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HEALTH QUARTERLY STATEMENT

As of March 31, 2009

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. Jeanne Helen Carlson	President & Chief Executive Officer	2. Julie Concetta Swantek	Secretary
3. Susan Anne Kluge	Chief Financial Officer & Treasurer	4. Douglas Robert Woll MD	Chief Medical Officer

OTHER

Laurie Lowe Westfall Chief Operating Officer

DIRECTORS OR TRUSTEES

Kedrick David Adkins	Julie Anne Angott	Mark Robert Bartlett	William Harrison Black
Jeanne Helen Carlson	James Robert Dietz	Shauna Ryder Diggs MD	Janet Louise Harden
DeMerritte Bonta Hiscoe MD	Valeriah Ann Holmon	Robert Paul Kelch MD	Karen Marie Knapp
Donald Glenn Oetman	Calvin Thomas Rapson	Kevin Lewis Seitz	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 there from 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)
Jeanne Helen Carlson	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 Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds	181,779,283		181,779,283	184,785,366
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks	8,034,063	4,458,954	3,575,109	3,474,818
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate:				
4.1 Properties occupied by the company (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....(11,651,100)), cash equivalents ($.....0) and short-term investments ($.....571,376,920)	559,725,820		559,725,820	533,382,139
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets	74,386,703		74,386,703	72,830,243
8. Receivables for securities	10,010,664		10,010,664	4,686,079
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	833,936,533	4,458,954	829,477,579	799,158,645
11. Title plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	9,491,884		9,491,884	9,919,840
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	19,901,489	614,687	19,286,802	12,642,689
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	
14.2 Funds held by or deposited with reinsured companies			0	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans	85,004		85,004	85,004
16.1 Current federal and foreign income tax recoverable and interest thereon			0	
16.2 Net deferred tax asset			0	
17. Guaranty funds receivable or on deposit			0	
18. Electronic data processing equipment and software	12,163,604	10,606,070	1,557,534	2,064,223
19. Furniture and equipment, including health care delivery assets ($.....513,302)	3,398,115	2,884,813	513,302	597,528
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates	17,636,288	15,279	17,621,009	7,112,366
22. Health care ($.....8,088,409) and other amounts receivable	9,817,208	1,728,799	8,088,409	9,482,328
23. Aggregate write-ins for other than invested assets	3,437,413	3,437,413	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	909,867,538	23,746,015	886,121,523	841,062,623
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. Total (Lines 24 and 25)	909,867,538	23,746,015	886,121,523	841,062,623

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepaid expenses	3,416,380	3,416,380	0	
2302. Other Accounts Receivable	21,033	21,033	0	
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	3,437,413	3,437,413	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $.....2,626,397 reinsurance ceded)	294,990,564	7,475,165	302,465,729	285,572,911
2. Accrued medical incentive pool and bonus amounts	53,616,754		53,616,754	45,355,558
3. Unpaid claims adjustment expenses	7,008,505		7,008,505	6,279,210
4. Aggregate health policy reserves	3,642,171		3,642,171	3,481,492
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	31,570,203		31,570,203	28,353,493
9. General expenses due or accrued	30,741,472		30,741,472	35,037,296
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses))			0	
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable	1,459,665		1,459,665	880,881
12. Amounts withheld or retained for the account of others	792,377		792,377	912,136
13. Remittances and items not allocated			0	348
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	21,987,438		21,987,438	18,830,716
16. Payable for securities	17,125,712		17,125,712	9,658,328
17. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
18. Reinsurance in unauthorized companies			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	
20. Liability for amounts held under uninsured plans	991,832		991,832	276,308
21. Aggregate write-ins for other liabilities (including $.....1,178,973 current)	70,346,953	0	70,346,953	69,684,123
22. Total liabilities (Lines 1 to 21)	534,273,646	7,475,165	541,748,811	504,322,800
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	10,000	10,000
25. Preferred capital stock	XXX	XXX		
26. Gross paid in and contributed surplus	XXX	XXX	15,643,045	15,643,045
27. Surplus notes	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	328,719,667	321,086,778
30. Less treasury stock, at cost:				
30.1 .....0.000 shares common (value included in Line 24 $.....0)	XXX	XXX		
30.2 .....0.000 shares preferred (value included in Line 25 $.....0)	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	344,372,712	336,739,823
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	886,121,523	841,062,623

DETAILS OF WRITE-INS

2101. Accrued Post Retirement Benefits	52,641,175		52,641,175	51,816,217
2102. Accrued Pension	15,842,891		15,842,891	14,862,910
2103. Employee Health Insurance accrued payable	1,178,973		1,178,973	2,230,781
2198. Summary of remaining write-ins for Line 21 from overflow page	683,914	0	683,914	774,215
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	70,346,953	0	70,346,953	69,684,123
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.				
2802.				
2803.				
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member months	XXX	1,622,470	1,682,952	6,700,008
2. Net premium income (including $.....0 non-health premium income)	XXX	556,142,920	523,014,064	2,138,055,960
3. Change in unearned premium reserves and reserve for rate credits	XXX	(160,679)	(79,686)	2,235,696
4. Fee-for-service (net of $.....1,641,671 medical expenses)	XXX	(369,290)	(316,397)	(3,374,019)
5. Risk revenue	XXX	1,139,624	1,104,617	4,405,890
6. Aggregate write-ins for other health care related revenues	XXX	39,348	40,246	127,857
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	556,791,923	523,762,844	2,141,451,384
Hospital and Medical:				
9. Hospital/medical benefits	3,713,426	346,492,886	322,282,039	1,295,118,998
10. Other professional services	136,207	15,366,432	10,495,288	50,758,271
11. Outside referrals	14,445,715	14,445,715	15,881,340	63,209,644
12. Emergency room and out-of-area	551,850	30,328,157	32,594,422	128,464,888
13. Prescription drugs		77,766,011	70,186,962	285,676,680
14. Aggregate write-ins for other hospital and medical	0	450,050	614,564	2,621,110
15. Incentive pool, withhold adjustments and bonus amounts		17,377,671	12,279,243	34,751,955
16. Subtotal (Lines 9 to 15)	18,847,198	502,226,922	464,333,858	1,860,601,546
Less:				
17. Net reinsurance recoveries		4,654,455	3,731,505	12,820,548
18. Total hospital and medical (Lines 16 minus 17)	18,847,198	497,572,467	460,602,353	1,847,780,998
19. Non-health claims (net)				
20. Claims adjustment expenses, including $.....13,103,432 cost containment expenses		19,026,591	20,114,380	76,492,030
21. General administrative expenses		42,202,687	42,072,024	164,185,796
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)	18,847,198	558,801,745	522,788,757	2,088,458,824
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(2,009,822)	974,087	52,992,560
25. Net investment income earned		8,568,289	8,720,149	32,599,963
26. Net realized capital gains (losses) less capital gains tax of $.....0		1,846,064	746,326	182,153
27. Net investment gains or (losses) (Lines 25 plus 26)	0	10,414,353	9,466,475	32,782,116
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....17,797) (amount charged off $.....122,523)]		(104,726)	(55,373)	(111,376)
29. Aggregate write-ins for other income or expenses	0	0	(2,650)	118,350
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	8,299,805	10,382,539	85,781,650
31. Federal and foreign income taxes incurred	XXX	49,000	49,000	191,383
32. Net income (loss) (Lines 30 minus 31)	XXX	8,250,805	10,333,539	85,590,267

DETAILS OF WRITE-INS

0601. Other Revenue	XXX	33,666	31,446	98,436
0602. Pharmacy over the Counter	XXX	5,682	8,800	29,421
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	39,348	40,246	127,857
0701.	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401. Other Medical Expense		275,934	414,711	1,722,969
1402. Occupancy, Depreciation and Amortization		174,116	199,853	898,141
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	450,050	614,564	2,621,110
2901. Regulatory Fee			(2,650)	(2,650)
2902. Other revenue				121,000
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	(2,650)	118,350

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
33. Capital and surplus prior reporting year	336,739,823	244,109,720	244,109,720
34. Net income or (loss) from Line 32	8,250,805	10,333,539	85,590,267
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of $0	1,921,140	798,587	2,393,819
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax			
39. Change in nonadmitted assets	(2,539,056)	2,731,923	4,646,017
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	0
48. Net change in capital and surplus (Lines 34 to 47)	7,632,889	13,864,049	92,630,103
49. Capital and surplus end of reporting period (Line 33 plus 48)	344,372,712	257,973,769	336,739,823

DETAILS OF WRITE-INS

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

CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	553,179,651	2,124,239,714
2. Net investment income	8,908,935	30,965,768
3. Miscellaneous income	809,682	1,159,728
4. Total (Lines 1 through 3)	562,898,268	2,156,365,210
5. Benefit and loss related payments	472,418,453	1,871,052,650
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	63,522,179	246,754,981
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	49,000	191,383
10. Total (Lines 5 through 9)	535,989,632	2,117,999,014
11. Net cash from operations (Line 4 minus Line 10)	26,908,636	38,366,196
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	67,221,941	64,981,799
12.2 Stocks	94,108	1,217,466
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	435,795	(59,716)
12.7 Miscellaneous proceeds	7,467,384	9,658,328
12.8 Total investment proceeds (Lines 12.1 to 12.7)	75,219,228	75,797,877
13. Cost of investments acquired (long-term only):		
13.1 Bonds	62,656,311	104,658,117
13.2 Stocks	130,298	153,441
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	5,324,585	4,686,079
13.7 Total investments acquired (Lines 13.1 to 13.6)	68,111,194	109,497,637
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	7,108,034	(33,699,760)
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)	(7,672,989)	12,734,331
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	(7,672,989)	12,734,331
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)	26,343,681	17,400,767
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	533,382,139	515,981,372
19.2 End of period (Line 18 plus Line 19.1)	559,725,820	533,382,139

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

20.0001		

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at End of:										
1. Prior Year	554,666	1,737	498,446	8,836			20,244	25,403		
2. First Quarter	538,941	1,569	479,673	8,599			19,573	29,527		
3. Second Quarter	0									
4. Third Quarter	0									
5. Current Year	0									
6. Current Year Member Months	1,622,470	4,838	1,445,711	25,807			58,520	87,594		
Total Member Ambulatory Encounters for Period:										
7. Physician	998,591	7,022	825,678	36,658			33,129	96,104		
8. Non-Physician	165,930	1,039	139,768	7,403			6,238	11,482		
9. Total	1,164,521	8,061	965,446	44,061	0	0	39,367	107,586	0	0
10. Hospital Patient Days Incurred	39,858	91	27,232	2,277			1,102	9,156		
11. Number of Inpatient Admissions	10,912	28	8,261	487			334	1,802		
12. Health Premiums Written (a)	560,572,352	2,006,426	444,495,016	10,872,444			17,358,503	85,839,963		
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	560,411,673	2,006,426	444,432,104	10,872,444			17,260,736	85,839,963		
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	478,011,884	2,844,028	378,185,418	9,699,344			15,080,305	72,195,574		7,215
18. Amount Incurred for Provision of Health Care Services	502,226,922	2,844,028	394,066,247	10,279,421			15,803,407	79,226,604		7,215

(a) For health premiums written: Amount of Medicare Title XVIII exempt from state taxes or fees $.....85,839,963.

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

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0399999. Aggregate Accounts Not Individually Listed-Covered	35,665,266	3,549,373	351,146	31,589	82,919	39,680,293
0499999. Subtotals	35,665,266	3,549,373	351,146	31,589	82,919	39,680,293
0599999. Unreported Claims and Other Claim Reserves						252,868,316
0699999. Total Amounts Withheld						12,543,517
0799999. Total Claims Unpaid						305,092,126
0899999. Accrued Medical Incentive Pool and Bonus Amounts						53,616,754

UNDERWRITING AND INVESTMENT EXHIBIT

Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	188,635,052	177,789,603	44,443,125	195,751,105	233,078,177	230,752,260
2. Medicare Supplement	3,060,434	6,638,910	1,337,718	3,674,999	4,398,152	4,432,640
3. Dental only					0	
4. Vision only					0	
5. Federal Employees Health Benefits Plan Premiums	5,011,924	9,464,714	1,757,556	7,422,679	6,769,480	8,629,875
6. Title XVIII - Medicare	24,599,282	46,625,619	15,173,866	32,904,681	39,773,148	41,758,136
7. Title XIX - Medicaid					0	
8. Other health		7,215			0	
9. Health subtotal (Lines 1 to 8)	221,306,692	240,526,061	62,712,265	239,753,464	284,018,957	285,572,911
10. Healthcare receivables (a)	4,258,653	3,924,177			4,258,653	9,652,055
11. Other non-health					0	
12. Medical incentive pools and bonus amounts	8,533,423	583,052	36,680,900	16,935,854	45,214,323	45,355,558
13. Totals	225,581,462	237,184,936	99,393,165	256,689,318	324,974,627	321,276,414

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

NOTES TO FINANCIAL STATEMENTS

Note 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 prescribed or permitted by the Michigan Office of Financial and Insurance Regulation (OFIR).

OFIR recognizes only statutory accounting practices prescribed or permitted by the State of Michigan for determining and reporting the financial condition and results of operations of an insurance company. The National Association of Insurance Commissioner's (NAIC) *Accounting Practices and Procedures Manual*, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by OFIR. OFIR has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. As of March 31, 2009, BCN had no prescribed or permitted practices.

Note 2 - Accounting Changes and Corrections of Errors

No significant change.

Note 3 - Business Combinations and Goodwill

No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

No significant change.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

Note 7 - Investment Income

No significant change.

Note 8 - Derivative Instruments

No significant change.

Note 9 - Income Taxes

No significant change.

Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

No significant change.

Note 11 - Debt

No significant change.

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

A. Defined Benefit Plan

The Company may be required to record a significant reduction to statutory surplus in the fourth quarter of 2009. The accumulated benefit obligation (ABO) in the employee defined benefit pension plans is anticipated to exceed the fair market value of plan assets. The expected short-fall, which did not exist at the Company's most recent measurement date at September 30, 2008, is largely due to the significant decline in

NOTES TO FINANCIAL STATEMENTS

the financial markets that will result in lower asset values and discount rates used to measure the pension plan obligations.

Pursuant to the guidance contained in SSAP No. 89, Accounting for Pensions, a Replacement of SSAP No. 8, when the ABO of the pension plan exceeds the fair market value of plan assets at the measurement date, an additional minimum liability (AML) is required to be recognized in the Company's financial statements with a corresponding reduction to statutory surplus. Under SSAP 89, the Company's anticipated AML is required to be recognized after the Company's next measurement date which is September 30, 2009.

At this time the Company's projected pension plan funded status at December 31, 2009 is expected to have a funding shortage of approximately $35.9 million.

It is important to note that given the current volatility in the financial markets, the ultimate measurement of plan assets and obligations could be significantly different from the potential shortfall presented above. Management continues to monitor the funded status of the pension plans closely to ensure there are sufficient assets in the plans to meet the on-going payment obligations to retirees.

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

No significant change.

Note 14 - Contingencies

No significant change.

Note 15 - Leases

No significant change.

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

No significant change.

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

No wash sales. No significant change.

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

No significant change.

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

No significant change.

Note 20 - Other Items

No significant change.

Note 21 - Events Subsequent

No significant change.

Note 22 - Reinsurance

No significant change.

Note 23 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

Note 24 - Change in Incurred Losses and Loss Adjustment Expenses

NOTES TO FINANCIAL STATEMENTS

Liabilities for unpaid claims and claims adjustment expenses as of December 31, 2008 were $291,852,121. As of March 31, 2009, $219,598,950 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Liabilities for unpaid claims and claims adjustment expenses remaining for prior years are still estimated to be $72,253,171. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. As of March 31, 2009 there have been no changes in the provision for incurred claim and claims adjustment expenses and no additional premiums or return premiums have been accrued as a result of prior year events.

Note 25 - Intercompany Pooling Arrangements

No significant change.

Note 26 - Structured Settlements

Not applicable.

Note 27 - Health Care Receivables

No significant change.

Note 28 - Participating Policies

No significant change.

Note 29 - Premium Deficiency Reserves

No significant change.

Note 30 - Anticipated Salvage and Subrogation

No significant change.

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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

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

2.2 If yes, date of change: 1/29/2009

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

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

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

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

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

Effective 1/1/09, BCBSM began leasing BCBSM employees to BCN to perform all BCN operations (with the exception of the Lansing Family Health Center). Additionally effective 1/1/09, BCBSM has delegated to BCN and BCN has sub-delegated to DenteMax, responsibility for performing credentialing for the BCBSM Medicare Advantage PPO provider network. Currently the management agreements are being finalized and will be filed with OFIR.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2003

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 6/30/2005

6.4 By what department or departments?

Dept of Energy, Labor & Economic Growth - Office of Financial and Insurance Regulation

6.5 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]

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

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

7.2 If yes, give full information:

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES

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

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

FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $.....15,648,754

INVESTMENT

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

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

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

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

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

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	$ 0	$ 0
14.22 Preferred Stock	$ 0	$ 0
14.23 Common Stock	$ 7,467,049	$ 7,802,873
14.24 Short-Term Investments	$ 0	$ 0
14.25 Mortgage Loans on Real Estate	$ 0	$ 0
14.26 All Other	$ 72,830,243	$ 74,386,703
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 80,297,292	$ 82,189,576
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	$ 0	$ 0

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

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

16. 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 3, III. Conducting Examinations, F-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian Address
State Street Bank & Trust Company	801 Pennsylvania, Kansas City, MO 64105
Fidelity Investments Institutional Operations Company	100 Magellan Way KW2B Covington, KY 41015

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

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

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ] No [X]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
	Blue Cross Blue Shield of Michigan	600 E. Lafayette Blvd. Detroit, MI 48226

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

17.2 If no, list exceptions:

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (YES or NO)

NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 through 7	Deposit-Type Contracts
1. Alabama AL	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	454,568,991	85,839,963		17,358,503			557,767,457	
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	454,568,991	85,839,963	0	17,358,503	0	0	557,767,457	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	2,804,895						2,804,895	
61. Total (Direct Business)	(a) 1	457,373,886	85,839,963	0	17,358,503	0	0	560,572,352	0

DETAILS OF WRITE-INS

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

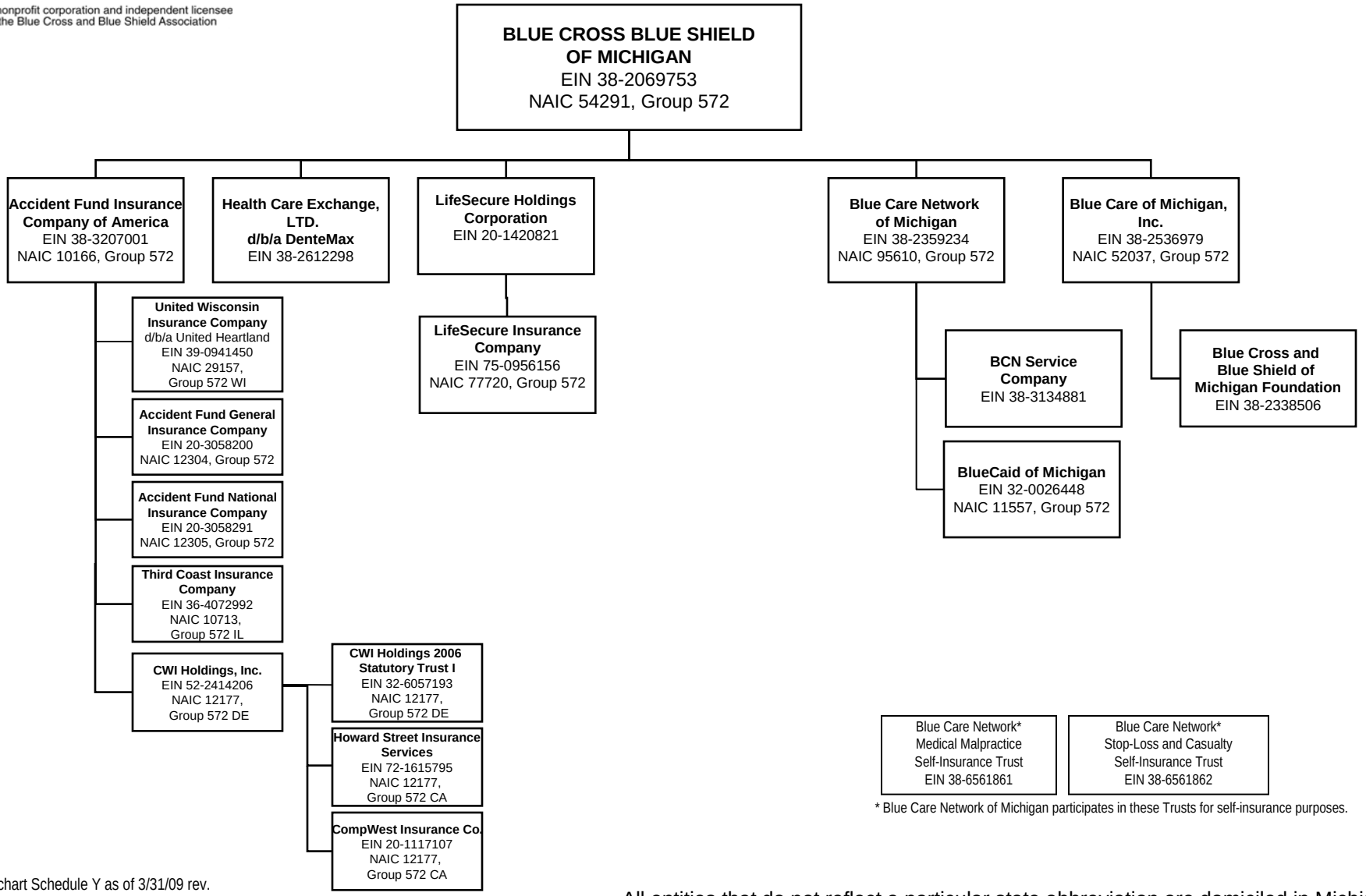
(a) Insert the number of L responses except for Canada and Other Alien.

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.

Q14

Subchart Schedule Y as of 3/31/09 rev.

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

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

	Response
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

1.

Bar Code:

* 9 5 6 1 0 2 0 0 9 3 6 5 0 0 0 0 1 *

Overflow Page for Write-Ins

Additional Write-ins for Liabilities:

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2104. Escheats	683,914		683,914	774,215
2197. Summary of remaining write-ins for Line 21	683,914	0	683,914	774,215

SCHEDULE A - VERIFICATION

Real Estate

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B - VERIFICATION

Mortgage Loans

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	72,830,243	70,835,625
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	1,556,460	1,994,618
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	74,386,703	72,830,243
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	74,386,703	72,830,243

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	192,480,526	153,207,092
2. Cost of bonds and stocks acquired	62,786,609	104,811,558
3. Accrual of discount	214,195	289,365
4. Unrealized valuation increase (decrease)	364,680	471,200
5. Total gain (loss) on disposals	1,410,270	241,869
6. Deduct consideration for bonds and stocks disposed of	67,316,049	66,199,265
7. Deduct amortization of premium	126,885	341,293
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	189,813,346	192,480,526
11. Deduct total nonadmitted amounts	4,458,954	4,220,342
12. Statement value at end of current period (Line 10 minus Line 11)	185,354,392	188,260,184

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	280,644,867	352,223,131	326,800,718	(6,436,700)	299,630,580			280,644,867
2. Class 2 (a)	453,312,711	209,201,924	214,063,316	5,074,304	453,525,623			453,312,711
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	733,957,578	561,425,055	540,864,034	(1,362,396)	753,156,203	0	0	733,957,578
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	733,957,578	561,425,055	540,864,034	(1,362,396)	753,156,203	0	0	733,957,578

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 $.....0; NAIC 2 $.....0; NAIC 3 $.....0; NAIC 4 $.....0; NAIC 5 $.....0; NAIC 6 $.....0.

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals	571,376,920	XXX	572,778,755	10,646,089	2,563,331

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	549,172,212	522,935,163
2. Cost of short-term investments acquired	487,537,822	1,210,896,317
3. Accrual of discount	475,958	1,859,029
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	435,795	(59,716)
6. Deduct consideration received on disposals	464,314,125	1,181,237,019
7. Deduct amortization of premium	1,930,742	5,221,562
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	571,376,920	549,172,212
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	571,376,920	549,172,212

Sch. DB-Part F-Section 1
NONE

Sch. DB-Part F-Section 2
NONE

SCHEDULE E- VERIFICATION

Cash Equivalents

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	8,088,225
2. Cost of cash equivalents acquired	11,230,922	230,332,058
3. Accrual of discount	5,078	455,122
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	11,236,000	238,862,000
7. Deduct amortization of premium		13,405
8. Total foreign exchange change in book/ adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	0	0
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	0	0

Sch. A-Part 2
NONE

Sch. A-Part 3
NONE

Sch. B-Part 2
NONE

Sch. B-Part 3
NONE

Sch. BA-Part 2
NONE

Sch. BA-Part 3
NONE

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Government									
912828 JW 1	U.S. TREASURY NOTES		01/13/2009	JPM		12,038,438	12,000,000	7,459	1
0399999.	Total - Bonds - U.S. Government					12,038,438	12,000,000	7,459	XXX
Bonds - U.S. Special Revenue and Special Assessment									
3128MC BK 0	FEDERAL HOME LOAN MORTGAGE CO FGG13442		02/04/2009	J.P.MORGAN		50,288,883	49,144,733	116,036	1FE
3128M4 V4 2	FHLMC FGG03035		03/02/2009	STATE STREET BANK		328,990	335,570		1FE
3199999.	Total - Bonds - U.S. Special Revenue & Special Assessments					50,617,873	49,480,303	116,036	XXX
8399997.	Total - Bonds - Part 3					62,656,311	61,480,303	123,495	XXX
8399999.	Total - Bonds					62,656,311	61,480,303	123,495	XXX
Common Stocks - Mutual Funds									
316146 10 9	Fid Inv Gr Bond		02/28/2009	FIDELITY	297.067	1,910	XXX		L
316184 10 0	Fid Magellan		02/28/2009	FIDELITY	38.838	1,705	XXX		L
315911 20 6	Spartan US Eq		02/28/2009	FIDELITY	82.502	2,480	XXX		L
880196 20 9	Templeton Foreign		02/28/2009	FIDELITY	487.893	2,015	XXX		L
31617R 50 6	Freedom 2010		02/28/2009	FIDELITY	399.547	3,814	XXX		L
018918 23 5	Allnz NFJ Div Val Ad		02/28/2009	FIDELITY	238.200	2,170	XXX		L
018913 10 3	All/Bern Intl Val		02/28/2009	FIDELITY	211.820	2,015	XXX		L
780905 84 0	Royce Pennsylvania		02/28/2009	FIDELITY	4,590.037	29,317	XXX		L
701769 10 1	Parnassus Equity		02/28/2009	FIDELITY	4,425.143	37,643	XXX		L
197199 80 5	Columbia Acorn USA		02/28/2009	FIDELITY	1,834.465	28,232	XXX		L
315792 67 1	Freedom 2015		02/28/2009	FIDELITY	168.060	1,320	XXX		L
315792 66 3	Freedom 2025		02/28/2009	FIDELITY	1,952.141	15,500	XXX		L
926464 84 3	Victory Spl Val		02/28/2009	FIDELITY	94.512	930	XXX		L
9299999.	Total - Common Stocks - Mutual Funds					129,051	XXX	0	XXX
Common Stocks - Money Market Mutual Funds									
316191 60 0	Fid Retire MMKT		02/28/2009	FIDELITY	1,246.510	1,247	XXX		L
9399999.	Total - Common Stocks - Money Market Mutual Funds					1,247	XXX	0	XXX
9799997.	Total - Common Stocks - Part 3					130,298	XXX	0	XXX
9799999.	Total - Common Stocks					130,298	XXX	0	XXX
9899999.	Total - Preferred and Common Stocks					130,298	XXX	0	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					62,786,609	XXX	123,495	XXX

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

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Government																					
912828 JB 7	U.S. TREASURY		01/13/2009	BARCLAY CAPITAL		2,198,125	2,000,000	2,021,563	2,019,630		(160)		(160)		2,019,470		178,655	178,655	8,944	05/31/2013	1
0399999.	Total - Bonds - U.S. Government					2,198,125	2,000,000	2,021,563	2,019,630	0	(160)	0	(160)	0	2,019,470	0	178,655	178,655	8,944	XXX	XXX
Bonds - U.S. Special Revenue and Special Assessment																					
3128M4 V4 2	FHLMC FGG03035		03/01/2009	MBS PAYDOWN		2,391,261	2,391,261	2,344,598	2,390,254		1,007		1,007		2,391,261			0	26,445	04/01/2037	1FE
3128M4 V4 2	FHLMC FGG03035		02/28/2009	STATE STREET BANK		25,935	25,935	25,412	25,412				0		25,412		523	523	4,003	04/01/2037	1FE
3128M4 Z3 0	FGG03162		02/04/2009	VARIOUS		29,123,427	28,388,775	28,016,172	28,042,421		6,446		6,446		28,048,867		1,074,560	1,074,560	306,349	08/01/2037	1FE
3128MB Q7 5	FHLMC FGG12978		02/17/2009	VARIOUS		1,684,594	1,635,836	1,677,243	1,671,990		(12,003)		(12,003)		1,659,987		24,606	24,606	18,996	05/01/2022	1FE
3128MC BK 0	FEDERAL HOME LOAN MORTGAGE CO		03/12/2009	VARIOUS		21,240,907	20,610,782	21,090,627			(6,818)		(6,818)		21,047,014		193,893	193,893	128,151	02/01/2023	1FE
3199999.	Total - Bonds - U.S. Special Revenue & Assessment					54,466,124	53,052,589	53,154,052	32,130,077	0	(11,368)	0	(11,368)	0	53,172,541	0	1,293,582	1,293,582	483,944	XXX	XXX
Bonds - Industrial and Miscellaneous																					
61746B AL 0	MORGAN STANLEY		01/14/2009	SECURITY CALLED BY ISSUER a		10,500,000	10,500,000	10,520,265	10,500,854		(854)		(854)		10,500,000			0	203,438	01/15/2009	1FE
970628 AA 1	WESTF 2005 1A A1		03/16/2009	MBS PAYDOWN		57,692	57,692	56,827	57,625		67		67		57,692			0	202	06/15/2030	2FE
3899999.	Total - Bonds - Industrial & Miscellaneous					10,557,692	10,557,692	10,577,092	10,558,479	0	(787)	0	(787)	0	10,557,692	0	0	0	203,640	XXX	XXX
8399997.	Total - Bonds - Part 4					67,221,941	65,610,281	65,752,707	44,708,186	0	(12,315)	0	(12,315)	0	65,749,703	0	1,472,237	1,472,237	696,528	XXX	XXX
8399999.	Total - Bonds					67,221,941	65,610,281	65,752,707	44,708,186	0	(12,315)	0	(12,315)	0	65,749,703	0	1,472,237	1,472,237	696,528	XXX	XXX
Common Stocks - Mutual Funds																					
315792 66 3	Freedom 2025		02/28/2009	FIDELITY	12,034.276	94,108	XXX	155,919	103,010	52,909			52,909		155,919		(61,811)	(61,811)		XXX	L
9299999.	Total - Common Stocks - Mutual Funds					94,108	XXX	155,919	103,010	52,909	0	0	52,909	0	155,919	0	(61,811)	(61,811)	0	XXX	XXX
9799997	Total - Common Stocks - Part 4					94,108	XXX	155,919	103,010	52,909	0	0	52,909	0	155,919	0	(61,811)	(61,811)	0	XXX	XXX
9799999.	Total - Common Stocks					94,108	XXX	155,919	103,010	52,909	0	0	52,909	0	155,919	0	(61,811)	(61,811)	0	XXX	XXX
9899999.	Total - Preferred and Common Stocks					94,108	XXX	155,919	103,010	52,909	0	0	52,909	0	155,919	0	(61,811)	(61,811)	0	XXX	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					67,316,049	XXX	65,908,626	44,811,196	52,909	(12,315)	0	40,594	0	65,905,622	0	1,410,426	1,410,426	696,528	XXX	XXX

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

Sch. DB-Part A-Section 1
NONE

Sch. DB-Part B-Section 1
NONE

Sch. DB-Part C-Section 1
NONE

Sch. DB-Part D-Section 1
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories								
JP Morgan Chase Bank, N.A..... 2500 Westfield Dr., Elgin, IL 60123..	.....	.....	.....	.....	8,596,575	6,219,210	8,021,906	XXX
JP Morgan Chase Bank, N.A..... 2500 Westfield Dr., Elgin, IL 60123..	.....	.....	.....	.....	...(11,356,343)	...(16,532,754)	...(16,450,937)	XXX
JP Morgan Chase Bank, N.A..... 2500 Westfield Dr., Elgin, IL 60123..	.....	.....	.....	.....	.....(4,714,036)	.....(3,907,382)	.....(3,239,815)	XXX
0199998. Deposits in.....4 depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories.....	....XXX....	.....XXX....	.....	.....	36,214	118,879	15,471	XXX
0199999. Total Open Depositories.....	....XXX....	.....XXX....	0	0	.....(7,437,590)	...(14,102,047)	...(11,653,375)	XXX
0399999. Total Cash on Deposit.....	....XXX....	.....XXX....	0	0	.....(7,437,590)	...(14,102,047)	...(11,653,375)	XXX
0499999. Cash in Company's Office.....	....XXX....	.....XXX....	.....XXX.....	.....XXX.....	2,275	2,275	2,275	XXX
0599999. Total Cash.....	....XXX....	.....XXX....	0	0	.....(7,435,315)	...(14,099,772)	...(11,651,100)	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

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

NONE