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ANNUAL STATEMENT

For the Year Ended December 31, 2010

of the Condition and Affairs of the

Blue Care Network of Michigan

NAIC Group Code.....572, 572 (Current Period) (Prior Period) NAIC Company Code..... 95610 Employer's ID Number..... 38-2359234

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..... May 6, 1981 Commenced Business..... May 13, 1981

Statutory Home Office	20500 Civic Center Drive….. Southfield ..... MI ..... 48076 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	20500 Civic Center Drive….. Southfield ..... MI ..... 48076 *(Street and Number) (City or Town, State and Zip Code)*	248-799-6400 *(Area Code) (Telephone Number)*
Mail Address	20500 Civic Center Drive MC C455….. Southfield ..... MI ..... 48076 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	20500 Civic Center Drive….. Southfield ..... MI ..... 48076 *(Street and Number) (City or Town, State and Zip Code)*	248-455-3630 *(Area Code) (Telephone Number)*
Internet Web Site Address	www.mibcn.com	
Statutory Statement Contact	Penny Jean Wall *(Name)*	248-455-3630 *(Area Code) (Telephone Number) (Extension)*
	PWall@bcbsm.com *(E-Mail Address)*	248-455-3639 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. Kevin James Klobucar #	President & Chief Executive Officer	2. Julie Concetta Swantek	Secretary
3. Susan Anne Kluge	Chief Financial Officer & Treasurer	4. Marc Darryl Keshishian MD	Chief Medical Officer

OTHER

DIRECTORS OR TRUSTEES

Kedrick David Adkins	Julie Anne Angott	Mark Robert Bartlett	William Harrison Black
James Robert Dietz	Shauna Ryder Diggs MD	Janet Louise Harden	DeMerritte Bonta Hiscoe MD
Valeriah Ann Holmon	Teola Pearl Hunter #	Robert Paul Kelch MD	Kevin James Klobucar #
Karen Marie Knapp	Melvin Lyle Larsen	Donald Glenn Oetman	Calvin Thomas Rapson
Gregory Alan Sudderth	Diana Lynn Watson		

State of..... Michigan
County of..... Oakland

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)
Kevin James Klobucar	Julie Concetta Swantek	Susan Anne Kluge
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President & Chief Executive Officer	Secretary	Chief Financial Officer & Treasurer
(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)	291,034,487		291,034,487	199,629,073
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks	11,341,649		11,341,649	9,801,238
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 $.....0 encumbrances)			0	
5. Cash ($.....(3,299,320), Sch. E-Part 1), cash equivalents ($.....24,747,998, Sch. E-Part 2) and short-term investments ($.....554,040,273, Sch. DA)	575,488,951		575,488,951	540,244,609
6. Contract loans (including $.....0 premium notes)			0	
7. Derivatives			0	
8. Other invested assets (Schedule BA)	91,262,260		91,262,260	81,070,778
9. Receivables for securities			0	
10. Securities lending reinvested collateral assets			0	
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	969,127,347	0	969,127,347	830,745,698
13. Title plants less $.....0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	12,408,243		12,408,243	9,026,910
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection	17,047,206	292,838	16,754,368	16,066,299
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums			0	2,656
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans			0	302,942
18.1 Current federal and foreign income tax recoverable and interest thereon	65,733		65,733	337,909
18.2 Net deferred tax asset			0	
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software	10,304,070	9,899,154	404,916	768,339
21. Furniture and equipment, including health care delivery assets ($.....0)	444,647	444,647	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	17,007,843	98,538	16,909,305	14,088,156
24. Health care ($.....13,068,944) and other amounts receivable	13,866,193	797,249	13,068,944	13,624,526
25. Aggregate write-ins for other than invested assets	3,787,075	3,787,075	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,044,058,357	15,319,501	1,028,738,856	884,963,435
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTALS (Lines 26 and 27)	1,044,058,357	15,319,501	1,028,738,856	884,963,435

DETAILS OF WRITE-INS

1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Prepaid expenses	3,786,575	3,786,575	0	
2502. Other Accounts Receivable	500	500	0	
2503.			0	
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	3,787,075	3,787,075	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $.....11,606,138 reinsurance ceded)	258,625,720	9,046,733	267,672,453	257,864,801
2. Accrued medical incentive pool and bonus amounts	55,793,821		55,793,821	44,351,108
3. Unpaid claims adjustment expenses	8,539,491		8,539,491	6,914,026
4. Aggregate health policy reserves	2,819,019		2,819,019	2,404,844
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	37,178,037		37,178,037	34,047,140
9. General expenses due or accrued	19,350,520		19,350,520	19,276,238
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	2,259,541		2,259,541	3,086,350
12. Amounts withheld or retained for the account of others	806,127		806,127	713,675
13. Remittances and items not allocated			0	294
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	101,390,232		101,390,232	98,599,275
16. Derivatives			0	
17. Payable for securities			0	
18. Payable for securities lending			0	
19. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
20. Reinsurance in unauthorized companies			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	
22. Liability for amounts held under uninsured plans	1,338,231		1,338,231	
23. Aggregate write-ins for other liabilities (including $.....0 current)	1,031,154	0	1,031,154	1,094,451
24. Total liabilities (Lines 1 to 23)	489,131,893	9,046,733	498,178,626	468,352,202
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	10,000	10,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	15,643,045	15,643,045
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	514,907,185	400,958,188
32. Less treasury stock at cost:				
32.1 .....0.000 shares common (value included in Line 26 $.....0)	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 $.....0)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	530,560,230	416,611,233
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,028,738,856	884,963,435

DETAILS OF WRITE-INS

2301. Employee Health Insurance accrued payable			0	161,046
2302. Escheats	1,031,154		1,031,154	782,852
2303. Other Payables			0	150,553
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)	1,031,154	0	1,031,154	1,094,451
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 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	6,289,625	6,367,506
2. Net premium income (including $.....0 non-health premium income)	XXX	2,326,517,746	2,208,250,621
3. Change in unearned premium reserves and reserve for rate credits	XXX	(414,175)	1,076,648
4. Fee-for-service (net of $.....0 medical expenses)	XXX		(4,864,319)
5. Risk revenue	XXX	4,325,741	4,317,345
6. Aggregate write-ins for other health care related revenues	XXX	229,833	91,901
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	2,330,659,145	2,208,872,196
Hospital and Medical:			
9. Hospital/medical benefits	14,811,130	1,443,546,834	1,379,358,348
10. Other professional services	584,605	57,779,761	50,660,307
11. Outside referrals	70,768,803	70,768,803	77,420,241
12. Emergency room and out-of-area	2,255,938	129,678,962	122,020,926
13. Prescription drugs		297,369,861	295,176,913
14. Aggregate write-ins for other hospital and medical	0	0	1,783,410
15. Incentive pool, withhold adjustments and bonus amounts		42,316,933	39,206,553
16. Subtotal (Lines 9 to 15)	88,420,476	2,041,461,154	1,965,626,698
Less:			
17. Net reinsurance recoveries		23,997,433	24,411,639
18. Total hospital and medical (Lines 16 minus 17)	88,420,476	2,017,463,721	1,941,215,059
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....39,699,538 cost containment expenses		94,853,962	78,639,623
21. General administrative expenses		138,923,531	154,592,002
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)	88,420,476	2,251,241,214	2,174,446,684
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	79,417,931	34,425,512
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		18,803,281	31,867,649
26. Net realized capital gains or (losses) less capital gains tax of $.....0		6,906,534	5,038,362
27. Net investment gains or (losses) (Lines 25 plus 26)	0	25,709,815	36,906,011
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....80,282) (amount charged off $.....1,014,076)]		(933,794)	(639,715)
29. Aggregate write-ins for other income or expenses	0	0	(8,096,925)
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	104,193,952	62,594,883
31. Federal and foreign income taxes incurred	XXX	272,176	(174,426)
32. Net income (loss) (Lines 30 minus 31)	XXX	103,921,776	62,769,309

DETAILS OF WRITE-INS

0601. Miscellaneous Revenue	XXX	229,833	77,786
0602. Pharmacy over the counter revenue	XXX		14,115
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	229,833	91,901
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 Expense			1,117,754
1402. Occupancy, Depreciation and Amortization			665,656
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	1,783,410
2901. One time adjustment for employee integration with parent			(8,096,925)
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	(8,096,925)

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	416,611,233	336,739,823
34. Net income or (loss) from Line 32	103,921,776	62,769,309
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	11,535,711	9,706,151
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(1,508,491)	7,395,950
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	113,948,996	79,871,410
49. Capital and surplus end of reporting period (Line 33 plus 48)	530,560,230	416,611,233

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	2,328,226,306	2,212,840,785
2. Net investment income	18,249,925	32,489,465
3. Miscellaneous income	4,555,574	(455,073)
4. Total (Lines 1 through 3)	2,351,031,805	2,244,875,177
5. Benefit and loss related payments	1,996,213,356	1,969,927,619
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	231,433,664	326,178,425
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)		163,483
10. Total (Lines 5 through 9)	2,227,647,020	2,296,269,527
11. Net cash from operations (Line 4 minus Line 10)	123,384,785	(51,394,350)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	165,457,125	168,491,754
12.2 Stocks	210,554	361,043
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	219,239	1,398,876
12.7 Miscellaneous proceeds		4,686,079
12.8 Total investment proceeds (Lines 12.1 to 12.7)	165,886,918	174,937,752
13. Cost of investments acquired (long-term only):		
13.1 Bonds	253,011,747	179,374,042
13.2 Stocks	398,208	1,052,324
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		9,658,328
13.7 Total investments acquired (Lines 13.1 to 13.6)	253,409,955	190,084,694
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	(87,523,037)	(15,146,942)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(617,406)	73,403,762
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(617,406)	73,403,762
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)	35,244,342	6,862,470
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	540,244,609	533,382,139
19.2 End of year (Line 18 plus Line 19.1)	575,488,951	540,244,609

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 Other Health	10 Other Non-Health
1. Net premium income	2,326,517,746	1,810,038,590	11,231,519			76,959,103	428,288,534			
2. Change in unearned premium reserves and reserve for rate credit	(414,175)	(412,556)				6,408	(8,027)			
3. Fee-for-service (net of $.....0 medical expenses)	0									XXX
4. Risk revenue	4,325,741	4,325,741								XXX
5. Aggregate write-ins for other health care related revenues	229,833	229,833	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	2,330,659,145	1,814,181,608	11,231,519	0	0	76,965,511	428,280,507	0	0	0
8. Hospital/medical benefits	1,443,546,834	1,118,885,273	9,555,300			49,956,393	265,149,868			XXX
9. Other professional services	57,779,761	44,056,021	106,890			1,967,029	11,649,821			XXX
10. Outside referrals	70,768,803	56,258,183	604,151			2,511,836	11,394,633			XXX
11. Emergency room and out-of-area	129,678,962	111,019,308	409,443			5,128,430	13,121,781			XXX
12. Prescription drugs	297,369,861	237,510,309				10,604,446	49,255,106			XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	42,316,933	35,794,706				1,598,175	4,924,052			XXX
15. Subtotal (Lines 8 to 14)	2,041,461,154	1,603,523,800	10,675,784	0	0	71,766,309	355,495,261	0	0	XXX
16. Net reinsurance recoveries	23,997,433	20,389,371				882,192	2,725,870			XXX
17. Total hospital and medical (Lines 15 minus 16)	2,017,463,721	1,583,134,429	10,675,784	0	0	70,884,117	352,769,391	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $.....39,699,538 cost containment expenses	94,853,962	82,148,453	566,779			3,678,399	8,460,331			
20. General administrative expenses	138,923,531	116,564,887	2,918,600			2,852,641	16,587,403			
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	
23. Total underwriting deductions (Lines 17 to 22)	2,251,241,214	1,781,847,769	14,161,163	0	0	77,415,157	377,817,125	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	79,417,931	32,333,839	(2,929,644)	0	0	(449,646)	50,463,382	0	0	0

DETAILS OF WRITE-INS

0501. Miscellaneous Revenue	229,833	229,833								XXX
0502.	0									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	XXX
0599. Total (Lines 0501 thru 0503 plus 0598) (Line 5 above)	229,833	229,833	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	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	0
0699. Total (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.	0									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	XXX
1399. Total (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	1,833,192,263		23,153,673	1,810,038,590
2. Medicare supplement	11,231,519			11,231,519
3. Dental only				0
4. Vision only				0
5. Federal employees health benefits plan	77,960,898		1,001,795	76,959,103
6. Title XVIII - Medicare	430,927,207		2,638,673	428,288,534
7. Title XIX - Medicaid				0
8. Other health				0
9. Health subtotal (Lines 1 through 8)	2,353,311,887	0	26,794,141	2,326,517,746
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	2,353,311,887	0	26,794,141	2,326,517,746

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 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	1,986,405,826	1,558,142,292	8,519,525			69,734,217	350,009,792			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	20,906,119	17,308,024				867,036	2,731,059			
1.4 Net	1,965,499,707	1,540,834,268	8,519,525	0	0	68,867,181	347,278,733	0	0	0
2. Paid medical incentive pools and bonuses	30,874,220	29,110,209				1,166,020	597,991			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	279,278,591	221,399,328	2,169,838			9,118,527	46,590,898			
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	11,606,138	8,626,522				203,959	2,775,657			
3.4 Net	267,672,453	212,772,806	2,169,838	0	0	8,914,568	43,815,241	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
5. Accrued medical incentive pools and bonuses, current year	55,793,821	47,395,990				1,439,967	6,957,864			
6. Net healthcare receivables (a)	160,572	160,572								
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	266,379,624	211,651,954	13,579			8,684,610	46,029,481			
8.2 Reinsurance assumed	0									
8.3 Reinsurance ceded	8,514,823	5,545,174				188,803	2,780,846			
8.4 Net	257,864,801	206,106,780	13,579	0	0	8,495,807	43,248,635	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
10. Accrued medical incentive pools and bonuses, prior year	44,351,108	40,711,494				1,007,812	2,631,802			
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred benefits:										
12.1 Direct	1,999,144,221	1,567,729,094	10,675,784	0	0	70,168,134	350,571,209	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	23,997,434	20,389,372	0	0	0	882,192	2,725,870	0	0	0
12.4 Net	1,975,146,787	1,547,339,722	10,675,784	0	0	69,285,942	347,845,339	0	0	0
13. Incurred medical incentive pools and bonuses	42,316,933	35,794,705	0	0	0	1,598,175	4,924,053	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 Other Health	10 Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct	57,377,135	45,609,079	465,117			1,910,889	9,392,050			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	57,377,135	45,609,079	465,117	0	0	1,910,889	9,392,050	0	0	0
2. Incurred but unreported:										
2.1 Direct	212,225,987	166,114,780	1,704,721			7,207,638	37,198,848			
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	11,606,138	8,626,522				203,959	2,775,657			
2.4 Net	200,619,849	157,488,258	1,704,721	0	0	7,003,679	34,423,191	0	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct	9,675,469	9,675,469								
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	9,675,469	9,675,469	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct	279,278,591	221,399,328	2,169,838	0	0	9,118,527	46,590,898	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	11,606,138	8,626,522	0	0	0	203,959	2,775,657	0	0	0
4.4 Net	267,672,453	212,772,806	2,169,838	0	0	8,914,568	43,815,241	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)	201,368,776	1,339,465,493	1,817,557	210,955,249	203,186,333	206,106,782
2. Medicare supplement	8,814	8,510,711		2,169,838	8,814	13,579
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan	6,672,582	62,194,598	77,345	8,837,223	6,749,927	8,495,807
6. Title XVIII - Medicare	34,235,416	313,043,318	353,337	43,461,904	34,588,753	43,248,633
7. Title XIX - Medicaid					0	
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	242,285,588	1,723,214,120	2,248,239	265,424,214	244,533,827	257,864,801
10. Healthcare receivables (a)		13,866,193			0	13,705,621
11. Other non-health					0	
12. Medical incentive pools and bonus amounts	27,415,768	3,458,452	4,735,340	51,058,481	32,151,108	44,351,108
13. Totals (Lines 9 - 10 + 11 + 12)	269,701,356	1,712,806,379	6,983,579	316,482,695	276,684,935	288,510,288

(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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	237,819	239,267	239,428	239,264	239,220
2. 2006	1,477,904	1,737,407	1,737,569	1,737,554	1,737,560
3. 2007	XXX	1,555,242	1,860,731	1,862,861	1,862,932
4. 2008	XXX	XXX	1,553,539	1,858,350	1,857,784
5. 2009	XXX	XXX	XXX	1,667,218	1,937,472
6. 2010	XXX	XXX	XXX	XXX	1,726,653

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	255,599	241,771	239,494	239,264	239,220
2. 2006	1,780,894	1,754,062	1,737,908	1,737,564	1,737,560
3. 2007	XXX	1,890,284	1,871,839	1,863,186	1,862,938
4. 2008	XXX	XXX	1,872,955	1,862,634	1,858,026
5. 2009	XXX	XXX	XXX	1,951,251	1,944,083
6. 2010	XXX	XXX	XXX	XXX	2,043,260

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. 2006	2,032,800	1,737,560	78,606	4.5	1,816,166	89.3			1,816,166	89.3
2. 2007	2,149,589	1,862,932	82,323	4.4	1,945,255	90.5	6		1,945,261	90.5
3. 2008	2,140,292	1,857,784	80,571	4.3	1,938,355	90.6	242		1,938,597	90.6
4. 2009	2,190,877	1,937,472	79,765	4.1	2,017,237	92.1	6,612	1,173	2,025,022	92.4
5. 2010	2,326,105	1,726,653	80,430	4.7	1,807,083	77.7	316,607	7,367	2,131,057	91.6

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	229,634	231,040	231,184	231,024	230,980
2. 2006	1,387,615	1,631,620	1,631,573	1,631,533	1,631,525
3. 2007	XXX	1,435,483	1,721,299	1,724,109	1,724,128
4. 2008	XXX	XXX	1,288,915	1,556,195	1,555,332
5. 2009	XXX	XXX	XXX	1,324,625	1,552,691
6. 2010	XXX	XXX	XXX	XXX	1,342,774

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	246,742	233,512	231,250	231,024	230,980
2. 2006	1,671,027	1,646,921	1,631,912	1,631,540	1,631,525
3. 2007	XXX	1,745,913	1,731,534	1,724,129	1,724,132
4. 2008	XXX	XXX	1,556,551	1,557,695	1,555,522
5. 2009	XXX	XXX	XXX	1,556,352	1,558,337
6. 2010	XXX	XXX	XXX	XXX	1,597,103

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. 2006	1,918,496	1,631,525	73,475	4.5	1,705,000	88.9			1,705,000	88.9
2. 2007	1,986,633	1,724,128	76,003	4.4	1,800,131	90.6	4		1,800,135	90.6
3. 2008	1,813,707	1,555,332	72,123	4.6	1,627,455	89.7	190		1,627,645	89.7
4. 2009	1,764,410	1,552,691	69,763	4.5	1,622,454	92.0	5,646	925	1,629,025	92.3
5. 2010	1,809,626	1,342,774	69,636	5.2	1,412,410	78.0	254,329	5,776	1,672,515	92.4

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		9
6. 2010	XXX	XXX	XXX	XXX	8,511

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX	13	9
6. 2010	XXX	XXX	XXX	XXX	10,681

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

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. 2006				0.0	0	0.0			0	0.0
2. 2007				0.0	0	0.0			0	0.0
3. 2008				0.0	0	0.0			0	0.0
4. 2009	18	9	1	11.1	10	55.6			10	55.6
5. 2010	11,232	8,511	440	5.2	8,951	79.7	2,170	37	11,158	99.3

U & I Ex.-Pt.2C-Sn A-Paid Claims-Dental
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Dental
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Dental
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Vision
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Vision
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Vision
NONE

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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	8,185	8,227	8,244	8,240	8,240
2. 2006	61,983	71,291	71,301	71,295	71,295
3. 2007	XXX	57,857	63,563	63,561	63,578
4. 2008	XXX	XXX	56,500	64,239	65,038
5. 2009	XXX	XXX	XXX	64,664	71,556
6. 2010	XXX	XXX	XXX	XXX	62,325

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

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	8,857	8,259	8,244	8,240	8,240
2. 2006	74,399	71,893	71,301	71,297	71,295
3. 2007	XXX	66,899	63,745	63,567	63,580
4. 2008	XXX	XXX	65,999	64,403	65,044
5. 2009	XXX	XXX	XXX	73,996	71,747
6. 2010	XXX	XXX	XXX	XXX	72,480

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

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. 2006	77,588	71,295	2,984	4.2	74,279	95.7			74,279	95.7
2. 2007	71,597	63,578	2,999	4.7	66,577	93.0	2		66,579	93.0
3. 2008	68,140	65,038	2,997	4.6	68,035	99.8	6		68,041	99.9
4. 2009	74,767	71,556	3,195	4.5	74,751	100.0	192	41	74,984	100.3
5. 2010	76,966	62,325	3,184	5.1	65,509	85.1	10,155	262	75,926	98.6

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	28,275	34,465	34,664	34,695	34,709
3. 2007	XXX	61,863	75,830	75,152	75,187
4. 2008	XXX	XXX	208,091	237,883	237,381
5. 2009	XXX	XXX	XXX	277,911	313,198
6. 2010	XXX	XXX	XXX	XXX	313,043

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	35,437	35,217	34,664	34,696	34,709
3. 2007	XXX	77,433	76,521	75,451	75,187
4. 2008	XXX	XXX	250,372	240,503	237,427
5. 2009	XXX	XXX	XXX	320,872	313,972
6. 2010	XXX	XXX	XXX	XXX	362,996

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

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. 2006	36,716	34,709	2,147	6.2	36,856	100.4			36,856	100.4
2. 2007	91,359	75,187	3,321	4.4	78,508	85.9			78,508	85.9
3. 2008	258,445	237,381	5,451	2.3	242,832	94.0	46		242,878	94.0
4. 2009	351,682	313,198	6,806	2.2	320,004	91.0	774	207	320,985	91.3
5. 2010	428,281	313,043	7,170	2.3	320,213	74.8	49,953	1,292	371,458	86.7

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

NONE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		
6. 2010	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		
6. 2010	XXX	XXX	XXX	XXX	

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

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. 2006					0	0.0			0	0.0
2. 2007				0.0	0	0.0			0	0.0
3. 2008				0.0	0	0.0			0	0.0
4. 2009				0.0	0	0.0			0	0.0
5. 2010				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 - OTHER

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	31	31	31	31	31
3. 2007	XXX	39	39	39	39
4. 2008	XXX	XXX	33	33	33
5. 2009	XXX	XXX	XXX	18	18
6. 2010	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - OTHER

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	31	31	31	31	31
3. 2007	XXX	39	39	39	39
4. 2008	XXX	XXX	33	33	33
5. 2009	XXX	XXX	XXX	18	18
6. 2010	XXX	XXX	XXX	XXX	

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

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. 2006		31		0.0	31	0.0			31	0.0
2. 2007		39		0.0	39	0.0			39	0.0
3. 2008		33		0.0	33	0.0			33	0.0
4. 2009		18		0.0	18	0.0			18	0.0
5. 2010				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 Other
POLICY RESERVE									
1. Unearned premium reserves	2,269,493	2,269,493							
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	549,526					541,499	8,027		
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	2,819,019	2,269,493	0	0	0	541,499	8,027	0	0
7. Reinsurance ceded	0								
8. Totals (net) (Page 3, Line 4)	2,819,019	2,269,493	0	0	0	541,499	8,027	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
12. Totals (gross)	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
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
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	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
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(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)	1,354,337	2,078,542	2,889,756		6,322,635
2. Salaries, wages and other benefits	23,662,303	29,778,971	41,854,802	166,722	95,462,798
3. Commissions (less $.....0 ceded plus $.....0 assumed)			53,557,514		53,557,514
4. Legal fees and expenses			703,976		703,976
5. Certifications and accreditation fees	79,515				79,515
6. Auditing, actuarial and other consulting services	253,342	350,971	3,041,044	40,075	3,685,432
7. Traveling expenses	297,502	283,676	867,899	2,856	1,451,933
8. Marketing and advertising	22,694	1,472,210	3,646,921		5,141,825
9. Postage, express and telephone	94,312	770,691	2,155,338	808	3,021,149
10. Printing and office supplies	529,230	366,818	3,462,760	787	4,359,595
11. Occupancy, depreciation and amortization	193,377	271,429	2,360,184	13,914	2,838,904
12. Equipment	115,184	176,762	181,955		473,901
13. Cost or depreciation of EDP equipment and software	1,695,788	3,449,524	10,647,718	2,633	15,795,663
14. Outsourced services including EDP, claims, and other services	9,444,719	14,074,678	7,626,556	22,662	31,168,615
15. Boards, bureaus and association fees	157,026	48,690	1,413,794	29,449	1,648,959
16. Insurance, except on real estate	40	62	250,533		250,635
17. Collection and bank service charges				375,289	375,289
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			70,007		70,007
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees			513,158		513,158
23.4 Payroll taxes	1,531,305	2,017,284	2,730,198		6,278,787
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	268,864	14,116	949,418	0	1,232,398
26. Total expenses incurred (Lines 1 to 25)	39,699,538	55,154,424	138,923,531	655,195	(a) 234,432,688
27. Less expenses unpaid December 31, current year	499	8,538,992	19,350,520		27,890,011
28. Add expenses unpaid December 31, prior year	161,085	6,752,941	19,276,238		26,190,264
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)	39,860,124	53,368,373	138,849,249	655,195	232,732,941

DETAILS OF WRITE-INS

2501. Other expenses	268,864	14,116	949,418		1,232,398
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)	268,864	14,116	949,418	0	1,232,398

(a) Includes management fees of $.....35,623,437 to affiliates and $.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 186,850	287,121
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 9,708,997	11,311,699
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	21,248	21,248
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) 6,160,065	7,838,408
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	16,077,160	19,458,476
11.	Investment expenses		(g) 655,195
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		0
16.	Total deductions (Lines 11 through 15)		655,195
17.	Net investment income (Line 10 minus Line 16)		18,803,281

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.			
1502.			
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)		0

(a) Includes $.....175,036 accrual of discount less $.....3,003,013 amortization of premium and less $.....1,912,200 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 $.....144,107 accrual of discount less $.....25,603,821 amortization of premium and less $.....7,043,189 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 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. government bonds			0		
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	6,678,770		6,678,770		
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)	8,525		8,525	33,980	
2.21	Common stocks of affiliates			0	1,310,249	
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	219,239		219,239		
7.	Derivative instruments			0		
8.	Other invested assets			0	10,191,482	
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	6,906,534	0	6,906,534	11,535,711	0

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	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	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. Derivatives			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	292,838	382,723	89,885
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans			0
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset			0
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software	9,899,154	10,788,205	889,051
21. Furniture and equipment, including health care delivery assets	444,647	1,216,561	771,914
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivables from parent, subsidiaries and affiliates	98,538		(98,538)
24. Health care and other amounts receivable	797,249	81,095	(716,154)
25. Aggregate write-ins for other than invested assets	3,787,075	1,342,426	(2,444,649)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	15,319,501	13,811,010	(1,508,491)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	15,319,501	13,811,010	(1,508,491)

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid expenses	3,786,575	1,201,662	(2,584,913)
2502. Other Accounts Receivable	500	140,764	140,264
2503.			0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	3,787,075	1,342,426	(2,444,649)

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	525,226	522,233	525,016	527,952	532,705	6,289,625
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	525,226	522,233	525,016	527,952	532,705	6,289,625

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

1. Summary Of Significant Accounting Policies

A. Accounting Practices

The financial statements of Blue Care Network of Michigan (BCN) are presented on the basis of accounting practices required by the Michigan Office of Financial and Insurance Regulation (OFIR).

OFIR has adopted the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* and the related *NAIC Annual Statement Instructions* (NAIC SAP) for determining and reporting the financial condition and results of operations of an insurance company. OFIR requires the use of NAIC SAP to the extent that practices, procedures, and reporting standards are not modified by the Michigan Insurance Code or the OFIR *Forms and Instructions for Required Filings in Michigan* as prescribed or permitted practices.

A reconciliation of BCN's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Michigan is shown below:

	2010	**2009**
Net Income, Michigan basis	$ 103,921,776	$ 62,769,309
State Prescribed Practices:		
None	-	-
State Permitted Practices:		
None	-	-
Net Income, NAIC SAP basis	$ 103,921,776	$ 62,769,309
Statutory Capital and Surplus, Michigan basis	$ 530,560,230	$ 416,611,233
State Prescribed Practices:		
None	-	-
State Permitted Practices:		
None	-	-
Statutory Capital and Surplus, NAIC SAP basis	$ 530,560,230	$ 416,611,233

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of statutory-basis financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the statutory-basis financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policy

BCN follows the accounting policies below:

(1) Short-term investments – stated at amortized cost.

(2) Bonds not backed by other loans – stated at amortized cost using the scientific interest method.

(3) Common Stocks – stated at fair value.

(4) Preferred Stocks – NOT APPLICABLE

(5) Mortgage loans on real estate – NOT APPLICABLE

(6) Loan-backed securities – stated at amortized cost. Premiums and discounts on loan-backed securities and structured securities are amortized using the retrospective method based on anticipated prepayments at the date of purchase. Prepayment assumptions are obtained from broker dealer survey values or internal estimates. Changes in estimated cash flows from the original purchase assumptions are accounted for using the prospective method.

(7) Investments in subsidiaries, controlled and affiliated entities – BCN records its investment in certain affiliated trusts, Blue Care Network Medical Malpractice Self-Insurance Trust (Malpractice Trust) and Blue Care Network Stop-Loss and Casualty Self-Insurance Trust (Stop-Loss Trust), as other invested assets. The investments are valued using the adjusted audited accounting principles generally accepted in the United States of America (GAAP) equity method and reports the increase or decrease in the investment as a component of capital and surplus – change in net unrealized capital gains and (losses).

BCN records its investment in BCN Service Company (BCNSC), a wholly owned subsidiary, as common stock, using the audited GAAP equity method.

BCN records its investment in BlueCaid of Michigan (BlueCaid), a wholly owned subsidiary, as common stock, using the audited statutory equity method.

(8) Investments in joint ventures, partnerships and limited liability companies – NOT APPLICABLE

(9) Derivatives – NOT APPLICABLE

(10) Investment income in premium deficiency calculation – NOT APPLICABLE

(11) Claims Unpaid – The claims unpaid liability for incurred but unpaid and unreported claims is accrued in the period during which the services are provided and includes actuarial estimates of services performed that have not been reported to BCN by providers. Such estimates are based on historical claims experience modified for current trends and changes in benefits provided. Revisions in actuarial estimates are reported in the period in which they arise. BCN has reinsured certain of its claims liabilities through the affiliated Stop-Loss Trust. Processing expense related to unpaid claims is accrued based on an estimate of cost to process such claims.

(12) Fixed Asset Capitalization – BCN had no change in its fixed assets capitalization policy from the prior period.

(13) Pharmaceutical rebate receivables – estimated based on historical rebate experience and membership.

2. Accounting Changes and Corrections of Errors – NOT APPLICABLE

3. Business Combinations and Goodwill – NOT APPLICABLE

4. Discontinued Operations – NOT APPLICABLE

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans – NOT APPLICABLE

B. Debt Restructuring – NOT APPLICABLE

C. Reverse Mortgages – NOT APPLICABLE

D. Loan-Backed Securities –

(1) Prepayment assumptions are obtained from broker dealer survey values or internal estimates.

(2) Other-Than-Temporary Impaired Loan-Backed Securities & Intent to Sell – NOT APPLICABLE

(3) Recognized Other-Than-Temporary Impaired Loan-Backed Securities – NOT APPLICABLE

(4) The impaired security (fair value is less than amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:
   1. Less than 12 Months $ 132,719.00
   2. 12 Months or Longer $ -
b. The aggregate related fair value of securities with unrealized losses:
   1. Less than 12 Months $26,968,241
   2. 12 Months or Longer $ -

(5) BCN determined that the underlying security was not subjected to credit losses and BCN does not have the intent to sell nor is it more likely than not that BCN will be required to sell the security before recovery of the entire amortized cost basis, this investment is not considered to be other-than-temporarily impaired.

E. Repurchase Agreements and/or Securities Lending Transactions – NOT APPLICABLE

F. Real Estate – NOT APPLICABLE

G. Investments in low-income housing tax credits (LIHTC) – NOT APPLICABLE

6. Joint Ventures, Partnerships and Limited Liability Companies – NOT APPLICABLE

7. Investment Income

A. BCN non admits investment income due and accrued if the amounts are over 90 days past due.

B. BCN admitted all accrued investment income as of December 31, 2010 and 2009, respectively.

8. Derivative Instruments – NOT APPLICABLE

9. Income Taxes

A. Deferred Tax Assets or Deferred Tax Liabilities – NOT APPLICABLE

B. Unrecognized Deferred Tax Liabilities – NOT APPLICABLE

C. Components of income tax incurred - BCN has been recognized by the Internal Revenue Service, under Internal Revenue Code Section 501(c)(4), as an organization exempt from tax under Section 501(a). BCN recorded federal income tax incurred of $272,176 and tax benefit of $174,426 for 2010 and 2009, respectively, related to unrelated business income. There were no deferred income tax assets, deferred income tax liabilities, investment tax credits, or loss carryforwards as of December 31, 2010 or 2009. BCN did not have any material uncertain tax positions as of December 31, 2010 or 2009.

D. Significant book to tax adjustments – NOT APPLICABLE

E. Loss carry forwards, credit carry forwards - NOT APPLICABLE

F. Consolidated tax filing – NOT APPLICABLE

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. On a routine basis, BCN conducts business transactions with its parent, Blue Cross Blue Shield of Michigan (BCBSM), and affiliates: Blue Care of Michigan, Inc. (BCMI), a subsidiary of BCBSM; Malpractice Trust; Stop-Loss Trust; Accident Fund Insurance Company of America (AFICA), a subsidiary of BCBSM; BCBSM Foundation, a subsidiary of BCMI; BCNSC; BlueCaid; and Health Care Exchange, LTD, d/b/a DenteMax (DenteMax), a former subsidiary of BCBSM which was sold in 2009.

B. Transactions with BCBSM include payments for health benefit coverage; processing and payment of certain claims; underpayments and/or overpayments due to and from hospitals; assigned employee salaries and related benefits; management, administrative and professional services; building rent; and purchased services including agent fees. Transactions with affiliates include funds collected on another's behalf; capitation payments; management, administrative and professional services; workers' compensation coverage; malpractice liability coverage; insolvency coverage; and reduced deductibles for property, general liability, automobile, and fidelity insurance coverage.

Administrative support fees paid to BCBSM were allocated to the statutory administrative expense categories of cost containment, other claims adjustment, general administrative and investment expenses, based on BCBSM's statutory administrative expense categories. These statutory administrative expense categories were further allocated to detailed expense accounts based on the BCBSM's expense detail.

C. For the years ended December 31, 2010 and 2009, $1,165,781,263 and $1,069,479,575, respectively, were billed from BCBSM and affiliates for the operating activities detailed above. The majority of these transactions were related to BCBSM.

For the years ended December 31, 2010 and 2009, $197,006,114 and $59,320,267, respectively, were billed to BCBSM and affiliates. The majority of the 2010 transactions were related to BCNSC. The majority of the 2009 transactions were related to BCBCM.

D. Except for reinsurance ceded, ceded reinsurance premiums payable, and certain claims unpaid, all related-party receivable and payable balances are classified as either amounts due to or receivables from parent, subsidiaries, and affiliates.

At December 31, 2010 and 2009, BCN had $16,909,305 and $14,088,156, respectively, in related party receivables. The majority of the 2010 balances were related to BCNSC. The majority of the 2009 balances related to BCBSM.

At December 31, 2010 and 2009, BCN had $118,184,226 and $157,859,315, respectively, in related party payables. The majority of the balances were related to BCBCM.

In 2009, in exchange for assuming the unfunded postretirement obligation, BCN and BCBSM executed an intercompany transfer agreement, whereby BCN will repay the obligation assumed by BCBSM with annual installments over a 20-year term. BCN's payments to reduce this obligation and the balance due are included in the amounts reflected above.

Future minimum payments under the BCBSM postretirement transfer agreement as of December 31, 2010, are as follows:

2011	$3,458,776
2012	3,607,639
2013	3,607,639
2014	3,607,639
2015	3,607,639
2016 and thereafter	46,899,309
Total	$64,788,641

At December 31, 2010 there was $148,863 in amounts due from BCBSM related to former BCN employees (assigned employees) and BCN retirees postretirement benefits and is reflected in the 2011 minimum payment above.

E. Affiliate Guarantees – NOT APPLICABLE

F. BCN has agreements with BCBSM and affiliates under which the parties may provide services to or receive services from BCN. Except for the BCBSM postretirement transfer agreement, the agreements provide for monthly payments.

G. All outstanding shares of BCN are owned by BCBSM. In addition, BCN; BCNSC; BlueCaid; BCBSM; BCMI; BCBSM Foundation; and Accident Fund Holdings, Inc., the parent of AFICA; have some common officers and board members.

H. Ownership in upstream affiliate or parent – NOT APPLICABLE

I. BCN performs the test of "significance of an investment to the reporting entity's financial position and results of operations," as required by SSAP No. 97, *Investments in Subsidiary, Controlled and Affiliated Entities - A Replacement of SSAP No. 88.* BCN's carrying value of its investments in the Stop-Loss Trust, Malpractice Trust, BCNSC, and BlueCaid did not individually exceed 10% of BCN's admitted assets as of December 31, 2010 and 2009.

J. Investment impaired – NOT APPLICABLE

K. Investment in a foreign insurance subsidiary – NOT APPLICABLE

L. Investment in downstream noninsurance holding company – NOT APPLICABLE

11. Debt

A. Debt and Holding Company Obligations – NOT APPLICABLE

B. FHLB (Federal Home Loan Bank) Agreements

(1) BCN became a member of the Federal Home Loan Bank of Indianapolis (FHLBI) on December 1, 2009, in order to obtain short-term, long-term and line-of-credit borrowing privileges. BCN plans to utilize any funding obtained from the FHLBI for use in general operations. Borrowings would be accounted for consistent with SSAP No. 15, *Debt and Holding Company Obligations*. The table below indicates the amount of stock purchased, collateral pledged, borrowing capacity available, and assets and liabilities related to the agreement with FHLBI:

	2010	2009
(2) FHLBI stock purchased/owned as part of the agreement	$ 752,100	$ 606,600
(3) Collateral pledged to the FHLBI	NOT APPLICABLE	NOT APPLICABLE
(4) Borrowing capacity currently available	$ 15,042,000	$ 12,132,000
(5) Agreement assets and liabilities	NOT APPLICABLE	NOT APPLICABLE

12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan – NOT APPLICABLE

Effective January 1, 2009, all employees of BCN, except for employees working at BCN's health center facility, became employees of BCBSM and were assigned to BCN. As part of the employee transfer, BCBSM assumed the responsibility for administering and funding the pension and other postretirement benefits for the assigned employees and all retirees.

B. Defined Contribution Plans – NOT APPLICABLE

C. Multi-employer Plans – NOT APPLICABLE.

D. Consolidated/Holding Company Plans

Beginning January 1, 2009, assigned employees and all BCN retirees participate in qualified and non-qualified noncontributory defined benefit pension, qualified defined contribution and deferred compensation plans sponsored by BCBSM, the parent company. In addition, all BCN retirees participate in certain other postretirement benefits offered for retired employees through a plan sponsored by BCBSM. BCN has no legal obligation for assigned employees or retiree benefits under these plans. BCBSM allocates amounts to BCN based on the specific attributes of the assigned employees determined by outside actuaries. BCN's share of net expense for qualified and non-qualified pension plans, other postretirement benefit plans and qualified defined contribution plans were:

	2010	2009
Qualified and non-qualified pension plans	$3,122,190	$7,707,881
Other postretirement benefit plans	5,457,719	6,291,396
Qualified defined contribution plan	1,951,545	2,097,781

At December 31, 2009, there was $1,378,000 in amounts due to BCBSM related to retirement expenses.

The above expenses and amounts due to BCBSM related to the retirement expenses, as of December 31, 2010 and 2009, are disclosed in Note 10.

E. Post employment Benefits and Compensated Absences – NOT APPLICABLE

F. Impact of Medicare Modernization Act on Postretirement Benefits – NOT APPLICABLE

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

(1) BCN has 500 shares of common stock authorized; and 100 shares issued and outstanding. All shares are one class and have a par value of $100 per share.

(2) Preferred stock – NOT APPLICABLE.

(3) Dividend Restrictions – BCN's Articles of Incorporation prohibit dividends.

(4) Dividends Paid – NOT APPLICABLE

(5) Stockholder's portion of ordinary dividends – NOT APPLICABLE

(6) Restrictions placed on unassigned funds (surplus) – NOT APPLICABLE

(7) The total amount of advances to surplus not repaid – NOT APPLICABLE

(8) The amount of stock held by BCN for special purposes – NOT APPLICABLE

(9) Special surplus funds changes – NOT APPLICABLE

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses was a net unrealized gain of $101,425,506 of December 31, 2010.

(11) Surplus Notes – NOT APPLICABLE

(12) Impact of any restatement due to quasi-reorganization – NOT APPLICABLE

(13) Effective date(s) of all quasi-reorganizations in the prior 10 years is/are – NOT APPLICABLE

14. Contingencies

A. Contingent Commitments – NOT APPLICABLE

B. Assessments – NOT APPLICABLE

C. Gain Contingencies – NOT APPLICABLE

D. Claims Related to Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits – NOT APPLICABLE

E. All Other Contingencies

BCN is a party to lawsuits incidental to its operations. Management believes that the ultimate disposition of such contingencies will not have a material adverse effect on the annual statement. Other than investment securities that temporarily have a fair market value that is below amortized cost, BCN has no assets that it considers to be impaired.

15. Leases

A. Lessee Operating Lease

(1) Leasing arrangements

BCN entered into certain cancelable building leases with BCBSM. Rent expense under BCBSM leases in 2010 and 2009 were $945,411 and $2,014,729, respectively.

BCN also leases office buildings under operating leases with different unrelated parties. Rent expense under these leases were $4,998,326 and $4,845,951 in 2010 and 2009, respectively.

BCN has the option to purchase its headquarters building but has not exercised such option. BCN also has the option at the expiration of the lease, at June 30, 2015, to extend the lease for three terms of five years each with prior written notice.

(2) Noncancelable leases

(a) At December 31, 2010, the minimum aggregate rental commitments were as follows:

Year Ending December 31	Operating Leases
2011	$ 5,049,089
2012	5,185,638
2013	5,323,811
2014	3,905,622
2015	1,938,128
Total	$ 21,402,288

(b) Non-cancelable subleases – NOT APPLICABLE

(3) Sales-leaseback transactions – NOT APPLICABLE

B. Lessor Leases – NOT APPLICABLE

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 A&H Plans and the Uninsured Portion of Partially Insured Plans –

A. ASO Plans – NOT APPLICABLE

B. ASC Plans – NOT APPLICABLE

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract

(1) Medicare Part D cost-based reimbursements for the years 2010 and 2009 consisted of $3,219,238 and $1,788,635, respectively, for reinsurance payments; and

$1,693,582 and $1,195,040 for low-income subsidy (cost sharing portion).

(2) As of December 31, 2010 and 2009, respectively, BCN had recorded receivables from the following payors whose account balances were greater than 10% of BCN's amounts receivable from uninsured accident and health plans or $10,000:

	2010	2009
Centers for Medicare & Medicaid Services (CMS)	$ 0	$302,942

(3) In connection with the Medicare Part D cost-based reimbursement portion of the contract, BCN has recorded allowances and reserves for adjustment of recorded revenues in the amount of $1,338,231 and $0 as of December 31, 2010 and 2009, respectively.

(4) Adjustments to revenue resulting from an audit of receivables related to revenues recorded in the prior period – NOT APPLICABLE

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – NOT APPLICABLE

20. Fair Value Measurements

A. BCN and its investment managers determine fair values by applying the following guidelines. If available, BCN uses market prices in active markets for identical assets or liabilities and classifies these assets as Level 1. BCN estimates fair value based on quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets and/or inputs derived from observable market data and classifies these assets as Level 2. In situations where there is little or no market activity for the same or similar financial instruments, BCN estimates fair value using its own assumptions about future cash flows and appropriately risk-adjusted discount rates and classifies these assets as Level 3.

(1) Fair Value Measurements at Reporting Date

BCN's financial instruments measured and reported at fair value in the annual statement as of December 31, 2010 and 2009, according to the valuation techniques BCN used to determine fair value, are summarized below:

	Fair Value Measurements Using			
2010	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Fair Value**
Common stocks – unaffiliated	$ 1,217,897	$ -	$ -	$ 1,217,897
Total	$ 1,217,897	$ -	$ -	$ 1,217,897
2009				
Common stocks – unaffiliated	$ 987,736	$ -	$ -	$ 987,736
Total	$ 987,736	$ -	$ -	$ 987,736

Some of BCN's assets and all liabilities are not measured at fair value but are recorded at amortized cost, using the adjusted audited GAAP equity method, using the audited statutory equity method, or at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets include: bonds, short-term investments, and other invested assets.

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy – NOT APPLICABLE

(3) Transfers Between Levels – NOT APPLICABLE

(4) Fair Value Measurements Categorized within Level 2 and Level 3 of the Fair Value Hierarchy – NOT APPLICABLE

(5) Derivative Assets and Liabilities – NOT APPLICABLE

21. Other Items

A. Extraordinary Items – NOT APPLICABLE

B. Troubled Debt Restructuring – NOT APPLICABLE

C. Other Disclosures

Statutory Deposit – As a condition of maintaining its certificate of authority with the State of Michigan, BCN maintains a deposit in a segregated account of $1,000,000, which is the maximum required for a Health Maintenance Organization. These funds are intended to be used for the sole benefit of all BCN's members and only at the direction of the Insurance Commissioner of the State of Michigan. The funds are invested in an exempt money market mutual fund and reported in short-term investments. Interest on these funds accrues to BCN.

Industry Concentration – BCN conducts business primarily within the State of Michigan and a significant portion of BCN's customer base is concentrated in companies that are part of the automobile manufacturing industry. Receivables from those customers were approximately $1,762,767 and $367,957 as of December 31, 2010 and 2009, respectively. BCN held no investments in these customers' securities as of December 31, 2010 and 2009.

National Health Care Reform – In March 2010, President Barack Obama signed into law the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010. The new legislation, which will take effect over a four-year period, includes: provisions related to coverage, eligibility, Medicaid expansion, establishment of health exchanges and incentivizing businesses to provide health care benefits. In addition to establishing new regulations on the health insurance sector, the legislation encompasses certain new taxes and fees.

Many of the details of the new legislation are still subject to additional guidance and specificity by the Department of Health and Human Services and the NAIC.

BCN was in compliance with all requirements that became effective during the year ended December 31, 2010.

There are other significant changes that do not become effective until 2014 or later. These changes could have a material adverse effect on BCN's business, cash flows, financial condition and results of operations.

Medicare Advantage Premium Adjustment Risk – CMS may audit the data used to calculate the risk scores of Medicare Advantage carriers. Such an audit, if it were to occur, could result in adjustments to BCN's risk scores and retroactive premium adjustments subsequent to the annual settlement.

D. Uncollectible Premiums and Premiums Receivable – NOT APPLICABLE

E. Business Interruption Insurance Recoveries – NOT APPLICABLE

F. State Transferable Tax Credits – NOT APPLICABLE

G. Subprime-Mortgage-Related Risk Exposure – NOT APPLICABLE

H. Retained Assets – NOT APPLICABLE

22. Events Subsequent

Management has evaluated all events subsequent to the annual statement date of December 31, 2010 through February 28, 2011, for the annual statement submitted on March 1, 2011, and has determined that there are no Type I or Type II subsequent events that require disclosure under SSAP No. 9R, *Subsequent Events*.

23. Reinsurance

A. Ceded Reinsurance Report

In compliance with the NAIC annual statement instructions and SSAP No. 61, *Life, Deposit-Type and Accident and Health Reinsurance,* BCN accounts for its transactions with the Stop-Loss Trust as ceded reinsurance. The Stop-Loss Trust covers risks incurred in excess of a retention amount. BCN is responsible for inpatient facility claims up to $150,000 per member each calendar year (the deductible) and has an agreement with the Stop-Loss Trust to cover the claims incurred in excess of the deductible. The Stop-Loss Trust also provides insolvency coverage.

Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes ( ) No (X)

If yes, give full details.

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes( ) No (X)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( ) No (X)

a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. NOT APPLICABLE

b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement? NOT APPLICABLE

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No (X)

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. $0

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes ( ) No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? NOT APPLICABLE

B. Uncollectible Reinsurance – None

C. Commutation of Ceded Reinsurance – None

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. BCN estimates accrued redetermination premium adjustments and return premium adjustments for its group health insurance contracts subject to redetermination based on an examination of contract requirements in relation to the rates charged for similarly sized subscriber groups, and the status of past applicable audits.

BCN estimates accrued retrospective premium adjustments for its Medicare Advantage health insurance contracts based on an analysis of Part C member health risk score adjustments submitted to CMS and the Part D risk corridor reconciliation related to the funds received from CMS or the beneficiary.

B. Accrued redetermination premium adjustments and return premium adjustments, as well as retrospective premiums, are recorded as adjustments to earned premium revenue.

C. The amount of net premiums written by BCN that was subject to redetermination or retrospective provisions was $501,704,339 and $421,444,069 for 2010 and 2009, respectively; representing approximately 21.56% and 19.08% of the total net health premiums written for 2010 and 2009, respectively. No other premiums written by BCN were subject to redetermination or retrospective provisions.

25. Change in Incurred Losses and Loss Adjustment Expenses - Activity in the liabilities for unpaid claims and claims adjustment expenses for the years ended December 31, 2010 and 2009, is summarized as follows:

	2010	2009
BALANCE—January 1	$ 264,778,827	$ 291,852,121
Incurred attributable to:		
Current year	2,083,331,724	1,993,389,907
Prior years	(13,330,974)	(12,741,779)
Total incurred	2,070,000,750	1,980,648,128
Paid attributable to:		
Current year	1,803,440,185	1,727,907,866
Prior years	255,127,448	279,813,556
Total paid	2,058,567,633	2,007,721,422
BALANCE—December 31	$ 276,211,944	$ 264,778,827
Balance at December 31:		
Liability for claims unpaid	$ 267,672,453	$ 257,864,801
Liability for unpaid claims adjustment expenses	8,539,491	6,914,026
Total	$ 276,211,944	$ 264,778,827

Changes in actuarial estimates of claims unpaid reported as "incurred attributable to prior years" in the schedule above reflect revisions in estimates of medical cost trends and changes in claims processing patterns.

26. Inter-company Pooling Arrangements – NOT APPLICABLE

27. Structured Settlements – NOT APPLICABLE

28. Health Care Receivables –-

A. **Pharmaceutical Rebate Receivables**

Health care receivables include pharmacy rebates BCN receives from third-party vendors. BCN estimates pharmacy rebate receivables based on historical rebate experience and membership. Activity for the most recent three years is summarized as follows:

Quarter	(1) Estimated Pharmacy Rebates as Reported on Financial Statements	(2) Pharmacy Rebates as Billed or Otherwise Confirmed	(3) Actual Rebates Received Within 90 days of Billing	(4) Actual Rebates Received Within 91 to 180 Days of Billing	(5) Actual Rebates Received More Than 180 Days After Billing
12/31/2010	$ 3,541,990	$ -	$ -	$ -	$ -
9/30/2010	4,091,265	4,829,699	155,271	-	-
6/30/2010	4,663,839	4,365,866	2,780,255	800,459	-
3/31/2010	4,819,923	4,216,009	1,986,578	2,242,808	482,224
12/31/2009	$ 4,580,183	$ 4,620,263	$ 2,843,887	$ 1,853,769	$ 661
9/30/2009	4,594,059	4,850,941	3,078,125	1,349,395	(857)
6/30/2009	3,709,947	5,210,632	3,753,817	1,162,198	(807)
3/31/2009	3,780,355	5,078,246	3,112,839	1,866,683	885,997
12/31/2008	$ 3,733,684	$ 5,356,083	$ 2,881,590	$ 2,854,895	$ 4,183
9/30/2008	3,786,802	4,979,729	2,836,579	2,133,503	137,194
6/30/2008	3,768,116	4,237,122	2,605,870	2,277,526	151,289
3/31/2008	3,786,417	4,339,595	871,585	3,476,296	332,323

B. **Risk Sharing Receivables**

BCN estimates risk sharing receivables based on historical claims experience modified for current trends and benefits as provided for in the risk sharing agreement. As of December 31, 2010, 2009, and 2008, BCN had risk sharing receivables of $4,750,000, $4,750,000, and $3,000,000, respectively. Risk sharing receivables for the years ended December 31, 2010, 2009, and 2008 were not offset by any risk sharing payables. Details of the balances for the most recent three years are summarized as follows:

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated and Reported in the Prior Year	Risk Sharing Receivable as Estimated and Reported in the Current Year	Risk Sharing Receivable Invoiced	Risk Sharing Receivable Not Invoiced	Actual Risk Sharing Amounts Collected in Year Invoiced	Actual Risk Sharing Amounts Collected First Year Subsequent	Actual Risk Sharing Amounts Collected Second Year Subsequent	Actual Risk Sharing Amounts Collected - All Other
2010	2010	$ 4,750,000	$ 4,750,000	$ 9,500,000	$ -	$ 9,500,000	$ -	$ -	$ -
	2011	XXX	$ 4,750,000	XXX	$ 4,750,000	XXX	XXX	XXX	XXX
2009	2009	$ 3,000,000	$ 6,500,000	$ 9,500,000	$ -	$ 9,500,000	$ -	$ -	$ -
	2010	XXX	$ 4,750,000	XXX	$ 4,750,000	XXX	XXX	XXX	XXX
2008	2008	$10,071,237	$ -	$10,071,237	$ -	$10,071,237	$ -	$ -	$ -
	2009	XXX	$ 3,000,000	XXX	$ 3,000,000	XXX	XXX	XXX	XXX

29. Participating Policies – NOT APPLICABLE

30. Premium Deficiency Reserves – NOT APPLICABLE

31. Anticipated Salvage and Subrogation – NOT APPLICABLE

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. 12/31/2007

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. 12/31/2007

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). 06/30/2009

3.4 By what department or departments? Dept. of Energy, Labor & Economic Growth - Office of Financial and Insurance Regulation

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ ] No [ ] N/A [X]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

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

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

4.12 renewals? Yes [ ] No [X]

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

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

4.22 renewals? Yes [X] No [ ]

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 locations (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?

Deloitte & Touche LLP
Suite 900
600 Renaissance Center
Detroit, Michigan 48243-1895

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.6 If the response to 10.5 is yes, provide information related to this exemption:

10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ]

10.8 If the answer to 10.7 is no or n/a, please explain.

11. 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?
Erika Monroe, ASA MAAA Director of Actuarial Services, Blue Care Network of Michigan 20500 Civic Center Dr MC C410 Southfield, Michigan 48076

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

12.11 Name of real estate holding company

12.12 Number of parcels involved .....

12.13 Total book/adjusted carrying value .....

12.2 If yes, provide explanation.

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

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

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

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

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

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

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

15. 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 [ ]

16. 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 [ ]

17. 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

18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

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

19.11 To directors or other officers $.....0

19.12 To stockholders not officers $.....0

19.13 Trustees, supreme or grand (Fraternal only) $.....0

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

19.21 To directors or other officers $.....0

19.22 To stockholders not officers $.....0

19.23 Trustees, supreme or grand (Fraternal only) $.....0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

20.1 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]

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

20.21 Rented from others .....

20.22 Borrowed from others .....

20.23 Leased from others .....

20.24 Other .....

21.1 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]

21.2 If answer is yes:

21.21 Amount paid as losses or risk adjustment .....

21.22 Amount paid as expenses .....

21.23 Other amounts paid .....

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

22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. $.....5,726,391

INVESTMENT

23.1 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 (other than securities lending programs addressed in 23.3)? Yes [X] No [ ]

23.2 If no, give full and complete information relating thereto.

23.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

23.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]

23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. .....

23.6 If answer to 23.4 is no, report amount of collateral for other programs. .....

23.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]

23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]

23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]

24.1 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, 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 20.1 and 23.3) Yes [X] No [ ]

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

24.21 Subject to repurchase agreements $.....0

24.22 Subject to reverse repurchase agreements $.....0

24.23 Subject to dollar repurchase agreements $.....0

24.24 Subject to reverse dollar repurchase agreements $.....0

24.25 Pledged as collateral $.....0

24.26 Placed under option agreements $.....0

24.27 Letter stock or securities restricted as to sale $.....752,100

24.28 On deposit with state or other regulatory body $.....1,000,000

24.29 Other $.....91,262,260

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
Restricted as to sale	Federal Home Loan Bank of Indianapolis Common Stock	752,100

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

25.2 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.

26.1 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]

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

27. Excluding items in Schedule E-Part 3-Special Deposits, 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 Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

27.01 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
State Street Bank and Trust Company	801 Pennsylvania, Kansas City, MO 64105
Fidelity Investments Institutional Operations Co.	100 Magellan Way KW2B Covington, KY 41015
Federal Home Loan Bank of Indianapolis	8250 Woodfield Crossing Blvd. Indianapolis, IN 46240

27.02 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)

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year? Yes [ ] No [X]

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

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

27.05 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
	Blue Cross Blue Shield of Michigan	600 E. Lafayette Blvd. Detroit, MI 48226

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

28.1 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]

28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj.Carrying Value
28.2999. TOTAL		0

28.3 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

29. 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 (+)
29.1 Bonds	869,822,758	880,117,021	10,294,263
29.2 Preferred stocks			0
29.3 Totals	869,822,758	880,117,021	10,294,263

29.4 Describe the sources or methods utilized in determining the fair values:
Securities Valuation Office of the NAIC and State Street Bank is the source for fair values.

30.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No [ ]

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No [ ]

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

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

31.2 If no, list exceptions:

OTHER

32.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 1,163,529

32.2 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
Amercia's Health Insurance Plans	546,978
Blue Cross Blue Shield Association	537,036

33.1 Amount of payments for legal expenses, if any? $ 703,976

33.2 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
Jones Day	584,087

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

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

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

1.2 If yes, indicate premium earned on U.S. business only $.....11,231,519

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $.....0

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. $.....0

1.5 Indicate total incurred claims on all Medicare Supplement insurance. $.....10,675,784

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $.....11,231,519

1.62 Total incurred claims $.....10,675,784

1.63 Number of covered lives 7,233

All years prior to most current three years:

1.64 Total premium earned $.....0

1.65 Total incurred claims $.....0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $.....0

1.72 Total incurred claims $.....0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $.....0

1.75 Total incurred claims $.....0

1.76 Number of covered lives 0

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	2,326,517,746	2,208,250,621
2.2 Premium Denominator	2,326,517,746	2,208,250,621
2.3 Premium Ratio (2.1/2.2)	100.0	100.0
2.4 Reserve Numerator	326,285,293	304,620,753
2.5 Reserve Denominator	326,285,293	304,620,753
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, and if the earnings of the reporting entity permits? Yes [ ] No [X]

3.2 If yes, give particulars:

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

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

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

5.2 If no, explain:

Blue Care Network of Michigan participates in the BCN Stop-Loss & Casualty Self-Insurance Trust. Expiration date of 12/31/10.
Unlimited coverage with a deductible of $150,000. BCN accounts for the activity with the Trust as if it were re-insurance.

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive medical $.....150,000

5.32 Medical only $.....0

5.33 Medicare supplement $.....0

5.34 Dental and vision $.....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:

Hold harmless provisions are included in contracts with providers. Stop-loss coverage through an affiliate whcih includes an insolvency clause.
In addition, BCN holds a State mandated cash deposit and BCN members have Conversion rights to BCBSM coverage.

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 16,486

8.2 Number of providers at end of reporting year 18,958

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

9.2 If yes, direct premium earned:

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

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

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 $.....55,793,821

10.22 Amount actually paid for year bonuses $.....30,874,220

10.23 Maximum amount payable withholds $.....9,675,470

10.24 Amount actually paid for year withholds $.....11,583,461

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.	$.....94,132,475	
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:
4% times direct written premium
4% X $2,353,311,887 = 94,132,475

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

1 Name of Service Area
ALCONA
ALLEGAN
ALPENA
ANTRIM
ARENAC
BARRY
BAY
BENZIE
BERRIEN
CALHOUN
CASS
CHARLEVOIX
CHEBOYGAN
CLARE
CLINTON
CRAWFORD
EATON
EMMET
GENESEE
GLADWIN
GRAND TRAVERSE
GRATIOT
HILLSDALE
HURON
INGHAM
IONIA
IOSCO
ISABELLA
JACKSON
KALAMAZOO
KALKASKA
KENT
LAPEER
LEELANAU
LIVINGSTON
MACKINAC
MACOMB
MANISTEE
MIDLAND
MECOSTA
MONROE
MONTCALM
MONTMORENCY
MUSKEGON
NEWAYGO
OAKLAND
OCEANA
OGEMAW
OSCODA
OTSEGO
OTTAWA
PRESQUE ISLE
ROSCOMMON
SAGINAW
SHIAWASSEE
ST. CLAIR
ST. JOSEPH
TUSCOLA
VAN BUREN
WASHTENAW
WAYNE
WEXFORD

13.1. Do you act as a custodian for health savings account?	Yes [ ]	No [X]
13.2. If yes, please provide the amount of custodial funds held as of the reporting date.	.....	
13.3. Do you act as an administrator for health savings accounts?	Yes [ ]	No [X]
13.4. If yes, please provide the balance of the funds administered as of the reporting date.	.....	

FIVE-YEAR HISTORICAL DATA

	1 2010	2 2009	3 2008	4 2007	5 2006
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	1,028,738,856	253,409,955	841,062,623	785,302,394	675,400,498
2. Total liabilities (Page 3, Line 24)	498,178,626	468,352,202	504,322,800	541,192,674	480,664,858
3. Statutory surplus	94,132,475	89,421,553	86,006,399	86,506,608	81,581,202
4. Total capital and surplus (Page 3, Line 33)	530,560,230	416,611,233	336,739,823	244,109,720	194,735,640
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	2,330,659,145	2,208,872,196	2,141,451,384	2,151,856,958	2,034,388,600
6. Total medical and hospital expenses (Line 18)	2,017,463,721	1,941,215,059	1,847,780,998	1,860,555,662	1,752,212,012
7. Claims adjustment expenses (Line 20)	94,853,962	78,639,623	76,492,030	88,186,400	78,326,005
8. Total administrative expenses (Line 21)	138,923,531	154,592,002	164,185,796	186,850,646	196,840,660
9. Net underwriting gain (loss) (Line 24)	79,417,931	34,425,512	52,992,560	16,264,250	7,009,923
10. Net investment gain (loss) (Line 27)	25,709,815	36,906,011	32,782,116	33,670,167	74,212,796
11. Total other income (Lines 28 plus 29)	(933,794)	(8,736,640)	6,974	(56,102)	(149,005)
12. Net income or (loss) (Line 32)	103,921,776	62,769,309	85,590,267	49,846,840	81,042,173
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	123,384,785	(51,394,350)	38,366,196	99,078,240	94,496,060
Risk-Based Capital Analysis					
14. Total adjusted capital	530,560,230	416,611,233	336,739,823	244,109,720	194,735,640
15. Authorized control level risk-based capital	77,546,254	73,389,221	68,061,313	64,828,930	60,723,694
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	532,705	525,226	554,666	626,403	646,699
17. Total member months (Column 6, Line 7)	6,289,625	6,367,506	6,700,008	7,564,671	7,625,979
Operating Percentage (Page 4) **(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100 .0**					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	86.6	87.7	86.2	86.4	86.0
20. Cost containment expenses	1.7	2.3	2.4	2.8	2.7
21. Other claims adjustment expenses	2.4	1.3	1.2	1.3	1.2
22. Total underwriting deductions (Line 23)	96.6	98.2	97.4	99.2	99.5
23. Total underwriting gain (loss) (Line 24)	3.4	1.6	2.5	0.8	0.3
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5)	276,684,935	311,380,433	317,322,851	279,729,416	255,602,392
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	288,510,288	321,276,414	342,496,829	309,836,682	284,284,770
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1)	10,123,752	8,813,502	7,467,049	6,854,565	289,294
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated	91,262,260	81,070,778	72,830,243	70,835,625	67,828,768
32. Total of above Lines 26 to 31	101,386,012	89,884,280	80,297,292	77,690,190	68,118,062

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [ ] No [ ]

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama AL	N							0	
2. Alaska AK	N							0	
3. Arizona AZ	N							0	
4. Arkansas AR	N							0	
5. California CA	N							0	
6. Colorado CO	N							0	
7. Connecticut CT	N							0	
8. Delaware DE	N							0	
9. District of Columbia DC	N							0	
10. Florida FL	N							0	
11. Georgia GA	N							0	
12. Hawaii HI	N							0	
13. Idaho ID	N							0	
14. Illinois IL	N							0	
15. Indiana IN	N							0	
16. Iowa IA	N							0	
17. Kansas KS	N							0	
18. Kentucky KY	N							0	
19. Louisiana LA	N							0	
20. Maine ME	N							0	
21. Maryland MD	N							0	
22. Massachusetts MA	N							0	
23. Michigan MI	L	1,831,222,841	430,927,207		77,960,898			2,340,110,946	
24. Minnesota MN	N							0	
25. Mississippi MS	N							0	
26. Missouri MO	N							0	
27. Montana MT	N							0	
28. Nebraska NE	N							0	
29. Nevada NV	N							0	
30. New Hampshire NH	N							0	
31. New Jersey NJ	N							0	
32. New Mexico NM	N							0	
33. New York NY	N							0	
34. North Carolina NC	N							0	
35. North Dakota ND	N							0	
36. Ohio OH	N							0	
37. Oklahoma OK	N							0	
38. Oregon OR	N							0	
39. Pennsylvania PA	N							0	
40. Rhode Island RI	N							0	
41. South Carolina SC	N							0	
42. South Dakota SD	N							0	
43. Tennessee TN	N							0	
44. Texas TX	N							0	
45. Utah UT	N							0	
46. Vermont VT	N							0	
47. Virginia VA	N							0	
48. Washington WA	N							0	
49. West Virginia WV	N							0	
50. Wisconsin WI	N							0	
51. Wyoming WY	N							0	
52. American Samoa AS	N							0	
53. Guam GU	N							0	
54. Puerto Rico PR	N							0	
55. U.S. Virgin Islands VI	N							0	
56. Northern Mariana Islands MP	N							0	
57. Canada CN	N							0	
58. Aggregate Other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	1,831,222,841	430,927,207	0	77,960,898	0	0	2,340,110,946	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	13,200,941						13,200,941	
61. Total (Direct Business)	(a) 1	1,844,423,782	430,927,207	0	77,960,898	0	0	2,353,311,887	0

DETAILS OF WRITE-INS

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

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.

Situs of Contract

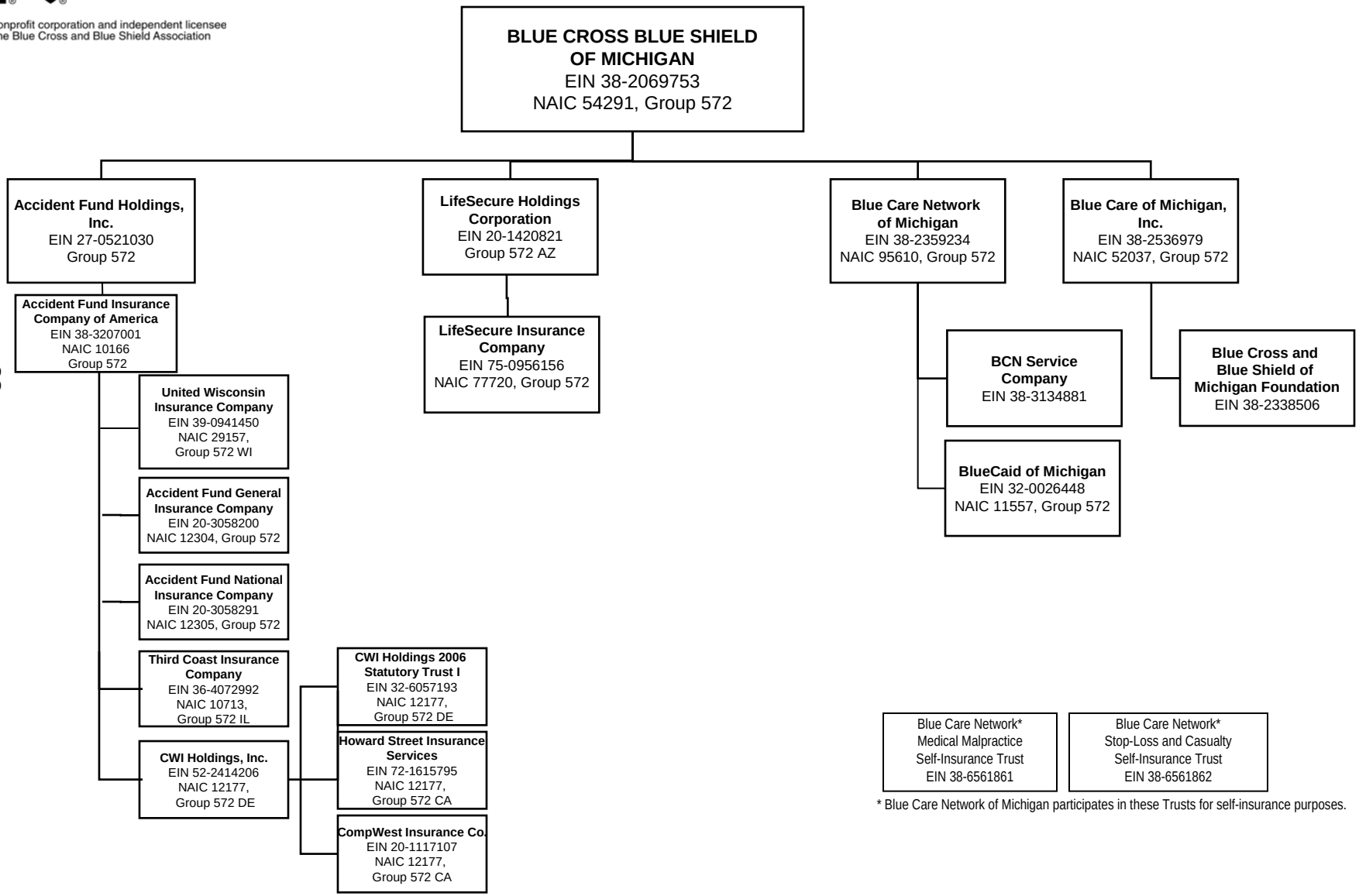
(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

Blue Cross Blue Shield of Michigan

A nonprofit corporation and independent licensee of the Blue Cross and Blue Shield Association

SUBSIDIARY & AFFILIATE ORGANIZATION CHART



* Blue Care Network of Michigan participates in these Trusts for self-insurance purposes.

All entities that do not reflect a particular state abbreviation are domiciled in Michigan.

2010 ALPHABETICAL INDEX
HEALTH ANNUAL STATEMENT BLANK

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