



**HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2005
OF THE CONDITION AND AFFAIRS OF THE**

Priority Health

NAIC Group Code 3383 3383 NAIC Company Code 95561 Employer's ID Number 38-2715520
(Current Period) (Prior Period)

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

Country of Domicile United States of America

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

Incorporated/Organized 03/07/1986 Commenced Business 10/15/1986

Statutory Home Office 1231 East Beltline NE, Grand Rapids, MI 49525-4501
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 1231 East Beltline NE
(Street and Number)
Grand Rapids, MI 49525-4501 616-464-8235
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1231 East Beltline NE, Grand Rapids, MI 49525-4501
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 1231 East Beltline NE
(Street and Number)
Grand Rapids, MI 49525-4501 616-464-8144
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.priority-health.com

Statutory Statement Contact Nicholas Gates 616-464-8144
(Name) (Area Code) (Telephone Number) (Extension)
nicholas.gates@priority-health.com 616-942-7916
(E-mail Address) (FAX Number)

Policyowner Relations Contact 1231 East Beltline NE
(Street and Number)
Grand Rapids, MI 49525-4501 800-446-5674
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

Name	Title	Name	Title
<u>Kimberly K Horn</u>	<u>Chief Executive Officer</u>	<u>Judith W Hooyenga</u>	<u>Secretary</u>
<u>Dennis J Reese</u>	<u>CFO</u>		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

<u>Richard C. Breon</u>	<u>Joseph L Brock</u>	<u>Gaylen J Byker</u>	<u>Craig Bethune</u>
<u>Kenneth J Fawcett</u>	<u>Michael P Freed</u>	<u>Jon M Gans</u>	<u>David E Gast</u>
<u>Jerold R Harwood</u>	<u>Christina MacInnes #</u>	<u>Nicholas P Kokx</u>	<u>Lynn M Kotecki</u>
<u>Peter B Lundeen</u>	<u>Charles E McCallum</u>	<u>Kathleen Ponitz #</u>	<u>Timothy V Smith</u>
<u>Hilary F Snell</u>	<u>Dale M Sowders</u>	<u>Jody D Vanderwel</u>	<u>Thomas J Wesholski</u>
<u>David B Johnson</u>	<u>Dennis Aloia</u>	<u>Daniel H Baldwin</u>	<u>Stephen W Burkhammer</u>
<u>Stephen Reznicek #</u>	<u>Robert Roth</u>	<u>Thomas Schwaderer #</u>	

State ofMichigan.....

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County ofKent.....

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.

Kimberly K Horn
Chief Executive Officer

Judith W Hooyenga
Secretary

Dennis J Reese
CFO

Subscribed and sworn to before me this
28th day of February, 2006

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

Cheryl Britcher
Executive Administrative Assistant
12/30/2011

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Priority Health

EXHIBIT 7 PART 1- SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total	3 Total Members Covered	4 Column 3 as a % of Total	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups	49,217,239	5.5		0.0	49,217,239	
2. Intermediaries	0	0.0		0.0		
3. All other providers	37,396,881	4.2		0.0	37,396,881	
4. Total capitation payments	86,614,120	9.7	0	0.0	86,614,120	0
Other Payments:						
5. Fee-for-service	84,668,463	9.5	XXX	XXX	0	84,668,463
6. Contractual fee payments	135,864,061	15.2	XXX	XXX	135,864,061	
7. Bonus/withhold arrangements - fee-for-service	0	0.0	XXX	XXX		
8. Bonus/withhold arrangements - contractual fee payments	588,790,933	65.7	XXX	XXX	588,790,933	
9. Non-contingent salaries	0	0.0	XXX	XXX		
10. Aggregate cost arrangements	0	0.0	XXX	XXX		
11. All other payments	0	0.0	XXX	XXX		
12. Total other payments	809,323,457	90.3	XXX	XXX	724,654,994	84,668,463
13. TOTAL (Line 4 plus Line 12)	895,937,577	100 %	XXX	XXX	811,269,114	84,668,463

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC
NONE					
9999999 Totals			XXX	XXX	XXX

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ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Priority Health

EXHIBIT 8 – FURNITURE, EQUIPMENT AND SUPPLIES OWNED

Description	1 Cost	2 Improvements	3 Accumulated Depreciation	4 Book Value Less Encumbrances	5 Assets Not Admitted	6 Net Admitted Assets
1. Administrative furniture and equipment	2,255,500		2,255,322	178	178	
2. Medical furniture, equipment and fixtures						
3. Pharmaceuticals and surgical supplies						
4. Durable medical equipment						
5. Other property and equipment	6,163,693		6,163,659	34	34	
6. Total	8,419,193	0	8,418,981	212	212	0



ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Priority Health

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION

Priority Health

2.

(LOCATION)

NAIC Group Code

3383

BUSINESS IN THE STATE OF Michigan

DURING THE YEAR 2005

NAIC Company Code

95561

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Stop Loss	11 Disability Income	12 Long-Term Care	13 Other
		2 Individual	3 Group										
Total Members at end of:													
1. Prior Year	363,563	862	362,701										
2. First Quarter	368,134	858	367,276										
3. Second Quarter	370,490	943	369,547										
4. Third Quarter	374,780	943	373,343					494					
5. Current Year	372,107	939	370,199					969					
6. Current Year Member Months	4,444,474	11,022	4,430,134					3,318					
Total Member Ambulatory Encounters for Year:													
7. Physician	4,487,538	11,137	4,473,048					3,353					
8. Non-Physician	121,684	302	121,291					91					
9. Total	4,609,222	11,439	4,594,339	0	0	0	0	3,444	0	0	0	0	0
10. Hospital Patient Days Incurred	77,284	192	77,034					58					
11. Number of Inpatient Admissions	21,134	52	21,066					16					
12. Health Premiums Written	1,049,897,166	3,171,662	1,044,981,451					1,744,053					
13. Life Premiums Direct	0												
14. Property/Casualty Premiums Written	0												
15. Health Premiums Earned	1,048,491,582	3,167,410	1,043,580,372					1,743,800					
16. Property/Casualty Premiums Earned	0												
17. Amount Paid for Provision of Health Care Services	895,937,577	3,942,422	891,237,360					757,795					
18. Amount Incurred for Provision of Health Care Services	906,931,073	3,996,258	901,347,775					1,587,040					

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons under indemnity only products 0

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ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Priority Health

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION

Priority Health

2.

(LOCATION)

NAIC Group Code	3383	BUSINESS IN THE STATE OF Consolidated		DURING THE YEAR 2005									NAIC Company Code		95561
	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	363,563	862	362,701	0	0	0	0	0	0	0	0	0	0		
2. First Quarter	368,134	858	367,276	0	0	0	0	0	0	0	0	0	0		
3. Second Quarter	370,490	943	369,547	0	0	0	0	0	0	0	0	0	0		
4. Third Quarter	374,780	943	373,343	0	0	0	0	494	0	0	0	0	0		
5. Current Year	372,107	939	370,199	0	0	0	0	969	0	0	0	0	0		
6. Current Year Member Months	4,444,474	11,022	4,430,134	0	0	0	0	3,318	0	0	0	0	0		
Total Member Ambulatory Encounters for Year:															
7. Physician	4,487,538	11,137	4,473,048	0	0	0	0	3,353	0	0	0	0	0		
8. Non-Physician	121,684	302	121,291	0	0	0	0	91	0	0	0	0	0		
9. Total	4,609,222	11,439	4,594,339	0	0	0	0	3,444	0	0	0	0	0		
10. Hospital Patient Days Incurred	77,284	192	77,034	0	0	0	0	58	0	0	0	0	0		
11. Number of Inpatient Admissions	21,134	52	21,066	0	0	0	0	16	0	0	0	0	0		
12. Health Premiums Written	1,049,897,166	3,171,662	1,044,981,451	0	0	0	0	1,744,053	0	0	0	0	0		
13. Life Premiums Direct	0	0	0	0	0	0	0	0	0	0	0	0	0		
14. Property/Casualty Premiums Written	0	0	0	0	0	0	0	0	0	0	0	0	0		
15. Health Premiums Earned	1,048,491,582	3,167,410	1,043,580,372	0	0	0	0	1,743,800	0	0	0	0	0		
16. Property/Casualty Premiums Earned	0	0	0	0	0	0	0	0	0	0	0	0	0		
17. Amount Paid for Provision of Health Care Services	895,937,577	3,942,422	891,237,360	0	0	0	0	757,795	0	0	0	0	0		
18. Amount Incurred for Provision of Health Care Services	906,931,073	3,996,258	901,347,775	0	0	0	0	1,587,040	0	0	0	0	0		

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons under indemnity only products 0

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SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

1. Book/adjusted carrying value, December 31, prior year.....	404,124
2. Increase (decrease) by adjustment:	
2.1 Totals, Part 1, Column 11	(91,256)
2.2 Totals, Part 3, Column 7	0
3. Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9)	0
4. Cost of additions and permanent improvements:	
4.1 Totals, Part 1, Column 14	0
4.2 Totals, Part 3, Column 9	0
5. Total profit (loss) on sales, Part 3, Column 14	0
6. Increase (decrease) by foreign exchange adjustment:	
6.1 Totals, Part 1, Column 12	0
6.2 Totals, Part 3, Column 8	0
7. Amounts received on sales, Part 3, Column 11 and Part 1, Column 13	0
8. Book/adjusted carrying value at end of current period	312,868
9. Total valuation allowance	0
10. Subtotal (Lines 8 plus 9)	312,868
11. Total nonadmitted amounts	234,651
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	78,217

SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

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

SCHEDULE BA - VERIFICATION BETWEEN YEARS

Long-Term Invested Assets

1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	15,217,376
2. Cost of acquisitions during year:	
2.1 Actual cost at time of acquisitions	0
2.2 Additional investment made after acquisitions	0
3. Accrual of discount	0
4. Increase (decrease) by adjustment	(15,217,376)
5. Total profit (loss) on sale	0
6. Amounts paid on account or in full during the year	0
7. Amortization of premium	0
8. Increase (decrease) by foreign exchange adjustment	0
9. Book/adjusted carrying value of long-term invested assets at end of current period	0
10. Total valuation allowance	0
11. Subtotal (Lines 9 plus 10)	0
12. Total nonadmitted amounts	0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3).....	0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Priority Health

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Class 1	59,966,745	10,827,829	4,536,134	6,871,978	2,727,316	84,930,002	29.8	84,125,271	33.2	84,930,002	0
1.2 Class 2	0	0	0	0	0	0	0.0	0	0.0	0	0
1.3 Class 3	0	0	0	0	0	0	0.0	0	0.0	0	0
1.4 Class 4	0	0	0	0	0	0	0.0	0	0.0	0	0
1.5 Class 5	0	0	0	0	0	0	0.0	0	0.0	0	0
1.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
1.7 Totals	59,966,745	10,827,829	4,536,134	6,871,978	2,727,316	84,930,002	29.8	84,125,271	33.2	84,930,002	0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Class 1	0	0	0	0	0	0	0.0	0	0.0	0	0
2.2 Class 2	0	0	0	0	0	0	0.0	0	0.0	0	0
2.3 Class 3	0	0	0	0	0	0	0.0	0	0.0	0	0
2.4 Class 4	0	0	0	0	0	0	0.0	0	0.0	0	0
2.5 Class 5	0	0	0	0	0	0	0.0	0	0.0	0	0
2.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1 Class 1	0	0	0	0	0	0	0.0	0	0.0	0	0
3.2 Class 2	0	0	0	0	0	0	0.0	0	0.0	0	0
3.3 Class 3	0	0	0	0	0	0	0.0	0	0.0	0	0
3.4 Class 4	0	0	0	0	0	0	0.0	0	0.0	0	0
3.5 Class 5	0	0	0	0	0	0	0.0	0	0.0	0	0
3.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Class 1	0	0	174,682	0	0	174,682	0.1	174,642	0.1	174,682	0
4.2 Class 2	0	0	0	0	0	0	0.0	0	0.0	0	0
4.3 Class 3	0	0	0	0	0	0	0.0	0	0.0	0	0
4.4 Class 4	0	0	0	0	0	0	0.0	0	0.0	0	0
4.5 Class 5	0	0	0	0	0	0	0.0	0	0.0	0	0
4.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
4.7 Totals	0	0	174,682	0	0	174,682	0.1	174,642	0.1	174,682	0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Class 1	5,725,774	19,206,107	8,724,864	4,414,492	555,264	38,626,502	13.5	36,532,701	14.4	38,626,502	0
5.2 Class 2	0	0	0	0	0	0	0.0	0	0.0	0	0
5.3 Class 3	0	0	0	0	0	0	0.0	0	0.0	0	0
5.4 Class 4	0	0	0	0	0	0	0.0	0	0.0	0	0
5.5 Class 5	0	0	0	0	0	0	0.0	0	0.0	0	0
5.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
5.7 Totals	5,725,774	19,206,107	8,724,864	4,414,492	555,264	38,626,502	13.5	36,532,701	14.4	38,626,502	0

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ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Priority Health

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.2 Class 2	.0	306,333	.0	.0	.0	306,333	0.1	311,977	0.1	306,333	.0
6.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
6.7 Totals	0	306,333	0	0	0	306,333	0.1	311,977	0.1	306,333	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Class 1	105,018,230	23,017,491	15,901,421	1,024,351	5,595,217	150,556,710	52.8	122,660,708	48.3	150,556,710	.0
7.2 Class 2	3,591,488	2,599,414	2,560,369	.0	1,744,616	10,495,888	3.7	9,895,909	3.9	10,495,888	.0
7.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
7.7 Totals	108,609,717	25,616,905	18,461,790	1,024,351	7,339,833	161,052,598	56.5	132,556,617	52.2	161,052,598	0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Priority Health

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	170,710,749	53,051,427	29,337,100	12,310,822	8,877,797	274,287,895	96.2	XXX	XXX	274,287,895	.0
10.2 Class 2	3,591,488	2,905,748	2,560,369	.0	1,744,616	10,802,221	3.8	XXX	XXX	10,802,221	.0
10.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.7 Totals	174,302,237	55,957,174	31,897,470	12,310,822	10,622,414	285,090,116	100.0	XXX	XXX	285,090,116	.0
10.8 Line 10.7 as a % of Col. 6	61.1	19.6	11.2	4.3	3.7	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Class 1	150,360,915	65,742,790	22,400,845	4,539,763	449,010	XXX	XXX	243,493,323	96.0	243,493,323	.0
11.2 Class 2	3,162,800	3,975,205	3,069,881	.0	.0	XXX	XXX	10,207,886	4.0	10,207,886	.0
11.3 Class 3	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.4 Class 4	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.5 Class 5	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.6 Class 6	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.7 Totals	153,523,715	69,717,995	25,470,726	4,539,763	449,010	XXX	XXX	253,701,209	100.0	253,701,209	.0
11.8 Line 11.7 as a % of Col. 8	60.5	27.5	10.0	1.8	0.2	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Class 1	170,710,749	53,051,427	29,337,100	12,310,822	8,877,797	274,287,895	96.2	243,493,323	96.0	274,287,895	XXX
12.2 Class 2	3,591,488	2,905,748	2,560,369	.0	1,744,616	10,802,221	3.8	10,207,886	4.0	10,802,221	XXX
12.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.7 Totals	174,302,237	55,957,174	31,897,470	12,310,822	10,622,414	285,090,116	100.0	253,701,209	100.0	285,090,116	XXX
12.8 Line 12.7 as a % of Col. 6	61.1	19.6	11.2	4.3	3.7	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	61.1	19.6	11.2	4.3	3.7	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.8 Line 13.7 as a % of Col. 6	.0	.0	.0	.0	.0	.0	XXX	XXX	XXX	XXX	.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

(a) Includes \$0 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
 (b) Includes \$0 current year, \$0 prior year of bonds with Z designations and \$0 prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
 (c) Includes \$0 current year, \$0 prior year of bonds with 5* designations and \$0 current year, \$0 prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

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ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Priority Health

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Issuer Obligations	59,751,880	10,063,866	4,064,767	6,556,340	2,666,740	83,103,593	29.1	81,639,989	32.2	83,103,593	0
1.2 Single Class Mortgage-Backed/Asset-Backed Securities	214,865	763,963	471,367	315,638	60,576	1,826,409	0.6	2,485,282	1.0	1,826,409	0
1.7 Totals	59,966,745	10,827,829	4,536,134	6,871,978	2,727,316	84,930,002	29.8	84,125,271	34.8	84,930,002	0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
2.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	0
2.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
2.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	0
2.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
2.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. States, Territories, and Possessions Guaranteed, Schedules D & DA (Group 3)											
3.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
3.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	0
3.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
3.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	0
3.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
3.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Issuer Obligations	0	0	174,682	0	0	174,682	0.1	174,642	0.1	174,682	0
4.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	0
4.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
4.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	0
4.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
4.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
4.7 Totals	0	0	174,682	0	0	174,682	0.1	174,642	0.1	174,682	0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Issuer Obligations	0	1,501,479	0	0	0	1,501,479	0.5	5,697,555	2.2	1,501,479	0
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	5,431,286	16,743,250	8,724,864	4,414,492	555,264	35,869,158	12.6	29,366,342	11.6	35,869,158	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	0
5.3 Defined	294,488	961,377	0	0	0	1,255,865	0.4	1,468,804	0.6	1,255,865	0
5.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	0
5.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
5.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
5.7 Totals	5,725,774	19,206,107	8,724,864	4,414,492	555,264	38,626,502	13.5	36,532,701	14.4	38,626,502	0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Priority Health

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations	0	306,333	0	0	0	306,333	0.1	311,977	0.1	306,333	0
6.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
6.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
6.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
6.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
6.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
6.7 Totals	0	306,333	0	0	0	306,333	0.1	311,977	0.1	306,333	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations	106,258,496	18,974,969	14,732,401	1,000,000	7,339,833	148,305,699	52.0	119,910,804	47.3	148,305,699	0
7.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
7.3 Defined	170,232	419,537	164,517	24,351	0	778,637	0.3	0	0.0	778,637	0
7.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
7.5 Defined	0	3,928,472	3,564,872	0	0	7,493,344	2.6	12,645,813	5.0	7,493,344	0
7.6 Other	2,180,990	2,293,927	0	0	0	4,474,917	1.6	0	0.0	4,474,917	0
7.7 Totals	108,609,717	25,616,905	18,461,790	1,024,351	7,339,833	161,052,598	56.5	132,556,617	52.2	161,052,598	0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parents, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
9.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
9.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
9.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
9.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
9.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Priority Health

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total From Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	166,010,376	30,846,647	18,971,850	7,556,340	10,006,573	233,391,786	81.9	XXX	XXX	233,391,786	.0
10.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	5,646,151	17,507,213	9,196,231	4,730,130	615,840	37,695,565	13.2	XXX	XXX	37,695,566	.0
10.3 Defined	464,720	1,380,914	164,517	24,351	.0	2,034,502	0.7	XXX	XXX	2,034,502	.0
10.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.5 Defined	.0	3,928,472	3,564,872	.0	.0	7,493,344	2.6	XXX	XXX	7,493,344	.0
10.6 Other	2,180,990	2,293,927	.0	.0	.0	4,474,917	1.6	XXX	XXX	4,474,917	.0
10.7 Totals	174,302,237	55,957,173	31,897,470	12,310,821	10,622,413	285,090,114	100.0	XXX	XXX	285,090,116	.0
10.8 Line 10.7 as a % of Col. 6	61.1	19.6	11.2	4.3	3.7	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Issuer Obligations	147,766,825	44,627,049	14,845,080	496,014	.0	XXX	XXX	207,734,968	81.9	207,734,968	.0
11.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	4,148,649	15,231,810	8,019,092	4,003,064	449,010	XXX	XXX	31,851,624	12.6	31,851,624	.0
11.3 Defined	224,797	1,244,008	.0	.0	.0	XXX	XXX	1,468,804	0.6	1,468,804	.0
11.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.5 Defined	1,383,444	8,615,129	2,606,555	40,685	.0	XXX	XXX	12,645,813	5.0	12,645,813	.0
11.6 Other	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.7 Totals	153,523,715	69,717,995	25,470,726	4,539,763	449,010	XXX	XXX	253,701,209	100.0	253,701,209	.0
11.8 Line 11.7 as a % of Col. 8	60.5	27.5	10.0	1.8	0.2	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	166,010,376	30,846,647	18,971,850	7,556,340	10,006,573	233,391,786	81.9	207,734,968	81.9	233,391,786	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	5,646,151	17,507,214	9,196,231	4,730,130	615,841	37,695,567	13.2	31,851,624	12.6	37,695,567	XXX
12.3 Defined	464,720	1,380,914	164,517	24,351	.0	2,034,502	0.7	1,468,804	0.6	2,034,502	XXX
12.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.5 Defined	.0	3,928,472	3,564,872	.0	.0	7,493,344	2.6	12,645,813	5.0	7,493,344	XXX
12.6 Other	2,180,990	2,293,927	.0	.0	.0	4,474,917	1.6	.0	0.0	4,474,917	XXX
12.7 Totals	174,302,237	55,957,174	31,897,470	12,310,821	10,622,414	285,090,116	100.0	253,701,209	100.0	285,090,116	XXX
12.8 Line 12.7 as a % of Col. 6	61.1	19.6	11.2	4.3	3.7	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	61.1	19.6	11.2	4.3	3.7	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.3 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.5 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.6 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Priority Health

SCHEDULE DA - PART 2 - VERIFICATION BETWEEN YEARS

Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets(a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, prior year	128,485,679	128,485,679	0	0	0
2. Cost of short-term investments acquired	348,041,864	348,041,864	0	0	0
3. Increase (decrease) by adjustment	(758,544)	(758,544)	0	0	0
4. Increase (decrease) by foreign exchange adjustment	0	0	0	0	0
5. Total profit (loss) on disposal of short-term investments	(3,918)	(3,918)	0	0	0
6. Consideration received on disposal of short-term investments	319,056,025	319,056,025	0	0	0
7. Book/adjusted carrying value, current year	156,709,056	156,709,056	0	0	0
8. Total valuation allowance	0	0	0	0	0
9. Subtotal (Lines 7 plus 8)	156,709,056	156,709,056	0	0	0
10. Total nonadmitted amounts	0	0	0	0	0
11. Statement value (Lines 9 minus 10)	156,709,056	156,709,056	0	0	0
12. Income collected during year	4,242,939	4,242,939	0	0	0
13. Income earned during year	4,602,978	4,602,978	0	0	0

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

Schedule DB - Part A - VBY

NONE

Schedule DB - Part B - VBY

NONE

Schedule DB - Part C - VBY

NONE

Schedule DB - Part D - VBY

NONE

Schedule DB - Part E - VBY

NONE

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule S - Part 1 - Section 2

NONE

Schedule S - Part 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Priority Health

SCHEDULE S - PART 3 - SECTION 2

Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Company	5 Location	6 Type	7 Premiums	8 Unearned Premiums (estimated)	9 Reserve Credit Taken Other than for Unearned Premiums	Outstanding Surplus Relief		12 Modified Coinsurance Reserve	13 Funds Withheld Under Coinsurance
									10 Current Year	11 Prior Year		
90611	41-1366075	09/01/2000	Allianz Life Insurance Company	Minnesota	SSL/1/L	691,634						
0299999 - Total - Non-Affiliates						691,634						
0399999 Totals						691,634						

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Priority Health

SCHEDULE S - PART 4

Reinsurance Ceded to Unauthorized Companies

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Reserve Credit Taken	6 Paid and Unpaid Losses Recoverable (Debit)	7 Other Debits	8 Total Cols. (5+6+7)	9 Letters of Credit	10 Trust Agreements	11 Funds Deposited by and Withheld from Reinsurers	12 Other	13 Miscellaneous Balances (Credit)	14 Sum of Cols. 9+10+11+12+13 But Not in Excess of Col. 8
NONE													
1199999 Totals													

Schedule S-Part 5
Five-Year Exhibit of Reinsurance Ceded Business
(000 Omitted)

	1 2005	2 2004	3 2003	4 2002	5 2001
A. OPERATIONS ITEMS					
1. Premiums.....	691	1,056	1,517	1,283	1,111
2. Title XVIII-Medicare.....	0	0	0	0	0
3. Title XIX-Medicaid.....	0	0	0	117	117
4. Commissions and reinsurance expense allowance.....	0	0	0	0	0
5. Total hospital and medical expenses.....	156	161	1,299	196	184
B. BALANCE SHEET ITEMS					
6. Premiums receivable.....	0	0	0	0	0
7. Claims payable.....	0	0	0	0	0
8. Reinsurance recoverable on paid losses.....	0	0	139	0	0
9. Experience rating refunds due or unpaid.....	0	0	0	0	0
10. Commissions and reinsurance expense allowances unpaid.....	0	0	0	0	0
11. Unauthorized reinsurance offset.....	0	0	0	0	0
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F).....	0	0	0	0	0
13. Letters of credit (L).....	0	0	0	0	0
14. Trust agreements (T).....	0	0	0	0	0
15. Other (O).....	0	0	0	0	0

SCHEDULE S-PART 6

Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1	2	3
	As Reported (net of ceded)	Restatement Adjustments	Restated (gross of ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 10).....	324,642,833	691,634	325,334,467
2. Accident and health premiums due and unpaid (Line 13).....	8,178,410		8,178,410
3. Amounts recoverable from reinsurers (Line 14.1).....	0		0
4. Net credit for ceded reinsurance.....	XXX	(691,634)	(691,634)
5. All other admitted assets (Balance).....	10,802,957		10,802,957
6. Total assets (Line 26)	343,624,200	0	343,624,200
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1).....	80,832,493	0	80,832,493
8. Accrued medical incentive pool and bonus payments (Line 2).....	39,355,348		39,355,348
9. Premiums received in advance (Line 8).....	9,430,851		9,430,851
10. Reinsurance in unauthorized companies (Line 18).....	0		0
11. All other liabilities (Balance).....	6,208,154		6,208,154
12. Total liabilities (Line 22).....	135,826,846	0	135,826,846
13. Total capital and surplus (Line 31).....	207,797,354	XXX	207,797,354
14. Total liabilities, capital and surplus (Line 32)	343,624,200	0	343,624,200
NET CREDIT FOR CEDED REINSURANCE			
15. Claims unpaid.....	0		
16. Accrued medical incentive pool.....	0		
17. Premiums received in advance.....	0		
18. Reinsurance recoverable on paid losses.....	0		
19. Other ceded reinsurance recoverables.....	(691,634)		
20. Total ceded reinsurance recoverables.....	(691,634)		
21. Premiums receivable.....	0		
22. Unauthorized reinsurance.....	0		
23. Other ceded reinsurance payables/offsets.....	0		
24. Total ceded reinsurance payable/offsets.....	0		
25. Total net credit for ceded reinsurance.....	(691,634)		

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Priority Health

SCHEDULE Y
PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/(Liability)
95561	38-2715520	Priority Health			(2,394,504)		(72,528,703)				(74,923,207)	
	38-3085182	Priority Health Managed Benefits			2,394,504		72,528,703				74,923,207	
9999999 Control Totals			0	0	0	0	0	0	XXX	0	0	0

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SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of **WAIVED** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

MARCH FILING

Responses

- | | |
|---|---------------|
| 1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1? |YES..... |
| 2. Will an actuarial opinion be filed by March 1? |YES..... |
| 3. Will the Risk-based Capital Report be filed with the NAIC by March 1? |YES..... |
| 4. Will the Risk-based Capital be filed with the state of domicile, if required by March 1? |YES..... |

APRIL FILING

- | | |
|---|---------------|
| 5. Will Management's Discussion and Analysis be filed by April 1? |YES..... |
| 6. Will the Investment Risks Interrogatories be filed by April 1? |YES..... |

JUNE FILING

- | | |
|---|---------------|
| 7. Will an audited financial report be filed by June 1? |YES..... |
|---|---------------|

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

MARCH FILING

- | | |
|---|--------------|
| 8. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? |NO..... |
| 9. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC? |NO..... |
| 10. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC? |NO..... |
| 11. Will the Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1? |NO..... |

APRIL FILING

- | | |
|--|--------------|
| 12. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile by April 1? |NO..... |
| 13. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC? |NO..... |
| 14. Will the Supplemental Property/Casualty data due April 1 be filed with the state of domicile and the NAIC? |NO..... |

EXPLANATION:

- 8.
- 9.
- 10.
- 11.
- 12.
- 13.
- 14.

BAR CODE:

8.	
9.	
10.	
11.	
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OVERFLOW PAGE FOR WRITE-INS
