foreign control;

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

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Yeo & Yeo, PC
3023 Davenport
Saginaw, MI 48602

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Martin Staehlin
Consulting Actuary
Price Waterhouse Coopers LLP
One North Wacker
Chicago, IL 60606

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
15.11 To directors or other officers .. $ 0
15.12 To stockholders not officers ... $ 0
15.13 Trustees, supreme or grand (Fraternal only) ..... $ 0

15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
15.21 To directors or other officers ... $ 0
15.22 To stockholders not officers .... $ 0
15.23 Trustees, supreme or grand (Fraternal only) ..... $ 0

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

16.2 If yes, state the amount thereof at December 31 of the current year:
16.21 Rented from others ..... $.....
16.22 Borrowed from others ..... $.....
16.23 Leased from others ..... $.....
16.24 Other ..... $.....

Disclose in Notes to Financial the nature of each obligation.

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

17.2 If answer is yes,
17.21 Amount paid as losses or risk adjustment ..... $.....
17.22 Amount paid as expenses ..... $.....
17.23 Other amounts paid ..... $.....

GENERAL INTERROGATORIES

INVESTMENT

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

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

19.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? ..... Yes [ ] No [X]

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

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1) ..... Yes [ ] No [X]

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

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

20.3 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

GENERAL INTERROGATORIES

INVESTMENT

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

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

1 Name of Custodian(s)	2 Custodian's Address
Citibank Private Bank	120 Broadway, New York, New York 10271

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	2 Address

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

24.2 If yes, complete the following schedule:

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

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

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

GENERAL INTERROGATORIES

INVESTMENT

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
25.1 Bonds	0	0	0
25.2 Preferred stocks	0	0	0
25.3 Totals	0	0	0

25.4 Describe the sources or methods utilized in determining fair values:

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

26.2 If no, list the exceptions:

OTHER

27.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? $ 0

27.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

28.1 Amount of payments for legal expenses, if any? $ 45,650

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

1 Name	2 Amount Paid
Butzel Long	33,679
Foster Swift Collins & Smith	11,971

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

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

1 Name	2 Amount Paid
Office of Financial & Ins Services	26,328

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. $

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives $ 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives $ 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives $ 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives $ 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 101,422,652	$ 111,717,581
2.2	Premium Denominator	$ 101,422,652	$ 111,717,581
2.3	Premium Ratio (2.1/2.2)	1.000	1.000
2.4	Reserve Numerator	$ 15,434,515	$ 21,620,182
2.5	Reserve Denominator	$ 15,434,515	$ 21,620,182
2.6	Reserve Ratio (2.4/2.5)	1.000	1.000

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

3.2 If yes, give particulars:

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

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

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

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical $ 125,000

5.32 Medical Only $

5.33 Medicare Supplement $

5.34 Dental $

5.35 Other Limited Benefit Plan $

5.36 Other $

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

Hold harmless and agreements to continue rendering services provisions in provider contracts

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

7.2 If no, give details:

8. Provide the following Information regarding participating providers:

8.1 Number of providers at start of reporting year

8.2 Number of providers at end of reporting year 2,315

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

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

9.22 Business with rate guarantees over 36 months

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

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

10.2 If yes:

10.21 Maximum amount payable bonuses ..... $.....

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

10.23 Maximum amount payable withholds ..... $.....

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

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, ... Yes [ ] No [X]

11.13 An Individual Practice Association (IPA), or, ... Yes [X] No [ ]

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

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? ..... Yes [X] No [ ]

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

11.4 If yes, show the amount required. ..... $.....7,311,348

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

11.6 If the amount is calculated, show the calculation.

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

1 Name of Service Area
Alcona
Allegan
Alpena
Antrim
Arenac
Benzie
Berrien
Calhoun
Cass
Charlevoix
Crawford
Genessee
Gladwin
Grand Traverse
Iosco
Kalamazoo
Kalkaska
Kent
Lake
Leelanau
Manistee
Mason
Mecosta
Missaukee
Montmorency
Newaygo
Oceana
Ogemaw
Osceola
Oscoda
Ottowa
Presque Isle
Roscommon
Saginaw
St Joseph
Van Buren
Wexford

FIVE-YEAR HISTORICAL DATA

	1 2004	2 2003	3 2002	4 2001	5 2000
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	27,885,829	24,691,253	20,354,839	30,655,047	31,185,430
2. Total liabilities (Page 3, Line 22)	17,160,442	24,521,367	20,149,449	22,479,553	23,111,365
3. Statutory surplus		0	0	0	0
4. Total capital and surplus (Page 3, Line 30)	10,725,387	169,886	205,390	8,175,494	8,074,065
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	95,303,738	111,717,581	127,051,915	131,524,360	110,724,043
6. Total medical and hospital expenses (Line 18)	81,750,761	100,365,920	118,617,171	117,351,668	95,742,669
7. Claims adjustment expenses (Line 20)	965,975	2,219,654			
8. Total administrative expenses (Line 21)	9,286,605	10,847,770	14,071,660	13,387,395	11,843,832
9. Net underwriting gain (loss) (Line 24)	3,300,397	(1,715,763)	(8,319,937)	(1,037,330)	3,393,301
10. Net investment gain (loss) (Line 27)	315,111	203,797	325,775	1,061,325	0
11. Total other income (Lines 28 plus 29)	99,461	1,414,909	24,729	21,176	0
12. Net income (loss) (Line 32)	3,714,969	(97,057)	(7,969,433)	45,171	3,393,301
RISK - BASED CAPITAL ANALYSIS					
13. Total adjusted capital	10,725,387	169,886	205,390	8,175,494	8,074,065
14. Authorized control level risk-based capital	3,665,674	4,409,017	4,902,891	5,024,282	4,175,978
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	49,047	56,312	67,926	74,999	63,858
16. Total member months (Column 6, Line 7)	613,478	773,435	898,579	834,143	748,344
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
17. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical (Line 18)	80.6	89.8	93.5	89.3	86.9
19. Cost containment expenses	0.0	XXX	XXX	XXX	XXX
20. Other claims adjustment expenses	0.0				
21. Total underwriting deductions (Line 23)	90.7	101.5	106.8	100.9	97.4
22. Total underwriting gain (loss) (Line 24)	3.3	(1.5)	(6.6)	(0.8)	3.1
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 12, Col. 5)	18,136,603	17,826,739	15,377,135	21,255,746	17,721,689
24. Estimated liability of unpaid claims – [prior year (Line 12, Col. 6)]	21,620,182	24,489,292	22,404,895	22,980,118	21,144,346
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	16,700	11,275	0
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
29. Affiliated mortgage loans on real estate		0	0	0	0
30. All other affiliated		0	0	0	0
31. Total of above Lines 25 to 30	0	0	16,700	11,275	0

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS	1. United States	0	0	0	0
Governments	2. Canada				
(Including all obligations guaranteed	3. Other Countries				
by governments)	4. Totals	0	0	0	0
States, Territories and Possessions	5. United States				
(Direct and guaranteed)	6. Canada				
	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States,	9. United States				
Territories and Possessions	10. Canada				
(Direct and guaranteed)	11. Other Countries				
	12. Totals	0	0	0	0
Special revenue and special assessment					
obligations and all non-guaranteed	13. United States				
obligations of agencies and authorities of	14. Canada				
governments and their political subdivisions	15. Other Countries				
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant	21. United States				
Loans (unaffiliated)	22. Canada				
	23. Other Countries				
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. **Total Bonds**	0	0	0	0
PREFERRED STOCKS	27. United States				
Public Utilities (unaffiliated)	28. Canada				
	29. Other Countries				
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies	31. United States				
(unaffiliated)	32. Canada				
	33. Other Countries				
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. **Total Preferred Stocks**	0	0	0	
COMMON STOCKS	41. United States				
Public Utilities (unaffiliated)	42. Canada				
	43. Other Countries				
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies	45. United States	35,212	35,212	11,275	
(unaffiliated)	46. Canada				
	47. Other Countries				
	48. Totals	35,212	35,212	11,275	
Industrial and Miscellaneous (unaffiliated)	49. United States	41,671	41,671	32,828	
	50. Canada				
	51. Other Countries				
	52. Totals	41,671	41,671	32,828	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. **Total Common Stocks**	76,883	76,883	44,103	
	55. **Total Stocks**	76,883	76,883	44,103	
	56. **Total Bonds and Stocks**	76,883	76,883	44,103	

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 167,300
2. Cost of bonds and stocks acquired, Column 7, Part 3 32,828
3. Increase (decrease) by adjustment:
   - 3.1 Columns 12 + 13 - 14, Part 1 0
   - 3.2 Column 18, Part 2, Sec. 1 0
   - 3.3 Column 15, Part 2, Sec. 2 0
   - 3.4 Column 14, Part 4 ..... (27,245) ..... (27,245)
4. Total gain (loss), Col. 19, Part 4 0
5. Deduct consideration for bonds and stocks disposed of Column 7, Part 4 96,000
6. Foreign Exchange Adjustment:
   - 6.1 Column 15, Part 1 0
   - 6.2 Column 19, Part 2, Sec. 1 0
   - 6.3 Column 16, Part 2, Sec. 2 0
   - 6.4 Column 15, Part 4 ..... 0 0
7. Book/adjusted carrying value at end of current period 76,883
8. Total valuation allowance 0
9. Subtotal (Lines 7 plus 8) 76,883
10. Total nonadmitted amounts .....
11. Statement value of bonds and stocks, current period 76,883

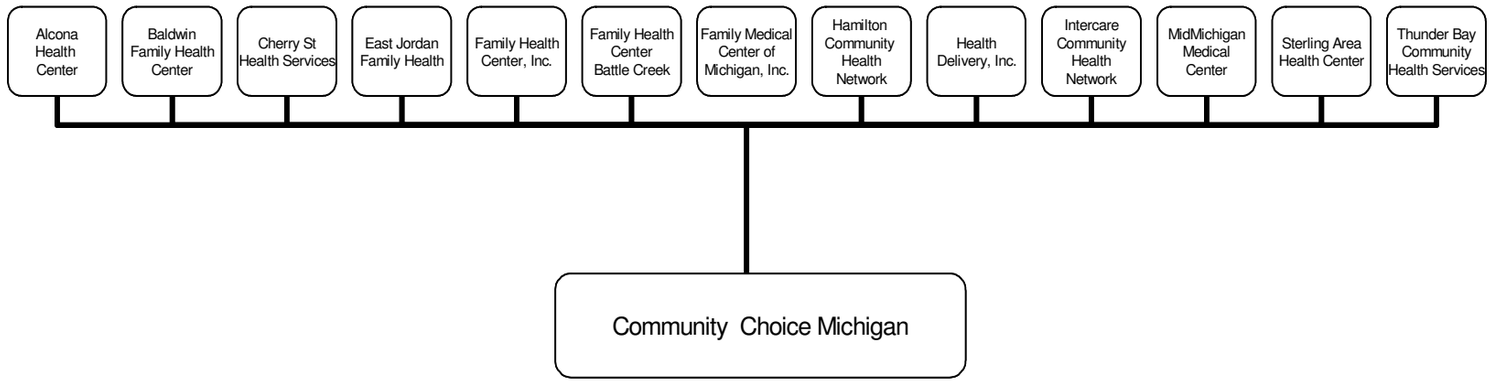
SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only 3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	8 Property/ Casualty Premiums
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI	No	Yes			101,920,934			
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56 Canada CN								
57. Aggregate other alien OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business)	XXX	(a) 1	0	0	101,920,934	0	0	0
DETAILS OF WRITE-INS								
5701.	XXX	XXX						
5702.	XXX	XXX						
5703.	XXX	XXX						
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	XXX	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	XXX	XXX	0	0	0	0	0	0

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

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

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

PART 1 - ORGANIZATIONAL CHART