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HEALTH QUARTERLY STATEMENT

As of June 30, 2007

of the Condition and Affairs of the

Molina Healthcare of Michigan, Inc.

NAIC Group Code.....1531, 1531 (Current Period) (Prior Period) NAIC Company Code..... 52630 Employer's ID Number..... 38-3341599

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

Licensed as Business Type Is HMO Federally Qualified? Yes [ ] No [X]

Incorporated/Organized..... February 10, 1997 Commenced Business..... January 1, 1998

Statutory Home Office	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number) (City or Town, State and Zip Code)*	248-925-1700 *(Area Code) (Telephone Number)*
Mail Address	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number) (City or Town, State and Zip Code)*	248-925-1700 *(Area Code) (Telephone Number)*
Internet Website Address	www.molinahealthcare.com	
Statutory Statement Contact	Christine Surdock *(Name)*	248-925-1700 *(Area Code) (Telephone Number) (Extension)*
	christine.surdock@molinahealthcare.com *(E-Mail Address)*	248-925-1722 *(Fax Number)*
Policyowner Relations Contact	100 West Big Beaver, Suite 600….. Troy ..... MI ..... 48084-5209 *(Street and Number) (City or Town, State and Zip Code)*	248-925-1700 *(Area Code) (Telephone Number) (Extension)*

OFFICERS

Name	Title	Name	Title
1. Roman T Kulich	President, Chairperson	2. Mark L Andrews	Secretary
3. Christine M Surdock #	Chief Financial Officer	4.	

OTHER

DIRECTORS OR TRUSTEES

Terry B Bayer	John Jamian	Dean G Smith	Kathryn F Crawford
Marissa Morgan	Roman T Kulich	Ron Nelson	Vernice D Anthony
Walter C Watkins, Jr.	Anna Marie Lang	Barbara Striker	

State of.....
County of.....

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

(Signature)	(Signature)	(Signature)
Roman T Kulich	Mark L Andrews	Christine M Surdock
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President, Chairperson	Secretary	Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This _____ day of _____

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

b. If no: 1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds	510,000		510,000	1,000,000
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks			0	
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate:				
4.1 Properties occupied by the company (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....43,827,755), cash equivalents ($.....0) and short-term investments ($.....81,795,536)	125,623,291		125,623,291	120,889,325
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets			0	
8. Receivables for securities			0	
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	126,133,291	0	126,133,291	121,889,325
11. Title Plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	23,993		23,993	5,700
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection			0	
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	59,280		59,280	
14.2 Funds held by or deposited with reinsured companies			0	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon			0	
16.2 Net deferred tax asset	6,391,873	5,925,462	466,411	478,373
17. Guaranty funds receivable or on deposit			0	
18. Electronic data processing equipment and software	135,629		135,629	154,264
19. Furniture and equipment, including health care delivery assets ($.....0)	1,540,229	1,540,229	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates	48,503		48,503	149,325
22. Health care ($.....5,142,804) and other amounts receivable	5,924,560	666,220	5,258,340	4,662,087
23. Aggregate write-ins for other than invested assets	21,760,463	16,003,486	5,756,977	5,381,377
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	162,017,821	24,135,397	137,882,424	132,720,451
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	162,017,821	24,135,397	137,882,424	132,720,451

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepaid Expenses/Deposits	362,218	362,218	0	
2302. Intangible Assets (Goodwill/Patient Files)	21,398,245	15,641,268	5,756,977	5,381,377
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	21,760,463	16,003,486	5,756,977	5,381,377

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $.....0 reinsurance ceded)	66,478,224		66,478,224	63,392,341
2. Accrued medical incentive pool and bonus amounts	499,932		499,932	1,191,008
3. Unpaid claims adjustment expenses	1,056,095		1,056,095	1,202,669
4. Aggregate health policy reserves			0	
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	789,052		789,052	
9. General expenses due or accrued	1,262,907		1,262,907	2,032,585
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses))	852,559		852,559	186,602
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others			0	
13. Remittances and items not allocated			0	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates			0	
16. Payable for securities			0	
17. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
18. Reinsurance in unauthorized companies			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	
20. Liability for amounts held under uninsured plans			0	
21. Aggregate write-ins for other liabilities (including $.....0 current)	3,014,868	0	3,014,868	4,887,463
22. Total liabilities (Lines 1 to 21)	73,953,637	0	73,953,637	72,892,668
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	159,000	159,000
25. Preferred capital stock	XXX	XXX		
26. Gross paid in and contributed surplus	XXX	XXX	84,814,563	84,814,563
27. Surplus notes	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	(21,044,776)	(25,145,780)
30. Less treasury stock, at cost:				
30.1 .....0.000 shares common (value included in Line 24 $.....0)	XXX	XXX		
30.2 .....0.000 shares preferred (value included in Line 25 $.....0)	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	63,928,787	59,827,783
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	137,882,424	132,720,451

DETAILS OF WRITE-INS

2101. Premium Taxes Due	3,014,868		3,014,868	4,887,463
2102.			0	
2103.			0	
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	3,014,868	0	3,014,868	4,887,463
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.				
2802.				
2803.				
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year to Date
	1 Uncovered	2 Total	3 Total
1. Member months	XXX	1,327,181	863,077
2. Net premium income (including $.....0 non-health premium income)	XXX	295,056,256	156,042,547
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of $.....0 medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	(17,870,653)	(9,399,811)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	277,185,603	146,642,736
Hospital and Medical:			
9. Hospital/medical benefits		168,641,614	66,843,630
10. Other professional services		10,484,083	5,172,692
11. Outside referrals		21,563,839	13,142,259
12. Emergency room and out-of-area		9,624,516	6,586,126
13. Prescription drugs		35,795,564	23,393,717
14. Aggregate write-ins for other hospital and medical	0	2,009,572	1,098,923
15. Incentive pool, withhold adjustments and bonus amounts		154,659	
16. Subtotal (Lines 9 to 15)	0	248,273,847	116,237,347
Less:			
17. Net reinsurance recoveries		59,280	259,878
18. Total hospital and medical (Lines 16 minus 17)	0	248,214,567	115,977,469
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....5,624,770 cost containment expenses		8,554,496	4,738,368
21. General administrative expenses		20,522,219	14,020,816
22. Increase in reserves for life and accident and health contracts (including $.....0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	0	277,291,282	134,736,653
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(105,679)	11,906,083
25. Net investment income earned		3,118,931	2,017,653
26. Net realized capital gains (losses) less capital gains tax of $.....0			
27. Net investment gains or (losses) (Lines 25 plus 26)	0	3,118,931	2,017,653
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
29. Aggregate write-ins for other income or expenses	0	0	(385,123)
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	3,013,252	13,538,613
31. Federal and foreign income taxes incurred	XXX	1,215,955	4,852,970
32. Net income (loss) (Lines 30 minus 31)	XXX	1,797,297	8,685,643

DETAILS OF WRITE-INS

0601. QAAP Tax	XXX	(17,870,653)	(9,399,811)
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	(17,870,653)	(9,399,811)
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401. Patient Transportation		1,642,761	980,237
1402. Other Health Care Costs		366,811	118,686
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	2,009,572	1,098,923
2901. Unconsolidated loss of affiliate - Cape Health Plan			(385,123)
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	(385,123)

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year to Date	2 Prior Year To Date	3 Prior Year
33. Capital and surplus prior reporting year	59,827,782	37,051,175	55,165,918
34. Net income or (loss) from Line 32	1,797,297	8,685,643	23,187,316
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of $.....0			
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax	5,913,500	(32,211)	(102,721)
39. Change in nonadmitted assets	(3,609,793)	(22,657,437)	5,577,269
40. Change in unauthorized reinsurance			
41. Change in treasury stock			
42. Change in surplus notes			
43. Cumulative effect of changes in accounting principles			
44. Capital changes:			
44.1 Paid in			
44.2 Transferred from surplus (Stock Dividend)			
44.3 Transferred to surplus			
45. Surplus adjustments:			
45.1 Paid in		20,000,000	21,000,000
45.2 Transferred to capital (Stock Dividend)			
45.3 Transferred from capital			
46. Dividends to stockholders			(45,000,000)
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital and surplus (Lines 34 to 47)	4,101,004	5,995,995	4,661,864
49. Capital and surplus end of reporting period (Line 33 plus 48)	63,928,786	43,047,170	59,827,782

DETAILS OF WRITE-INS

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

CASH FLOW

		1 Current Year to Date	2 Prior Year Ended December 31
	CASH FROM OPERATIONS		
1.	Premiums collected net of reinsurance	295,845,308	498,632,076
2.	Net investment income	3,100,638	5,687,393
3.	Miscellaneous income	(17,870,653)	(30,063,115)
4.	Total (Lines 1 through 3)	281,075,293	474,256,354
5.	Benefit and loss related payments	245,879,040	392,683,734
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	31,865,562	52,395,429
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	549,998	15,243,341
10.	Total (Lines 5 through 9)	278,294,600	460,322,504
11.	Net cash from operations (Line 4 minus Line 10)	2,780,693	13,933,850
	CASH FROM INVESTMENTS		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	490,000	310,000
	12.2 Stocks		
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets		
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds		
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	490,000	310,000
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds		310,000
	13.2 Stocks		
	13.3 Mortgage loans		
	13.4 Real estate		
	13.5 Other invested assets		
	13.6 Miscellaneous applications		
	13.7 Total investments acquired (Lines 13.1 to 13.6)	0	310,000
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	490,000	0
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		21,000,000
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders		45,000,000
	16.6 Other cash provided (applied)	1,463,273	(636,221)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	1,463,273	(24,636,221)
	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)	4,733,966	(10,702,371)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	120,889,324	131,591,695
	19.2 End of period (Line 18 plus Line 19.1)	125,623,290	120,889,324

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

20.0001		

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at End of:										
1. Prior Year	227,797							152	227,645	
2. First Quarter	221,194							183	221,011	
3. Second Quarter	217,267							459	216,808	
4. Third Quarter	0									
5. Current Year	217,267							459	216,808	
6. Current Year Member Months	1,327,181							1,383	1,325,798	
Total Member Ambulatory Encounters for Period:										
7. Physician	183,498							538	182,960	
8. Non-Physician	101,259							498	100,761	
9. Total	284,757	0	0	0	0	0	0	1,036	283,721	0
10. Hospital Patient Days Incurred	44,224							176	44,048	
11. Number of Inpatient Admissions	9,572							36	9,536	
12. Health Premiums Written (a)	295,172,530							1,592,367	293,580,163	
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	295,172,530							1,592,367	293,580,163	
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	246,795,504							969,338	245,826,166	
18. Amount Incurred for Provision of Health Care Services	248,273,848							1,080,114	247,193,734	

(a) For health premiums written: Amount of Medicare Title XVIII exempt from state taxes or fees $.....0

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

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0399999. Aggregate Accounts Not Individually Listed-Covered	13,967,825					13,967,825
0499999. Subtotals	13,967,825	0	0	0	0	13,967,825
0599999. Unreported Claims and Other Claim Reserves						52,510,399
0799999. Total Claims Unpaid						66,478,224
0899999. Accrued Medical Incentive Pool and Bonus Amounts						499,932

UNDERWRITING AND INVESTMENT EXHIBIT

Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)					0	32,138
2. Medicare Supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal Employees Health Benefits Plan Premiums					0	
6. Title XVIII - Medicare	203,594	765,744	26,150	580,384	229,744	518,187
7. Title XIX - Medicaid	36,789,181	208,131,970	3,349,716	62,521,974	40,138,897	62,842,016
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	36,992,775	208,897,714	3,375,866	63,102,358	40,368,641	63,392,341
10. Healthcare receivables (a)				1,979,803	0	1,063,340
11. Other non-health					0	
12. Medical incentive pools and bonus amounts	845,735		345,273	154,659	1,191,008	1,191,008
13. Totals	37,838,510	208,897,714	3,721,139	61,277,214	41,559,649	63,520,009

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

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

No significant change.

Note 2 - Accounting Changes and Corrections of Errors

No significant change.

Note 3 - Business Combinations and Goodwill

No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

No significant change.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

Note 7 - Investment Income

No significant change.

Note 8 - Derivative Instruments

No significant change.

Note 9 - Income Taxes

The Company changed its methodology of recording intangible asset basis differences between tax and reporting purposes. For reporting purposes, the Company is currently utilizing the statutory basis instead of the GAAP basis previously used.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

No significant change.

Note 11 - Debt

No significant change.

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

No significant change.

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

No significant change.

Note 14 - Contingencies

No significant change.

Note 15 - Leases

NOTES TO FINANCIAL STATEMENTS

No significant change.

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

No significant change.

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

C. NOTE: This disclosure is required in every filing for the Quarterly Statement.

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

No significant change.

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

No significant change.

Note 20 - September 11 Events

No significant change.

Note 21 - Other Items

No significant change.

Note 22 - Events Subsequent

No significant change.

Note 23 - Reinsurance

No significant change.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

No significant change.

Note 26 - Intercompany Pooling Arrangements

No significant change.

Note 27 - Structured Settlements

No significant change.

Note 28 - Health Care Receivables

No significant change.

Note 29 - Participating Policies

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 30 - Premium Deficiency Reserves

No significant change.

Note 31 - Anticipated Salvage and Subrogation

No significant change.

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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

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

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

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

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

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

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

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

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004.....

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004.....

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/30/2006.....

6.4 By what department or departments?
Office of Financial and Insurance Services

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

7.2 If yes, give full information:

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

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

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

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

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

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:

9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

9.3 Have any provisions of the code of ethics been waived for any of the specified officers: Yes [ ] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES

FINANCIAL

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

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

INVESTMENT

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

11.2 If yes, explain:

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

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

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

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

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

15.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
15.21 Bonds	$.....0	$.....0
15.22 Preferred Stock	$.....0	$.....0
15.23 Common Stock	$.....0	$.....0
15.24 Short-Term Investments	$.....0	$.....0
15.25 Mortgages, Loans or Real Estate	$.....0	$.....0
15.26 All Other	$.....0	$.....0
15.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 15.21 to 15.26)	$.....0	$.....0
15.28 Total Investment in Parent included in Lines 15.21 to 15.26 above	$.....0	$.....0

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

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

17. 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 [ ]

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

1 Name of Custodian(s)	2 Custodian Address
LaSalle Bank	2600 W. Big Beaver Rd. Troy, MI 48084
Fifth Third Bank	1000 Town Center, Suite 1400 Southfield, MI 48075
Chase	PO Box 260180, Baton Rouge, LA 70826-0180

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

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

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [ ] No [X]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
Cadre Financial Services	Robert Brownlee	905 Marconi Ave. Ronkonkoma, NY

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

18.2 If no, list exceptions:

SCHEDULE A - VERIFICATION

Real Estate

NONE

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

SCHEDULE B - VERIFICATION

Mortgage Loans

NONE

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

SCHEDULE BA - VERIFICATION

Other Invested Assets

NONE

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

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	1,000,000	1,000,000
2. Cost of bonds and stocks acquired		310,000
3. Accrual of discount		
4. Increase (decrease) by adjustment		
5. Increase (decrease) by foreign exchange adjustment		
6. Total profit (loss) on disposal		
7. Consideration for bonds and stocks disposed of	490,000	310,000
8. Amortization of premium		
9. Book/adjusted carrying value, current period	510,000	1,000,000
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	510,000	1,000,000
12. Total nonadmitted amounts		
13. Statement value	510,000	1,000,000

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	104,482,011		22,176,475		104,482,011	82,305,536		58,969,616
2. Class 2								
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	104,482,011	0	22,176,475	0	104,482,011	82,305,536	0	58,969,616
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	104,482,011	0	22,176,475	0	104,482,011	82,305,536	0	58,969,616

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
8299999. Totals	81,795,536	XXX	81,795,536	2,181,091	

SCHEDULE DA - PART 2 - Verification

Short-Term Investments Owned

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	57,969,616	67,985,868
2. Cost of short-term investments acquired	23,825,920	
3. Increase (decrease) by adjustment		
4. Increase (decrease) by foreign exchange adjustment		
5. Total profit (loss) on disposal of short-term investments		
6. Consideration received on disposal of short-term investments		10,016,252
7. Book/adjusted carrying value, current period	81,795,536	57,969,616
8. Total valuation allowance		
9. Subtotal (Lines 7 plus 8)	81,795,536	57,969,616
10. Total nonadmitted amounts		
11. Statement value (Lines 9 minus 10)	81,795,536	57,969,616
12. Income collected during period	2,181,091	2,813,758
13. Income earned during period	2,199,384	2,813,798

Sch. DB-Part F-Section 1
NONE

Sch. DB-Part F-Section 2
NONE

Sch. S
NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Is Insurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 through 7	Deposit-Type Contracts
1. Alabama AL	NO							0	
2. Alaska AK	NO							0	
3. Arizona AZ	NO							0	
4. Arkansas AR	NO							0	
5. California CA	NO							0	
6. Colorado CO	NO							0	
7. Connecticut CT	NO							0	
8. Delaware DE	NO							0	
9. District of Columbia DC	NO							0	
10. Florida FL	NO							0	
11. Georgia GA	NO							0	
12. Hawaii HI	NO							0	
13. Idaho ID	NO							0	
14. Illinois IL	NO							0	
15. Indiana IN	NO							0	
16. Iowa IA	NO							0	
17. Kansas KS	NO							0	
18. Kentucky KY	NO							0	
19. Louisiana LA	NO							0	
20. Maine ME	NO							0	
21. Maryland MD	NO							0	
22. Massachusetts MA	NO							0	
23. Michigan MI	YES		1,592,367	293,580,163				295,172,530	
24. Minnesota MN	NO							0	
25. Mississippi MS	NO							0	
26. Missouri MO	NO							0	
27. Montana MT	NO							0	
28. Nebraska NE	NO							0	
29. Nevada NV	NO							0	
30. New Hampshire NH	NO							0	
31. New Jersey NJ	NO							0	
32. New Mexico NM	NO							0	
33. New York NY	NO							0	
34. North Carolina NC	NO							0	
35. North Dakota ND	NO							0	
36. Ohio OH	NO							0	
37. Oklahoma OK	NO							0	
38. Oregon OR	NO							0	
39. Pennsylvania PA	NO							0	
40. Rhode Island RI	NO							0	
41. South Carolina SC	NO							0	
42. South Dakota SD	NO							0	
43. Tennessee TN	NO							0	
44. Texas TX	NO							0	
45. Utah UT	NO							0	
46. Vermont VT	NO							0	
47. Virginia VA	NO							0	
48. Washington WA	NO							0	
49. West Virginia WV	NO							0	
50. Wisconsin WI	NO							0	
51. Wyoming WY	NO							0	
52. American Samoa AS	NO							0	
53. Guam GU	NO							0	
54. Puerto Rico PR	NO							0	
55. U.S. Virgin Islands VI	NO							0	
56. Northern Mariana Islands MP	NO							0	
57. Canada CN	NO							0	
58. Aggregate Other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	0	1,592,367	293,580,163	0	0	0	295,172,530	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	0	1,592,367	293,580,163	0	0	0	295,172,530	0

DETAILS OF WRITE-INS

5801.							0	
5802.							0	
5803.							0	
5898. nary of remaining write-ins for line 58 from overflow	0	0	0	0	0	0	0	0
5899. otal (Lines 5801 thru 5803 plus 5898) (Line 58 abov	0	0	0	0	0	0	0	0

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

Sch. Y-Part 1
NONE

Supplemental Exhibit & Sch. Interrogatories
NONE

Overflow Page
NONE

Sch. A-Part 2
NONE

Sch. A-Part 3
NONE

Sch. B-Part 1
NONE

Sch. B-Part 2
NONE

Sch. BA-Part 1
NONE

Sch. BA-Part 2
NONE

Sch. D-Part 3
NONE

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Government																					
84603M LP 9	Sovereign Bank, Wyomissing, pa	..				98,000		98,000	98,000				0					0		01/29/2007	
74407Y 3B 3	Providian National Bank, Tilton NBH	..				98,000		98,000	98,000				0					0		03/09/2007	
05566R EB 7	BMW BAnk, NA Salt Lake City, UT	..				98,000		98,000	98,000				0					0		03/16/2007	
003874 GX 6	ACACIA Federal Savings Bank, Falls Churc	..				98,000		98,000	98,000				0					0		05/04/2007	
31938Q JQ 8	First Business Bank, Madison, WI	..				98,000		98,000	98,000				0					0		05/07/2007	
0399999.	Total - Bonds - U.S. Government					490,000	0	490,000	490,000	0	0	0	0	0	0	0	0	0	0	XXX	XXX
6099997.	Total - Bonds - Part 4					490,000	0	490,000	490,000	0	0	0	0	0	0	0	0	0	0	XXX	XXX
6099999.	Total - Bonds					490,000	0	490,000	490,000	0	0	0	0	0	0	0	0	0	0	XXX	XXX
7499999.	Total - Bonds, Preferred and Common Stocks					490,000	XXX	490,000	490,000	0	0	0	0	0	0	0	0	0	0	XXX	XXX

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

Sch. DB-Part A-Section 1
NONE

Sch. DB-Part B-Section 1
NONE

Sch. DB-Part C-Section 1
NONE

Sch. DB-Part D-Section 1
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1		2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
						6	7	8	
Depository		Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories									
Chase	Detroit, Michigan		3.500	192,506		7,899,262	7,360,022	36,076,999	XXX
Lasalle Bank N.A.	Detroit, Michigan					2,282	433	9,209	XXX
Fifth Third Bank	Troy, Michigan		3.000	64,529		8,812,316	8,614,693	7,740,547	XXX
0199999. Total Open Depositories		XXX	XXX	257,035	0	16,713,860	15,975,148	43,826,755	XXX
0399999. Total Cash on Deposit		XXX	XXX	257,035	0	16,713,860	15,975,148	43,826,755	XXX
0499999. Cash in Company's Office		XXX	XXX	XXX	XXX	500	1,000	1,000	XXX
0599999. Total Cash		XXX	XXX	257,035	0	16,714,360	15,976,148	43,827,755	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

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

NONE