* 5 2 5 6 4 2 0 0 6 2 0 1 0 0 1 0 1 *

HEALTH QUARTERLY STATEMENT

As of March 31, 2006

of the Condition and Affairs of the

Physicians Health Plan of South Michigan

NAIC Group Code.....35943594 (Current Period) (Prior Period) NAIC Company Code..... 52564 Employer's ID Number..... 38-3311905

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 [ ] No [X]

Incorporated/Organized..... April 17, 1996 Commenced Business..... May 1, 2000

Statutory Home Office	One Jackson Square….. Jackson ..... MI ..... 49201 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	One Jackson Square….. Jackson ..... MI ..... 49201 *(Street and Number) (City or Town, State and Zip Code)*	800-428-7163 *(Area Code) (Telephone Number)*
Mail Address	One Jackson Square….. Jackson ..... MI ..... 49201 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	One Jackson Square….. Jackson ..... MI ..... 49201 *(Street and Number) (City or Town, State and Zip Code)*	800-428-7163 *(Area Code) (Telephone Number)*
Internet Website Address	PHPCARES.com	
Statutory Statement Contact	Wynn Hazen *(Name)*	517-841-6973 *(Area Code) (Telephone Number) (Extension)*
	Wynn.Hazen@PHPCARES.com *(E-Mail Address)*	517-782-4512 *(Fax Number)*
Policyowner Relations Contact	One Jackson Square….. Jackson ..... MI ..... 49201 *(Street and Number) (City or Town, State and Zip Code)*	800-428-7163 *(Area Code) (Telephone Number) (Extension)*

OFFICERS

Name	Title	Name	Title
1. Greg Gieseman	President	2. Jeanne' Wickens	Secretary / Treasurer
3. Wynn Hazen	Interim Chief Financial Officer	4.	

OTHER

DIRECTORS OR TRUSTEES

Dave Corravo	Brian Adamczyk M.D.	Georgia Fojtasek	Rick Warren
Edward Woods	K. V. Rao M.D.	Jeanne' Wickens	Phil Miller
Michael Shore	Carolyn Bradley	Jan Blair	Beth Smith

State of.....Michigan
County of.....Jackson

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.

(Signature)	(Signature)	(Signature)
Greg Gieseman	Jeanne' Wickens	Wynn Hazen
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Secretary / Treasurer	Interim Chief Financial Officer
(Title)	(Title)	(Title)

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 _____

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds	7,415,461		7,415,461	8,174,244
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks			0	
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate:				
4.1 Properties occupied by the company (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....(705,476)), cash equivalents ($.....0) and short-term investments ($.....21,485,557)	20,780,081		20,780,081	23,843,693
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets	2,998,074	607,326	2,390,748	2,108,181
8. Receivables for securities			0	
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	31,193,616	607,326	30,586,290	34,126,117
11. Title Plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	115,635		115,635	143,406
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	647,548	13,297	634,252	689,319
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	43,233		43,233	35,177
14.2 Funds held by or deposited with reinsured companies			0	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon			0	
16.2 Net deferred tax asset			0	
17. Guaranty funds receivable or on deposit			0	
18. Electronic data processing equipment and software	1,085,557	1,085,557	0	61,055
19. Furniture and equipment, including health care delivery assets ($.....0)	91,822	91,822	0	24,733
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates	34,295	6,973	27,322	6,973
22. Health care ($.....1,182,344) and other amounts receivable	1,264,012	32,954	1,231,058	1,060,346
23. Aggregate write-ins for other than invested assets	103,491	103,491	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	34,579,210	1,941,419	32,637,790	36,147,127
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	34,579,210	1,941,419	32,637,790	36,147,127

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepaid Insurance	103,491	103,491	0	
2302.			0	
2303.			0	
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)	103,491	103,491	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $.....217,375 reinsurance ceded)	8,738,926	734,165	9,473,091	10,694,053
2. Accrued medical incentive pool and bonus amounts	3,705,244		3,705,244	2,871,270
3. Unpaid claims adjustment expenses	487,500		487,500	1,098,964
4. Aggregate health policy reserves			0	
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	450,660		450,660	679,635
9. General expenses due or accrued	903,768		903,768	2,037,348
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses))			0	
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	72,299
12. Amounts withheld or retained for the account of others	8,182		8,182	7,342
13. Remittances and items not allocated			0	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	281,685		281,685	718,892
16. Payable for securities			0	
17. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
18. Reinsurance in unauthorized companies			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	
20. Liability for amounts held under uninsured plans			0	
21. Aggregate write-ins for other liabilities (including $.....0 current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	14,575,966	734,165	15,310,130	18,179,804
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX		
25. Preferred capital stock	XXX	XXX		
26. Gross paid in and contributed surplus	XXX	XXX	10,888,193	10,888,193
27. Surplus notes	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	6,439,467	7,079,130
30. Less treasury stock, at cost:				
30.1 .....0.000 shares common (value included in Line 24 $.....0)	XXX	XXX		
30.2 .....0.000 shares preferred (value included in Line 25 $.....0)	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	17,327,660	17,967,323
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	32,637,790	36,147,127

DETAILS OF WRITE-INS

2101.			0	
2102.			0	
2103.			0	
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
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.				
2802.				
2803.				
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year to Date
	1 Uncovered	2 Total	3 Total
1. Member months	XXX	74,335	85,886
2. Net premium income (including $.....0 non-health premium income)	XXX	20,661,024	21,293,225
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of $.....0 medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	20,661,024	21,293,225
Hospital and Medical:			
9. Hospital/medical benefits	987,727	12,744,861	13,049,709
10. Other professional services	140,982	1,819,125	1,530,016
11. Outside referrals			
12. Emergency room and out-of-area	71,534	923,018	869,011
13. Prescription drugs	198,253	2,558,098	2,666,152
14. Aggregate write-ins for other hospital and medical	0	(96,062)	(24,843)
15. Incentive pool, withhold adjustments and bonus amounts		600,076	456,308
16. Subtotal (Lines 9 to 15)	1,398,495	18,549,116	18,546,352
Less:			
17. Net reinsurance recoveries		225,430	54,875
18. Total hospital and medical (Lines 16 minus 17)	1,398,495	18,323,686	18,491,478
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....15,262 cost containment expenses		953,859	759,891
21. General administrative expenses		1,768,340	1,490,305
22. Increase in reserves for life and accident and health contracts (including $.....0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	1,398,495	21,045,885	20,741,674
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(384,861)	551,551
25. Net investment income earned		298,760	172,863
26. Net realized capital gains (losses) less capital gains tax of $.....0		(6,349)	(6,896)
27. Net investment gains or (losses) (Lines 25 plus 26)	0	292,411	165,966
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(92,450)	717,517
31. Federal and foreign income taxes incurred	XXX		
32. Net income (loss) (Lines 30 minus 31)	XXX	(92,450)	717,517

DETAILS OF WRITE-INS

0601.	XXX		
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	0	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. Other Medical Costs		(96,062)	(24,843)
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	(96,062)	(24,843)
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

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year to Date	2 Prior Year To Date	3 Prior Year
33. Capital and surplus prior reporting year	17,967,323	16,666,748	16,666,748
34. Net income or (loss) from Line 32	(92,450)	717,517	2,615,917
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of $.....0	25,655	(200,748)	(195,230)
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax			
39. Change in nonadmitted assets	(572,867)	(16,207)	(1,120,112)
40. Change in unauthorized reinsurance			
41. Change in treasury stock			
42. Change in surplus notes			
43. Cumulative effect of changes in accounting principles			
44. Capital changes:			
44.1 Paid in			
44.2 Transferred from surplus (Stock Dividend)			
44.3 Transferred to surplus			
45. Surplus adjustments:			
45.1 Paid in			
45.2 Transferred to capital (Stock Dividend)			
45.3 Transferred from capital			
46. Dividends to stockholders			
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital and surplus (Lines 34 to 47)	(639,663)	500,562	1,300,576
49. Capital and surplus end of reporting period (Line 33 plus 48)	17,327,660	17,167,310	17,967,323

DETAILS OF WRITE-INS

4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	20,487,116	85,464,531
2. Net investment income	328,637	883,779
3. Miscellaneous income	85,788	2,188,400
4. Total (Lines 1 through 3)	20,901,541	88,536,710
5. Benefit and loss related payments	20,356,352	79,103,265
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	2,901,920	5,800,081
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) $.....0 net tax on capital gains (losses)		
10. Total (Lines 5 through 9)	23,258,272	84,903,346
11. Net cash from operations (Line 4 minus Line 10)	(2,356,731)	3,633,364
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	888,876	2,637,088
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		(42)
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	888,876	2,637,046
13. Cost of investments acquired (long-term only):		
13.1 Bonds	144,896	3,491,816
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	650,000	340,000
13.6 Miscellaneous applications	(373,781)	(407,949)
13.7 Total investments acquired (Lines 13.1 to 13.6)	421,115	3,423,867
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	467,761	(786,821)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(1,174,641)	(1,192,383)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,174,641)	(1,192,383)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(3,063,611)	1,654,160
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	23,843,693	22,189,532
19.2 End of period (Line 18 plus Line 19.1)	20,780,081	23,843,693

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at End of:													
1. Prior Year	28,156	152	28,004										
2. First Quarter	24,709	154	24,555										
3. Second Quarter	0												
4. Third Quarter	0												
5. Current Year	0												
6. Current Year Member Months	74,335	463	73,872										
Total Member Ambulatory Encounters for Period:													
7. Physician	61,296	386	60,910										
8. Non-Physician	19,334	122	19,212										
9. Total	80,630	508	80,122	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	2,011	72	1,939										
11. Number of Inpatient Admissions	503	10	493										
12. Health Premiums Written	20,969,402	132,059	20,837,343										
13. Life Premiums Direct	0												
14. Property/Casualty Premiums Written	0												
15. Health Premiums Earned	20,969,402	132,059	20,837,343										
16. Property/Casualty Premiums Earned	0												
17. Amount Paid for Provision of Health Care Services	19,147,203	120,627	19,026,576										
18. Amount Incurred for Provision of Health Care Services	18,549,116	116,859	18,432,257										

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0299999. Aggregate Accounts Not Individually Listed-Uncovered	103,790	4,733	491		(134)	108,880
0399999. Aggregate Accounts Not Individually Listed-Covered	1,235,437	56,343	5,840		(1,601)	1,296,019
0499999. Subtotals	1,339,227	61,076	6,331	0	(1,735)	1,404,899
0599999. Unreported Claims and Other Claim Reserves						8,285,567
0799999. Total Claims Unpaid						9,690,466
0899999. Accrued Medical Incentive Pool and Bonus Amounts						3,705,244

UNDERWRITING AND INVESTMENT EXHIBIT

Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	5,850,688	13,227,855	2,009,942	7,463,148	7,860,631	10,694,051
2. Medicare Supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal Employees Health Benefits Plan Premiums					0	
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid					0	
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	5,850,688	13,227,855	2,009,942	7,463,148	7,860,631	10,694,051
10. Healthcare receivables (a)	213,007	969,337			213,007	1,048,372
11. Other non-health					0	
12. Medical incentive pools and bonus amounts		(233,898)	3,098,251	606,993	3,098,251	2,871,269
13. Totals	5,637,681	12,024,620	5,108,193	8,070,141	10,745,875	12,516,949

(a) Excludes $.....0 loans or advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

No significant change.

Note 2 - Accounting Changes and Corrections of Errors

No significant change.

Note 3 - Business Combinations and Goodwill

No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

No significant change.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

Note 7 - Investment Income

No significant change.

Note 8 - Derivative Instruments

No significant change.

Note 9 - Income Taxes

No significant change.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

No significant change.

Note 11 - Debt

No significant change.

Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No significant change.

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

No significant change.

Note 14 - Contingencies

No significant change.

Note 15 - Leases

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No significant change.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

No significant change.

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

No significant change.

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

No significant change.

Note 20 - September 11 Events

No significant change.

Note 21 - Other Items

No significant change.

Note 22 - Events Subsequent

PHPSM's wholly owned subsidiary, PHPSM-FamilyCare, has surrendered its certificate of authority to operate in Michigan as a health maintenance organization. Furthermore, PHPSM is in the process of dissolving the subsidiary.

Note 23 - Reinsurance

PHPSM changed reinsurance carriers effective 1/1/06. Terms and conditions of the new policy are essentially similar to previous coverages.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

No significant change.

Note 26 - Intercompany Pooling Arrangements

No significant change.

Note 27 - Structured Settlements

No significant change.

Note 28 - Health Care Receivables

No significant change.

Note 29 - Participating Policies

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 30 - Premium Deficiency Reserves

No significant change.

Note 31 - Anticipated Salvage and Subrogation

No significant change.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

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 [X]

2.2 If yes, date of change: .....

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]
If yes, complete the Schedule Y-Part 1 - Organizational chart.

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

4.2 If yes, provide name of 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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [X] N/A [ ]
If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2005.....

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2001.....

6.3 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). 03/25/2003.....

6.4 By what department or departments?

Michigan Office of Financial and Insurance Services

7.1 Has this 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? Yes [ ] No [X]

7.2 If yes, give full information:

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 the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal 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

FINANCIAL

9.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]

9.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. $.....0

INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [ ] No [X]

10.2 If yes, explain:.....

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [X]

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $.....0

13. Amount of real estate and mortgages held in short-term investments: $.....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] No [ ]

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Statement Value
14.21 Bonds	$ 0	$ 0
14.22 Preferred Stock	$ 0	$ 0
14.23 Common Stock	$ 0	$ 0
14.24 Short-Term Investments	$ 0	$ 0
14.25 Mortgages, Loans or Real Estate	$ 0	$ 0
14.26 All Other	$ 2,108,181	$ 2,390,748
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 2,108,181	$ 2,390,748
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	$ 0	$ 0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]

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

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

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

1 Name of Custodian(s)	2 Custodian Address
Comerica Bank	Detroit, MI

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ] No [X]

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

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

16.5 Identify all investment advisors, broker/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	2 Name(s)	3 Address
Munder Capital	Mike Krushena	480 Pierce, Birmingham, MI

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

17.2 If no, list exceptions: _____

SCHEDULE A - VERIFICATION

Real Estate

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	
2. Increase (decrease) by adjustment		
3. Cost of acquired		
4. Cost of additions to and permanent improvements		
5. Total profit (loss) on sales		
6. Increase (decrease) by foreign exchange adjustment		
7. Amount received on sales		
8. Book/adjusted carrying value at end of current period	0	0
9. Total valuation allowance		
10. Subtotal (Lines 8 plus 9)	0	0
11. Total nonadmitted amounts		
12. Statement value, current period (Page 2, real estate lines, net admitted assets column)	0	0

SCHEDULE B - VERIFICATION

Mortgage Loans

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year	0	
2. Amount loaned during period:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Accrual of discount and mortgage interest points and commitment fees		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, net admitted assets column)	0	0

SCHEDULE BA - VERIFICATION

Other Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	2,322,420	2,177,649
2. Cost of acquisitions during period:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions	650,000	340,000
3. Accrual of discount		
4. Increase (decrease) by adjustment	25,655	(195,230)
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book adjusted/carrying value of long-term invested assets at end of current period	2,998,074	2,322,420
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	2,998,074	2,322,420
12. Total nonadmitted amounts	607,326	214,239
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	2,390,748	2,108,181

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	8,174,243	7,416,174
2. Cost of bonds and stocks acquired	144,896	3,491,816
3. Accrual of discount	4,223	8,284
4. Increase (decrease) by adjustment		
5. Increase (decrease) by foreign exchange adjustment		
6. Total profit (loss) on disposal	(6,349)	(22,887)
7. Consideration for bonds and stocks disposed of	888,876	2,637,088
8. Amortization of premium	12,678	82,056
9. Book/adjusted carrying value, current period	7,415,459	8,174,243
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	7,415,459	8,174,243
12. Total nonadmitted amounts		
13. Statement value	7,415,459	8,174,243

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	32,873,382	13,932,314	17,896,224	(8,454)	28,901,018			32,873,382
2. Class 2								
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	32,873,382	13,932,314	17,896,224	(8,454)	28,901,018	0	0	32,873,382
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	32,873,382	13,932,314	17,896,224	(8,454)	28,901,018	0	0	32,873,382

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
8299999. Totals	21,485,557	XXX	21,485,557	258,675	

SCHEDULE DA - PART 2 - Verification

Short-Term Investments Owned

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	24,699,139	24,042,419
2. Cost of short-term investments acquired	13,787,418	52,544,998
3. Increase (decrease) by adjustment		410
4. Increase (decrease) by foreign exchange adjustment		
5. Total profit (loss) on disposal of short-term investments		(42)
6. Consideration received on disposal of short-term investments	17,001,000	51,888,646
7. Book/adjusted carrying value, current period	21,485,557	24,699,139
8. Total valuation allowance		
9. Subtotal (Lines 7 plus 8)	21,485,557	24,699,139
10. Total nonadmitted amounts		
11. Statement value (Lines 9 minus 10)	21,485,557	24,699,139
12. Income collected during period	258,675	667,061
13. Income earned during period	254,398	699,071

Sch. DB-Part F-Section 1
NONE

Sch. DB-Part F-Section 2
NONE

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Location	5 Is Insurer Authorized? (YES or NO)
A&H Non-Affiliates				
39845	48-0921045	Emplyers Reinsurance Corporation	Overland Park, KS	YES

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

	1	2	Direct Business Only Year to Date					
			3	4	5	6	7	8
State, Etc.	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Deposit-Type Contract Funds	Property/Casualty Premiums
1. Alabama AL	NO	NO						
2. Alaska AK	NO	NO						
3. Arizona AZ	NO	NO						
4. Arkansas AR	NO	NO						
5. California CA	NO	NO						
6. Colorado CO	NO	NO						
7. Connecticut CT	NO	NO						
8. Delaware DE	NO	NO						
9. District of Columbia DC	NO	NO						
10. Florida FL	NO	NO						
11. Georgia GA	NO	NO						
12. Hawaii HI	NO	NO						
13. Idaho ID	NO	NO						
14. Illinois IL	NO	NO						
15. Indiana IN	NO	NO						
16. Iowa IA	NO	NO						
17. Kansas KS	NO	NO						
18. Kentucky KY	NO	NO						
19. Louisiana LA	NO	NO						
20. Maine ME	NO	NO						
21. Maryland MD	NO	NO						
22. Massachusetts MA	NO	NO						
23. Michigan MI	NO	YES	20,969,402					
24. Minnesota MN	NO	NO						
25. Mississippi MS	NO	NO						
26. Missouri MO	NO	NO						
27. Montana MT	NO	NO						
28. Nebraska NE	NO	NO						
29. Nevada NV	NO	NO						
30. New Hampshire NH	NO	NO						
31. New Jersey NJ	NO	NO						
32. New Mexico NM	NO	NO						
33. New York NY	NO	NO						
34. North Carolina NC	NO	NO						
35. North Dakota ND	NO	NO						
36. Ohio OH	NO	NO						
37. Oklahoma OK	NO	NO						
38. Oregon OR	NO	NO						
39. Pennsylvania PA	NO	NO						
40. Rhode Island RI	NO	NO						
41. South Carolina SC	NO	NO						
42. South Dakota SD	NO	NO						
43. Tennessee TN	NO	NO						
44. Texas TX	NO	NO						
45. Utah UT	NO	NO						
46. Vermont VT	NO	NO						
47. Virginia VA	NO	NO						
48. Washington WA	NO	NO						
49. West Virginia WV	NO	NO						
50. Wisconsin WI	NO	NO						
51. Wyoming WY	NO	NO						
52. American Samoa AS	NO	NO						
53. Guam GU	NO	NO						
54. Puerto Rico PR	NO	NO						
55. U.S. Virgin Islands VI	NO	NO						
56. Northern Mariana Islands MP								
57. Canada CN	NO	NO						
58. Aggregate Other alien OT	XXX	XXX	0	0	0	0	0	0
59. Subtotal	XXX	XXX	20,969,402	0	0	0	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	XXX						
61. Total (Direct Business)	XXX	(a) 1	20,969,402	0	0	0	0	0

DETAILS OF WRITE-INS

5801.						
5802.						
5803.						
5898. Summary of remaining write-ins for line 58 from overflow page	0	0	0	0	0	0
5899. Total (Lines 5801 thru 5803 plus 5898) (Line 58 above)	0	0	0	0	0	0

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

Sch. Y-Part 1
NONE

Overflow Page
NONE

Sch. A-Part 2
NONE

Sch. A-Part 3
NONE

Sch. B-Part 1
NONE

Sch. B-Part 2
NONE

Sch. BA-Part 1
NONE

Sch. BA-Part 2
NONE

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Government									
912828 DX 5	UNITED STATES TREAS NTS		01/30/2006	CREDIT SUISSE		144,896	150,000	732	1
0399999.	Total - Bonds - U.S. Government					144,896	150,000	732	XXX
6099997.	Total - Bonds - Part 3					144,896	150,000	732	XXX
6099999.	Total - Bonds					144,896	150,000	732	XXX
7499999.	Total - Bonds, Preferred and Common Stocks					144,896	XXX	732	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues: 0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Government																					
3133MW 2M 2	FEDERAL HOME LN BKS		.02/15/2006	MATURITY		200,000	200,000	199,064	199,524		476		476		200,000			0	2,375	02/15/2006	1
3134A4 CX 0	FEDERAL HOME LN MTG CORP		.01/15/2006	MATURITY		335,000	335,000	350,897	335,362		(362)		(362)		335,000			0	8,794	01/15/2006	1
0399999.	Total - Bonds - U.S. Government					535,000	535,000	549,961	534,886	0	114	0	114	0	535,000	0	0	0	11,169	XXX	XXX
Bonds - Industrial and Miscellaneous																					
14041P AT 3	CAPITAL ONE PRIME AUTO 2004-2		.03/15/2006	PRINCIPAL RECEIPT		38,553	38,553	38,270	38,433		120		120		38,553			0	164	03/15/2008	1FE
166778 BH 2	CHEVY CHASE AUTO TR 2001-2		.03/16/2006	COMERICA BANK		150,000	150,000	152,338	151,542		(14)		(14)		151,528		(1,528)	(1,528)	1,935	03/17/2008	1FE
319963 AL 8	FIRST DATA CORP		.01/30/2006	CREDIT SUISSE		145,104	150,000	149,915	149,924		1		1		149,925		(4,821)	(4,821)	881	06/15/2010	1FE
92926Y AD 5	WFS FINANCIAL OWNER TR 2003-1		.03/20/2006	PRINCIPAL RECEIPT		20,218	20,218	20,012	20,149		69		69		20,218			0	77	09/20/2010	1FE
4599999.	Total - Bonds - Industrial & Miscellaneous					353,875	358,772	360,535	360,048	0	176	0	176	0	360,224	0	(6,349)	(6,349)	3,057	XXX	XXX
6099997.	Total - Bonds - Part 4					888,875	893,772	910,496	894,934	0	290	0	290	0	895,224	0	(6,349)	(6,349)	14,226	XXX	XXX
6099999.	Total - Bonds					888,875	893,772	910,496	894,934	0	290	0	290	0	895,224	0	(6,349)	(6,349)	14,226	XXX	XXX
7499999.	Total - Bonds, Preferred and Common Stocks					888,875	XXX	910,496	894,934	0	290	0	290	0	895,224	0	(6,349)	(6,349)	14,226	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues: 0.

Sch. DB-Part A-Section 1
NONE

Sch. DB-Part B-Section 1
NONE

Sch. DB-Part C-Section 1
NONE

Sch. DB-Part D-Section 1
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories								
JPMorgan Chase					(3,165,468)	(3,091,947)	(1,787,823)	XXX
Comerica					1,441,576	884,268	1,082,347	XXX
0199999. Total Open Depositories	XXX	XXX	0	0	(1,723,891)	(2,207,679)	(705,476)	XXX
0399999. Total Cash on Deposit	XXX	XXX	0	0	(1,723,891)	(2,207,679)	(705,476)	XXX
0599999. Total Cash	XXX	XXX	0	0	(1,723,891)	(2,207,679)	(705,476)	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned at End of Current Quarter

1 CUSIP Identification	2 Description	3 Code	4 Date Acquired	5 Rate of Interest	6 Maturity Date	7 Book/Adjusted Carrying Value	8 Amount of Interest Due & Accrued	9 Gross Investment Income

NONE