



ANNUAL STATEMENT
For the Year Ending December 31, 2005
OF THE CONDITION AND AFFAIRS OF THE
HealthPlus Partners, Inc.

NAIC Group Code 3409 , 3409 NAIC Company Code 11549 Employer's ID Number 01-0729151
(Current Period) (Prior Period)

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[] Hospital, Medical & Dental Service or Indemnity[]
 Dental Service Corporation[] Vision Service Corporation[] Health Maintenance Organization[X]
 Other[] Is HMO Federally Qualified? Yes[] No[X] N/A[]

Incorporated/Organized 07/08/2002 Commenced Business 01/01/2003

Statutory Home Office 2050 South Linden Road , Flint, MI 48532
(Street and Number) (City, or Town, State and Zip Code)

Main Administrative Office 2050 South Linden Road
(Street and Number)

Flint, MI 48532 (800)332-9161
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 2050 South Linden Road, P.O. Box 1700 , Flint, MI 48501-1700
(Street and Number or P.O. Box) (City, or Town, State and Zip Code)

Primary Location of Books and Records 2050 South Linden Road
(Street and Number)

Flint, MI 48532 (800)332-9161
(City, or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.healthplus.com

Statutory Statement Contact Matthew Andrew Mendrygal, C.P.A. (810)230-2179
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Flint, MI 48501-1700 (800)332-9161
(City, or Town, State and Zip Code) (Area Code) (Telephone Number)(Extension)

OFFICERS

Name	Title
David Paul Crosby	President
Dan Ellis Champney Esq.	Secretary
Matthew Andrew Mendrygal C.P.A.	Treasurer

OTHERS

DIRECTORS OR TRUSTEES

Penelope Drake Pestronk	Christopher John Flores
Harold Leslie Mallon DDS	Denise O. Chambers
Teresa Lyn King	Elnora Dasty Coe

State of Michigan
 County of Genesee ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the 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.

_____ (Signature) David Paul Crosby (Printed Name) President (Title)	_____ (Signature) Matthew Andrew Mendrygal (Printed Name) Treasurer (Title)	_____ (Signature) Dan Ellis Champney (Printed Name) Secretary (Title)
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Subscribed and sworn to before me this _____ day of _____, 2006

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 _____

 (Notary Public Signature)

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols.1-2)	4 Net Admitted Assets
1. Bonds (Schedule D)				
2. Stocks (Schedule D)				
2.1 Preferred stocks				
2.2 Common Stocks	5,510,517		5,510,517	5,318,723
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$..... encumbrances)				
4.2 Properties held for the production of income (less \$..... encumbrances)				
4.3 Properties held for sale (less \$..... encumbrances)				
5. Cash (\$.....(1,467,871) Schedule E Part 1), cash equivalents (\$..... Schedule E Part 2) and short-term investments (\$.....9,834,179 Schedule DA)	8,366,308		8,366,308	7,569,798
6. Contract loans (including \$..... premium notes)				
7. Other invested assets (Schedule BA)	(156,939)		(156,939)	(1,193,209)
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	13,719,886		13,719,886	11,695,312
11. Title plants less \$..... charged off (for Title insurers only)				
12. Investment income due and accrued	65,677		65,677	47,538
13. Premiums and considerations				
13.1 Uncollected premiums and agents' balances in the course of collection	238,624		238,624	331,207
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset				
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$.....)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates				671,829
22. Health care (\$.....633,948) and other amounts receivable	1,021,730		1,021,730	1,456,137
23. Aggregate write-ins for other than invested assets				
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	15,045,917		15,045,917	14,202,023
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	15,045,917		15,045,917	14,202,023
DETAILS OF WRITE-INS				
0901				
0902				
0903				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301				
2302				
2303				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$..... reinsurance ceded)	4,171,374		4,171,374	3,991,275
2. Accrued medical incentive pool and bonus amounts	826,662		826,662	1,068,150
3. Unpaid claims adjustment expenses	83,982		83,982	33,631
4. Aggregate health policy reserves				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance				
9. General expenses due or accrued	63,080		63,080	16,349
10.1 Current federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
13. Remittance and items not allocated				
14. Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
15. Amounts due to parent, subsidiaries and affiliates	1,410,099		1,410,099	1,496,596
16. Payable for securities				
17. Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
18. Reinsurance in unauthorized companies				
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Liability for amounts held under uninsured accident and health plans				
21. Aggregate write-ins for other liabilities (including \$..... current)				283,431
22. Total liabilities (Lines 1 to 21)	6,555,197		6,555,197	6,889,432
23. Aggregate write-ins for special surplus funds	X X X	X X X		
24. Common capital stock	X X X	X X X		
25. Preferred capital stock	X X X	X X X		
26. Gross paid in and contributed surplus	X X X	X X X	10,771,167	10,771,167
27. Surplus notes	X X X	X X X		
28. Aggregate write-ins for other than special surplus funds	X X X	X X X		
29. Unassigned funds (surplus)	X X X	X X X	(2,280,447)	(3,458,576)
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24 \$.....)	X X X	X X X		
30.2 shares preferred (value included in Line 25 \$.....)	X X X	X X X		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	8,490,720	7,312,591
32. Total Liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	15,045,917	14,202,023
DETAILS OF WRITE-INS				
2101. Quality Assurance Assessment Program tax liability				283,431
2102				
2103				
2198. Summary of remaining write-ins for Line 21 from overflow page				
2199. TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)				283,431
2301	X X X	X X X		
2302	X X X	X X X		
2303	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801	X X X	X X X		
2802	X X X	X X X		
2803	X X X	X X X		
2898. Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899. TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	737,361	706,507
2. Net premium income (including \$..... non-health premium income)	X X X	135,473,312	116,892,534
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$..... medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X	453,305	1,188,193
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Lines 2 to 7)	X X X	135,926,617	118,080,727
Hospital and Medical:			
9. Hospital/medical benefits		89,604,075	84,172,200
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area		8,783,168	
13. Prescription drugs		24,349,911	21,361,754
14. Aggregate write-ins for other hospital and medical		(239,738)	280,406
15. Incentive pool, withhold adjustments and bonus amounts		1,086,988	1,012,149
16. Subtotal (Lines 9 to 15)		123,584,404	106,826,509
Less:			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)		123,584,404	106,826,509
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....1,938,789 cost containment expenses		3,026,290	2,443,452
21. General administrative expenses		9,722,193	9,751,326
22. Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)		136,332,887	119,021,287
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(406,270)	(940,560)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		561,862	277,856
26. Net realized capital gains (losses) less capital gains tax of \$.....			(15,111)
27. Net investment gains (losses) (Lines 25 plus 26)		561,862	262,745
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
29. Aggregate write-ins for other income or expenses			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	155,592	(677,815)
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Lines 30 minus 31)	X X X	155,592	(677,815)
DETAILS OF WRITE-INS			
0601. HGH administrative fee receipts	X X X	8,497,160	8,057,320
0602. Quality Assurance Assessment Program assessments	X X X	(8,043,855)	(6,748,882)
0603. Prior year Quality Assurance Program assessment	X X X		(120,245)
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	453,305	1,188,193
0701	X X X		
0702	X X X		
0703	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401. Other Medical		249,452	280,406
1402. Risk Sharing Receivables		(489,190)	
1403			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		(239,738)	280,406
2901			
2902			
2903			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	7,312,591	6,781,254
GAINS AND LOSSES TO CAPITAL & SURPLUS		
34. Net income or (loss) from Line 32	155,592	(677,815)
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....	1,022,537	(1,290,848)
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		
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		2,500,000
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		
48. Net change in capital and surplus (Lines 34 to 47)	1,178,129	531,337
49. Capital and surplus end of reporting year (Line 33 plus 48)	8,490,720	7,312,591
DETAILS OF WRITE-INS		
4701		
4702		
4703		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	135,800,050	104,843,498
2. Net investment income	543,723	255,687
3. Miscellaneous income	169,874	12,380,071
4. Total (Lines 1 through 3)	136,513,647	117,479,256
5. Benefit and loss related payments	123,435,664	106,031,833
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	12,661,278	12,188,796
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$..... net of tax on capital gains (losses)		
10. Total (Lines 5 through 9)	136,096,942	118,220,629
11. Net cash from operations (Line 4 minus 10)	416,705	(741,373)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
12.2 Stocks	4,674,696	230,000
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	4,674,696	230,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks	4,880,223	407,707
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		242,000
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	4,880,223	649,707
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(205,527)	(419,707)
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		2,500,000
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	585,332	(291,657)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	585,332	2,208,343
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	796,510	1,047,263
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	7,569,798	6,522,535
19.2 End of year (Line 18 plus Line 19.1)	8,366,308	7,569,798

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other Health	Other Non-Health
1. Net premium income	135,473,312							135,473,312					
2. Change in unearned premium reserves and reserve for rate credit													
3. Fee-for-service (net of \$..... medical expenses)													X X X
4. Risk revenue													X X X
5. Aggregate write-ins for other health care related revenues	453,305							453,305					X X X
6. Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. Total revenues (Lines 1 to 6)	135,926,617							135,926,617					
8. Hospital/medical benefits	89,604,075							89,604,075					X X X
9. Other professional services													X X X
10. Outside referrals													X X X
11. Emergency room and out-of-area	8,783,168							8,783,168					X X X
12. Prescription drugs	24,349,911							24,349,911					X X X
13. Aggregate write-ins for other hospital and medical	(239,738)							(239,738)					X X X
14. Incentive pool, withhold adjustments and bonus amounts	1,086,988							1,086,988					X X X
15. Subtotal (Lines 8 to 14)	123,584,404							123,584,404					X X X
16. Net reinsurance recoveries													X X X
17. Total hospital and medical (Lines 15 minus 16)	123,584,404							123,584,404					X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$.....1,938,789 cost containment expenses	3,026,290							3,026,290					
20. General administrative expenses	9,722,193							9,722,193					
21. Increase in reserves for accident and health contracts													X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. Total underwriting deductions (Lines 17 to 22)	136,332,887							136,332,887					
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(406,270)							(406,270)					
DETAILS OF WRITE-INS													
0501. Administrative fee receipts from HGH	8,497,160							8,497,160					X X X
0502. Quality Assurance Assessment Program assessments	(8,043,855)							(8,043,855)					X X X
0503.													X X X
0598. Summary of remaining write-ins for Line 5 from overflow page													X X X
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	453,305							453,305					X X X
0601.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301. Other Medical	249,452							249,452					X X X
1302. Risk Sharing Receivables	(489,190)							(489,190)					X X X
1303.													X X X
1398. Summary of remaining write-ins for Line 13 from overflow page													X X X
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	(239,738)							(239,738)					X X X

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical)				
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employee Health Benefits Plan				
6. Title XVIII - Medicare				
7. Title XIX - Medicaid	135,537,379		64,067	135,473,312
8. Stop loss				
9. Disability income				
10. Long-term care				
11. Other health				
12. Health subtotal (Lines 1 through 11)	135,537,379		64,067	135,473,312
13. Life				
14. Property/casualty				
15. TOTALS (Lines 12 to 14)	135,537,379		64,067	135,473,312

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct	122,107,187							122,107,187					
1.2 Reinsurance assumed													
1.3 Reinsurance ceded													
1.4 Net	122,107,187							122,107,187					
2. Paid medical incentive pools and bonuses	1,328,482							1,328,482					
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	4,171,374							4,171,374					
3.2 Reinsurance assumed													
3.3 Reinsurance ceded													
3.4 Net	4,171,374							4,171,374					
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct													
4.2 Reinsurance assumed													
4.3 Reinsurance ceded													
4.4 Net													
5. Accrued medical incentive pools and bonuses, current year	826,656							826,656					
6. Net healthcare receivables (a)	210,130							210,130					
7. Amounts recoverable from reinsurers December 31, current year													
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	3,991,275							3,991,275					
8.2 Reinsurance assumed													
8.3 Reinsurance ceded													
8.4 Net	3,991,275							3,991,275					
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct													
9.2 Reinsurance assumed													
9.3 Reinsurance ceded													
9.4 Net													
10. Accrued medical incentive pools and bonuses, prior year	1,068,150							1,068,150					
11. Amounts recoverable from reinsurers December 31, prior year													
12. Incurred benefits:													
12.1 Direct	122,497,416							122,497,416					
12.2 Reinsurance assumed													
12.3 Reinsurance ceded													
12.4 Net	122,497,416							122,497,416					
13. Incurred medical incentive pools and bonuses	1,086,988							1,086,988					

(a) Excludes \$..... loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1 Direct	829,874							829,874					
1.2 Reinsurance assumed													
1.3 Reinsurance ceded													
1.4 Net	829,874							829,874					
2. Incurred but Unreported:													
2.1 Direct	2,703,472							2,703,472					
2.2 Reinsurance assumed													
2.3 Reinsurance ceded													
2.4 Net	2,703,472							2,703,472					
3. Amounts Withheld from Paid Claims and Capitations:													
3.1 Direct	638,028							638,028					
3.2 Reinsurance assumed													
3.3 Reinsurance ceded													
3.4 Net	638,028							638,028					
4. TOTALS													
4.1 Direct	4,171,374							4,171,374					
4.2 Reinsurance assumed													
4.3 Reinsurance ceded													
4.4 Net	4,171,374							4,171,374					

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 December 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)						
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid	2,983,084	120,897,218	407,488	3,763,886	3,390,572	3,991,275
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	2,983,084	120,897,218	407,488	3,763,886	3,390,572	3,991,275
10.	Healthcare receivables (a)	844,079	929,036		633,948	844,079	844,079
11.	Other non-health						
12.	Medical incentive pool and bonus amounts	1,308,873	19,609	40,325	786,331	1,349,198	1,068,150
13.	TOTALS (Lines 9 - 10 + 11 + 12)	3,447,878	119,987,791	447,813	3,916,269	3,895,691	4,215,346

(a) Excludes \$..... loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X				
4. 2003	X X X	X X X	92,799	3,770	
5. 2004	X X X	X X X	X X X	102,669	3,448
6. 2005	X X X	X X X	X X X	X X X	119,988

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X				
4. 2003	X X X	X X X	96,327	3,568	
5. 2004	X X X	X X X	X X X	102,649	(320)
6. 2005	X X X	X X X	X X X	X X X	127,030

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims 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 Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2001										
2. 2002										
3. 2003	99,287	96,569	409	0.424	96,978	97.674			96,978	97.674
4. 2004	110,203	106,117	417	0.393	106,534	96.671	448		106,982	97.077
5. 2005	135,537	119,988	1,061	0.884	121,049	89.311	4,550	84	125,683	92.730

12 Total

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X				
4. 2003	X X X	X X X	92,799	3,770	
5. 2004	X X X	X X X	X X X	102,669	3,448
6. 2005	X X X	X X X	X X X	X X X	119,988

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X				
4. 2003	X X X	X X X	96,327	3,568	
5. 2004	X X X	X X X	X X X	102,649	(320)
6. 2005	X X X	X X X	X X X	X X X	127,030

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims 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 Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2001										
2. 2002										
3. 2003	99,287	96,569	409	0.424	96,978	97.674			96,978	97.674
4. 2004	110,203	106,117	417	0.393	106,534	96.671	448		106,982	97.077
5. 2005	135,537	119,988	1,061	0.884	121,049	89.311	4,550	84	125,683	92.730

12 Title XIX-Medicaid

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$..... for occupancy of own building)			48,186		48,186
2. Salaries, wages and other benefits	871,100	683,482	5,890,252		7,444,834
3. Commissions (less \$..... ceded plus \$..... assumed)			341,917		341,917
4. Legal fees and expenses			106,005		106,005
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services			147,815		147,815
7. Traveling expenses	12,420	3,977	137,537		153,934
8. Marketing and advertising	4,259		504,750		509,009
9. Postage, express and telephone	15,817	50,679	214,674		281,170
10. Printing and office supplies	28,450	15,120	265,098		308,668
11. Occupancy, depreciation and amortization			281,136		281,136
12. Equipment			62,471		62,471
13. Cost or depreciation of EDP equipment and software	90,748	154,300	526,489		771,537
14. Outsourced services including EDP, claims, and other services	828,257	83,100	490,974		1,402,331
15. Boards, bureaus and association fees			62,377		62,377
16. Insurance, except on real estate			140,752		140,752
17. Collection and bank service charges			20,651	7,422	28,073
18. Group service and administration fees					
19. Reimbursements by uninsured accident and health plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes			42,609		42,609
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes					
23.3 Regulator authority licenses and fees					
23.4 Payroll taxes	72,850	85,114	285,856		443,820
23.5 Other (excluding federal income and real estate taxes)			1,409		1,409
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses	14,888	11,729	151,236		177,853
26. Total expenses incurred (Lines 1 to 25)	1,938,789	1,087,501	9,722,194	7,422	(a) 12,755,906
27. Less expenses unpaid December 31, current year	53,748	30,234	63,080		147,062
28. Add expenses unpaid December 31, prior year	26,979	6,652	16,349		49,980
29. Amounts receivable relating to uninsured accident and health plans, prior year					
30. Amounts receivable relating to uninsured accident and health plans, current year					
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	1,912,020	1,063,919	9,675,463	7,422	12,658,824
DETAILS OF WRITE-INS					
2501. Conferences, Seminars and Training	3,126	4,828	59,394		67,348
2502. Charitable Contributions			73,517		73,517
2503. Interest Expense on Late Claims		6,901	1,478		8,379
2598. Summary of remaining write-ins for Line 25 from overflow page	11,762		16,847		28,609
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above)	14,888	11,729	151,236		177,853

(a) Includes management fees of \$..... to affiliates and \$..... 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)	206,060	199,998
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) 406,808	431,009
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		7,277
10.	Total gross investment income	612,868	638,284
11.	Investment expenses		(g) 7,422
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		69,000
16.	Total deductions (Lines 11 through 15)		76,422
17.	Net Investment income (Line 10 minus Line 16)		561,862

DETAILS OF WRITE-INS

0901.	Investment fee rebates		7,277
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		7,277
1501.	Investment income allocated to HGH		69,000
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		69,000

- (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 \$.....7,422 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				
1.1	Bonds exempt from U.S. tax				
1.2	Other bonds (unaffiliated)				
1.3	Bonds of affiliates				
2.1	Preferred stocks (unaffiliated)				
2.11	Preferred stocks of affiliates				
2.2	Common stocks (unaffiliated)			(13,733)	(13,733)
2.21	Common stocks of affiliates				
3.	Mortgage loans				
4.	Real estate				
5.	Contract loans				
6.	Cash, cash equivalents and short-term investments				
7.	Derivative instruments				
8.	Other invested assets			1,036,270	1,036,270
9.	Aggregate write-ins for capital gains (losses)				
10.	Total capital gains (losses)			1,022,537	1,022,537
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)				

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties occupied for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Invested income due and accrued			
13. Premium and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection			
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset			
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets			
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivable from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets			
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)			
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)			
DETAILS OF WRITE-INS			
0901			
0902			
0903			
0998. Summary of remaining write-ins for Line 9 from overflow page			
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)			
2301			
2302			
2303			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)			

NONE

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	60,491	61,197	61,379	61,683	61,692	737,361
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	60,491	61,197	61,379	61,683	61,692	737,361
DETAILS OF WRITE-INS						
0601						
0602						
0603						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statement

1. Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of HealthPlus Partners, Inc. (the Company) have been prepared in conformity with the 2005 NAIC Annual Statement Instructions and the NAIC Accounting Practices and Procedures Manual as of March 2005, to the extent that the accounting practices, procedures, and reporting standards are not modified by the Michigan Insurance Code or the 2005 Forms and Instructions for Required Filings in Michigan.

B. Management Estimates

The preparation of financial statements in conformity with Statutory Accounting Principles 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

Premium revenue is recognized in the month that members are entitled to health care services. The liability for incurred medical and hospital claims is accrued in the period during which the services are provided and includes estimates of services performed, which have not been reported to the Company.

In addition, the company uses the following accounting policies:

- 1) Short Term Investments are stated at amortized cost.
- 2) The Company has no long-term bonds.
- 3) Common Stocks are reported at market value.
- 4) The Company has no Preferred Stocks to report.
- 5) The Company has no mortgage loans to report.
- 6) The Company has no Loan Backed Securities.
- 7) The Company carries its investment in HGH, Inc. at audited GAAP equity.
- 8) The Company has no ownership interests in joint ventures or limited liability companies.
- 9) The Company has no derivatives to report.
- 10) The Company has not calculated any premium deficiency reserves.
- 11) Unpaid claims include amounts determined from individual case estimates and amounts based on past experiences, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- 12) The Company has no capitalized assets.
- 13) The Company has not recorded any pharmaceutical rebate receivables.

2. Accounting Changes and Corrections of Errors

A. Accounting changes and corrections of errors.

The Company changed its method of reporting revenues and assessments for the Michigan Department of Community Health Quality Assurance Assessment Program to facilitate calculation of assessments and to be consistent with Michigan Medicaid HMO industry practices. Revenues are reported on Page 4, Line 2, and assessments on Page 4, Line 0602. Prior-year amounts have been restated for comparative analysis. This change has no effect on Surplus.

Notes to Financial Statement

- B. Cumulative effect of changes in accounting principles as a result of the initial implementation of Codification.

The Company began operations on January 1, 2003, and therefore did not realize any cumulative effect of the implementation of the NAIC Accounting Practices and Procedures Manual effective January 1, 2001 (Codification).

3. Business Combinations and Goodwill

None.

4. Discontinued Operations

None.

5. Investments – Mortgage Loans, Debt Restructuring, Reverse Mortgages, Loan-Backed Securities, Repurchase Agreements, Real Estate

None.

6. Joint Ventures, Partnerships and Limited Liability Companies

None.

7. Investment Income

The Company does not exclude any investment income due and accrued.

8. Derivative Instruments

None.

9. Income Taxes

The Company is exempt from Federal income tax under Internal Revenue Code Section 501(c)(4). The Company is also exempt from Michigan Single Business Tax.

10. Information Concerning Parent, Subsidiaries and Affiliates

HealthPlus Partners, Inc. is a wholly owned subsidiary of HealthPlus of Michigan Inc. The Company began operations January 1, 2003.

The Company is a part owner of a non-profit corporation, HGH, Inc., with Hurley Medical Center and Genesys Regional Medical Center for the purpose of providing services to Medicaid members in Genesee, Lapeer and Shiawassee Counties. The Company has negotiated reimbursement for its administrative services, excluding claims processing services, to HGH, Inc. These reimbursements amounted to \$8,497,160 in 2005 and \$8,057,320 in 2004 and are reflected as other health care related revenue on the Statement of Revenue and Expenses.

HealthPlus Partners, Inc. has also entered into agreements with its parent, HealthPlus of Michigan, Inc. for administrative services, and HealthPlus of Michigan, Inc.'s subsidiary HealthPlus Options, Inc. for claims processing services. These services amounted to \$11,454,519 and \$1,252,263 respectively in 2005 and \$10,954,773 and \$1,197,628 respectively in 2004.

Notes to Financial Statement

Premium revenues for those members utilizing the provider network established by HGH, Inc. are collected by HealthPlus Partners, Inc. from the Michigan Department of Community Health. HealthPlus Partners pays HealthPlus Options for claims processing services, retains its fee for providing the other administrative services, and reimburses providers for covered services rendered as directed by HGH, Inc. HealthPlus Partners, Inc. then transfers the remainder of the premium to HGH, Inc.

In the event that HGH, Inc. is unable to arrange to provide services to the Medicaid membership under the sub-contract, the Company would be responsible for the provision and payment of such services so long as the contract between the Michigan Department of Community Health and the Company remains in effect.

The investment in HGH, Inc. is accounted for under the GAAP equity method, and is calculated based upon a 33.33% ownership interest. The Company has recorded \$1,036,269 as its share of the operating income/(loss) of HGH, Inc. in 2005.

11. Debt

None.

12. Retirement Plan

None.

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

The Company has no Shareholder's Dividend Restrictions or Quasi-Reorganizations to report.

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

- a. change in unrealized gains and losses: \$1,022,536
- b. change in nonadmitted asset values: \$0

Unrealized gains and losses consist of the following:

Unrealized gains/(losses) on stocks	\$ (13,733)
Unrealized gain/(loss) on HGH, Inc.	<u>1,036,269</u>
	<u>\$1,022,536</u>

14. Contingencies

In the normal course of business, HealthPlus Partners, Inc. is a party to certain legal matters. Management is of the opinion that resolution of these matters will not have a material effect on the Company's financial position or results of operations.

15. Leases

None.

16. Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

None.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

None.

Notes to Financial Statement

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

None.

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

None.

20. September 11 Events

None

21. Other Items

The Company has no extraordinary items or other disclosures to report.

22. Events Subsequent

There were no events subsequent to the close of the books or accounts for this statement which may have a material effect on the financial condition of the Company.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the Company?

Yes () No (x)

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (x)

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes (x) No ()

a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate.

\$ 0.

b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement?

\$ 0.

Notes to Financial Statement

- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (x)

Section 3 – Ceded Reinsurance – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.

\$ 0.

- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes () No (x)

- (3) Uncollectible Reinsurance

None.

C. Commutation of Ceded Reinsurance

None.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

None.

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves for incurred claims attributable to insured events of prior years has been decreased by \$319,647 as of the Year Ended December 31, 2005 as a result of re-estimation of unpaid claims. This decrease is the result of ongoing analysis and original estimates are increased or decreased as additional information becomes known.

26. Intercompany Pooling Arrangements

None.

27. Structured Settlements

Not applicable.

28. Health Care Receivables

- (a) Pharmaceutical Rebate Receivables

None.

Notes to Financial Statement

(b) Risk Sharing Receivables

The Company has agreements, which provide the basis of payments to different provider groups for the delivery of health care services. The groups include hospitals, physician hospital organizations, and physicians. The agreements include provisions for the sharing of surplus or deficits calculated by the comparison of total expense to funding reported for the Company's members served by the physicians affiliated with each contracting provider group. The funding levels are primarily based on a percentage of the premium, which the Company receives for providing health insurance coverage to Medicaid beneficiaries. Certain of these providers have entered into separate agreements with affiliated hospitals to share any surplus or deficit associated with services to physician members.

Risk sharing receivables recorded in accordance with the aforementioned agreements are detailed in the table below.

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated And Reported in the Prior Year	Risk Sharing Receivable as Estimated And Reported in the Current Year	Risk Sharing Receivable Invoiced	Risk Sharing Receivable Not Invoiced	Actual Risk Sharing Amounts Collected in Year Invoiced	Actual Risk Sharing Amounts Collected First Year Subsequent	Actual Risk Sharing Amounts Collected Second Year Subsequent	Actual Risk Sharing Amounts Collected – All Other
2005	2005		489,190		489,190				
	2006								
2004	2004		642,709	642,709		642,709			
	2005								
2003	2003		350,108	350,108		350,108			
	2004								

29. Participating Policies

None.

30. Premium Deficiency Reserves

None.

31. Salvage and Subrogation

The Company has not specifically identified any anticipated salvage and subrogation amounts in its calculation of loss reserves.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities				
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or Guaranteed by GNMA				
1.512 Issued or Guaranteed by FNMA and FHLMC				
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
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				
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds	5,510,517	40.164	5,510,517	40.164
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (including \$..... of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$..... property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities				
8. Cash, cash equivalents and short-term investments	8,366,308	60.979	8,366,308	60.979
9. Other invested assets	(156,939)	(1.144)	(156,939)	(1.144)
10. Total invested assets	13,719,886	100.000	13,719,886	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[] N/A[]
- 1.3 State Regulating? Michigan
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[X] No[]
- 2.2 If yes, date of change: 01/27/2005
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2003
- 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. 12/31/2003
- 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). 06/16/2005
- 3.4 By what department or departments?
Department of Consumer and Industry Services, Office of Financial & Insurance Services, Division of Insurance
- 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, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 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
		.. Yes[] No[X]				

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP. Suite 1700, 500 Woodward, Detroit, MI, 48226
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Michael J. Cellini, ASA, MAAA, Ernst & Young, LLP. 5 Times Square, New York, NY, 10036
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes[] No[X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved
- 11.13 Total book/adjusted carrying value \$
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[] No[] N/A[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes[] No[] N/A[X]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes[] No[] N/A[X]

GENERAL INTERROGATORIES (Continued)

BOARD OF DIRECTORS

13. 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]
14. 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[]
15. 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 that is in conflict or is likely to conflict with the official duties of such person? Yes[X] No[]

FINANCIAL

- 16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.11 To directors or other officers \$
- 16.12 To stockholders not officers \$
- 16.13 Trustees, supreme or grand (Fraternal only) \$
- 16.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.21 To directors or other officers \$
- 16.22 To stockholders not officers \$
- 16.23 Trustees, supreme or grand (Fraternal only) \$
- 17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes[] No[X]
- 17.2 If yes, state the amount thereof at December 31 of the current year:
- 17.21 Rented from others \$
- 17.22 Borrowed from others \$
- 17.23 Leased from others \$
- 17.24 Other \$
- 18.1 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]
- 18.2 If answer is yes:
- 18.21 Amount paid as losses or risk adjustment \$
- 18.22 Amount paid as expenses \$
- 18.23 Other amounts paid \$
- 19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[] No[X]
- 19.2 If yes, indicate any amounts receivable from parent included in the page 2 amount: \$

INVESTMENT

- 20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes[X] No[]
- 20.2 If no, give full and complete information, relating thereto:
- 21.1 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 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 17.1). Yes[] No[X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Loaned to others \$
- 21.22 Subject to repurchase agreements \$
- 21.23 Subject to reverse repurchase agreements \$
- 21.24 Subject to dollar repurchase agreements \$
- 21.25 Subject to reverse dollar repurchase agreements \$
- 21.26 Pledged as collateral \$
- 21.27 Placed under option agreements \$
- 21.28 Letter stock or securities restricted as to sale \$
- 21.29 Other \$
- 21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[] No[X]
- 22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[] No[] N/A[X]
If no, attach a description with this statement.
- 23.1 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]
- 23.2 If yes, state the amount thereof at December 31 of the current year. \$
24. 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[]
- 24.01 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
JP Morgan Asset Management	611 Woodward Ave. Detroit, MI 48226

- 24.02 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)	3 Complete Explanation(s)

- 24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes[X] No[]

GENERAL INTERROGATORIES (Continued)

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Bank One Trust Company, N.A.	JP Morgan Asset Management	02/01/2005 .	Bank Merger/Name Change ...

24.05 Identify all investment advisers, 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	3 Address
104234	JP Morgan Asset Management	611 Woodward Ave. Detroit, MI 48226

25.1 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[X] No[]

25.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.... 4812C0381	JPMorgan Core Bond Fund .....	..... 3,102,763
.... 4812C1553	JPMorgan Equity Index Fund .....	..... 2,407,754
25.2999 Total .....		..... 5,510,517

25.3 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
JPMorgan Core Bond Fund	US Treasury Notes .....	..... 59,573	.. 12/31/2005 ..
JPMorgan Core Bond Fund	US Treasury Notes .....	..... 40,646	.. 12/31/2005 ..
JPMorgan Core Bond Fund	US Treasury Notes .....	..... 39,405	.. 12/31/2005 ..
JPMorgan Core Bond Fund	US Treasury STRIPS .....	..... 34,751	.. 12/31/2005 ..
JPMorgan Core Bond Fund	FHLMC Gold Pool .....	..... 27,304	.. 12/31/2005 ..
JPMorgan Equity Index Fund	General Electric Co. ....	..... 78,734	.. 12/31/2005 ..
JPMorgan Equity Index Fund	Exxon-Mobil Corp. ....	..... 74,400	.. 12/31/2005 ..
JPMorgan Equity Index Fund	Citigroup, Inc. ....	..... 52,248	.. 12/31/2005 ..
JPMorgan Equity Index Fund	Microsoft Corp. ....	..... 51,044	.. 12/31/2005 ..
JPMorgan Equity Index Fund	Procter & Gamble Co. ....	..... 41,173	.. 12/31/2005 ..

26. 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 (+)
26.1 Bonds
26.2 Preferred stocks
26.3 Totals

26.4 Describe the sources of methods utilized in determining the fair values
Fair values are provided by the Company's investment custodian.

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

27.2 If no, list exceptions:

OTHER

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

28.2 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
.....

29.1 Amount of payments for legal expenses, if any? \$

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

GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid

- 30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$.....
- 30.2 List the name of 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 department of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only: \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
 - 1.31 Reason for excluding: \$
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$
- 1.6 Individual policies - Most current three years: \$
 - 1.61 Total premium earned \$
 - 1.62 Total incurred claims \$
 - 1.63 Number of covered lives \$
- All years prior to most current three years: \$
 - 1.64 Total premium earned \$
 - 1.65 Total incurred claims \$
 - 1.66 Number of covered lives \$
- 1.7 Group policies - Most current three years: \$
 - 1.71 Total premium earned \$
 - 1.72 Total incurred claims \$
 - 1.73 Number of covered lives \$
- All years prior to most current three years: \$
 - 1.74 Total premium earned \$
 - 1.75 Total incurred claims \$
 - 1.76 Number of covered lives \$

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator	135,473,312	110,203,131
2.2 Premium Denominator	135,473,312	110,203,131
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4 Reserve Numerator	4,998,030	5,059,425
2.5 Reserve Denominator	4,998,036	5,059,425
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: Yes[X] No []
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency? Yes [] No[X]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No[X]
- 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 \$ 550,000
 - 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: Yes[X] No []
 Provider contracts provide for continuation of services and hold-harmless language. An insolvency rider is also in place.
- 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 1,021
 - 8.2 Number of providers at end of reporting year 1,046
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No[X]
- 9.2 If yes, direct premium earned: 0
 - 9.21 Business with rate guarantees between 15-36 months 0
 - 9.22 Business with rate guarantees over 36 months 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes[X] No []
- 10.2 If yes: \$
 - 10.21 Maximum amount payable bonuses \$ 1,102,951
 - 10.22 Amount actually paid for year bonuses \$ 572,543
 - 10.23 Maximum amount payable withholds \$ 102,104
 - 10.24 Amount actually paid for year withholds \$
- 11.1 Is the reporting entity organized as: Yes [] No[X]
 - 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[X] No []
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes[X] No []
- 11.3 If yes, show the name of the state requiring such net worth. \$
 Michigan 5,097,178
- 11.4 If yes, show the amount required. \$
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No[X]
- 11.6 If the amount is calculated, show the calculation.
 The greater of \$1,500,000, four percent of subscription revenue, or three month's uncovered expenditures
- 12. List service areas in which the reporting entity is licensed to operate:

1 Name of Service Area
Bay County, MI
Genesee County, MI
Lapeer County, MI
Saginaw County, MI
Shiawassee County, MI
Tuscola County, MI

FIVE-YEAR HISTORICAL DATA

	1 2005	2 2004	3 2003	4 2002	5 2001
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	15,045,917	14,202,023	13,169,290	1,000,000	
2. Total liabilities (Page 3, Line 22)	6,555,197	6,889,432	6,388,036		
3. Statutory surplus	5,097,178	4,400,936	3,829,597	1,500,000	
4. Total capital and surplus (Page 3, Line 31)	8,490,720	7,312,591	6,781,254	1,000,000	
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	135,926,617	118,080,727	106,817,214		
6. Total medical and hospital expenses (Line 18)	123,584,404	106,826,509	97,005,423		
7. Claims adjustment expenses (Line 20)	3,026,290	2,443,452	3,189,757		
8. Total administrative expenses (Line 21)	9,722,193	9,751,326	8,425,733		
9. Net underwriting gain (loss) (Line 24)	(406,270)	(940,560)	(1,803,699)		
10. Net investment gain (loss) (Line 27)	561,862	262,745	208,337		
11. Total other income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	155,592	(677,815)	(1,595,362)		
RISK-BASED CAPITAL ANALYSIS					
13. Total adjusted capital	8,490,720	7,312,591	6,781,254	1,000,000	
14. Authorized control level risk-based capital	3,492,959	3,027,785	2,793,425		
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	61,692	60,491	57,275		
16. Total members months (Column 6, Line 7)	737,361	706,507	672,561		
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	91	91	91		
19. Cost containment expenses	1	2	X X X	X X X	X X X
20. Other claims adjustment expenses	1	0			
21. Total underwriting deductions (Line 23)	101	102	102		
22. Total underwriting gain (loss) (Line 24)	0	(1)	(2)		
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Column 5)	3,895,691	3,988,851			
24. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	4,215,346	4,120,102			
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Column 1)					
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1)					
27. Affiliated common stocks (Sch. D Summary, Line 53, Column 2)					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Column 5, Line 11)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated	(156,939)	(1,193,209)	37,140		
31. Total of above Lines 25 to 30	(156,939)	(1,193,209)	37,140		

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					
Governments (Including all obligations guaranteed by governments)	1. United States				
	2. Canada				
	3. Other Countries				
	4. Totals				
States, Territories and Possessions (Direct and Guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States				
	14. Canada				
	15. Other Countries				
	16. Totals				
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States				
	22. Canada				
	23. Other Countries				
	24. Totals				
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds				
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks				
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States	5,510,517	5,510,517	4,827,634	
	50. Canada				
	51. Other Countries				
	52. Totals	5,510,517	5,510,517	4,827,634	
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks	5,510,517	5,510,517	4,827,634	
	55. Total Stocks	5,510,517	5,510,517	4,827,634	
	56. Total Bonds and Stocks	5,510,517	5,510,517	4,827,634	

SCHEDULE D - Verification Between Years

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	5,318,723	7. Amortization of premium	
2. Cost of bonds and stocks acquired, Column 7, Part 3	4,880,223	8. Foreign Exchange Adjustment:	
3. Accrual of discount		8.1 Column 15, Part 1	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1	
4.1 Columns 12 - 14, Part 1		8.3 Column 16, Part 2, Section 2	
4.2 Column 15 - 17, Part 2, Section 1		8.4 Column 15, Part 4	
4.3 Column 15, Part 2, Section 2	682,883	9. Book/adjusted carrying value at end of current period	5,510,517
4.4 Column 11 - 13, Part 4	(696,616)	10. Total valuation allowance	
5. Total gain (loss), Column 19, Part 4	(13,733)	11. Subtotal (Lines 9 plus 10)	5,510,517
6. Deduct consideration for bonds and stocks disposed of		12. Total nonadmitted assets	
Column 7, Part 4	4,674,696	13. Statement value of bonds and stocks, current period	5,510,517

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	2	Direct Business Only					7	8
			3	4	5	6			
State, Etc.	Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & 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			135,537,379				
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)	X X X	X X X							
58. Subtotal	X X X	X X X			135,537,379				
59. Reporting entity contributions for Employee Benefit Plans	X X X	X X X							
60. TOTAL (Direct Business)	X X X	(a) 1			135,537,379				
DETAILS OF WRITE-INS									
5701	X X X	X X X							
5702	X X X	X X X							
5703	X X X	X X X							
5798. Summary of remaining write-ins for Line 57 from overflow page	X X X	X X X							
5799. TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)	X X X	X X X							

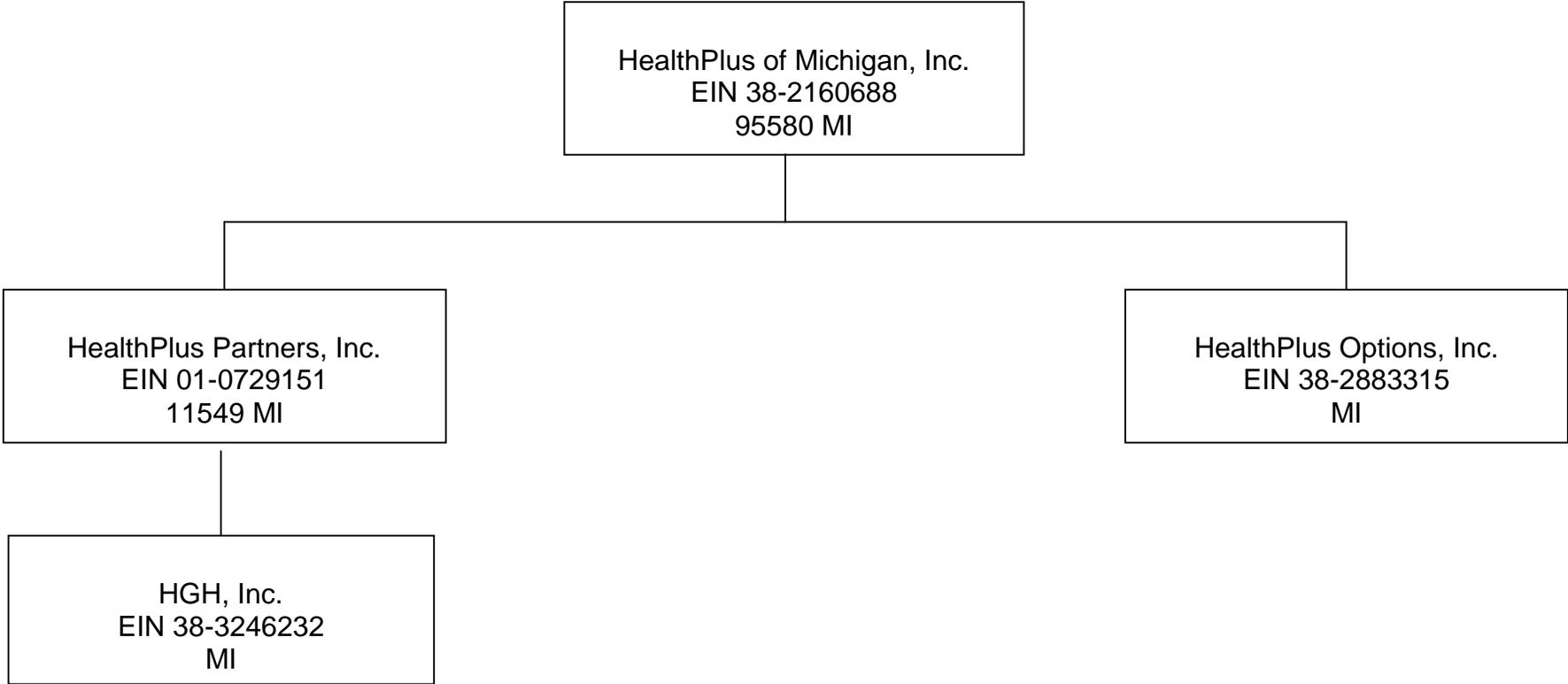
(a) Insert the number of yes responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE T - PART 2
INTERSTATE COMPACT PRODUCTS - EXHIBIT OF PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES

		Direct Business only					
States, Etc.		1	2	3	4	5	6
		Life (Group and Individual)	Annuities (Group and Individual)	Disability Income (Group and Individual)	Long-Term Care (Group and Individual)	Deposit-Type Contracts	Totals
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)						
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)						
58.	TOTALS						

NONE

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



33.33% ownership.