AMENDED FILING EXPLANATION

We are amending the original filing due to comments received by OFIS.

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HEALTH ANNUAL STATEMENT

For the Year Ending December 31, 2004

of the Condition and Affairs of the

Physicians Health Plan of Southwest Michigan

NAIC Group Code.....1334, (Current Period) (Prior Period) NAIC Company Code..... 52569 Employer's ID Number..... 38-3376063

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

Licensed as Business Type.....Health Maintenance Organization Is HMO Federally Qualified? Yes [X] No [ ]

Incorporated..... March 31, 2000 Commenced Business..... June 1, 2000

Statutory Home Office	106 Farmers Alley Suite 300….. Kalamazoo ..... MI ..... 49005-1100 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	106 Farmers Alley Suite 300….. Kalamazoo ..... MI ..... 49005-1100 *(Street and Number) (City or Town, State and Zip Code)*	269-341-7200 *(Area Code) (Telephone Number)*
Mail Address	106 Farmers Alley Suite 300….. Kalamazoo ..... MI ..... 49005-1100 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	106 Farmers Alley Suite 300….. Kalamazoo ..... MI ..... 49005-1100 *(Street and Number) (City or Town, State and Zip Code)*	269-341-7200 *(Area Code) (Telephone Number)*
Internet Website Address	www.phpiba.com	
Statutory Statement Contact	David Lee Vis *(Name)*	269-341-7311 *(Area Code) (Telephone Number) (Extension)*
	dvis@ibahealth.com *(E-Mail Address)*	269-341-6928 *(Fax Number)*
Policyowner Relations Contact	106 Farmers Alley Suite 300….. Kalamazoo ..... MI ..... 49005-1100 *(Street and Number) (City or Town, State and Zip Code)*	269-341-7200 *(Area Code) (Telephone Number) (Extension)*

OFFICERS

Name	Title	Name	Title
1. Kenneth Lee Taft	Chief Executive Officer	2. Kenneth Lee Taft	Secretary
3. David Lee Vis	Chief Financial Officer	4. David Ike Kibbe	President

OTHER

DIRECTORS OR TRUSTEES

Susan Mary Ulshafer	Kenneth Lee Taft	Owen Mark Berow M.D.	David William Burke M.D.
Abbe Jane Siver	David Vincent Copeland	Dawn Joann Kline	Konrads Valentins Lubvas M.D
Judy Markusse Mann			

State of..... Michigan
County of..... Kalamazoo

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

(Signature)	(Signature)	(Signature)
Kenneth Lee Taft	Kenneth Lee Taft	David Lee Vis
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
Chief Executive Officer	Secretary	Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This day of

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

b. If no 1. State the amendment number 1

2. Date filed 4/13/2005

3. Number of pages attached

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED 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					
2. 2000	32,517	10,705	20		
3. 2001	XXX	57,061	6,224	(4)	
4. 2002	XXX	XXX	49,594	3,032	52
5. 2003	XXX	XXX	XXX	48,684	2,458
6. 2004	XXX	XXX	XXX	XXX	48,871

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					
2. 2000	44,003	42,612	43,243	43,243	43,243
3. 2001	XXX	68,495	63,473	63,281	63,281
4. 2002	XXX	XXX	57,763	52,195	52,678
5. 2003	XXX	XXX	XXX	53,698	51,080
6. 2004	XXX	XXX	XXX	XXX	53,168

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM 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 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2000	46,062	43,243	1,574	3.6	44,817	97.3			44,817	97.3
2. 2001	75,499	63,281	2,102	3.3	65,383	86.6			65,383	86.6
3. 2002	62,815	52,678	2,145	4.1	54,823	87.3			54,823	87.3
4. 2003	60,274	51,142	2,532	5.0	53,674	89.1	175		53,849	89.3
5. 2004	64,155	48,871	3,035	6.2	51,906	80.9	6,877	116	58,899	91.8

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior					
2. 2000	17,901	5,556	7		
3. 2001	XXX	29,614	2,255	(2)	
4. 2002	XXX	XXX	17,968	1,366	8
5. 2003	XXX	XXX	XXX	8,401	398
6. 2004	XXX	XXX	XXX	XXX	4,195

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

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					
2. 2000	24,521	23,100	23,464	23,464	23,464
3. 2001	XXX	36,288	31,934	31,867	31,867
4. 2002	XXX	XXX	19,482	19,130	19,342
5. 2003	XXX	XXX	XXX	9,783	8,824
6. 2004	XXX	XXX	XXX	XXX	5,081

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2000	25,701	23,464	878	3.7	24,342	94.7			24,342	94.7
2. 2001	36,197	31,867	1,007	3.2	32,874	90.8			32,874	90.8
3. 2002	19,865	19,342	678	3.5	20,020	100.8			20,020	100.8
4. 2003	10,348	8,799	435	4.9	9,234	89.2	25		9,259	89.5
5. 2004	6,420	4,195	304	7.3	4,499	70.1	1,735	12	6,246	97.3

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

NONE

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					
2. 2000					
3. 2001	XXX				
4. 2002	XXX	XXX			
5. 2003	XXX	XXX	XXX		
6. 2004	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2000				0.0	0	0.0			0	0.0
2. 2001				0.0	0	0.0			0	0.0
3. 2002				0.0	0	0.0			0	0.0
4. 2003				0.0	0	0.0			0	0.0
5. 2004				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY

NONE

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					
2. 2000					
3. 2001	XXX				
4. 2002	XXX	XXX			
5. 2003	XXX	XXX	XXX		
6. 2004	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - DENTAL ONLY

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2000				0.0	0	0.0			0	0.0
2. 2001				0.0	0	0.0			0	0.0
3. 2002				0.0	0	0.0			0	0.0
4. 2003				0.0	0	0.0			0	0.0
5. 2004				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - VISION ONLY

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - VISION ONLY

NONE

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					
2. 2000					
3. 2001	XXX				
4. 2002	XXX	XXX			
5. 2003	XXX	XXX	XXX		
6. 2004	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - VISION ONLY

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2000				0.0	0	0.0			0	0.0
2. 2001				0.0	0	0.0			0	0.0
3. 2002				0.0	0	0.0			0	0.0
4. 2003				0.0	0	0.0			0	0.0
5. 2004				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

NONE

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					
2. 2000					
3. 2001	XXX				
4. 2002	XXX	XXX			
5. 2003	XXX	XXX	XXX		
6. 2004	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2000				0.0	0	0.0			0	0.0
2. 2001				0.0	0	0.0			0	0.0
3. 2002				0.0	0	0.0			0	0.0
4. 2003				0.0	0	0.0			0	0.0
5. 2004				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

NONE

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					
2. 2000					
3. 2001	XXX				
4. 2002	XXX	XXX			
5. 2003	XXX	XXX	XXX		
6. 2004	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2000				0.0	0	0.0			0	0.0
2. 2001				0.0	0	0.0			0	0.0
3. 2002				0.0	0	0.0			0	0.0
4. 2003				0.0	0	0.0			0	0.0
5. 2004				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED 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					
2. 2000	14,616	5,149	13		
3. 2001	XXX	27,447	3,969	(2)	
4. 2002	XXX	XXX	31,626	1,666	44
5. 2003	XXX	XXX	XXX	40,283	2,060
6. 2004	XXX	XXX	XXX	XXX	44,676

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					
2. 2000	19,482	19,512	19,779	19,779	19,779
3. 2001	XXX	32,207	31,539	31,414	31,414
4. 2002	XXX	XXX	38,281	33,065	33,336
5. 2003	XXX	XXX	XXX	43,915	42,256
6. 2004	XXX	XXX	XXX	XXX	48,087

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM 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 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2000	20,361	19,779	696	3.5	20,475	100.6			20,475	100.6
2. 2001	39,302	31,414	1,095	3.5	32,509	82.7			32,509	82.7
3. 2002	42,950	33,336	1,467	4.4	34,803	81.0			34,803	81.0
4. 2003	49,926	42,343	2,097	5.0	44,440	89.0	150		44,590	89.3
5. 2004	57,735	44,676	2,731	6.1	47,407	82.1	5,142	105	52,653	91.2

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - OTHER

NONE

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					
2. 2000					
3. 2001	XXX				
4. 2002	XXX	XXX			
5. 2003	XXX	XXX	XXX		
6. 2004	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2000				0.0	0	0.0			0	0.0
2. 2001				0.0	0	0.0			0	0.0
3. 2002				0.0	0	0.0			0	0.0
4. 2003				0.0	0	0.0			0	0.0
5. 2004				0.0	0	0.0			0	0.0

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 $.....0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $.....0

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. $.....0

1.5 Indicate total incurred claims on all Medicare Supplement insurance. $.....0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $.....0

1.62 Total incurred claims $.....0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned $.....0

1.65 Total incurred claims $.....0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $.....0

1.72 Total incurred claims $.....0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $.....0

1.75 Total incurred claims $.....0

1.76 Number of covered lives 0

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	64,155,094	59,740,922
2.2 Premium Denominator	64,155,094	59,740,922
2.3 Premium Ratio (2.1/2.2)	100.0	100.0
2.4 Reserve Numerator	4,993,424	5,473,993
2.5 Reserve Denominator	7,052,344	7,803,294
2.6 Reserve Ratio (2.4/2.5)	70.8	70.1

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 departments 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 [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 $.....187,500

5.32 Medical only $.....0

5.33 Medicare supplement $.....0

5.34 Dental $.....0

5.35 Other limited benefit plan $.....0

5.36 Other $.....0

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:

Plan carries insolvency protection as a rider to its reinsurance agreement. In the provider agreements, the medical group agrees not to maintain any action at law or in equity against a Member to collect sums that are owed to Medical Group by HDN or payor under the terms of this agreement, even in the event that the HDN or payor fails to pay, becomes insolvent or

7.1 Does the reporting entity set up its claim liability for provider services on a service date 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 1,120

8.2 Number of providers at end of reporting year 1,097

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 the 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 $.....0

10.22 Amount actually paid for year bonuses $.....0

10.23 Maximum amount payable withholds $.....606,025

10.24 Amount actually paid for year withholds $.....603,918

11.1 Is the reporting entity organized as:

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

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

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

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

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

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

11.4 If yes, show the amount required. $.....4,792,682

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:

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

1 Name of Service Area
Allegan, Berrien, Barry, Branch, Calhoun, Cass,
Kalamazoo, St. Joseph, Van Buren

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)	15,272,463	15,745,294	18,588,141	20,187,016	15,543,700
2. Total liabilities (Page 3, Line 22)	8,002,786	9,689,376	11,134,817	14,630,581	13,953,208
3. Statutory surplus	4,792,682	4,900,034	7,452,874	5,555,985	4,499,550
4. Total capital and surplus (Page 3, Line 30)	7,269,677	6,055,918	7,453,324	5,556,435	1,590,492
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	60,694,128	57,222,546	62,030,109	74,502,993	46,061,914
6. Total medical and hospital expenses (Line 18)	50,958,524	51,361,791	53,757,344	66,885,262	42,720,972
7. Claims adjustment expenses (Line 20)	2,791,461	2,619,755	2,417,773	2,102,106	
8. Total administrative expenses (Line 21)	5,644,730	5,634,473	6,126,158	7,735,119	6,679,607
9. Net underwriting gain (loss) (Line 24)	1,299,413	(2,393,473)	(271,167)	(1,256,518)	(3,126,943)
10. Net investment gain (loss) (Line 27)	242,836	301,516	455,534	657,945	537,599
11. Total other income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	1,542,249	(2,091,957)	184,367	(598,573)	(2,589,344)
Risk-Based Capital Analysis					
13. Total adjusted capital	7,269,677	6,055,918	7,453,324	5,556,435	1,590,492
14. Authorized control level risk-based capital	2,396,341	2,450,017	2,510,114	3,044,616	3,777,311
Enrollment (Exhibit 2)					
15. Total members at end of period (Column 5, Line 7)	34,111	32,761	31,856	36,838	43,381
16 Total member months (Column 6, Line 7)	400,217	378,238	391,538	465,404	319,498
Operating Percentage (Page 4) **(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100**					
17. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical (Line 18)	79.4	86.0	86.7	89.8	92.7
19. Cost containment expenses	0.1	XXX	XXX	XXX	XXX
20. Other claims adjustment expenses	4.4	4.4	3.9	2.8	
21. Total underwriting deductions (Line 23)	92.6	99.8	100.4	101.7	106.8
22. Total underwriting gain (loss) (Line 24)	2.0	(4.0)	(0.4)	(1.7)	6.8
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 12, Col. 5)	2,766,410	2,839,637	7,331,909	11,563,950	
24. Estimated liability of unpaid claims - [prior year (Line 12, Col. 6)]	5,184,998	5,941,550	11,618,065	12,248,510	
Investments in Parent, Subsidiaries and Affiliates					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
26. Affiliated preferred stocks (Sch D. Summary, Line 39, Col. 1)					
27. Affiliated common stocks (Sch D. Summary, Line 53, Col. 2)					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated	175,936	314,512	302,680	291,173	139,379
31. Total of above Lines 25 to 30	175,936	314,512	302,680	291,173	139,379