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ANNUAL STATEMENT

For the Year Ending December 31, 2006

of the Condition and Affairs of the

Physicians Health Plan of Southwest Michigan

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

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

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

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

Statutory Home Office	106 Farmers Alley Suite 300….. Kalamazoo ..... MI ..... 49005-1100 *(Street and Number) (City, State and Zip Code)*	
Main Administrative Office	106 Farmers Alley Suite 300….. Kalamazoo ..... MI ..... 49005-1100 *(Street and Number) (City, State and Zip Code)*	800-851-0404 *(Area Code) (Telephone Number)*
Mail Address	106 Farmers Alley Suite 300….. Kalamazoo ..... MI ..... 49005-1100 *(Street and Number or P. O. Box) (City, State and Zip Code)*	
Primary Location of Books and Records	106 Farmers Alley Suite 300….. Kalamazoo ..... MI ..... 49005-1100 *(Street and Number) (City, State and Zip Code)*	800-851-0404 *(Area Code) (Telephone Number)*
Internet Website Address	www.ibahealthplans.com	
Statutory Statement Contact	Joanne Wince *(Name)*	269-216-2074 *(Area Code) (Telephone Number) (Extension)*
	joanne_wince@uhc.com *(E-Mail Address)*	269-216-2146 *(Fax Number)*
Policyowner Relations Contact	106 Farmers Alley Suite 300….. Kalamazoo ..... MI ..... 49005-1100 *(Street and Number) (City, State and Zip Code)*	800-851-0404 *(Area Code) (Telephone Number) (Extension)*

OFFICERS

Name	Title	Name	Title
1. Kenneth Lee Taft	Chief Executive Officer	2. Kenneth Lee Taft	Secretary
3. Mary Michelle Meitz	Chief Financial Officer	4.	

OTHER

DIRECTORS OR TRUSTEES

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

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

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (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)
Kenneth Lee Taft	Kenneth Lee Taft	Mary Michelle Meitz
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
Chief Executive Officer	Secretary	Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This _____ day of _____

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

b. If no 1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

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)	5,195,409		5,195,409	5,016,254
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
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 $.....0 encumbrances)			0	
5. Cash ($.....(224,805), Sch. E-Part 1), cash equivalents ($.....0, Sch. E-Part 2) and short-term investments ($.....6,321,938, Sch. DA)	6,097,133		6,097,133	11,135,622
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets (Schedule BA)			0	267,831
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)	11,292,542	0	11,292,542	16,419,707
11. Title plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	61,058		61,058	42,297
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection	(902)		(902)	65,908
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	5,221		5,221	
14.2 Funds held by or deposited with reinsured companies			0	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon			0	
16.2 Net deferred tax asset			0	
17. Guaranty funds receivable or on deposit			0	
18. Electronic data processing equipment and software			0	
19. Furniture and equipment, including health care delivery assets ($.....0)			0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates			0	
22. Health care ($.....184,354) and other amounts receivable	224,315	39,961	184,354	1,502,140
23. Aggregate write-ins for other than invested assets	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	11,582,234	39,961	11,542,273	18,030,052
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	11,582,234	39,961	11,542,273	18,030,052

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.			0	
2302.			0	
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $.....104,817 reinsurance ceded)	838,168	82,491	920,659	5,568,727
2. Accrued medical incentive pool and bonus amounts	37,106		37,106	213,530
3. Unpaid claims adjustment expenses	115,520		115,520	157,592
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			0	14,666
9. General expenses due or accrued	210,993		210,993	336,583
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized capital gains (losses))			0	
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others	4,935		4,935	24,427
13. Remittances and items not allocated	2,244		2,244	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates			0	170,307
16. Payable for securities			0	
17. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
18. Reinsurance in unauthorized companies			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	
20. Liability for amounts held under uninsured plans			0	
21. Aggregate write-ins for other liabilities (including $.....0 current)	0	0	0	946,325
22. Total liabilities (Lines 1 to 21)	1,208,965	82,491	1,291,456	7,432,157
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	450	450
25. Preferred capital stock	XXX	XXX		
26. Gross paid in and contributed surplus	XXX	XXX	10,931,918	10,931,918
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	(681,551)	(334,473)
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	10,250,817	10,597,895
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	11,542,273	18,030,052

DETAILS OF WRITE-INS

2101. QAAP State Assessment			0	946,325
2102.			0	
2103.			0	
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	946,325
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 thru 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 thru 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	270,557	410,024
2. Net premium income (including $.....0 non-health premium income)	XXX	41,247,441	63,657,352
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	(2,354,956)	(3,651,160)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	38,892,485	60,006,192
Hospital and Medical:			
9. Hospital/medical benefits	1,702,877	19,005,327	28,035,790
10. Other professional services	344,985	3,850,280	4,548,173
11. Outside referrals			
12. Emergency room and out-of-area	237,398	2,649,531	5,314,158
13. Prescription drugs	637,747	7,117,714	11,030,196
14. Aggregate write-ins for other hospital and medical	30,921	345,103	356,932
15. Incentive pool, withhold adjustments and bonus amounts		750,801	627,309
16. Subtotal (Lines 9 to 15)	2,953,928	33,718,758	49,912,558
Less:			
17. Net reinsurance recoveries		(165,106)	725,698
18. Total hospital and medical (Lines 16 minus 17)	2,953,928	33,883,864	49,186,860
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....46,985 cost containment expenses		2,026,419	2,985,998
21. General administrative expenses		3,701,901	6,377,707
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)	2,953,928	39,612,184	58,550,565
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(719,699)	1,455,627
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		683,870	482,069
26. Net realized capital gains or (losses) less capital gains tax of $.....0		2,895	(8,060)
27. Net investment gains or (losses) (Lines 25 plus 26)	0	686,765	474,009
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	4,000,000	1,440,000
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	3,967,066	3,369,636
31. Federal and foreign income taxes incurred	XXX		
32. Net income (loss) (Lines 30 minus 31)	XXX	3,967,066	3,369,636

DETAILS OF WRITE-INS

0601. QAAP TAXES	XXX	(2,508,490)	(3,890,576)
0602. MEDICAID QUALITY INCENTIVE	XXX	153,534	239,416
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	(2,354,956)	(3,651,160)
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401. Other Medical Costs	30,921	345,103	356,932
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	30,921	345,103	356,932
2901. Arbitration Settlement			1,440,000
2902. Medicaid Membership Settlement		4,000,000	
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	4,000,000	1,440,000

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	10,597,895	7,269,677
34. Net income or (loss) from Line 32	3,967,066	3,369,636
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains and (losses) less capital gains tax of $.....0	(12,163)	(60,544)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	175,190	19,126
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders	(4,477,171)	
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	(347,078)	3,328,218
49. Capital and surplus end of reporting period (Line 33 plus 48)	10,250,817	10,597,895

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 thru 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	41,299,585	63,829,654
2. Net investment income	656,952	463,881
3. Miscellaneous income	700,962	(1,264,325)
4. Total (Lines 1 through 3)	42,657,499	63,029,210
5. Benefit and loss related payments	40,782,068	53,368,994
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	3,827,491	6,276,207
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) $.....0 net of tax on capital gains (losses)		
10. Total (Lines 5 through 9)	44,609,559	59,645,201
11. Net cash from operations (Line 4 minus Line 10)	(1,952,060)	3,384,009
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	1,805,836	716,589
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	477,171	
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	(202,561)	(83,834)
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,080,446	632,755
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,977,822	806,613
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		340,000
13.6 Miscellaneous applications	2,895	
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,980,717	1,146,613
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	99,729	(513,857)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	4,477,171	
16.6 Other cash provided (applied)	1,291,013	447,580
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(3,186,158)	447,580
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)	(5,038,489)	3,317,732
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	11,135,622	7,817,889
19.2 End of year (Line 18 plus Line 19.1)	6,097,133	11,135,622

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

20.0001		

ANALYSIS OF OPERATION BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plans	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	41,247,441	1,489,850						39,757,591					
2. Change in unearned premium reserves and reserve for rate credit	0												
3. Fee-for-service (net of $.....0 medical expenses)	0												XXX
4. Risk revenue	0												XXX
5. Aggregate write-ins for other health care related revenues	(2,354,956)	(73,700)	0	0	0	0	0	(2,281,256)	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)	38,892,485	1,416,150	0	0	0	0	0	37,476,335	0	0	0	0	0
8. Hospital/medical benefits	19,005,327	621,162						18,384,165					XXX
9. Other professional services	3,850,280	318,278						3,532,002					XXX
10. Outside referrals	0												XXX
11. Emergency room and out-of-area	2,649,531	52,093						2,597,438					XXX
12. Prescription drugs	7,117,714	164,252						6,953,462					XXX
13. Aggregate write-ins for other hospital and medical	345,103	40,168	0	0	0	0	0	304,935	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	750,801							750,801					XXX
15. Subtotal (Lines 8 to 14)	33,718,758	1,195,955	0	0	0	0	0	32,522,803	0	0	0	0	XXX
16. Net reinsurance recoveries	(165,106)							(165,106)					XXX
17. Total hospital and medical (Lines 15 minus 16)	33,883,864	1,195,955	0	0	0	0	0	32,687,909	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $.....0 cost containment expenses	2,026,419	73,771						1,952,648					
20. General administrative expenses	3,701,901	134,740						3,567,161					
21. Increase in reserves for accident and health contracts	0												XXX
22. Increase in reserve for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	39,612,184	1,404,466	0	0	0	0	0	38,207,718	0	0	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(719,699)	11,684	0	0	0	0	0	(731,383)	0	0	0	0	0

DETAILS OF WRITE-INS

0501. QAAP TAXES	(2,508,490)	(73,700)						(2,434,790)					XXX
0502. MEDICAID QUALITY INCENTIVE	153,534							153,534					XXX
0503.	0												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. Total (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(2,354,956)	(73,700)	0	0	0	0	0	(2,281,256)	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	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. Total (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Other Medical Costs	345,103	40,168						304,935					XXX
1302.	0												XXX
1303.	0												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. Total (Lines 1301 thru 1303 plus 1398) (Line 13 above)	345,103	40,168	0	0	0	0	0	304,935	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)	1,507,410		17,560	1,489,850
2. Medicare supplement				0
3. Dental only				0
4. Vision only				0
5. Federal employees health benefits plan				0
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid	40,035,895		278,304	39,757,591
8. Stop loss				0
9. Disability income				0
10. Long-term care				0
11. Other health				0
12. Health subtotal (Lines 1 through 11)	41,543,305	0	295,864	41,247,441
13. Life				0
14. Property/casualty				0
15. Totals (Lines 12 to 14)	41,543,305	0	295,864	41,247,441

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital and 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	35,444,724	1,316,705						34,128,019					
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	(1,063,802)							(1,063,802)					
1.4 Net	36,508,526	1,316,705	0	0	0	0	0	35,191,821	0	0	0	0	0
2. Paid medical incentive pools and bonuses	927,226							927,226					
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	1,025,475	176,043						849,432					
3.2 Reinsurance assumed	0												
3.3 Reinsurance ceded	104,817							104,817					
3.4 Net	920,658	176,043	0	0	0	0	0	744,615	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												
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	37,106							37,106					
6. Net healthcare receivables (a)	(1,277,824)	(127,321)						(1,150,503)					
7. Amounts recoverable from reinsurers December 31, current year	5,221							5,221					
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	4,780,067	451,420						4,328,647					
8.2 Reinsurance assumed	0												
8.3 Reinsurance ceded	(788,658)							(788,658)					
8.4 Net	5,568,725	451,420	0	0	0	0	0	5,117,305	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct	0												
9.2 Reinsurance assumed	0												
9.3 Reinsurance ceded	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	213,530							213,530					
11. Amounts recoverable from reinsurers December 31, prior year	0												
12. Incurred benefits:													
12.1 Direct	32,967,956	1,168,649	0	0	0	0	0	31,799,307	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	(165,106)	0	0	0	0	0	0	(165,106)	0	0	0	0	0
12.4 Net	33,133,062	1,168,649	0	0	0	0	0	31,964,413	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	750,802	0	0	0	0	0	0	750,802	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Medical and Hospital)	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. Reported in process of adjustment:													
1.1 Direct	147,084	3,250						143,834					
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	104,817							104,817					
1.4 Net	42,267	3,250	0	0	0	0	0	39,017	0	0	0	0	0
2. Incurred but unreported:													
2.1 Direct	546,249	152,457						393,792					
2.2 Reinsurance assumed	0												
2.3 Reinsurance ceded	0												
2.4 Net	546,249	152,457	0	0	0	0	0	393,792	0	0	0	0	0
3. Amounts withheld from paid claims and capitations:													
3.1 Direct	332,142	20,336						311,806					
3.2 Reinsurance assumed	0												
3.3 Reinsurance ceded	0												
3.4 Net	332,142	20,336	0	0	0	0	0	311,806	0	0	0	0	0
4. Totals:													
4.1 Direct	1,025,475	176,043	0	0	0	0	0	849,432	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	104,817	0	0	0	0	0	0	104,817	0	0	0	0	0
4.4 Net	920,658	176,043	0	0	0	0	0	744,615	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 December 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)	207,378	1,109,326	3,945	172,099	211,323	451,420
2. Medicare supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan					0	
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid	3,221,928	31,964,672	91,303	653,311	3,313,231	5,117,305
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	3,429,306	33,073,998	95,248	825,410	3,524,554	5,568,725
10. Healthcare receivables (a)	57,174	167,142			57,174	1,502,140
11. Other non-health					0	
12. Medical incentive pools and bonus amounts	302,263	624,963		37,106	302,263	213,530
13. Totals (Lines 9 - 10 + 11 + 12)	3,674,395	33,531,819	95,248	862,516	3,769,643	4,280,115

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	6,243	(4)			
2. 2002	49,594	3,032	53		
3. 2003	XXX	48,684	2,458	197	
4. 2004	XXX	XXX	48,871	2,730	
5. 2005	XXX	XXX	XXX	45,834	3,429
6. 2006	XXX	XXX	XXX	XXX	33,074

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	106,715	106,523	106,523	106,523	106,523
2. 2002	57,763	52,196	52,678	52,678	52,678
3. 2003	XXX	53,699	51,080	51,338	51,339
4. 2004	XXX	XXX	53,168	51,694	51,600
5. 2005	XXX	XXX	XXX	51,309	49,358
6. 2006	XXX	XXX	XXX	XXX	33,899

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2002	62,815	52,678	2,145	4.1	54,823	87.3			54,823	87.3
2. 2003	60,274	51,339	2,532	4.9	53,871	89.4			53,871	89.4
3. 2004	64,155	51,600	3,035	5.9	54,635	85.2			54,635	85.2
4. 2005	63,657	49,264	2,945	6.0	52,209	82.0	95		52,304	82.2
5. 2006	41,247	33,074	2,069	6.3	35,143	85.2	862	115	36,120	87.6

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	2,262	(1)			
2. 2002	17,968	573	4		
3. 2003	XXX	9,194	1,014	47	
4. 2004	XXX	XXX	3,584	654	
5. 2005	XXX	XXX	XXX	2,333	207
6. 2006	XXX	XXX	XXX	XXX	1,109

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	55,353	55,287	55,287	55,287	55,287
2. 2002	19,482	18,430	18,544	18,544	18,544
3. 2003	XXX	10,483	10,101	8,846	10,255
4. 2004	XXX	XXX	4,601	4,859	4,237
5. 2005	XXX	XXX	XXX	2,774	2,544
6. 2006	XXX	XXX	XXX	XXX	1,281

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2002	19,865	18,544	678	3.7	19,222	96.8			19,222	96.8
2. 2003	10,348	10,255	435	4.2	10,690	103.3			10,690	103.3
3. 2004	6,420	4,237	304	7.2	4,541	70.7			4,541	70.7
4. 2005	3,222	2,541	149	5.9	2,690	83.5	4		2,694	83.6
5. 2006	1,489	1,109	75	6.8	1,184	79.5	172	4	1,360	91.3

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT

NONE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

NONE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, 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					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

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

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2002				0.0	0	0.0			0	0.0
2. 2003				0.0	0	0.0			0	0.0
3. 2004				0.0	0	0.0			0	0.0
4. 2005				0.0	0	0.0			0	0.0
5. 2006				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY

NONE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY

NONE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, 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					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

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

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2002				0.0	0	0.0			0	0.0
2. 2003				0.0	0	0.0			0	0.0
3. 2004				0.0	0	0.0			0	0.0
4. 2005				0.0	0	0.0			0	0.0
5. 2006				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - VISION ONLY

NONE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - VISION ONLY

NONE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, 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					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

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

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2002				0.0	0	0.0			0	0.0
2. 2003				0.0	0	0.0			0	0.0
3. 2004				0.0	0	0.0			0	0.0
4. 2005				0.0	0	0.0			0	0.0
5. 2006				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

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

NONE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

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

NONE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, 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					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

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

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2002				0.0	0	0.0			0	0.0
2. 2003				0.0	0	0.0			0	0.0
3. 2004				0.0	0	0.0			0	0.0
4. 2005				0.0	0	0.0			0	0.0
5. 2006				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

NONE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

NONE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, 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					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

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

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2002				0.0	0	0.0			0	0.0
2. 2003				0.0	0	0.0			0	0.0
3. 2004				0.0	0	0.0			0	0.0
4. 2005				0.0	0	0.0			0	0.0
5. 2006				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	3,981	(3)			
2. 2002	31,626	2,459	49		
3. 2003	XXX	39,490	1,444	150	
4. 2004	XXX	XXX	45,287	2,076	
5. 2005	XXX	XXX	XXX	43,501	3,222
6. 2006	XXX	XXX	XXX	XXX	31,965

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

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	51,362	51,236	51,236	51,236	51,236
2. 2002	38,281	33,766	34,134	34,134	34,134
3. 2003	XXX	43,216	40,979	42,492	41,084
4. 2004	XXX	XXX	48,567	46,835	47,363
5. 2005	XXX	XXX	XXX	48,535	46,814
6. 2006	XXX	XXX	XXX	XXX	32,618

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2002	42,950	34,134	1,467	4.3	35,601	82.9			35,601	82.9
2. 2003	49,926	41,084	2,097	5.1	43,181	86.5			43,181	86.5
3. 2004	57,735	47,363	2,731	5.8	50,094	86.8			50,094	86.8
4. 2005	60,435	46,723	2,796	6.0	49,519	81.9	91		49,610	82.1
5. 2006	39,758	31,965	1,994	6.2	33,959	85.4	690	111	34,760	87.4

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

NONE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - OTHER

NONE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, 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					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

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

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2002				0.0	0	0.0			0	0.0
2. 2003				0.0	0	0.0			0	0.0
3. 2004				0.0	0	0.0			0	0.0
4. 2005				0.0	0	0.0			0	0.0
5. 2006				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Comprehensive (Hospital and 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 $.....0) 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
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.	0											
0502.	0											
0503.	0											
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 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0
1101.	0											
1102.	0											
1103.	0											
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 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0	0	0	0

NONE

(a) Includes $.....0 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 ($.....0 for occupancy of own building)	219	30,903	43,481		74,603
2. Salaries, wages and other benefits	20,929	1,151,772	1,632,187		2,804,888
3. Commissions (less $.....0 ceded plus $.....0 assumed)	1,184	35,797	51,214		88,195
4. Legal fees and expenses		(10,757)	(15,066)		(25,823)
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services			862,876		862,876
7. Traveling expenses		8,697	12,181		20,878
8. Marketing and advertising			23,639		23,639
9. Postage, express and telephone	9,341	248,036	355,893		613,270
10. Printing and office supplies	290	1,765	3,020		5,075
11. Occupancy, depreciation and amortization	755	26,131	37,286		64,172
12. Equipment					0
13. Cost or depreciation of EDP equipment and software	142	10,701	15,116		25,959
14. Outsourced services including EDP, claims, and other services	8,714	267,902	383,146		659,762
15. Boards, bureaus and association fees		5,439	7,618		13,057
16. Insurance, except on real estate		17,567	24,605		42,172
17. Collection and bank service charges					0
18. Group service and administration fees					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	412	14,569	20,780		35,761
23.3 Regulator authority licenses and fees					0
23.4 Payroll taxes		39,054	54,698		93,752
23.5 Other (excluding federal income and real estate taxes)	1	5,716	8,007		13,724
24. Investment expenses not included elsewhere	57	1,371	1,973		3,401
25. Aggregate write-ins for expenses	4,941	124,771	179,247	0	308,959
26. Total expenses incurred (Lines 1 to 25)	46,985	1,979,434	3,701,901	0	(a) 5,728,320
27. Less expenses unpaid December 31, current year		115,520	210,993		326,513
28. Add expenses unpaid December 31, prior year		157,592	336,583		494,175
29. Amounts receivable relating to uninsured plans, prior year					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)	46,985	2,021,506	3,827,491	0	5,895,982

DETAILS OF WRITE-INS

2501. Other Miscellaneous	4,941	124,771	179,247		308,959
2502.					0
2503.					0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above)	4,941	124,771	179,247	0	308,959

(a) Includes management fees of $.....2,142,823 to affiliates and $.....2,786,887 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 166,320	184,904
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 13,620	13,798
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)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 519,370	519,370
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	699,310	718,071
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		34,201
16.	Total deductions (Lines 11 through 15)		34,201
17.	Net investment income (Line 10 minus Line 16)		683,870

DETAILS OF WRITE-INS

0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0
1501.	Bank Service Charges		24,165
1502.	Investment Fees		10,036
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above)		34,201

(a) Includes $.....16,303 accrual of discount less $.....5,251 amortization of premium and less $.....18,046 paid for accrued interest on purchases.
(b) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued dividends on purchases.
(c) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(d) Includes $.....0 for company's occupancy of its own buildings; and excludes $.....0 interest on encumbrances.
(e) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(f) Includes $.....0 accrual of discount less $.....0 amortization of premium.
(g) Includes $.....0 investment expenses and $.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
(h) Includes $.....0 interest on surplus notes and $.....0 interest on capital notes.
(i) Includes $.....0 depreciation on real estate and $.....0 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	(3,884)			(3,884)
1.1	Bonds exempt from U.S. tax				0
1.2	Other bonds (unaffiliated)				0
1.3	Bonds of affiliates				0
2.1	Preferred stocks (unaffiliated)				0
2.11	Preferred stocks of affiliates				0
2.2	Common stocks (unaffiliated)				0
2.21	Common stocks of affiliates				0
3.	Mortgage loans				0
4.	Real estate				0
5.	Contract loans				0
6.	Cash, cash equivalents and short-term investments				0
7.	Derivative instruments				0
8.	Other invested assets	6,779		(12,163)	(5,384)
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0
10.	Total capital gains (losses)	2,895	0	(12,163)	(9,268)

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Other invested assets (Schedule BA)		214,724	214,724
8. Receivables for securities			0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	214,724	214,724
11. Title plants (for Title insurers only)			0
12. Investment income due and accrued			0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection		427	427
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
13.3 Accrued retrospective premiums			0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			0
14.2 Funds held by or deposited with reinsured companies			0
14.3 Other amounts receivable under reinsurance contracts			0
15. Amounts receivable relating to uninsured plans			0
16.1 Current federal and foreign income tax recoverable and interest thereon			0
16.2 Net deferred tax asset			0
17. Guaranty funds receivable or on deposit			0
18. Electronic data processing equipment and software			0
19. Furniture and equipment, including health care delivery assets			0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0
21. Receivable from parent, subsidiaries and affiliates			0
22. Health care and other amounts receivable	39,961		(39,961)
23. Aggregate write-ins for other than invested assets	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	39,961	215,151	175,190
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. TOTALS (Lines 24 and 25)	39,961	215,151	175,190

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
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0
2301.			0
2302.			0
2303.			0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	0	0	0

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	34,272	34,290	33,543	277		270,557
2. Provider service organizations						
3. Preferred provider organizations						
4. Point of service						
5. Indemnity only						
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	34,272	34,290	33,543	277	0	270,557

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 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The financial statements have been prepared on the basis of accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Services (OFIS) and the National Association of Insurance Commissioners (NAIC). These practices differ in some respects from generally accepted accounting principles. Certain assets are considered non-admitted for statutory purposes and are excluded from the balance sheet. These non-admitted assets have been allocated to retained earning in the financial statements.

Cash and Cash Equivalents – Short-term investments with maturity of three months or less at the time of purchase are reported as cash equivalents.

Property and Equipment - Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided on a straight-line basis, over the estimated useful lives of the property, which range from 3 to 15 years.

Claims Payable – Accrued medical claims and related expenses (hospitalization and other outside medical services) include amounts billed and not paid and an estimate of costs incurred for unbilled services provided to the balance sheet date.

Premiums – Premiums are recognized in the period in which the members are entitled to health care services. Premiums billed and collected in advance are recorded as unearned premiums.

Use of Estimates – The statutory basis financial statements have been prepared in accordance with the accounting practices prescribed or permitted by the CIS, which is a comprehensive basis of accounting other than generally accepted accounting principles, and requires the use of certain estimates, the most significant of which related to incurred but unreported claims for medical services. Actual results could differ from these estimates.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

The state of Michigan has adopted codification effective January 1, 2003.

3. BUSINESS COMBINATIONS AND GOODWILL

Not applicable.

4. DISCONTINUED OPERATIONS

Effective September 1, 2006, the Company's Medicaid membership tranferred to Great Lakes Health Plan. The Company subsequently discontinued the remaining small number of commercial members as of November 30, 2006. As of December 31, 2006 the Company no longer had any members or former members who were confined as inpatients.

5. INVESTMENTS

Carrying value of investments in debt securities designated for GAAP reporting purposes as available-for-sale securities are carried at amortized cost rather than fair value.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

The company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

7. INVESTMENT INCOME

All income due or accrued has been included in the filing.

8. DERIVATIVE INSTRUMENTS

Not applicable.

9. INCOME TAXES

PHPSWM has been granted tax exempt status under IRS Code Section 501(c)(4).

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

Bronson Healthcare Group, Inc. did not contribute capital to PHPSWM during 2006.

PHPSWM members obtain medical services from Bronson Hospital, which is part of the PHPSWM provider network. As a result, medical service expenses include approximately $8,800,000 of claims for 2006. Additionally, related parties of Bronson Practice Management and Bronson Vicksburg Hospital had medical services expense of approximately $413,000 and $102,000 respectively.

PHPSWM has a management agreement with IBA Health and Life Assurance Company for certain administrative expenses. Payments for these services were $2,142,000 during 2006.

NOTES TO FINANCIAL STATEMENTS

11. DEBT

Not applicable.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTRETIREMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

Not applicable

13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

Not applicable.

14. CONTINGENCIES

In the ordinary course of operations, PHPSWM is subject to various litigation matters related to health benefits provided to its subscribers. Although the outcome of these matters cannot be determined, it is management's opinion that disposition of these proceeds will not have a material adverse effect on the financial position or the results of operations.

15. LEASES

There are no lease obligations.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

Not applicable.

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

Not applicable.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

PHPSWM has a risk-sharing arrangement with United Healthcare Insurance Company (UHIC), whereby PHPSWM earns 70% of the net profit or loss (as defined) of the HMO's out-of-area product and out-of-network portion of a point-of-service product. This arrangement is currently in a run out period and PHPSWM is 100% at risk.

19. DIRECT PREMIUM WRITTEN PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

Not applicable.

20. SEPTEMBER 11 EVENTS

Not applicable.

21. OTHER ITEMS

PHPSWM elected to use rounding in reporting amounts in the statement.

22. SUBSEQUENT EVENTS

There are no subsequent events to December 31, 2006 that require disclosure.

23. REINSURANCE

PHPSWM has a reinsurance contract whereby it cedes exposure of potential losses arising from large medical claims. Amounts to be received under reinsurance agreements are recorded as a reduction in health care costs when the claim is identified and can be reasonably estimated. Reinsurance ceded contracts do not relieve PHPSWM from its obligations to providers. PHPSWM initially pays all claims and assumes responsibility for the portion reinsured, to the extent that the reinsured does not meet its obligations assumed under the reinsurance agreement.

24. RETROSPECTIVELY RATED CONTRACTS

Not applicable.

NOTES TO FINANCIAL STATEMENTS

25. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Reserves for incurred claims attributable to insured events of prior years has decreased by $4.2 million from $4.3 million in 2005 to $.0.1 million in 2006. Claims payments accounted for $3.7 million of this change while $5 million is due to changes in estimates, which are included in medical services expense in the accompanying statutory statements of operations.

26. INTERCOMPANY POOLING ARRANGEMENTS

Not applicable.

27. STRUCTURED SETTLEMENTS

Not applicable.

28. HEALTH CARE RECEIVABLES (amounts in thousands)

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	2				
9/30/2006	403	205	166		
6/30/2006	360	279	279		
3/31/2006	304	267	267		
12/31/2005	313	255	242		13
9/30/2005	286	253	252		
6/30/2005	296	248	248		
3/31/2005	271	251	251		
12/31/2004	265	252	246		
9/30/2004	289	291	274		1
6/30/2004	298	298	296		
3/31/2004	301	301	265		30

The company uses drug utilization average rates times claims counts for that month to estimate pharmaceutical rebate receivables.

NOTES TO FINANCIAL STATEMENTS

Psychotropic Rebate Receivables

Quarter	Estimated Psychotropic Rebates as Reported on Financial Statements	Psychoptopic 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					
9/30/2006	470	500	500		
6/30/2006	705	810	810		
3/31/2006	715	804	804		
12/31/2005	600	757	757		
9/30/2005	550	737	737		
6/30/2005	450	737	394	343	
3/31/2005	450	754	754		
12/31/2004	450	719	531	188	
9/30/2004	780	1,773	821	951	
6/30/2004	780	1,263	1,153	110	
3/31/2004	780	1,085	893	119	72

Psychotropic rebate receivables are estimated each month based on historical data using previous months paids summarized as a pmpm.

Risk Sharing Receivables

Calendar Year	Evaluation Period Year Ending	Risk Sharing Rec as Est in Prior Yr	Risk Share Rec as Est in Cur Yr	Risk Share Receivable Billed	Risk Share Rec Not Yet Billed	Actual Risk Share Amts Rec'd in Yr Billed	Actual Risk Share Amts Rec'd First Yr Subsequent	Actual Risk Share Amts Rec'd Second Yr Subsequent	Actual Risk Share Amts Rec'd All Other
2006	2006	0	70	0	70	0	0	0	0
	2007	0	0	0	0	0	0	0	0
2005	2005	549	0	549	0	0	0	0	0
	2006	0	0	0	0	0	0	0	0
2004	2004	369	549	369	549	166	0	0	0
	2005	0	0	0	0	0	0	0	0

Risk share receivables are calculated by comparing paid expenses with capitated arrangements in accordance with agreements to the plan's partners.

NOTES TO FINANCIAL STATEMENTS

29. PARTICIPATING POLICIES

Not applicable.

30. PREMIUM DEFICIENCY RESERVES

As of December 31, 2006, the Company had liabilities of $0 related to premium deficiency reserves. The Company did not consider anticipated investment income when calculating its premium deficiency reserves.

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written with this license, the Company has no salvage. As of December 31, 2006 and 2005 the company had no specific accruals established for outstanding subrogation, as it is considered as a component of the actuarial calculations used to develop the estimates of incurred but not yet reported claims.

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	3,540,719	31.4	3,540,719	31.4
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.0		0.0
1.22 Issued by U.S. government sponsored agencies		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities)		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.0		0.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations		0.0		0.0
1.43 Revenue and assessment obligations		0.0		0.0
1.44 Industrial development and similar obligations	250,000	2.2	250,000	2.2
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA		0.0		0.0
1.512 Issued or guaranteed by FNMA and FHLMC	1,404,690	12.4	1,404,690	12.4
1.513 All other		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.0		0.0
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		0.0		0.0
1.523 All other		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.0		0.0
2.2 Unaffiliated foreign securities		0.0		0.0
2.3 Affiliated securities		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated		0.0		0.0
3.22 Unaffiliated		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.0		0.0
3.32 Unaffiliated		0.0		0.0
3.4 Other equity securities:				
3.41 Affiliated		0.0		0.0
3.42 Unaffiliated		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.0		0.0
3.52 Unaffiliated		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development		0.0		0.0
4.2 Agricultural		0.0		0.0
4.3 Single family residential properties		0.0		0.0
4.4 Multifamily residential properties		0.0		0.0
4.5 Commercial loans		0.0		0.0
4.6 Mezzanine real estate loans		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company		0.0		0.0
5.2 Property held for production of income (including $.....0 of property acquired in satisfaction of debt)		0.0		0.0
5.3 Property held for sale (including $.....0 property acquired in satisfaction of debt)		0.0		0.0
6. Contract loans		0.0		0.0
7. Receivables for securities		0.0		0.0
8. Cash, cash equivalents and short-term investments	6,097,133	54.0	6,097,133	54.0
9. Other invested assets		0.0		0.0
10. Total invested assets	11,292,542	100.0	11,292,542	100.0

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 [ ] N/A [ ]

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. 12/31/2004

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. 12/31/2004

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). 06/27/2006

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

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

1 Nationality	2 Type of Entity

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?
Ernst & Young LLP
171 Monroe Avenue, Suite 1000, Grand Rapids, MI 49503

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?
Mr Greg Herrle FSA MAAA
Milliman USA, 15800 Bluemound Rd, Suite 400, Brookfield, WI 53005-6069

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.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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 [ ] N/A [ ]

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 is 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 $.....0
16.12 To stockholders not officers $.....0
16.13 Trustees, supreme or grand (Fraternal only) $.....0
16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
16.21 To directors or other officers $.....0
16.22 To stockholders not officers $.....0
16.23 Trustees, supreme or grand (Fraternal only) $.....0

17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the 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 parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]
19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. .....

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 [X] No [ ]
20.2 If no, give full and complete information relating thereto.

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 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 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 [ ] N/A [X]
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

PART 1 - COMMON 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
Bank One Investment Advisors	611 Woodard Ave., Detroit, MI 48226

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)	3 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	3 Address
JPMorgan Chase	Craig Haynes	611 Woodard Ave., Detroit, MI 48226

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

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	11,517,347	11,463,277	(54,070)
26.2 Preferred stocks			0
26.3 Totals	11,517,347	11,463,277	(54,070)

26.4 Describe the sources or methods utilized in determining the fair values:
Par value multiplied by fair value rate. The fair value rate of the securities was obtained from Interactive Data Corporation, a pricing vendor.

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 exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $.....17,119

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
Michigan Association of Health Plans	17,119

29.1 Amount of payments for legal expenses, if any? $.....1,659

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
Nuyen Tomtishen & Aoun PC	1,659

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $.....4,560

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
Michigan Association of Health Plans	4,560

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

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

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

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 .....

1.62 Total incurred claims .....

1.63 Number of covered lives .....

All years prior to most current three years:

1.64 Total premium earned .....

1.65 Total incurred claims .....

1.66 Number of covered lives .....

1.7 Group policies:

Most current three years:

1.71 Total premium earned .....

1.72 Total incurred claims .....

1.73 Number of covered lives .....

All years prior to most current three years:

1.74 Total premium earned .....

1.75 Total incurred claims .....

1.76 Number of covered lives .....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	41,247,441	63,657,352
2.2 Premium Denominator	41,247,441	63,657,352
2.3 Premium Ratio (2.1/2.2)	100.0	100.0
2.4 Reserve Numerator	957,764	5,782,255
2.5 Reserve Denominator	957,765	5,782,257
2.6 Reserve Ratio (2.4/2.5)	100.0	100.0

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

3.2 If yes, give particulars:

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

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

5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No [ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive medical $.....187,500

5.32 Medical only $.....0

5.33 Medicare supplement $.....0

5.34 Dental $.....0

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

5.36 Other $.....0

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

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

7.1 Does the reporting entity set up its claim liability for provider services on a service date base? Yes [X] No [ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 1,246

8.2 Number of providers at end of reporting year 1,095

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

9.2 If yes, direct premium earned:

9.21 Business with the rate guarantees between 15-36 months .....

9.22 Business with rate guarantees over 36 months .....

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

10.2 If yes:

10.21 Maximum amount payable bonuses $.....0

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

10.23 Maximum amount payable withholds $.....332,142

10.24 Amount actually paid for year withholds $.....313,476

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,	Yes [ ]	No [X]
11.13 An Individual Practice Association (IPA), or	Yes [X]	No [ ]
11.14 A Mixed Model (combination of above)?	Yes [ ]	No [X]
11.2 Is the reporting entity subject to Minimum Net Worth Requirements?	Yes [X]	No [ ]

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

11.4 If yes, show the amount required. $.....3,743,116

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ] No [X]

11.6 If the amount is calculated, show the calculation:

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

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

FIVE-YEAR HISTORICAL DATA

	1 2006	2 2005	3 2004	4 2003	5 2002
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	11,542,273	18,030,052	15,272,463	15,745,294	18,588,141
2. Total liabilities (Page 3, Line 22)	1,291,456	7,432,157	8,002,786	9,689,376	11,134,817
3. Statutory surplus	3,743,116	4,831,768	4,792,682	4,900,034	7,452,874
4. Total capital and surplus (Page 3, Line 31)	10,250,817	10,597,895	7,269,677	6,055,918	7,453,324
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	38,892,485	60,006,192	60,694,128	57,222,546	62,030,109
6. Total medical and hospital expenses (Line 18)	33,883,864	49,186,860	50,958,524	51,361,791	53,757,344
7. Claims adjustment expenses (Line 20)	2,026,419	2,985,998	2,791,461	2,619,755	2,417,773
8. Total administrative expenses (Line 21)	3,701,901	6,377,707	5,644,730	5,634,473	6,126,158
9. Net underwriting gain (loss) (Line 24)	(719,699)	1,455,627	1,299,413	(2,393,473)	(271,167)
10. Net investment gain (loss) (Line 27)	686,765	474,009	242,836	301,516	455,534
11. Total other income (Lines 28 plus 29)	4,000,000	1,440,000			
12. Net income or (loss) (Line 32)	3,967,066	3,369,636	1,542,249	(2,091,957)	184,367
Risk-Based Capital Analysis					
13. Total adjusted capital	10,250,817	10,597,895	7,269,677	6,055,918	7,453,324
14. Authorized control level risk-based capital	1,871,558	2,415,884	2,396,341	2,450,017	2,510,114
Enrollment (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)		34,272	34,111	32,761	31,856
16 Total member months (Column 6, Line 7)	270,557	410,024	400,217	378,238	391,538
Operating Percentage (Page 4) **(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100**					
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 (Line 18 plus Line 19)	82.1	77.3	79.4	86.0	86.7
19. Cost containment expenses	0.1	0.1	0.1	XXX	XXX
20. Other claims adjustment expenses	4.8	4.6	4.4	4.4	3.9
21. Total underwriting deductions (Line 23)	96.0	92.0	92.6	99.8	100.4
22. Total underwriting gain (loss) (Line 24)	(1.7)	2.3	2.0	(4.0)	(0.4)
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13 Col. 5)	3,769,643	3,777,557	2,766,410	2,839,637	7,331,909
24. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	4,280,115	5,026,044	5,184,998	5,941,550	11,618,065
Investments in Parent, Subsidiaries and Affiliates					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
26. Affiliated preferred stocks (Sch D. Summary, Line 39, Col. 1)					
27. Affiliated common stocks (Sch D. Summary, Line 53, Col. 2)					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated		267,831	175,936	314,512	302,680
31. Total of above Lines 25 to 30	0	267,831	175,936	314,512	302,680

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS	1. United States	4,945,409	4,890,969	4,930,913	4,995,000
Governments	2. Canada				
(Including all obligations guaranteed	3. Other Countries				
by governments)	4. Totals	4,945,409	4,890,969	4,930,913	4,995,000
	5. United States				
States, Territories and Possessions	6. Canada				
(Direct and guaranteed)	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States,	9. United States				
Territories and Possessions	10. Canada				
(Direct and guaranteed)	11. Other Countries				
	12. Totals	0	0	0	0
Special Revenue and Special Assessment	13. United States				
Obligations and all Non-guaranteed Obligations	14. Canada				
of Agencies and Authorities of Governments	15. Other Countries				
and their Political Subdivisions	16. Totals	0	0	0	0
	17. United States				
Public Utilities	18. Canada				
(Unaffiliated)	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and	21. United States	250,000	250,370	250,000	250,000
Credit Tenant Loans	22. Canada				
(Unaffiliated)	23. Other Countries				
	24. Totals	250,000	250,370	250,000	250,000
Parent, Subsidiaries and Affiliates	25. Totals				
	26. **Total Bonds**	5,195,409	5,141,339	5,180,913	5,245,000
PREFERRED STOCKS	27. United States				
Public Utilities	28. Canada				
(Unaffiliated)	29. Other Countries				
	30. Totals	0	0	0	
	31 United States				
Banks, Trust and Insurance Companies	32. Canada				
(Unaffiliated)	33. Other Countries				
	34. Totals	0	0	0	
	35. United States				
Industrial and Miscellaneous	36. Canada				
(Unaffiliated)	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals				
	40. **Total Preferred Stocks**	0	0	0	
COMMON STOCKS	41. United States				
Public Utilities	42. Canada				
(Unaffiliated)	43. Other Countries				
	44. Totals	0	0	0	
	45. United States				
Banks, Trust and Insurance Companies	46. Canada				
(Unaffiliated)	47. Other Countries				
	48. Totals	0	0	0	
	49. United States				
Industrial and Miscellaneous	50. Canada				
(Unaffiliated)	51. Other Countries				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals				
	54. **Total Common Stocks**	0	0	0	
	55. **Total Stocks**	0	0	0	
	56. **Total Bonds and Stocks**	5,195,409	5,141,339	5,180,913	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	5,016,254	7. Amortization of premium	5,251
2. Cost of bonds and stocks acquired, Column 7, Part 3	1,977,822	8. Foreign exchange adjustment:	
3. Accrual of discount	16,303	8.1 Column 15, Part 1	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1	
4.1 Columns 12 - 14, Part 1		8.3 Column 16, Part 2, Section 2	
4.2 Columns 15 - 17, Part 2, Section 1		8.4 Column 15, Part 4	0
4.3 Column 15, Part 2, Section 2		9. Book/adjusted carrying value at end of current period	5,195,409
4.4 Columns 11 - 13, Part 4	0	10. Total valuation allowance	
5. Total gain (loss), Column 19, Part 4	(3,884)	11. Subtotal (Lines 9 plus 10)	5,195,409
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4	1,805,836	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current year	5,195,409

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	2	Direct Business Only					
			3	4	5	6	7	8
State, Etc.	Guaranty Fund (YES or NO)	Is Insurer Licensed? (YES or NO)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums and Deposit-Type Contract Funds	Property/ Casualty Premiums
1. Alabama AL	NO	NO						
2. Alaska AK	NO	NO						
3. Arizona AZ	NO	NO						
4. Arkansas AR	NO	NO						
5. California CA	NO	NO						
6. Colorado CO	NO	NO						
7. Connecticut CT	NO	NO						
8. Delaware DE	NO	NO						
9. District of Columbia DC	NO	NO						
10. Florida FL	NO	NO						
11. Georgia GA	NO	NO						
12. Hawaii HI	NO	NO						
13. Idaho ID	NO	NO						
14. Illinois IL	NO	NO						
15. Indiana IN	NO	NO						
16. Iowa IA	NO	NO						
17. Kansas KS	NO	NO						
18. Kentucky KY	NO	NO						
19. Louisiana LA	NO	NO						
20. Maine ME	NO	NO						
21. Maryland MD	NO	NO						
22. Massachusetts MA	NO	NO						
23. Michigan MI	NO	YES	1,507,410		40,035,895			
24. Minnesota MN	NO	NO						
25. Mississippi MS	NO	NO						
26. Missouri MO	NO	NO						
27. Montana MT	NO	NO						
28. Nebraska NE	NO	NO						
29. Nevada NV	NO	NO						
30. New Hampshire NH	NO	NO						
31. New Jersey NJ	NO	NO						
32. New Mexico NM	NO	NO						
33. New York NY	NO	NO						
34. North Carolina NC	NO	NO						
35. North Dakota ND	NO	NO						
36. Ohio OH	NO	NO						
37. Oklahoma OK	NO	NO						
38. Oregon OR	NO	NO						
39. Pennsylvania PA	NO	NO						
40. Rhode Island RI	NO	NO						
41. South Carolina SC	NO	NO						
42. South Dakota SD	NO	NO						
43. Tennessee TN	NO	NO						
44. Texas TX	NO	NO						
45. Utah UT	NO	NO						
46. Vermont VT	NO	NO						
47. Virginia VA	NO	NO						
48. Washington WA	NO	NO						
49. West Virginia WV	NO	NO						
50. Wisconsin WI	NO	NO						
51. Wyoming WY	NO	NO						
52. American Samoa AS	NO	NO						
53. Guam GU	NO	NO						
54. Puerto Rico PR	NO	NO						
55. U.S. Virgin Islands VI	NO	NO						
56. Northern Mariana Islands MP	NO	NO						
57. Canada CN	NO	NO						
58. Aggregate Other alien OT	XXX	XXX	0	0	0	0	0	0
59. Subtotal	XXX	XXX	1,507,410	0	40,035,895	0	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	XXX						
61. Total (Direct Business)	XXX	(a) 1	1,507,410	0	40,035,895	0	0	0

DETAILS OF WRITE-INS

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

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 MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

NAME	DOMICILE	% OWNED	FEIN	NAIC CO CODE
Bronson Healthcare Group, Inc.	MI	100	38-2418383	
Bronson Methodist Hospital	MI	100	38-1359087	
Bronson Vicksburg Hospital	MI	100	38-2610349	
Bronson Properties Corporation	MI	100	38-6052573	
Bronson Health Foundation	MI	100	38-2415081	
Child Care Plus, Inc.	MI	100	38-2767444	
Kalamazoo County Safe Kids Coalition	MI	100	38-3283257	
Hospital Network, Inc.	MI	71.5	38-2625715	
Van Buren Emergency Medical Services, Inc.	MI	50	38-2745910	
Allegan Emergency Medical Services, Inc.	MI	50	38-2893665	
Van Buren Healthcare Services Corporation	MI	50	38-3027386	
West Michigan Air Care, Inc.	MI	50	38-3067256	
West Michigan Cancer Center	MI	50	38-3061574	
Michigan Health Partners	MI	100	38-3252721	
Michigan HealthLink	MI	50	38-3145044	
First Health Development Corporation	MI	50	38-2787945	
Physicians Health Plan of Southwest Michigan	MI	100	38-3376063	52569
Bronson Management Services Corporation	MI	100	38-2415032	
Bronson Practice Management, Inc.	MI	100	38-2511179	
Bronson Physician Services, Inc	MI	100	38-2756971	
Bronson Staffing Services, Inc.	MI	100	38-3277697	
Bronson Lifestyle Improvement & Research Center	MI	100	38-3552556	

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART