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HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2006

OF THE CONDITION AND AFFAIRS OF THE

Grand Valley Health Plan, Inc.

NAIC Group Code 0000 (Current Period) 0000 (Prior Period) NAIC Company Code 95453 Employer's ID Number 38-2396958

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

Country of Domicile United States

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 12/03/1981 Commenced Business 02/05/1982

Statutory Home Office 829 Forest Hills Ave SE (Street and Number), Grand Rapids, MI 49546 (City or Town, State and Zip Code)

Main Administrative Office 829 Forest Hills Ave (Street and Number)
Grand Rapids, MI 49546 (City or Town, State and Zip Code) 616-949-2410 (Area Code) (Telephone Number)

Mail Address 829 Forest Hills Ave SE (Street and Number or P.O. Box), Grand Rapids, MI 49546 (City or Town, State and Zip Code)

Primary Location of Books and Records 829 Forest Hills Ave (Street and Number)
Grand Rapids, MI 49546 (City or Town, State and Zip Code) 616-949-2410-122 (Area Code) (Telephone Number)

Internet Website Address gvhp.com

Statutory Statement Contact Pamela Lea Silva (Name) 616-949-2410-122 (Area Code) (Telephone Number) (Extension)
silvap@gvhp.com (E-mail Address) 616-949-9948 (FAX Number)

Policyowner Relations Contact 829 Forest Hills Ave SE (Street and Number)
Grand Rapids, MI 49546 (City or Town, State and Zip Code) 616-949-2410 (Area Code) (Telephone Number) (Extension)

OFFICERS

Name	Title	Name	Title
Roland E Palmer	President	Thomas W Schouten	Treasurer/Secretary
Pamela L Silva	Director of Operations		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Roland E Palmer	Thomas W Schouten	James T Kerby	Lucille I Grimm
Carole Nugent	Pamela L Silva	Margaret Sudekum	Herbert A Start
Kathy L Lentz			

State of Michigan
County of Kent ss

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.

Roland E Palmer	Thomas W Schouten	Pamela L Silva
President	Treasurer/Secretary	Director of Operations

Subscribed and sworn to before me this 27 day of February, 2007

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

Ruth Ann Klinger
Notary
May 8, 2008

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	0		0	0
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)	0	0	0	1,135,897
4.2 Properties held for the production of income (less $ encumbrances)	1,035,580		1,035,580	0
4.3 Properties held for sale (less $ encumbrances)			0	0
5. Cash ($ 7,117,370 , Schedule E, Part 1), cash equivalents ($ 0 , Schedule E, Part 2) and short-term investments ($ 1,004,410 , Schedule DA)	8,121,780		8,121,780	8,260,161
6. Contract loans, (including $ premium notes)			0	0
7. Other invested assets (Schedule BA)	689,076	0	689,076	749,388
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	9,846,436	0	9,846,436	10,145,446
11. Title plants less $ charged off (for Title Insurers only)			0	0
12. Investment income due and accrued			0	0
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	328,538	5,769	322,769	798,241
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ earned but unbilled premium)			0	0
13.3 Accrued retrospective premium			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	100,197		100,197	318,367
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset	688,000	220,705	467,295	431,000
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software	100,245	2,629	97,616	149,635
19. Furniture and equipment, including health care delivery assets ($ 579,604)	596,390	16,786	579,604	593,110
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	143,761		143,761	328,180
22. Health care ($ 107,322) and other amounts receivable	122,143	14,821	107,322	33,576
23. Aggregate write-ins for other than invested assets	74,011	74,011	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	11,999,721	334,721	11,665,000	12,797,555
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	11,999,721	334,721	11,665,000	12,797,555
DETAILS OF WRITE-INS				
0901.			0	0
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepaids	74,011	74,011	0	0
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	74,011	74,011	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year 1 Covered	Current Year 2 Uncovered	Current Year 3 Total	Prior Year 4 Total
1. Claims unpaid (less $ ..... reinsurance ceded)	4,067,556		4,067,556	6,247,252
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	146,579		146,579	137,749
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	633,306		633,306	446,350
9. General expenses due or accrued	1,315,000		1,315,000	1,165,153
10.1 Current federal and foreign income tax payable and interest thereon (including $ ..... on realized capital gains (losses))	235,415		235,415	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others	7,397		7,397	0
13. Remittance and items not allocated			0	0
14. Borrowed money (including $ ..... current) and interest thereon $ ..... (including $ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	21,888		21,888	236,051
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with ($ ..... authorized reinsurers and $ ..... unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including $ ..... current)	0	0	0	5,000
22 Total liabilities (Lines 1 to 21)	6,427,141	0	6,427,141	8,237,555
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	312,996	312,996
25 Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	1,212,873	1,212,872
27. Surplus notes	XXX	XXX	500,000	500,000
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	3,211,990	2,534,132
30. Less treasury stock, at cost:				
30.1 ..... shares common (value included in Line 24 $ .....)	XXX	XXX		0
30.2 ..... shares preferred (value included in Line 25 $ .....)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	5,237,859	4,560,000
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	11,665,000	12,797,555
DETAILS OF WRITE-INS				
2101. Accrued Malpractice Tail	0		0	5,000
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	0	0	0	5,000
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

		Current Year 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1.	Member Months	XXX	154,745	193,573
2.	Net premium income (including $ 0 non-health premium income)	XXX	38,961,161	45,117,421
3.	Change in unearned premium reserves and reserve for rate credits	XXX		0
4.	Fee-for-service (net of $ 364,585 medical expenses)	XXX	428,924	414,323
5.	Risk revenue	XXX		0
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	39,390,085	45,531,744
	Hospital and Medical:			
9.	Hospital/medical benefits	894,199	25,418,840	31,658,691
10.	Other professional services	48,399	2,364,739	2,722,734
11.	Outside referrals			0
12.	Emergency room and out-of-area	822,605	1,058,833	1,069,691
13.	Prescription drugs		6,344,780	6,840,640
14.	Aggregate write-ins for other hospital and medical	0	196,479	228,266
15.	Incentive pool, withhold adjustments and bonus amounts			0
16.	Subtotal (Lines 9 to 15)	1,765,203	35,383,671	42,520,022
	Less:			
17.	Net reinsurance recoveries		811,840	253,688
18.	Total hospital and medical (Lines 16 minus 17)	1,765,203	34,571,831	42,266,334
19.	Non-health claims (net)			0
20.	Claims adjustment expenses, including $ 0 cost containment expenses		260,312	395,482
21.	General administrative expenses		4,320,629	4,012,461
22.	Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)		0	0
23.	Total underwriting deductions (Lines 18 through 22)	1,765,203	39,152,772	46,674,277
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	237,313	(1,142,533)
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		623,402	477,310
26.	Net realized capital gains (losses) less capital gains tax of $		0	0
27.	Net investment gains (losses) (Lines 25 plus 26)	0	623,402	477,310
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $)]			0
29.	Aggregate write-ins for other income or expenses	0	(210,000)	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	650,715	(665,223)
31.	Federal and foreign income taxes incurred	XXX	243,413	(226,178)
32.	Net income (loss) (Lines 30 minus 31)	XXX	407,302	(439,045)
	DETAILS OF WRITE-INS			
0601.	Copayments	XXX		0
0602.		XXX		0
0603.		XXX		
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699.	Totals (Lines 0601 through 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 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.	Other Medical	0	196,479	228,266
1402.				
1403.				
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	196,479	228,266
2901.	Settlement Expense		(210,000)	0
2902.				
2903.				
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	(210,000)	0

STATEMENT OF REVENUE AND EXPENSES (continued)

		1 Current Year	2 Prior Year
	CAPITAL AND SURPLUS ACCOUNT:		
33.	Capital and surplus prior-reporting period	4,560,000	5,116,532
34.	Net income or (loss) from Line 32	407,302	(439,045)
35.	Change in valuation basis of aggregate policy and claim reserves		0
36.	Change in net unrealized capital gains (losses) less capital gains tax of $		0
37.	Change in net unrealized foreign exchange capital gain or (loss)		0
38.	Change in net deferred income tax	0	0
39.	Change in nonadmitted assets	270,557	(117,487)
40.	Change in unauthorized reinsurance	0	0
41.	Change in treasury stock	0	0
42.	Change in surplus notes	0	0
43.	Cumulative effect of changes in accounting principles		0
44.	Capital Changes:		
	44.1 Paid in	0	0
	44.2 Transferred from surplus (Stock Dividend)		0
	44.3 Transferred to surplus		0
45.	Surplus adjustments:		
	45.1 Paid in	1	0
	45.2 Transferred to capital (Stock Dividend)	0	0
	45.3 Transferred from capital		0
46.	Dividends to stockholders		0
47.	Aggregate write-ins for gains or (losses) in surplus	0	0
48.	Net change in capital & surplus (Lines 34 to 47)	677,860	(556,532)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	5,237,860	4,560,000
	DETAILS OF WRITE-INS		
4701.			
4702.			
4703.			
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0
4799.	Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	39,617,820	44,550,133
2. Net investment income	647,721	477,310
3. Miscellaneous income	428,924	414,323
4. Total (Lines 1 through 3)	40,694,465	45,441,766
5. Benefits and loss related payments	36,723,361	39,701,746
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	4,495,801	4,248,388
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) $ ..... net of tax on capital gains (losses)	(2)	(328,178)
10. Total (Lines 5 through 9)	41,219,160	43,621,956
11. Net cash from operations (Line 4 minus Line 10)	(524,695)	1,819,810
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	53,520
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(70,949)	0
12.7 Miscellaneous proceeds	155,580	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	84,631	53,520
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	0
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	84,631	53,520
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	1	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	301,682	243,699
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	301,683	243,699
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)	(138,381)	2,117,029
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	8,260,161	6,143,132
19.2 End of year (Line 18 plus Line 19.1)	8,121,780	8,260,161

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-term Care	12 Other Health	13 Other Non-Health
1. Net premium income	38,961,161	32,756,506	0	0	0	6,204,655	0	0	0	0	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	0												
3. Fee-for-service (net of $ 364,585 medical expenses)	428,924	361,332				67,592							XXX
4. Risk revenue	0												XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	39,390,085	33,117,838	0	0	0	6,272,247	0	0	0	0	0	0	0
8. Hospital/medical/ benefits	25,418,840	21,413,220				4,005,620							XXX
9. Other professional services	2,364,739	1,992,092				372,647							XXX
10. Outside referrals	0					0							XXX
11. Emergency room and out-of-area	1,058,833	891,977				166,856							XXX
12. Prescription Drugs	6,344,780	5,344,940				999,840							XXX
13. Aggregate write-ins for other hospital and medical	196,479	165,517	0	0	0	30,962	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0												XXX
15. Subtotal (Lines 8 to 14)	35,383,671	29,807,746	0	0	0	5,575,925	0	0	0	0	0	0	XXX
16. Net reinsurance recoveries	811,840	589,928				221,912							XXX
17. Total hospital and medical (Lines 15 minus 16)	34,571,831	29,217,818	0	0	0	5,354,013	0	0	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including $ 0 cost containment expenses	260,312	219,291				41,021							
20. General administrative expenses	4,320,630	3,639,765				680,865							
21. Increase in reserves for accident and health contracts	0												XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	39,152,773	33,076,874	0	0	0	6,075,899	0	0	0	0	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	237,312	40,964	0	0	0	196,348	0	0	0	0	0	0	0
DETAILS OF WRITE-INS													
0501.													XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Other Medical	196,479	165,517				30,962							XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	196,479	165,517	0	0	0	30,962	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	33,164,472		407,966	32,756,506
2. Medicare Supplement				0
3. Dental Only				0
4. Vision Only				0
5. Federal Employees Health Benefits Plan	6,280,970		76,315	6,204,655
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid				0
8. Stop Loss				0
9. Disability Income				0
10. Long-term care				0
11. Other health				0
12. Health subtotal (Lines 1 through 11)	39,445,442	0	484,281	38,961,161
13. Life				0
14. Property/Casualty				0
15. Totals (Lines 12 to 14)	39,445,442	0	484,281	38,961,161

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Payments during the year:													
1.1 Direct	37,781,536	31,827,745				5,953,791							
1.2 Reinsurance assumed	0	0											
1.3 Reinsurance ceded	1,030,010	867,696				162,314							
1.4 Net	36,751,526	30,960,049	0	0	0	5,791,477	0	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses	0												
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	4,067,556	3,426,572	0	0	0	640,984	0	0	0	0	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	4,067,556	3,426,572	0	0	0	640,984	0	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0												
4.2 Reinsurance assumed	0												
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0		
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0												
6. Net healthcare receivables (a)	(218,169)	4,014				(222,183)							
7. Amounts recoverable from reinsurers December 31, current year	100,197	0				100,197							
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	6,247,252	5,450,584	0	0	0	796,668	0	0	0	0	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net	6,247,252	5,450,584	0	0	0	796,668	0	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	318,367	277,768	0	0	0	40,599	0	0	0	0	0	0	0
12. Incurred Benefits:													
12.1 Direct	35,383,671	29,807,747	0	0	0	5,575,924	0	0	0	0	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	811,840	589,928	0	0	0	221,912	0	0	0	0	0	0	0
12.4 Net	34,571,831	29,217,819	0	0	0	5,354,012	0	0	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan Premium	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	1,071,966	903,041				168,925							
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	1,071,966	903,041	0	0	0	168,925	0	0	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	2,995,590	2,523,531				472,059							
2.2. Reinsurance assumed	0												
2.3. Reinsurance ceded	0												
2.4. Net	2,995,590	2,523,531	0	0	0	472,059	0	0	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	0												
3.2. Reinsurance assumed	0												
3.3. Reinsurance ceded	0												
3.4. Net	0	0	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1. Direct	4,067,556	3,426,572	0	0	0	640,984	0	0	0	0	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	4,067,556	3,426,572	0	0	0	640,984	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5	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)	4,454,268	26,505,781	395,093	3,031,479	4,849,361	5,450,583
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan Premiums	833,228	4,958,249	73,907	567,077	907,135	796,669
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	5,287,496	31,464,030	469,000	3,598,556	5,756,496	6,247,252
10. Healthcare receivables (a)					0	
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts					0	0
13. Totals (Lines 9 - 10 + 11 + 12)	5,287,496	31,464,030	469,000	3,598,556	5,756,496	6,247,252

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	3,338,561	225,397	0	7	5
2. 2002	3,326,976	3,276,975	19	19	5
3. 2003	XXX	21,869,294	2,767	43	6
4. 2004	XXX	XXX	22,042	4,190	13
5. 2005	XXX	XXX	XXX	23,187	5,288
6. 2006	XXX	XXX	XXX	XXX	20,929

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	98	152		7	5
2. 2002	37,449	3,288	18	19	5
3. 2003	XXX	25,922	2,962	148	6
4. 2004	XXX	XXX	26,021	4,341	17
5. 2005	XXX	XXX	XXX	29,434	5,732
6. 2006	XXX	XXX	XXX	XXX	24,996

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2002	38,979	5	218	4,360.0	223	0.6			223	0.6
2. 2003	41,990	6	294	4,900.0	300	0.7			300	0.7
3. 2004	45,289	13	334	2,569.2	347	0.8			347	0.8
4. 2005	45,117	5,288	395	7.5	5,683	12.6			5,683	12.6
5. 2006	39,390	20,929	260	1.2	21,189	53.8	4,068	147	25,404	64.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	3,338,561	225,397	0	7	5
2. 2002	3,326,976	3,276,975	19	19	5
3. 2003	XXX	21,869,294	2,767	43	6
4. 2004	XXX	XXX	22,042	4,190	13
5. 2005	XXX	XXX	XXX	23,187	5,288
6. 2006	XXX	XXX	XXX	XXX	20,929

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	98	152	0	7	5
2. 2002	37,449	3,288	18	19	5
3. 2003	XXX	25,922	2,962	148	6
4. 2004	XXX	XXX	26,021	4,341	17
5. 2005	XXX	XXX	XXX	29,434	5,732
6. 2006	XXX	XXX	XXX	XXX	24,996

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2002	38,979	5	218	4,360.0	223	0.6	0	0	223	0.6
2. 2003	41,990	6	294	4,900.0	300	0.7	0	0	300	0.7
3. 2004	45,289	13	334	2,569.2	347	0.8	0	0	347	0.8
4. 2005	45,117	5,288	395	7.5	5,683	12.6	0	0	5,683	12.6
5. 2006	39,390	20,929	260	1.2	21,189	53.8	4,068	147	25,404	64.5

UNDERWRITING AND INVESTMENT EXHIBIT

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

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

NONE

(a) Includes $ ..... premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($ ..... for occupancy of own building)			404,461		404,461
2. Salaries, wages and other benefits		159,239	325,909		485,148
3. Commissions (less $ ..... ceded plus $ ..... assumed)					0
4. Legal fees and expenses			153,312		153,312
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services			67,251		67,251
7. Traveling expenses		1,525	111,477		113,002
8. Marketing and advertising			1,630,188		1,630,188
9. Postage, express and telephone		14	35,297		35,311
10. Printing and office supplies		1,357	65,067		66,424
11. Occupancy, depreciation and amortization			267,750		267,750
12. Equipment			0		0
13. Cost or depreciation of EDP equipment and software			18,019		18,019
14. Outsourced services including EDP, claims, and other services		86,409	48,415		134,824
15. Boards, bureaus and association fees			25,927		25,927
16. Insurance, except on real estate					0
17. Collection and bank service charges			89,293		89,293
18. Group service and administration fees			0		0
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees					0
23.4 Payroll taxes		11,768	33,059		44,827
23.5 Other (excluding federal income and real estate taxes)			94,230		94,230
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	0	0	950,974	0	950,974
26. Total expenses incurred (Lines 1 to 25)	0	260,312	4,320,629	0	(a) 4,580,941
27. Less expenses unpaid December 31, current year		146,579	1,315,000		1,461,579
28. Add expenses unpaid December 31, prior year	0	137,749	1,165,153	0	1,302,902
29. Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	251,482	4,170,782	0	4,422,264
DETAIL OF WRITE-INS					
2501. Mgt. Fees related to administration expenses		0	950,974		950,974
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Line 2501 through 2503 plus 2598)(Line 25 above)	0	0	950,974	0	950,974

(a) Includes management fees of $ 950,974 to affiliates and $ ..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a)	
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a)	
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d) 162,564	162,564
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 314,037	314,037
7.	Derivative instruments	(f)	
8.	Other invested assets	273,069	212,756
9.	Aggregate write-ins for investment income	(39,298)	(39,298)
10.	Total gross investment income	710,372	650,059
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 2,338
14.	Depreciation on real estate and other invested assets		(i) 24,319
15.	Aggregate write-ins for deductions from investment income		0
16.	Total (Lines 11 through 15)		26,657
17.	Net Investment Income - (Line 10 minus Line 16)		623,402
	DETAILS OF WRITE-INS		
0901.	Loss of Sale of Assets	(39,298)	(39,298)
0902.	Income From Leonard St. LLC		
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	(39,298)	(39,298)
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

(a) Includes $ ..... accrual of discount less $ ..... amortization of premium and less $ ..... paid for accrued interest on purchases.
(b) Includes $ ..... accrual of discount less $ ..... amortization of premium and less $ ..... paid for accrued dividends on purchases.
(c) Includes $ ..... accrual of discount less $ ..... amortization of premium and less $ ..... paid for accrued interest on purchases.
(d) Includes $ ..... for company's occupancy of its own buildings; and excludes $ ..... interest on encumbrances.
(e) Includes $ ..... accrual of discount less $ ..... amortization of premium and less $ ..... paid for accrued interest on purchases.
(f) Includes $ ..... accrual of discount less $ ..... amortization of premium.
(g) Includes $ ..... investment expenses and $ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ ..... interest on surplus notes and $ ..... interest on capital notes.
(i) Includes $ ..... depreciation on real estate and $ ..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	115,937	115,937
4.2 Properties held for the production of income	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule-E, Part 1), cash equivalents (Schedule-E, Part 2) and short-term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivables for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	115,937	115,937
11. Title plants (for Title insurers only)	0	0	0
12. Investment income due and accrued	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	5,769	0	(5,769)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	0	0
13.3 Accrued retrospective premium	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers	0	0	0
14.2 Funds held by or deposited with reinsured companies	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset	220,705	265,000	44,295
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software	2,629	11,218	8,589
19. Furniture and equipment, including health care delivery assets	16,786	78,749	61,963
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivables from parent, subsidiaries and affiliates	0	0	0
22. Health care and other amounts receivable	14,821	0	(14,821)
23. Aggregate write-ins for other than invested assets	74,011	134,374	60,363
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	334,721	605,278	270,557
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
26. Total (Lines 24 and 25)	334,721	605,278	270,557
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0
2301. Prepaid Insurance & Prepaid Capitation	74,011	134,374	60,363
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	74,011	134,374	60,363

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health Maintenance Organizations	15,363	13,274	12,762	12,404	11,566	152,892
2. Provider Service Organizations	0					
3. Preferred Provider Organizations	0					
4. Point of Service	183	172	155	141	132	1,853
5. Indemnity Only	0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	15,546	13,446	12,917	12,545	11,698	154,745
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

Statement for the Year Ended 12/31/2006 – Grand Valley Health Plan

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Presentation – The accompanying financial statements have been prepared in conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual (SSAP's) for health organizations except to the extent that state requirements differ.

Use of Estimates – In conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual (SSAP's), the preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These estimates and assumptions may change in the near future resulting in different actual results. Estimates that are most susceptible to change in the near term are accounts receivable and the liability for unpaid and unreported claims.

Investments (Contingency Reserve) – Pursuant to requirements of the Commissioner of Insurance for the State of Michigan, Grand Valley Health Plan executed a trust indenture. The trust is established to provide for the payment of medical services in the event Grand Valley Health Plan is unable to make payment. The agreement requires trust assets to be a minimum of $1,000,000. The trust account met or exceeded funding requirements, as specified in the agreement. The trust invests principally in government money market funds, is stated at fair market value, and is included in cash and cash equivalents.

Investment in Affiliates – Other Invested Assets consists of a 30% interest in Leonard Street, LLC. Leonard Street, LLC operates and maintains the building used by Grand Valley Health Plan Radiology, Grand Valley Health Plan Pharmacy, Grand Valley Health Plan Beckwith Family Practice, Grand Valley Helath Plan Urgent Care, Grand Valley Health Center OB Center, Grand Valley Surgical Center, LLC, and Orthopaedic Associates of Grand Rapids, PC. The Company accounts for its investment using the equity method of accounting.

Investments in Subsidiaries – None to report.

Bonds – None to report.

Common Stock and Additional Paid in Capital – stated at cost.

Preferred Stock – None to report.

Mortgage Loans (Valuation Basis) – None to report.

Securities (Loan-Backed) – None to report.

Derivatives – None to report.

Liabilities for Claims and Claim Adjustment Expenses – Health care costs are accrued as services are rendered, and include fees to physicians, hospitals, pharmacies and other providers for continuing medical care, and payments made on individual claims for which services have been performed including estimates of services performed which have not yet been reported. The reserves for incurred but not reported claims are to cover this estimated medical cost. Claims unpaid and unpaid adjustment expenses include amounts determined from individual case estimates, claim reports, and an amount for claims incurred but not reported based on past experience. Subsequent actual claim experience will differ from the estimated liability due to variances in estimated and actual member utilization of health care services, the amount of charges, and other factors. While management believes the amount to be adequate, the ultimate liability may be in excess of or less than the amount estimated in these financial statements. The Company limits a portion of their liability through stop-loss insurance. The methods for making estimates and for establishing the claims adjustment expense reserve are continually reviewed and any adjustments are reflected as determined in the periodic financial statements.

NOTES TO FINANCIAL STATEMENTS

Capitalization policy – The Company has not modified its capitalization policy from the prior year.

Cash and Short-Term Investments – This category includes deposits in financial institutions and short-term investments with maturities of 90 days or less from the date of acquisition.

Accounts Receivable – This category represents charges to employer groups and individuals, primarily on open account. Adjustments to customer accounts are made to estimate net realizable amounts with appropriate charges to premium revenues.

Inventories – Inventories consist of pharmaceuticals and are stated at cost (first-in, first-out method).

Property and Equipment – Depreciable assets are stated at cost. Depreciation is generally computed using the straight-line method over the estimated useful lives of the depreciable assets except for Health Care Delivery assets which are depreciated over a period not to exceed three years in accordance with SSAP 73, and EDP Equipment and Operating System Software which also do not exceed three years per SSAP 79. Non-Operating software is depreciated over the lesser of its useful life or five years per SSAP 79. If not limited by the aforementioned SSAP, the estimated useful lives are listed as follows:

Building and land improvements	5 - 40 years
Medical equipment	5 - 7 years
Office furniture and equipment	5 - 7 years
Electronic data processing equipment	3 - 5 years

These assets are reviewed for impairment when events indicate that the carrying amount may not be recoverable.

Premiums – member premiums are recorded as revenues in the month that members are entitled to services. Premiums collected in advance are recorded as Premiums Received in Advance.

Related Party Transactions – The Company is related with other entities through common ownership and management (see note 10).

Employee Benefit Plans –The Company participates in the parent company's Employee Stock Ownership Plan (ESOP) and 401(k) plans (see note 12). The Company maintains a profit sharing plan and there were no profit sharing contributions to the plan in the period.

Income Taxes – The Company records income tax expense based on the amount of current taxes plus deferred taxes computed based on the expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities, using enacted tax rates. Under the statutory basis of accounting some of these deferred assets are considered non-admitted assets and therefore are excluded. The Company is included in the Grand Valley Health Corporation parent company consolidated tax return (see note 9).

2. Accounting Changes and Corrections of Errors – None to report.

3. Business Combinations and Goodwill – None to report.

4. Discontinued Operations – None to report.

5. Investments (Other) – The Company continues to own one of its six health centers located in Wyoming, Michigan a suburb of Grand Rapids, Michigan. There is no impairment loss, and the Company does not engage in retail land sales operations. During the period there were no mortgage or real estate loans, no debt restructuring, no reverse mortgages, no loan-backed securities, and no repurchase agreements.

6. Joint Ventures, Partnerships and Limited Liability Companies – There are no investments that exceeded 10% of the admitted assets of the Company and there are no impaired investments.

7. Investment Income – None to report.

8. Derivatives – None to report.

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes – The total of all deferred tax assets at December 31, 2006 is $688,000. There is no deferred tax liability. The non-admitted deferred tax asset, as the result of the application of SSAP #10 is $220,705, leaving an admitted deferred tax asset of $467,295. At December 31, 2005 the non-admitted portion of the deferred tax assets was $265,000. The net change during the quarter in the total non-admitted deferred tax assets is $36,295. The significant component of current income tax expense is tax expense of $243,413 at the statutory rate of 34%. All of the net operating losses were used to offset taxable income generated by other members in the consolidated tax returns during 2004. There are no net operating loss carryforwards available to offset future taxable income. There were no significant adjustments to deferred tax assets for enacted changes in tax laws or rates or a change in the tax status of the Company. The entities that are consolidated for federal income tax purposes are Grand Valley Health Plan, Inc., Grand Valley Health Management Inc., Grand Valley Health Facilities Inc., Grand Valley Technology Services, LLC, and Grand Valley Health Corporation. These entities have agreed that the amount of a consolidated NOL that is attributable to a Member is determined by a fraction, the numerator of which is the separate NOL of the Member and the denominator of which is the sum of the separate NOL's of all other Members. For this purpose, the separate NOL of a Member is determined by computing the consolidated NOL by taking into account only the Member's items of income, gain, deduction, and loss, including the Member's loses and deductions actually absorbed by the group in the taxable year.

10. Information Concerning Parent, Subsidiaries, and Affiliates – Grand Valley Health Plan, Inc. is a wholly owned subsidiary of Grand Valley Health Corporation and under agreement pays Grand Valley Health Corporation for management services primarily for the Chief Executive Officer and staff, the Financial staff, and the Corporate Human Resources department. Grand Valley Health Facilities, Inc. is a wholly owned subsidiary of Grand Valley Health Corporation, and primarily manages buildings utilized by Grand Valley Health Plan. Grand Valley Health Plan pays Grand Valley Health Facilities for rental and other facility related expense reimbursements. Grand Valley Health Management is a wholly owned subsidiary of Grand Valley Health Corporation. Grand Valley Health Plan under agreement charged Grand Valley Health Management for administrative and pharmacy services, which are concurrently charged to the Grand Valley Surgical Center, LLC which is partially owned by Grand Valley Health Management (54%) and Grand Valley Health Corporation (1%). Grand Valley Technology Services, LLC is 52% owned by Grand Valley Health Corporation and 48% owned by other investors. Grand Valley Technology Services provides technology solutions to Grand Valley Health Plan for its insurance and medical management practices. All of the above relationships are based upon arms length transactions. In addition, any above mentioned Grand Valley Company may occasionally pay general accounts payable where a portion of the expense is appropriately charged to one of the other members of the holding company, and any above-mentioned Grand Valley company (except the Grand Valley Surgical Center) may be subject to the effect of the tax allocation agreement described in footnote 9. All charges are generally approved and settled by the corresponding entity typically within 30 days. The total recurring charges due to Grand Valley Health Plan in 2006 for the above transactions were $203,796 – Grand Valley Health Corp. $19,632 – Grand Valley Health Management $8,532 – Grand Valley Health Facilities $162,564 – Grand Valley Technology Services $13,068. The total recurring charges due from Grand Valley Health Plan in 2006 for the above transactions were $4,064,460 -- Grand Valley Health Corporation $849,132 – Grand Valley Health Management $0 – Grand Valley Health Facilities $1,933,224 – Grand Valley Technology Services LLC $1,282,104. At December 31, 2006 receivables from affiliates totaled $143,761 as follows: Grand Valley Health Corporation - $10,408, Grand Valley Health Management - $4,165, Grand Valley Health Facilities - $675 and Grand Valley Technology Services – $128,513. At December 31, 2006 net liabilities from affiliates totaled $21,888 as follows: Grand Valley Health Corporation - $19,931, Grand Valley Health Management - $0, Grand Valley Health Facilities - $1,957 and Grand Valley Technology Services $0.

11. Debt – None to report.

NOTES TO FINANCIAL STATEMENTS

12. Retirement Plans, Deferred Compensation, Post-retirement Benefits, and Compensated Absences and Other Post-retirement Benefits Plans - The Company participates in an Employee Stock Ownership Plan (ESOP) covering substantially all employees of the Company that meet eligibility requirements. The Plan invests primarily in the common stock of its parent company, Grand Valley Health Corporation. The Company accrued ESOP contributions of $241,017 during 2006 year to date. The Company maintains a 401(k) plan that provides for matching contributions per Board discretion. There were no discretionary contributions to the 401(k) plan during the year. There are no deferred compensation plans and no other post-retirement plans. Compensated absences are accrued to cover unused vested vacation days.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations - Common Stock of $312,996 is stated at its par value of $1.00. There are 400,000 shares authorized of which 312,996 have been issued, coupled with Additional Paid-in-Capital of $1,212,873. There were neither dividends nor dividend restrictions during the year. There are no restrictions placed on surplus funds except for the Surplus Note. There is no stock of the Company held for special purposes. There are no special surplus funds other than the Surplus Note. There is no portion of the unassigned surplus funds that has been represented by or reduced for any purpose. On February 28, 2001 the Company received an additional $500,000 in capital from its parent. Principal and interest payments on this Surplus Note shall only be repaid out of the surplus earnings of the Company and with prior written approval of the State of Michigan Department of Consumer and Industry Services, Office of Financial and Insurance Services, Division of Insurance. Interest is at the rate of eight and one-half percent per annum, computed annually and not compounded. Subject to the prior written approval of the Board of Directors of Grand Valley Health Plan and the prior written approval of the Michigan Insurance Division, interest shall be paid annually from earned surplus until the entire principal amount is paid in full. If Grand Valley Health Plan does not pay interest in any year, the interest shall be non-cumulative and will neither be paid nor accrued for future payment. The surplus note does not have a stated maturity or repayment date. There were no principal and/or interest payments during the period. The surplus note is expressly subordinated to claims of creditors and members of Grand Valley Health Plan and any other priority claims provided by Chapter 81 of the Insurance Code, which provides that surplus notes are at the eighth level of priority. There has not been a quasi-reorganization of the Company.

14. Contingencies - The Company is periodically involved in professional liability claims arising from its medical practice, which are defended and handled in the ordinary course of business. Management believes there is no liability outstanding. A recent general liability case was acted upon and settled for $210,000. This was paid in October. The management does not believe there are any other general liabilities outstanding. The Company is not under investigatory controls of the Michigan Office of Financial and Insurance Services. The Company is in full compliance with prior agreements and orders of the Michigan Office of Financial and Insurance Services.

15. Leases - The Company has operating leases for health centers, medical facilities, and an administrative office from various entities, which are considered related parties. These non-cancelable leases contain various renewal options subject to increases in the monthly rental payments. Lease terms expire at various dates through 2008. These leases require the Company to pay all utilities, maintenance and taxes. Future minimum lease payments are as follows: 2007 – $849,212, 2008 $212,006. The grand total for 2007 - 2008 minimum lease payments - $1,061,218. Total expense, including but not limited to utilities, maintenance and taxes, amounted to $1,933,224 as of December 31, 2006.

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk – None to report.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities – None to report.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans – None to report.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – None to report.

NOTES TO FINANCIAL STATEMENTS

20. September 11 Events – None to report.

21. Other Items – None to report.

22. Events Subsequent – There was one disputed out of area hospitalization case during 2003 that was partially reserved at year-end 2004 and 2005. The full amount reserved as of December 2006 is $469,000. There were no other Type I or Type II subsequent events.

23. Reinsurance – The Company limits a portion of its medical claims liability through stop-loss insurance. Under the terms of this agreement, the insurance company will reimburse approximately 90% of the cost of each member's applicable annual services per reinsurance contract in excess of $150,000, up to a specific annual stop-loss benefit per member of $1,000,000. At December 31, 2006, the Company has recorded a receivable under this agreement in the amount of $100,197. There was no uncollectible reinsurance written off during the quarter.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination – None to report.

25. Change in Incurred Claims and Claim Adjustment Expenses – None to report.

26. Inter-company Pooling Arrangements – None to report.

27. Structured Settlements – None to report.

28. Health Care Receivables – At December 31, 2006 the identified pharmacy rebates recorded as healthcare receivables are as follows: $92,626 total for Pfizer and Wyeth Rx Rebates.

A. Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2006	$ 92,626	92,626	66,916		
9/30/2006	$ 123,706	86,297	37,409		
6/30/2006	$ 30,000				
3/31/2006	$ 32,829		$ 30,000		
12/31/05	$ 33,448		$ 3,448		
9/30/05	$ -				
6/30/05	$ -				
3/31/05	$ -				
12/31/04	$ -				
9/30/04	$ 62,000			$ 62,000	
6/30/04	$ 62,000				
3/31/04	$ -				
12/31/03	$ 109,152		$109,152		
9/30/03	$ 25,588		$ 25,588		
6/30/03	$ -				
3/31/03	$ 49,014				$ 49,014

29. Participating Policies – None to report.

30. Premium Deficiency Reserves – None to report.

31. Anticipated Salvage and Subrogation – None to report.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities		0.000		0.000
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA		0.000		0.000
1.512 Issued or guaranteed by FNMA and FHLMC		0.000		0.000
1.513 All other		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.000		0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521		0.000		0.000
1.523 All other		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.000		0.000
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company	0	0.000	0	0.000
5.2 Property held for the production of income (including $ ..... of property acquired in satisfaction of debt)	1,035,580	10.517	1,035,580	10.517
5.3 Property held for sale (including $ ..... property acquired in satisfaction of debt)		0.000	0	0.000
6. Contract loans		0.000	0	0.000
7. Receivables for securities		0.000	0	0.000
8. Cash, cash equivalents and short-term investments	8,121,780	82.484	8,121,780	82.484
9. Other invested assets	689,076	6.998	689,076	6.998
10. Total invested assets	9,846,436	100.000	9,846,436	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] NA [ ]

1.3 State Regulating? Michigan

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

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

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

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/16/2003

3.4 By what department or departments? Michigan Office of Financial & Insurance Services

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

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

5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control;

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Crowe Chizek and Company LLC, South Bend, Indiana

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? .....
Reden & Anders, Ltd., Sugar Land, Texas

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [X]

11.11 Name of real estate holding company .....

11.12 Number of parcels involved .....

11.13 Total book/adjusted carrying value ..... $.....

11.2 If yes, provide explanation

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]

12.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] NA [ ]

BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? ..... Yes [X] No [ ]

14. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? ..... Yes [X] No [ ]

15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or likely to conflict with the official duties of such person? ..... Yes [X] No [ ]

FINANCIAL

16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11 To directors or other officers .. $.....

16.12 To stockholders not officers ... $.....

16.13 Trustees, supreme or grand (Fraternal only) ..... $.....

16.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21 To directors or other officers ... $.....

16.22 To stockholders not officers .... $.....

16.23 Trustees, supreme or grand (Fraternal only) ..... $.....

17.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? ..... Yes [ ] No [X]

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

17.21 Rented from others ..... $.....

17.22 Borrowed from others ..... $.....

17.23 Leased from others ..... $.....

17.24 Other ..... $.....

18.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? ..... Yes [ ] No [X]

18.2 If answer is yes,

18.21 Amount paid as losses or risk adjustment ..... $.....

18.22 Amount paid as expenses ..... $.....

18.23 Other amounts paid ..... $.....

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

19.2 If yes, indicated any amounts receivable from parent included in the Page 2 amount: ..... $ 10,408

GENERAL INTERROGATORIES

INVESTMENT

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

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

None - N/A

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1) ..... Yes [ ] No [X]

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

21.21	Loaned to others	$
21.22	Subject to repurchase agreements	$
21.23	Subject to reverse repurchase agreements	$
21.24	Subject to dollar repurchase agreements	$
21.25	Subject to reverse dollar repurchase agreements	$
21.26	Pledged as collateral	$
21.27	Placed under option agreements	$
21.28	Letter stock or other securities restricted as to sale	$
21.29	Other	$

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

GENERAL INTERROGATORIES

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

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

1 Name of Custodian(s)	2 Custodian's Address
Fifth Third Bank	111 Lyon Street, NW, Grand Rapids, MI 49503

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	2 Address

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?..... Yes [ ] No [X]

25.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
25.2999 TOTAL		0

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

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

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
26.1 Bonds	0		0
26.2 Preferred stocks	0		0
26.3 Totals	0	0	0

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

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

27.2 If no, list the exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 0

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid

29.1 Amount of payments for legal expenses, if any? $ 153,312

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

1 Name	2 Amount Paid
Barnes & Thornburg LLP	103,841

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 0

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U. S. business only $

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

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. $

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 38,961,161	$ 45,117,421
2.2	Premium Denominator	$ 38,961,161	$ 45,117,421
2.3	Premium Ratio (2.1/2.2)	1.000	1.000
2.4	Reserve Numerator	$ 4,067,556	$ 6,247,252
2.5	Reserve Denominator	$ 4,067,556	$ 6,247,252
2.6	Reserve Ratio (2.4/2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [ ] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No [ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [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 $ 150,000

5.32 Medical Only $

5.33 Medicare Supplement $

5.34 Dental $

5.35 Other Limited Benefit Plan $

5.36 Other $

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Grand Valley Health Plan carries insolvency insurance. Coverage is $5,000,000

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 115

8.2 Number of providers at end of reporting year 90

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

9.22 Business with rate guarantees over 36 months

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract? ..... Yes [ ] No [X]

10.2 If yes:

10.21 Maximum amount payable bonuses ..... $.....

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

10.23 Maximum amount payable withholds ..... $.....

10.24 Amount actually paid for year withholds ..... $.....

11.1 Is the reporting entity organized as:

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

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

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

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

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

11.4 If yes, show the amount required. ..... $.....2,548,370

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

FIVE-YEAR HISTORICAL DATA

	1 2006	2 2005	3 2004	4 2003	5 2002
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	11,665,000	12,797,555	11,103,316	9,153,146	7,096,282
2. Total liabilities (Page 3, Line 22)	6,427,141	8,237,555	5,986,782	5,394,398	5,109,909
3. Statutory surplus	1,558,446	1,804,697	1,811,547	1,679,614	1,559,161
4. Total capital and surplus (Page 3, Line 31)	5,237,859	4,560,000	5,116,534	3,758,748	1,986,373
Income Statement (Page 4)					
5. Total revenues (Line 8)	39,390,085	45,531,744	45,728,941	43,831,264	40,811,636
6. Total medical and hospital expenses (Line 18)	34,571,831	42,266,334	39,859,519	39,039,023	36,214,421
7. Claims adjustment expenses (Line 20)	260,312	395,482	334,412	293,771	0
8. Total administrative expenses (Line 21)	4,320,629	4,012,461	4,502,836	3,974,941	3,956,145
9. Net underwriting gain (loss) (Line 24)	237,313	(1,142,533)	1,032,174	523,529	423,484
10. Net investment gain (loss) (Line 27)	623,402	477,310	369,119	208,754	150,601
11. Total other income (Lines 28 plus 29)	(210,000)	0	0	0	0
12. Net income (loss) (Line 32)	407,302	(439,045)	953,643	473,483	321,085
Risk - Based Capital Analysis					
13. Total adjusted capital	5,237,859	4,560,000	5,116,534	3,758,748	1,986,373
14. Authorized control level risk-based capital	1,274,185	1,472,170	1,392,309	1,421,029	1,297,394
Enrollment (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	11,698	15,546	17,946	18,874	19,561
16. Total member months (Column 6, Line 7)	154,745	193,573	218,178	228,284	238,609
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus 19)	88.7	93.7	0.0	0.0	0.0
19. Cost containment expenses	0.0	0.0	0.0	XXX	XXX
20. Other claims adjustment expenses	0.7	0.9	0.7	0.0	0.0
21. Total underwriting deductions (Line 23)	100.5	103.5	98.7	103.1	103.6
22. Total underwriting gain (loss) (Line 24)	0.6	(2.5)	2.3	1.2	1.1
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Col. 5)	5,756,496	4,370,992	3,406,924	3,216,126	3,383,980
24. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	6,247,252	3,979,382	4,101,344	3,443,204	4,113,648
Investments In Parent, Subsidiaries And Affiliates					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
29. Affiliated mortgage loans on real estate		0	0	0	0
30. All other affiliated	689,076	749,388	758,649	762,387	792,138
31. Total of above Lines 25 to 30	689,076	749,388	758,649	762,387	792,138

Schedule D - Summary By Country

NONE

Schedule D - Verification Between Years

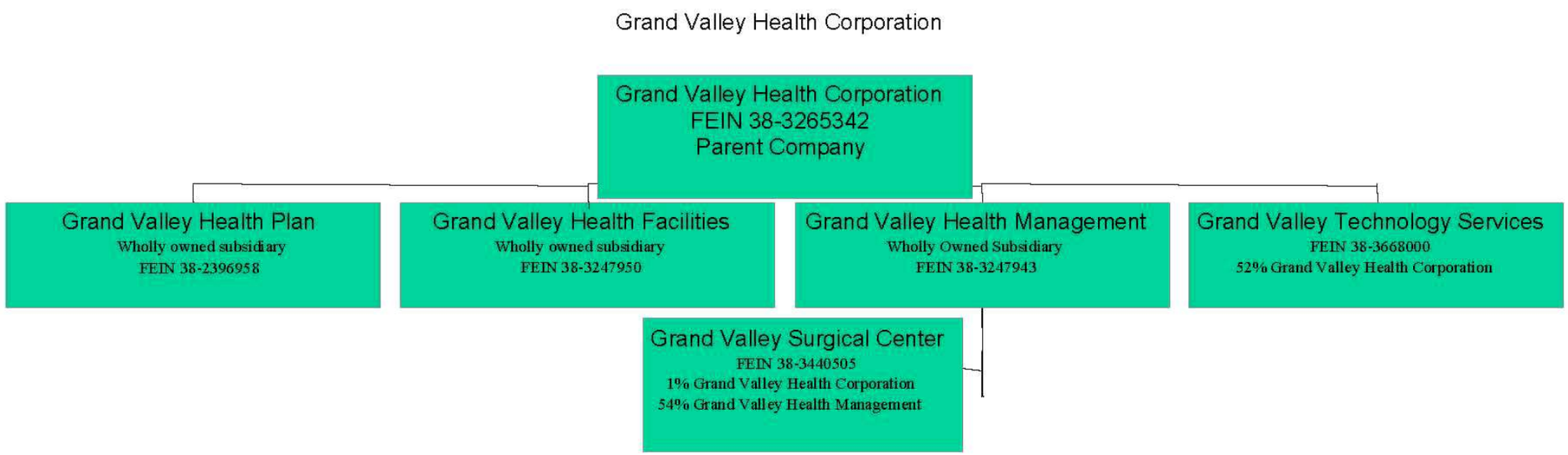
NONE

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed (Yes or No)	Direct Business Only 3 Accident & Health Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	8 Property/ Casualty Premiums
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI	No	Yes	33,164,472			6,280,970		
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56 Northern Mariana Islands MP								
57 Canada CN								
58. Aggregate other alien OT	XXX	XXX	0	0	0	0	0	0
59. Subtotal	XXX	XXX	33,164,472	0	0	6,280,970	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	XXX						
61. Total (Direct Business)	XXX	(a) 1	33,164,472	0	0	6,280,970	0	0
DETAILS OF WRITE-INS								
5801.	XXX	XXX						
5802.	XXX	XXX						
5803.	XXX	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	XXX	0	0	0	0	0	0

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

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

PART 1 - ORGANIZATIONAL CHART