



**HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2004
OF THE CONDITION AND AFFAIRS OF THE**

OmniCare Health Plan, Inc.

NAIC Group Code 1137 (Current Period) NAIC Company Code 12193 (Prior Period) Employer's ID Number 20-1052897

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

Country of Domicile United States of America

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

Incorporated 04/22/2004 Commenced Business 10/01/2004

Statutory Home Office 1333 Gratiot, Brewery Park One, Ste 400, Detroit, MI 48207
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 1333 Gratiot, Brewery Park One, Ste 400
(Street and Number) Detroit, MI 48207 313-465-1519
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1333 Gratiot, Brewery Park One, Ste 400, Detroit, MI 48207
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 1333 Gratiot, Brewery Park One, Ste 400
(Street and Number) Detroit, MI 48207 313-465-1519
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.omnicarehealthplan.com

Statutory Statement Contact Kenyata J. Rogers 313-465-1519
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(Street and Number) Detroit, MI 48207 313-465-1519
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

Name	Title	Name	Title
<u>Bobby Jones</u>	<u>Chief Executive Officer</u>	<u>Beverly Allen</u>	<u>Chief Financial & Operating Officer</u>

OTHER OFFICERS

DIRECTORS OR TRUSTEES

State of

ss

County of

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

Subscribed and sworn to before me this _____ day of _____, _____

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

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE OmniCare Health Plan, Inc.

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).....	2,293,626	0	2,293,626	0
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ (1,806,730) , Schedule E, Part 1), cash equivalents (\$11,010,794 , Schedule E, Part 2) and short-term investments (\$13,328,568 , Schedule DA).....	22,532,632		22,532,632	0
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivable for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	24,826,258	0	24,826,258	0
11. Investment income due and accrued	80,874		80,874	0
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	0		0	0
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premium).....			0	0
12.3 Accrued retrospective premium.....			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	33,790		33,790	0
13.2 Funds held by or deposited with reinsured companies			0	0
13.3 Other amounts receivable under reinsurance contracts			0	0
14. Amounts receivable relating to uninsured plans			0	0
15.1 Current federal and foreign income tax recoverable and interest thereon	265,852		265,852	0
15.2 Net deferred tax asset.....	226,539	45,880	180,659	0
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software.....			0	0
18. Furniture and equipment, including health care delivery assets (\$)	153,002	153,002	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
20. Receivables from parent, subsidiaries and affiliates	0		0	0
21. Health care (\$7,921,276) and other amounts receivable.....	7,921,276		7,921,276	0
22. Other assets nonadmitted	169,770	169,770	0	0
23. Aggregate write-ins for other than invested assets	9,252	9,252	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	33,686,613	377,904	33,308,709	0
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	33,686,613	377,904	33,308,709	0
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Prepaid Marketing.....	9,252	9,252	0	0
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	9,252	9,252	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	17,560,375		17,560,375	0
2. Accrued medical incentive pool and bonus amounts	344,543		344,543	0
3. Unpaid claims adjustment expenses	467,810		467,810	0
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	552,116		552,116	0
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability	0		0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others	(274)		(274)	0
13. Remittance and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	141,891		141,891	0
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	19,066,461	0	19,066,461	0
23. Common capital stock	XXX	XXX	10	0
24. Preferred capital stock	XXX	XXX		0
25. Gross paid in and contributed surplus	XXX	XXX	16,000,990	0
26. Surplus notes	XXX	XXX		0
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
28. Unassigned funds (surplus)	XXX	XXX	(1,758,752)	0
29. Less treasury stock, at cost:				
29.1 shares common (value included in Line 23 \$)	XXX	XXX		0
29.2 shares preferred (value included in Line 24 \$)	XXX	XXX		0
30. Total capital and surplus (Lines 23 to 28 Less 29)	XXX	XXX	14,242,248	0
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	33,308,709	0
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2701.	XXX	XXX		
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	188,177	0
2. Net premium income (including .....0 non-health premium income).....	XXX	39,429,647	0
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	(2,360,754)	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	37,068,893	0
Hospital and Medical:			
9. Hospital/medical benefits		26,266,903	0
10. Other professional services		899,004	0
11. Outside referrals			0
12. Emergency room and out-of-area		3,772,810	0
13. Prescription drugs		4,008,728	0
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		344,543	0
16. Subtotal (Lines 9 to 15)	0	35,291,988	0
Less:			
17. Net reinsurance recoveries		33,790	0
18. Total hospital and medical (Lines 16 minus 17)	0	35,258,198	0
19. Non-health claims			0
20. Claims adjustment expenses, including \$0 cost containment expenses.....		1,121,121	0
21. General administrative expenses.....		3,100,719	0
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	39,480,038	0
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(2,411,145)	0
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	108,702	108,702	0
26. Net realized capital gains (losses)			0
27. Net investment gains (losses) (Lines 25 plus 26)	108,702	108,702	0
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(2,302,443)	0
31. Federal and foreign income taxes incurred	XXX	(695,056)	0
32. Net income (loss) (Lines 30 minus 31)	XXX	(1,607,387)	0
DETAILS OF WRITE-INS			
0601. Quality Assurance Assessment	XXX	(2,360,754)	0
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	(2,360,754)	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior-reporting period	0	0
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34. Net income or (loss) from Line 32	(1,607,387)	0
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Net unrealized capital gains and losses	0	0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax	226,539	0
39. Change in nonadmitted assets	(377,904)	0
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	10	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	16,000,990	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	14,242,248	0
49. Capital and surplus end of reporting period (Line 33 plus 48)	14,242,248	0
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	39,429,647	0
2. Net investment income	27,586	0
3. Miscellaneous income	(3,389,105)	0
4. Total (Lines 1 to 3)	36,068,128	0
5. Benefits and loss related payments	24,279,995	0
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	3,201,914	0
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	(429,204)	0
10. Total (Lines 5 through 9)	27,052,705	0
11. Net cash from operations (Line 4 minus Line 10)	9,015,423	0
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	7,537	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	7,537	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds	2,293,384	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	7,537	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	2,300,921	0
14. Net increase (or decrease) in policy loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(2,293,384)	0
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	16,001,000	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	(190,407)	0
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	15,810,593	0
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	22,532,632	0
19. Cash and short-term investments:		
19.1 Beginning of year	0	0
19.2 End of period (Line 18 plus Line 19.1).....	22,532,632	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE OmniCare Health Plan, Inc.

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 Employees 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	39,429,647	.0	.0	.0	.0	.0	.0	39,429,647	.0	.0	.0	.0	.0
2. Change in unearned premium reserves and reserve for rate credit	.0												
3. Fee-for-service (net of \$ medical expenses)	.0												XXX
4. Risk revenue	.0												XXX
5. Aggregate write-ins for other health care related revenues	(2,360,754)	.0	.0	.0	.0	.0	.0	(2,360,754)	.0	.0	.0	.0	XXX
6. Aggregate write-ins for other non-health care related revenues	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
7. Total revenues (Lines 1 to 6)	37,068,893	.0	.0	.0	.0	.0	.0	37,068,893	.0	.0	.0	.0	.0
8. Hospital/medical/ benefits	26,266,903							26,266,903					XXX
9. Other professional services	899,004							899,004					XXX
10. Outside referrals	.0												XXX
11. Emergency room and out-of-area	3,772,810							3,772,810					XXX
12. Prescription Drugs	4,008,728							4,008,728					XXX
13. Aggregate write-ins for other hospital and medical	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	344,543							344,543					XXX
15. Subtotal (Lines 8 to 14)	35,291,988	.0	.0	.0	.0	.0	.0	35,291,988	.0	.0	.0	.0	XXX
16. Net reinsurance recoveries	33,790							33,790					XXX
17. Total medical and hospital (Lines 15 minus 16)	35,258,198	.0	.0	.0	.0	.0	.0	35,258,198	.0	.0	.0	.0	XXX
18. Non-health claims (net)	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
19. Claims adjustment expenses including \$ cost containment expenses	1,121,121							1,121,121	.0				
20. General administrative expenses	3,100,719							3,100,719					
21. Increase in reserves for accident and health contracts	.0												XXX
22. Increase in reserves for life contracts	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
23. Total underwriting deductions (Lines 17 to 22)	39,480,038	.0	.0	.0	.0	.0	.0	39,480,038	.0	.0	.0	.0	.0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	(2,411,145)	0	0	0	0	0	0	(2,411,145)	0	0	0	0	0
DETAILS OF WRITE-INS													
0501. Quality Assurance Assessment	(2,360,754)							(2,360,754)					XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(2,360,754)	0	0	0	0	0	0	(2,360,754)	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
0698. Summary of remaining write-ins for Line 6 from overflow page	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.													XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX

7

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE OmniCare Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical) .....				.0
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....	39,480,080		50,433	39,429,647
8. Stop Loss .....				.0
9. Disability Income .....				.0
10. Long-term care .....				.0
11. Other health.....				.0
12. Health subtotal (Lines 1 through 11)	39,480,080	0	50,433	39,429,647
13. Life .....				.0
14. Property/Casualty.....				.0
15. Totals (Lines 12 to 14)	39,480,080	0	50,433	39,429,647

8

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE OmniCare Health Plan, Inc.

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	17,387,070							17,387,070					
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	0												
1.4 Net	17,387,070	0	0	0	0	0	0	17,387,070	0	0	0	0	0
2. Paid medical incentive pools and bonuses	0												
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	17,560,375	0	0	0	0	0	0	17,560,375	0	0	0	0	0
3.3 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	17,560,375	0	0	0	0	0	0	17,560,375	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0												
4.2 Reinsurance assumed	0												
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	344,543							344,543					
6. Amounts recoverable from reinsurers December 31, current year	33,790							33,790					
7. Claim liability December 31, prior year from Part 2A:													
7.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
7.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
7.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
7.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
8. Claim reserve December 31, prior year from Part 2D:													
8.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Incurred Benefits:													
11.1 Direct	34,947,445	0	0	0	0	0	0	34,947,445	0	0	0	0	0
11.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
11.3 Reinsurance ceded	33,790	0	0	0	0	0	0	33,790	0	0	0	0	0
11.4 Net	34,913,655	0	0	0	0	0	0	34,913,655	0	0	0	0	0
12. Incurred medical incentive pools and bonuses	344,543	0	0	0	0	0	0	344,543	0	0	0	0	0

6

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE OmniCare Health Plan, Inc.

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	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	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	549,788							549,788					
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	549,788	0	0	0	0	0	0	549,788	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	17,010,587							17,010,587					
2.2. Reinsurance assumed	0												
2.3. Reinsurance ceded	0												
2.4. Net	17,010,587	0	0	0	0	0	0	17,010,587	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	0							0					
3.2. Reinsurance assumed	0							0					
3.3. Reinsurance ceded	0												
3.4. Net	0	0	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1. Direct	17,560,375	0	0	0	0	0	0	17,560,375	0	0	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	17,560,375	0	0	0	0	0	0	17,560,375	0	0	0	0	0

10

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE OmniCare Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	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		
1. Comprehensive (hospital and medical) .....					.0	.0
2. Medicare Supplement .....					.0	.0
3. Dental Only.....					.0	.0
4. Vision Only.....					.0	.0
5. Federal Employees Health Benefits Plan Premiums .....					.0	.0
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid.....		17,353,280		17,560,375	.0	.0
8. Other health .....					.0	.0
9. Health subtotal (Lines 1 to 8).....	.0	17,353,280	.0	17,560,375	.0	.0
10. Other non-health.....					.0	.0
11. Medical incentive pools, and bonus amounts				344,543	.0	.0
12. Totals (Lines 9 to 11)	0	17,353,280	0	17,904,918	0	0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE OmniCare Health Plan, Inc.

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

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	.0	.0	.0	
2. 2000 .....	.0	.0	.0	.0	
3. 2001	XXX	.0	.0	.0	
4. 2002	XXX	XXX	.0	.0	
5. 2003	XXX	XXX	XXX	.0	
6. 2004	XXX	XXX	XXX	XXX	17,387

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	.0	.0	.0	
2. 2000 .....	.0	.0	.0	.0	
3. 2001	XXX	.0	.0	.0	
4. 2002	XXX	XXX	.0	.0	
5. 2003	XXX	XXX	XXX	.0	
6. 2004	XXX	XXX	XXX	XXX	35,258

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2000 .....	.0	.0		.0	.0	.0			.0	.0
2. 2001 .....	.0	.0		.0	.0	.0			.0	.0
3. 2002 .....	.0	.0		.0	.0	.0			.0	.0
4. 2003 .....	.0	.0		.0	.0	.0			.0	.0
5. 2004	39,429	17,387	653	3.8	18,040	45.8	17,905	468	36,413	92.4

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE OmniCare Health Plan, Inc.

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

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	.0	.0	.0	.0
2. 2000 .....	.0	.0	.0	.0	.0
3. 2001	XXX	.0	.0	.0	.0
4. 2002	XXX	XXX	.0	.0	.0
5. 2003	XXX	XXX	XXX	.0	.0
6. 2004	XXX	XXX	XXX	XXX	17,387

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	.0	.0	.0	.0
2. 2000 .....	.0	.0	.0	.0	.0
3. 2001	XXX	.0	.0	.0	.0
4. 2002	XXX	XXX	.0	.0	.0
5. 2003	XXX	XXX	XXX	.0	.0
6. 2004	XXX	XXX	XXX	XXX	35,258

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2000 .....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
2. 2001 .....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
3. 2002 .....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
4. 2003 .....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
5. 2004	39,429	17,387	653	3.8	18,040	45.8	17,905	468	36,413	92.4

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE OmniCare Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

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

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

NONE

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administration Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ for occupancy of own building).....		13,981	97,465		111,446
2. Salaries, wages and other benefits.....		255,051	1,597,540		1,852,591
3. Commissions (less \$ ceded plus \$ Assumed.....)					0
4. Legal fees and expenses.....		12,739	23,295		36,034
5. Certifications and accreditation fees.....		1,176	2,150		3,326
6. Auditing, actuarial and other consulting services.....		74,869	136,903		211,772
7. Traveling expenses.....		13,131	41,051		54,182
8. Marketing and advertising.....		849	33,797		34,646
9. Postage, express and telephone.....		31,685	156,529		188,214
10. Printing and office supplies.....		7,382	137,037		144,419
11. Occupancy, depreciation and amortization.....		59,451	207,492		266,943
12. Equipment.....		1,764	8,869		10,633
13. Cost or depreciation of EDP equipment and software.....					0
14. Outsourced services including EDP, claims, and other services.....		1,307	2,389		3,696
15. Boards, bureaus and association fees.....					0
16. Insurance, except on real estate.....		4,377	8,004		12,381
17. Collection and bank service charges.....			0		0
18. Group service and administration fees.....			194,914		194,914
19. Reimbursements by uninsured accident and health plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....		588	1,075		1,663
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....			51,000		51,000
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....		15,941	105,428		121,369
23.5 Other (excluding federal income and real estate taxes).....		104,529	182,097		286,626
24. Investment expenses not included elsewhere.....		3,463	6,331	11,208	21,002
25. Aggregate write-ins for expenses.....	0	518,838	107,353	0	626,191
26. Total expenses incurred (Lines 1 to 25).....	0	1,121,121	3,100,719	11,208	4,233,048
27. Less expenses unpaid December 31, current year.....		467,810	552,116		1,019,926
28. Add expenses unpaid December 31, prior year.....					0
29. Amounts receivable related to uninsured accident and health plans, prior year.....					0
30. Amounts receivable related to uninsured accident and health plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	653,311	2,548,603	11,208	3,213,122
DETAIL OF WRITE-INS					
2501. Other Administrative Expenses.....		518,838	107,353		626,191
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	0	518,838	107,353	0	626,191

(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) (11,753)	8,752
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)		
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) 31,511	111,158
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	19,758	119,910
11. Investment expenses		(g) 11,208
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		0
16. Total (Lines 11 through 15)		11,208
17. Net Investment Income - (Line 10 minus Line 16)		108,702
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 242 accrual of discount less \$ amortization of premium and less \$ 11,995 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 \$ 34,864 accrual of discount less \$ 8,048 amortization of premium and less \$ 37,360 paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ 11,208 investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

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

NONE

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule E, Part 1), cash equivalents (Schedule E, Part 2) and short-term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivable for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Investment income due and accrued	0	0	0
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
12.3 Accrued retrospective premium.....	0	0	0
13. Reinsurance:			
13.1 Amounts recoverable from reinsurers	0	0	0
13.2 Funds held by or deposited with reinsured companies	0	0	0
13.3 Other amounts receivable under reinsurance contracts	0	0	0
14. Amounts receivable relating to uninsured plans	0	0	0
15.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
15.2 Net deferred tax asset.....	45,880	0	(45,880)
16. Guaranty funds receivable or on deposit	0	0	0
17. Electronic data processing equipment and software.....	0	0	0
18. Furniture and equipment, including health care delivery assets.....	153,002	0	(153,002)
19. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
20. Receivables from parent, subsidiaries and affiliates	0	0	0
21. Health care and other amounts receivable.....	0	0	0
22. Other assets nonadmitted	169,770	0	(169,770)
23. Aggregate write-ins for other than invested assets	9,252	0	(9,252)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	377,904	0	(377,904)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	377,904	0	(377,904)
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301. Prepaid Marketing.....	9,252	0	(9,252)
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	9,252	0	(9,252)

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE OmniCare Health Plan, Inc.

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	.0				.62,455	188,177
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	0	0	0	0	62,455	188,177
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the Plan have been prepared in conformity with the NAIC Accounting Practices and Procedures manual except to the extent that Michigan law differs.

B. Use of Estimates

The presentation of the Financial Statements in conformity with the NAIC Accounting Practices and Procedures manual requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Net Worth Requirement

The net worth requirement for the Plan is the greater of \$1,500,000, three months of uncovered expenditures, or 4% of annual subscription revenue. Additionally, the commissioner shall take into account the risk-based capital requirements as developed by NAIC in order to determine an adequate level of net worth.

C. Accounting Policies

(1) Cash and Cash Equivalents

Short-term investments with a maturity of three months or less at the time of purchase are reported as cash equivalents.

(2) Short-term Investments

Short-term investments consist of investments in debt securities with maturity dates of one year or less at the purchase date. Such investments are carried at amortized cost less any valuation allowances and non-admitted amounts.

(3) Bonds

Bonds, including amounts reserved pursuant to State of Michigan requirements, are stated at amortized cost less any valuation allowances and non-admitted amounts and consists of U. S. Government obligations. Bonds are amortized using the scientific to worst constant yield methodology.

(4) Claims Unpaid and Unpaid Claims Adjustment Expenses

Claims unpaid includes the cost of services for which providers have submitted claims, as well as management's estimate of the cost of claims that have been incurred but not reported (IBNR). Unpaid claims adjustment expenses are an estimate of the cost to process the IBNR claims. The cost of claims that have been incurred but not reported has been estimated by management based on relevant historical data and trends. Management believes that methodologies employed to estimate the unpaid claims liability are reasonable and the unpaid claims liability recorded is appropriate. Management's estimate may change in the future. Any favorable or unfavorable changes are reflected in operations when determined.

2. Accounting Changes and Corrections of Errors

Not Applicable.

3. Business Combinations and Goodwill

Not Applicable.

NOTES TO FINANCIAL STATEMENTS

4. Discontinued Operations

Not Applicable.

5. Investments

Not Applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable.

7. Investment Income

The Plan has not excluded any investment income due and accrued from surplus.

8. Derivative Instruments

Not Applicable.

9. Income Taxes

a. The components of the net deferred tax asset are as follows:

	<u>December 31,</u> 2004	<u>December</u> 31, 2003
Total of gross deferred tax assets	288,387	0
Total of deferred tax liabilities	(61,848)	0
Net deferred tax asset	226,539	0
Deferred Tax Asset nonadmitted	45,880	0
Net admitted deferred tax asset	180,659	0
Increase (decrease) in DTAs nonadmitted	45,880	0

b. Deferred tax liabilities are not recognized for the following amounts:

None

c. The provisions for incurred taxes on earnings for the years ended December 31 are:

	<u>December 31,</u> 2004	<u>December</u> 31, 2003
Federal	(695,056)	0
Foreign	0	0
	(695,056)	0
Federal Income Tax on net capital gains	0	0
Utilization of capital loss carry-forwards	0	0
Federal and foreign income taxes incurred	(695,056)	0

The tax effect of temporary difference that give rise to significant portions of deferred tax assets and deferred tax liabilities are:

	<u>December 31,</u> 2004	<u>December</u> 31, 2003	<u>Change</u>
<u>Deferred Tax Assets:</u>			
CY Discounted unearned claims	149,585	0	149,585
Vacation pay accrual	16,031	0	16,031

NOTES TO FINANCIAL STATEMENTS

Accrued bonuses	6,563	0	6,563
Nonadmitted assets	116,208	0	116,208
Total deferred tax assets	288,387	0	288,387
Nonadmitted deferred tax assets	(45,880)	0	(45,880)
Admitted deferred tax assets	242,507	0	242,507
<u>Deferred Tax Liabilities:</u>			
Total deferred tax liabilities	61,848	0	61,848
Net admitted deferred tax asset	180,659	0	180,659

The change in net deferred income taxes is comprised of the following (exclusive of nonadmitted assets):

	<u>December 31,</u> <u>2004</u>	<u>December</u> <u>31, 2003</u>	<u>Change</u>
Total deferred tax assets	288,387	0	288,387
Total deferred tax liabilities	61,848	0	61,848
Net deferred tax asset	226,539	0	226,539
Tax effect of unrealized gains(losses)			0
Change in net deferred income tax			226,539

d. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before taxes. The significant items causing this difference are as follows:

	<u>December 31,</u> <u>2004</u>
Provision computed at statutory rate	(805,854)
Meals and entertainment	118
Investment fees relating to tax-exempt income	350
CY Discounted unpaid claims	149,585
Gain/(loss) on sale of assets	(1)
Prepaid Postage	(20,654)
Depreciation	(41,194)
Vacation pay accrual	16,031
Accrued bonuses	6,563
Total Statutory income taxes	(695,056)
Federal income taxes incurred	(921,594)
True-Up	0
Change in net deferred income taxes	226,539
Total Statutory income taxes	(695,055)

e. Amount of net loss carryforwards available to offset future taxable income (from the current year:

None - The tax benefit of any current and prior operating losses has been realized as a result of the intercompany tax allocation agreement with the parent.

2. Amount of federal income taxes incurred in the current year and each preceding year that are available for recoupment in the event of future losses:

2004	0
2003	0

NOTES TO FINANCIAL STATEMENTS

2002 0

f. 1. The Company's taxable income or loss is included in the consolidated federal income tax return of its parent company, Coventry Health Care, Inc. The names of the entities with whom the Company's federal income tax return is currently consolidated are included on page 19 of this Statement (Schedule Y).

2. The method of tax allocation between the companies is subject to written agreement approved by management of the respective companies. The tax allocation agreement with the Parent is based upon taxes incurred on net income. Intercompany tax balances are settled monthly.

10. Information Concerning Parent, Subsidiaries and Affiliates

B. The Plan is wholly owned by Coventry Health Care, Inc. (Parent Company). The Parent Company provides management, consulting, and administrative services to the Company, including information system services, claims adjudication and payment and vendor set-up and maintenance. The Company also reimburses the Parent Company for certain expenses paid by the Parent Company on behalf of the Plan. Under the terms of the management agreement, the Plan incurred management fees of \$1,838,591 in 2004. Additionally, effective October 1, 2004, the Plan has an Insolvency Continuation Agreement and Guarantee Agreement with Coventry Health and Life Insurance, Inc., a wholly owned subsidiary of Coventry Health Care, Inc. The premium for this insurance coverage is \$0.05 PMPM. For the year ended December 31, 2004, insurance expenses under this agreement aggregated \$9,333.

At December 31, 2004, \$141,891 is due to the Parent Company by the Plan.

11. Debt

Not Applicable.

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

The Plan participates in a qualified, defined contribution plan sponsored by Coventry Health Care, Inc. The Plan has no legal obligation for benefits under this plan. Coventry Health Care, Inc. allocates expense to the Plan based on the actual contributions for employees at the Plan. The Plan's share of the employer contributions for the defined contribution plan was \$28,076 for the year ended December 31, 2004.

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

- A. The Plan authorized 1,000 shares of capital stock with a par value of \$0.01. All shares are issued and outstanding at December 31, 2004.
- B. Other than the Plan's obligation to maintain the State required statutory surplus, which is equal to the greater of \$1,500,000, three months of uncovered expenditures, or 4% of annual subscription revenue, there are no restrictions on dividends or the portion of the Plan's profits that may be paid as ordinary dividends to the stockholder.
- C. \$1,000,000 of investments held are restricted pursuant to State of Michigan requirements.
- D. Unassigned funds have been reduced by \$377,904 of non-admitted assets.

14. Contingencies

Not Applicable.

15. Leases

NOTES TO FINANCIAL STATEMENTS

The Plan leases its office space. The initial lease term is October 1, 2004 to September 30, 2009. Rent expense under this agreement for the year ended December 31, 2004 was \$71,900. The aggregate future payments under the terms of this agreement is \$1,438,000. Minimum lease payments for each of the five succeeding years are as follows: 2005 – \$187,000; 2006 – \$325,500; 2007 - \$331,500; 2008 - \$337,500; and 2009 - \$256,500.

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

Not Applicable.

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

Not Applicable.

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

Not Applicable.

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

Not Applicable.

20. September 11, Events

Not Applicable.

21. Other Items

Not Applicable.

22. Events Subsequent

Not Applicable.

23. Reinsurance

A. The Plan has an agreement with Coventry Health & Life Insurance, Inc. to provide reinsurance for enrollees claims, excluding pharmacy. After a deductible of \$150,000 is reached, coverage under this agreement is 80% of net loss in excess of the Plan's deductible. The maximum annual reinsurance coverage for each member is \$1,000,000. The Plan pays a premium of \$0.27 per member per month for this coverage. For the year ended December 31, 2004, the Plan incurred reinsurance expense of \$50,433 under this agreement.

B. Reinsurance premiums are reported as deductions from Medicaid capitation revenue. Reinsurance recoveries are reported as deductions from medical service expense.

C. At December 31, 2004, the Plan has \$33,790 of reinsurance recoverable under its reinsurance contract.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

25. Change in Incurred Claims and Claim Adjustment Expenses

There were no changes in the provision of incurred claim and claim adjustment expenses attributable to insured events of prior years.

NOTES TO FINANCIAL STATEMENTS

26. Intercompany Pooling Arrangements

Not Applicable.

27. Structured Settlements

Not Applicable.

28. Health Care Receivables

The Plan did not have any receivables recorded for pharmaceutical rebates or risk sharing arrangements at December 31, 2004.

29. Participating Policies

Nor Applicable.

30. Premium Deficiency Reserves

At December 31, 2004, a premium deficiency reserve was determined not to be necessary.

31. Anticipated Salvage and Subrogation

At December 31, 2004, the Plan did not have a receivable for anticipated salvage and subrogation.

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	1,546,790	6.230	1,546,790	6.230
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies	746,836	3.008	746,836	3.008
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA		0.000		0.000
1.512 Issued or guaranteed by FNMA and FHLMC		0.000		0.000
1.513 All other		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.000		0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521		0.000		0.000
1.523 All other		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.000		0.000
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash, cash equivalents and short-term investments	22,532,632	90.761	22,532,632	90.761
9. Other invested assets		0.000	0	0.000
10. Total invested assets	24,826,258	100.000	24,826,258	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] NA []
- 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 [] No []
- 2.2 If yes, date of change:10/01/2004
 If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.
- 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.
- 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).
- 3.4 By what department or departments?
- 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 []
 4.12 renewals? Yes [] No []
- 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 []
 4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 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 []
- 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 []
- 7.2 If yes,
 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP, 621 East Pratt Street, Baltimore, MD 21202
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Gregory Winkler, Director Actuarial Services Coventry Health Care, 6705 Rockledge Drive, Suite 900 Bethesda, MD 20817
11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 11.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

12. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [] No [X]
13. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
14. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

- 15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 15.11 To directors or other officers .. \$0
 - 15.12 To stockholders not officers ... \$0
 - 15.13 Trustees, supreme or grand (Fraternal only) \$0
- 15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 15.21 To directors or other officers ... \$0
 - 15.22 To stockholders not officers ... \$0
 - 15.23 Trustees, supreme or grand (Fraternal only) \$0
- 16.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? Yes [] No [X]
- 16.2 If yes, state the amount thereof at December 31 of the current year:
- 16.21 Rented from others \$
 - 16.22 Borrowed from others \$
 - 16.23 Leased from others \$
 - 16.24 Other \$
- Disclose in Notes to Financial the nature of each obligation.
- 17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 17.2 If answer is yes,
- 17.21 Amount paid as losses or risk adjustment \$
 - 17.22 Amount paid as expenses \$
 - 17.23 Other amounts paid \$

GENERAL INTERROGATORIES

INVESTMENT

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

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding			Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?
					Yes	No	Yes	No
Preferred					[]	[]	[]	[]
Common	1,000	1,000	0.010	XXX	XXX	XXX	XXX	XXX

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

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

All securities were in the possession of the plan's investment manager, Wachovia Bank, N.A. Investment

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

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

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

20.3 For category (20.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....
.....
.....
.....

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

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

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

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

GENERAL INTERROGATORIES

INVESTMENT

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [] No []

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

1 Name of Custodian(s)	2 Custodian's Address
Wachovia Bank, N.A.....	1300 1 Street, N.W., DC-1984, 12th Floor, West Tower.....

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

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

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year?

Yes [] No []

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

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

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

1 Central Registration Depository Number(s)	2 Name	2 Address
104594.....	Evergreen.....	200 Berkeley Street, Boston, MA 02116.
107423.....	Conning & Company.....	185 Asylum Street, City Place II, Hartford CT 06103-4105.....

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [] No []

24.2 If yes, complete the following schedule:

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

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

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

GENERAL INTERROGATORIES

INVESTMENT

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
25.1 Bonds.....	15,622,194	15,606,753	(15,441)
25.2 Preferred stocks.....	0		0
25.3 Totals	15,622,194	15,606,753	(15,441)

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

Quoted market prices.....

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

26.2 If no, list the exceptions:

OTHER

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

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

1 Name	2 Amount Paid
.....	
.....	

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

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

1 Name	2 Amount Paid
.....	
.....	

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

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

1 Name	2 Amount Paid
.....	
.....	

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives \$0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives \$0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$ 39,429,647		\$ 0
2.2	Premium Denominator	\$ 39,429,647		\$ 0
2.3	Premium Ratio (2.1/2.2)	1.000		0.000
2.4	Reserve Numerator	\$ 17,904,918		\$ 0
2.5	Reserve Denominator	\$ 17,904,918		\$ 0
2.6	Reserve Ratio (2.4/2.5)	1.000		0.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No [X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No []
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No []
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No []
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical \$270,000
- 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:
 Insolvency continuation and Guarantee Agreement with Coventry Health and Life, Inc., a wholly owned subsidiary of Coventry Health Care, Inc.; Benefits for members in inpatient facilities continue until discharge; Hold harmless provisions in the contracts state that providers will only seek reimbursement from the Plan; The Plan has a contingency trust of \$1.0 million.
- 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 1,804
- 8.2 Number of providers at end of reporting year 1,804
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No [X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months
- 9.22 Business with rate guarantees over 36 months

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract? Yes No
- 10.2 If yes:
- | | | | |
|--|---|----------|---------|
| | 10.21 Maximum amount payable bonuses | \$ | 182,004 |
| | 10.22 Amount actually paid for year bonuses | \$ | 0 |
| | 10.23 Maximum amount payable withholds | \$ | 325,079 |
| | 10.24 Amount actually paid for year withholds | \$ | 0 |
- 11.1 Is the reporting entity organized as:
- | | | | |
|--|---|--|---|
| | 11.12 A Medical Group/Staff Model, | | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| | 11.13 An Individual Practice Association (IPA), or, | | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| | 11.14 A Mixed Model (combination of above) ? | | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes No
- 11.3 If yes, show the name of the state requiring such net worth. Michigan
- 11.4 If yes, show the amount required. \$ 5,931,023
- 11.5 Is this amount included as part of a contingency reserve in stockholders equity? Yes No
- 11.6 If the amount is calculated, show the calculation.
 The greater of \$37,068,893 x 4 x 4% or \$1,500,000
12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Wayne County, Michigan.....

FIVE-YEAR HISTORICAL DATA

	1 2004	2 2003	3 2002	4 2001	5 2000
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	33,308,709	0	0	0	0
2. Total liabilities (Page 3, Line 22)	19,066,461	0	0	0	0
3. Statutory surplus	5,931,023	0	0	0	0
4. Total capital and surplus (Page 3, Line 30)	14,242,248	0	0	0	0
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	37,068,893	0	0	0	0
6. Total medical and hospital expenses (Line 18)	35,258,198	0	0	0	0
7. Claims adjustment expenses (Line 20)	1,121,121	0	0	0	0
8. Total administrative expenses (Line 21)	3,100,719	0	0	0	0
9. Net underwriting gain (loss) (Line 24)	(2,411,145)	0	0	0	0
10. Net investment gain (loss) (Line 27)	108,702	0	0	0	0
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income (loss) (Line 32)	(1,607,387)	0	0	0	0
RISK - BASED CAPITAL ANALYSIS					
13. Total adjusted capital	14,242,248	0	0	0	0
14. Authorized control level risk-based capital	5,401,809	0	0	0	0
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	62,455	0	0	0	0
16. Total member months (Column 6, Line 7)	188,177	0	0	0	0
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
17. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical (Line 18)	89.4	0.0	0.0	0.0	0.0
19. Cost containment expenses	0	XXX	XXX	XXX	XXX
20. Other claims adjustment expenses	3				
21. Total underwriting deductions (Line 23)	100.1	0.0	0.0	0.0	0.0
22. Total underwriting gain (loss) (Line 24)	(6.1)	0.0	0.0	0.0	0.0
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 12, Col. 5)	0	0	0	0	0
24. Estimated liability of unpaid claims – [prior year (Line 12, Col. 6)]	0	0	0	0	0
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
29. Affiliated mortgage loans on real estate	0	0	0	0	0
30. All other affiliated	0	0	0	0	0
31. Total of above Lines 25 to 30	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE OmniCare Health Plan, Inc.

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	2,293,626	2,283,883	2,293,384	2,300,000
	2. Canada	0	0	0	0
	3. Other Countries	0	0	0	0
	4. Totals	2,293,626	2,283,883	2,293,384	2,300,000
States, Territories and Possessions (Direct and guaranteed)	5. United States	0	0	0	0
	6. Canada	0	0	0	0
	7. Other Countries	0	0	0	0
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	0	0	0	0
	10. Canada	0	0	0	0
	11. Other Countries	0	0	0	0
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	0	0	0	0
	14. Canada	0	0	0	0
	15. Other Countries	0	0	0	0
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States	0	0	0	0
	18. Canada	0	0	0	0
	19. Other Countries	0	0	0	0
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	0	0	0	0
	22. Canada	0	0	0	0
	23. Other Countries	0	0	0	0
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	2,293,626	2,283,883	2,293,384	2,300,000
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States	0	0	0	
	28. Canada	0	0	0	
	29. Other Countries	0	0	0	
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States	0	0	0	
	32. Canada	0	0	0	
	33. Other Countries	0	0	0	
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States	0	0	0	
	36. Canada	0	0	0	
	37. Other Countries	0	0	0	
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States	0	0	0	
	42. Canada	0	0	0	
	43. Other Countries	0	0	0	
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	0	0	0	
	46. Canada	0	0	0	
	47. Other Countries	0	0	0	
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States	0	0	0	
	50. Canada	0	0	0	
	51. Other Countries	0	0	0	
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. Total Common Stocks	0	0	0	
	55. Total Stocks	0	0	0	
	56. Total Bonds and Stocks	2,293,626	2,283,883	2,293,384	

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	0	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 7, Part 3	2,293,384	6.1 Column 15, Part 1	0
3. Increase (decrease) by adjustment:		6.2 Column 19, Part 2, Sec. 1	0
3.1 Columns 12 + 13 - 14, Part 1	242	6.3 Column 16, Part 2, Sec. 2	0
3.2 Column 18, Part 2, Sec. 1	0	6.4 Column 15, Part 4	0
3.3 Column 15, Part 2, Sec. 2	0	7. Book/adjusted carrying value at end of current period	2,293,626
3.4 Column 14, Part 4	0	8. Total valuation allowance	0
4. Total gain (loss), Col. 19, Part 4	0	9. Subtotal (Lines 7 plus 8)	2,293,626
5. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	0	10. Total nonadmitted amounts	0
		11. Statement value of bonds and stocks, current period	2,293,626

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only					
			3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	8 Property/ Casualty Premiums
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI	No	Yes			39,480,080			
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56. Canada CN								
57. Aggregate other alien OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business)	XXX	(a) 1	0	0	39,480,080	0	0	0
DETAILS OF WRITE-INS								
5701.	XXX	XXX						
5702.	XXX	XXX						
5703.	XXX	XXX						
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	XXX	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	XXX	XXX	0	0	0	0	0	0

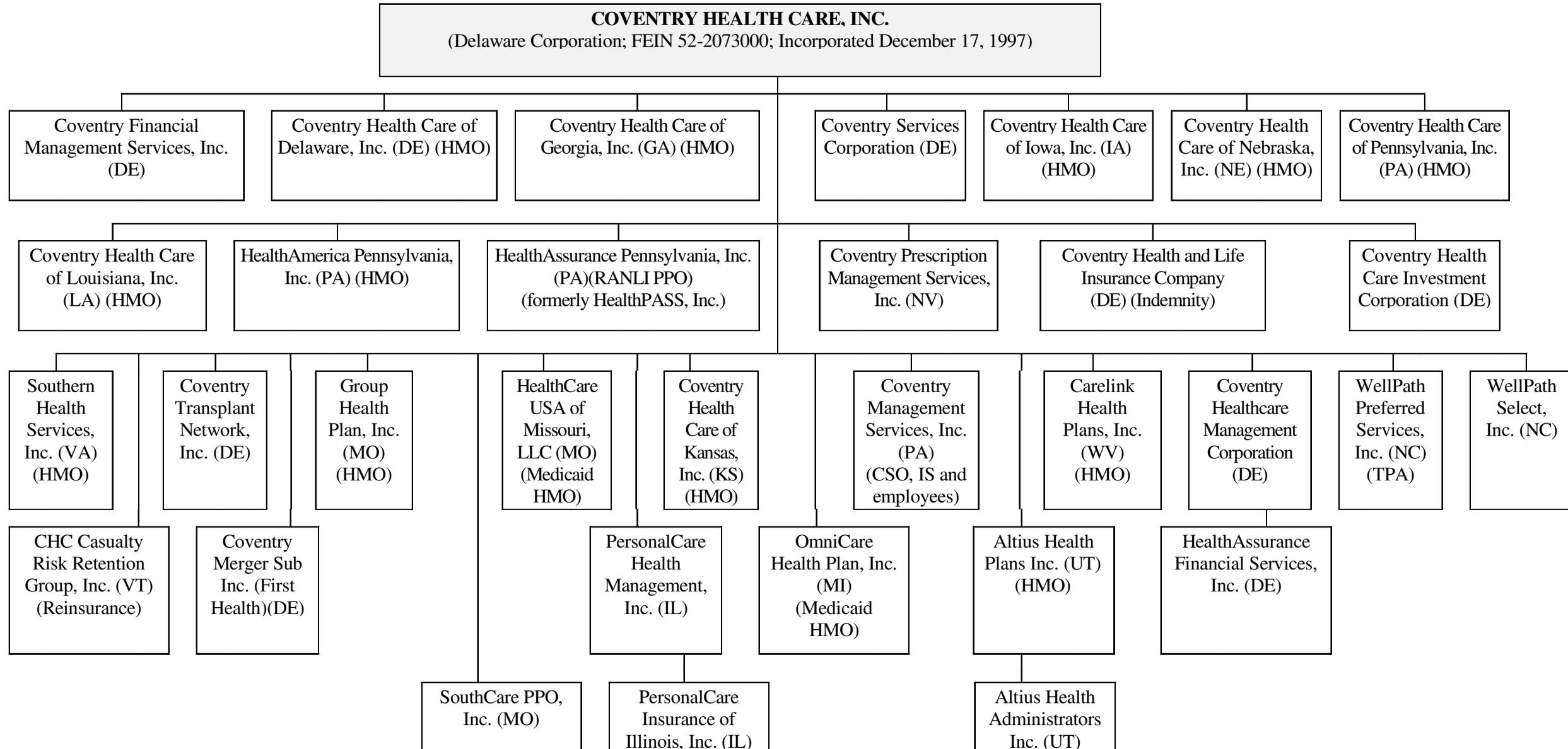
Explanation of basis of allocation by states, premiums by state, etc.:

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

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

PART 1 - ORGANIZATIONAL CHART

Coventry Health Care, Inc. Organizational Chart



51