CONSENT ORDER OF TRANSITION TO REHABILITATION

Issued and entered
this 18th day of October 2005
by Linda A. Watters,
Commissioner

Based upon the Stipulation of Ultimed HMO of Michigan, Inc. set forth in the above Stipulation for Entry of a Consent Order of Transition to Rehabilitation,

IT IS HEREBY ORDERED THAT:

1. On or before October 25, 2005, Ultimed shall secure a cash infusion of unrestricted capital in the amount of One Million Five Hundred Thousand and 00/100 Dollars ($1,500,000.00)(the "Initial Cash Infusion"). Simultaneously with Ultimed's receipt of the Initial Cash Infusion, Ultimed shall provide to the Commissioner adequate documentation evidencing both the source of the Initial Cash Infusion and that the Initial Cash Infusion was in fact received by Ultimed.

2. On or before November 10, 2005, Ultimed shall secure an additional cash infusion of unrestricted capital in the amount of Two Million and 00/100 Dollars ($2,000,000.00)(the "Additional Cash Infusion"). Simultaneously with Ultimed's receipt of the Additional Cash Infusion, Ultimed shall provide to the Commissioner adequate documentation evidencing both the source of the Additional Cash Infusion and that the Additional Cash Infusion was in fact received by Ultimed.

3. Ultimed shall immediately retain an independent actuary approved by the Commissioner to review the adequacy of its claim reserves reported as of September 30, 2005. Upon completion of the foregoing review, the independent actuary shall prepare a report summarizing its findings (the "Independent Actuary Report"), a copy of which shall be provided to the Commissioner. The Independent Actuary Report shall be provided to the Commissioner

EXHIBIT C

within thirty (30) days after the date of entry of the Consent Order of Transition to Rehabilitation.

4. On or before October 27, 2005, Ultimed shall reduce by forty percent (40%) the total dollar amount of its unpaid claims liability. In accomplishing this reduction of its unpaid claims liability, Ultimed shall process and pay claims in reverse chronological order, beginning with claims bearing the oldest dates of service and dates of receipt. Notwithstanding the foregoing, Ultimed shall give immediate priority to the processing and payment of any claim for which Ultimed receives notice, from OFIS, a policyholder, or otherwise, that nonpayment of the claim has resulted in the corresponding policyholder's referral to a collection service.

5. On or before November 14, 2005, Ultimed shall eliminate any remaining unpaid claims backlog and shall be current in the processing and payment of claims. In accomplishing this further reduction, Ultimed shall continue to process and pay claims in reverse chronological order, beginning with claims bearing the oldest dates of service and dates of receipt. For purposes of this paragraph, "current" is defined as a period of not more than forty-five (45) days after the date that Ultimed received a claim.

6. Ultimed shall immediately suspend its solicitation and/or acceptance of any new business until such time as it receives written approval from the Commissioner that it may resume such activities.

7. On or before November 11, 2005, Ultimed shall secure any amounts claimed as business assets relating to the recovery of federal income taxes. Alternatively, Ultimed may, on or before November 11, 2005, provide the Commissioner with an opinion from an independent qualified tax professional approved by the Commissioner indicating that these amounts are reasonable and will be collected by Ultimed within one (1) year.

8. If upon further examination the Commissioner determines: (i) that an additional cash infusion of unrestricted capital is necessary to place Ultimed in such condition as to no longer be hazardous financially to its policyholders, creditors, and/or the public; and (ii) the amount of the cash infusion of unrestricted capital necessary to abate this hazardous condition (collectively, the "Contingent Cash Infusion Amount"), the Commissioner shall notify Ultimed of this determination and, within thirty (30) days after receiving such notice, Ultimed shall secure the Contingent Cash Infusion Amount. Simultaneously with Ultimed's receipt of the Contingent Cash Infusion Amount, Ultimed shall provide to the Commissioner adequate documentation evidencing both the source of the Contingent Cash Infusion Amount and that the Contingent Cash Infusion Amount was in fact received by Ultimed.

9. On or before November 15, 2005, Ultimed shall file each of the following documents or responses with OFIS:

i. 2nd Quarter 2005 Statutory Financial Statements;

ii. 3rd Quarter 2005 Statutory Financial Statements;

iii. 2004 Personal Financial Statements of Ultimed's ultimate controlling party; and

iv. Full and complete written responses to OFIS' inquiries dated June 7, 2005, March 22, 2005, December 1, 2004, October 12, 2004, September 8, 2004, June 10, 2004, and February 9, 2004.

10. On or before December 1, 2005, Ultimed shall file any remaining outstanding documents with OFIS, including but not limited to: (i) Ultimed's 2004 Annual Audited Financial Statements; and (ii) Ultimed's 2004 Actuarial Opinion.

11. In the event that Ultimed fails to fully comply with any of terms and conditions set forth in Paragraphs 1 through 10 of this Consent Order, including but not limited to the time for performing same, OFIS may immediately file a Rehabilitation Petition in the form and manner described in Paragraphs 11 through 19 of the foregoing Stipulation for Entry of a Consent Order of Transition to Rehabilitation.

IT IS SO ORDERED.

MICHIGAN DEPARTMENT OF
LABOR & ECONOMIC GROWTH

By: Linda A. Watters
Linda A. Watters, Commissioner
Office of Financial and Insurance Services

Dated: October 18, 2005