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QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2011

OF THE CONDITION AND AFFAIRS OF THE

CareSource Michigan

NAIC Group Code 3683 (Current Period), 3683 (Prior Period) NAIC Company Code 95562 Employer's ID Number 38-3252216

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

Country of Domicile United States

Licensed as business type: Life, Accident & Health [ ] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ ]
Dental Service Corporation [ ] Vision Service Corporation [ ] Health Maintenance Organization [X]
Other [ ] Is HMO, Federally Qualified? Yes [ ] No [X]

Incorporated/Organized 05/24/1995 Commenced Business 08/01/1996

Statutory Home Office 2900 West Road, Suite 201 (Street and Number), East Lansing, MI 48823-6386 (City or Town, State and Zip Code)

Main Administrative Office 2900 West Road, Suite 201 (Street and Number) East Lansing, MI 48823-6386 (City or Town, State and Zip Code) 517-349-9922 (Area Code) (Telephone Number)

Mail Address 2900 West Road, Suite 201 (Street and Number or P.O. Box), East Lansing, MI 48864-6386 (City or Town, State and Zip Code)

Primary Location of Books and Records 2900 West Road, Suite 201 (Street and Number) East Lansing, MI 48823-6386 (City or Town, State and Zip Code) 937-531-2159 (Area Code) (Telephone Number)

Internet Web Site Address www.caresource.com

Statutory Statement Contact L Tarlton Thomas III (Name) 937-531-2159 (Area Code) (Telephone Number) (Extension)

tarlton.thomas@caresource.com (E-mail Address) 937-531-2676 (FAX Number)

OFFICERS

Name	Title	Name	Title
Sharon R. Williams	Plan President	Craig Thiele M.D.	Chief Medical Officer
Bobby Jones	Chief Operating Officer	L. Tarlton Thomas III	Chief Financial Officer

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Pamela B. Morris	Margaret Marchak	Evonne Williams	Karen Hamilton
J. Thomas Maultsby	John M. Rockwood		

State of .....

ss

County of .....

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

Sharon R. Williams Plan President	L. Tarlton Thomas III Chief Financial Officer	Bobby Jones Chief Operating Officer

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	14,866,988		14,866,988	15,645,715
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less $ ..... encumbrances)			0	0
4.2 Properties held for the production of income (less $ ..... encumbrances)			0	0
4.3 Properties held for sale (less $ ..... encumbrances)			0	0
5. Cash ($ (669,880)), cash equivalents ($ 15,766,035) and short-term investments ($ 8,877,310)	23,973,465		23,973,465	20,652,679
6. Contract loans (including $ ..... premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	11,250	11,250	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	38,851,703	11,250	38,840,453	36,298,394
13. Title plants less $ ..... charged off (for Title insurers only)			0	0
14. Investment income due and accrued	169,818		169,818	186,403
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	340,091		340,091	492,634
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ..... earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	233,189		233,189	59,754
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets ($ .....)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	0		0	0
24. Health care ($ 711,466) and other amounts receivable	790,145	78,679	711,466	842,162
25. Aggregate write-ins for other than invested assets	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	40,384,946	89,929	40,295,017	37,879,347
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	40,384,946	89,929	40,295,017	37,879,347
DETAILS OF WRITE-INS				
1101. Prepaid Expense	11,250	11,250	0	
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	11,250	11,250	0	0
2501.			0	0
2502.			0	0
2503.			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $ 32,917 reinsurance ceded)	15,020,454		15,020,454	13,955,472
2. Accrued medical incentive pool and bonus amounts	392,481		392,481	513,091
3. Unpaid claims adjustment expenses	253,372		253,372	219,307
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	900,604		900,604	226,162
9. General expenses due or accrued	161,364		161,364	329,716
10.1 Current federal and foreign income tax payable and interest thereon (including $ on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including $ current) and interest thereon $ (including $ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	4,739,193		4,739,193	857,361
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with $ authorized reinsurers and $ unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans			0	0
23. Aggregate write-ins for other liabilities (including $ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	21,467,468	0	21,467,468	16,101,108
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		0
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	7,831,735	7,831,735
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	10,995,814	13,946,505
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 $)	XXX	XXX		0
32.2 shares preferred (value included in Line 27 $)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	18,827,549	21,778,240
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	40,295,017	37,879,347
DETAILS OF WRITE-INS				
2301. Former CCM Member Liability			0	0
2302.			0	0
2303.			0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0
2501.	XXX	XXX		0
2502.	XXX	XXX		0
2503.	XXX	XXX		0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		0
3002.	XXX	XXX		0
3003.	XXX	XXX		0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 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	324,310	353,656	469,844
2. Net premium income (including $ non-health premium income)	XXX	88,917,981	98,847,586	130,110,423
3. Change in unearned premium reserves and reserve for rate credits	XXX		0	0
4. Fee-for-service (net of $ medical expenses)	XXX		0	0
5. Risk revenue	XXX		0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	88,917,981	98,847,586	130,110,423
Hospital and Medical:				
9. Hospital/medical benefits		56,295,548	58,307,911	76,262,752
10. Other professional services		5,354,166	5,271,879	7,131,339
11. Outside referrals			0	0
12. Emergency room and out-of-area		4,189,598	4,355,404	5,788,123
13. Prescription drugs		9,688,553	10,755,557	13,961,535
14. Aggregate write-ins for other hospital and medical	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		578,058	368,271	629,772
16. Subtotal (Lines 9 to 15)	0	76,105,923	79,059,022	103,773,521
Less:				
17. Net reinsurance recoveries		388,751	(47,647)	11,311
18. Total hospital and medical (Lines 16 minus 17)	0	75,717,172	79,106,669	103,762,210
19. Non-health claims (net)			0	0
20. Claims adjustment expenses, including $ 2,782,620 cost containment expenses		3,136,270	2,857,414	3,930,211
21. General administrative expenses		9,632,511	9,753,114	12,999,688
22. Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)			0	0
23. Total underwriting deductions (Lines 18 through 22)	0	88,485,953	91,717,197	120,692,109
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	432,028	7,130,389	9,418,314
25. Net investment income earned		573,671	678,901	884,294
26. Net realized capital gains (losses) less capital gains tax of $			0	0
27. Net investment gains (losses) (Lines 25 plus 26)	0	573,671	678,901	884,294
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $)]			0	0
29. Aggregate write-ins for other income or expenses	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	1,005,699	7,809,290	10,302,608
31. Federal and foreign income taxes incurred	XXX		0	0
32. Net income (loss) (Lines 30 minus 31)	XXX	1,005,699	7,809,290	10,302,608
DETAILS OF WRITE-INS				
0601. Quality Assurance Assessment	XXX		0	0
0602.	XXX		0	0
0603.	XXX		0	0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0	0
0701.	XXX		0	0
0702.	XXX		0	0
0703.	XXX		0	0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.			0	0
1402.			0	0
1403.			0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901.			0	0
2902.			0	0
2903.			0	0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
	CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	21,778,240	21,609,171	21,609,171
34.	Net income or (loss) from Line 32	1,005,699	7,809,290	10,302,608
35.	Change in valuation basis of aggregate policy and claim reserves		0	0
36.	Change in net unrealized capital gains (losses) less capital gains tax of $		0	0
37.	Change in net unrealized foreign exchange capital gain or (loss)		0	0
38.	Change in net deferred income tax		0	0
39.	Change in nonadmitted assets	43,610	(11,250)	(133,539)
40.	Change in unauthorized reinsurance	0	0	0
41.	Change in treasury stock		0	0
42.	Change in surplus notes	0	0	0
43.	Cumulative effect of changes in accounting principles		0	0
44.	Capital Changes:			
	44.1 Paid in		0	0
	44.2 Transferred from surplus (Stock Dividend)		0	0
	44.3 Transferred to surplus		0	0
45.	Surplus adjustments:			
	45.1 Paid in		0	0
	45.2 Transferred to capital (Stock Dividend)	0	0	0
	45.3 Transferred from capital		0	0
46.	Dividends to stockholders	(4,000,000)	(10,000,000)	(10,000,000)
47.	Aggregate write-ins for gains or (losses) in surplus	0	0	0
48.	Net change in capital and surplus (Lines 34 to 47)	(2,950,691)	(2,201,960)	169,068
49.	Capital and surplus end of reporting period (Line 33 plus 48)	18,827,549	19,407,211	21,778,240
	DETAILS OF WRITE-INS			
4701.			0	0
4702.			0	0
4703.			0	0
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799.	Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	89,884,325	100,469,447	130,846,744
2. Net investment income	573,838	647,035	845,831
3. Miscellaneous income	0	0	0
4. Total (Lines 1 to 3)	90,458,163	101,116,482	131,692,575
5. Benefit and loss related payments	74,900,037	78,199,075	102,623,888
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	9,028,939	12,504,497	16,472,849
8. Dividends paid to policyholders		0	0
9. Federal and foreign income taxes paid (recovered) net of $ ..... tax on capital gains (losses)	0	0	0
10. Total (Lines 5 through 9)	83,928,976	90,703,572	119,096,737
11. Net cash from operations (Line 4 minus Line 10)	6,529,187	10,412,910	12,595,838
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	1,811,985	1,640,003	2,995,875
12.2 Stocks	0	0	0
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0	0
12.7 Miscellaneous proceeds	0	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,811,985	1,640,003	2,995,875
13. Cost of investments acquired (long-term only):			
13.1 Bonds	1,020,386	0	0
13.2 Stocks	0	0	0
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,020,386	0	0
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	791,599	1,640,003	2,995,875
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0	0
16.5 Dividends to stockholders	4,000,000	8,000,000	18,000,000
16.6 Other cash provided (applied)	0	0	0
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(4,000,000)	(8,000,000)	(18,000,000)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	3,320,786	4,052,913	(2,408,288)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	20,652,679	23,060,967	23,060,967
19.2 End of period (Line 18 plus Line 19.1)	23,973,465	27,113,880	20,652,679

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	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	37,737	0	0	0	0	0	0	363	37,374	0
2 First Quarter	36,678	0	0	0	0	0	0	373	36,305	0
3 Second Quarter	35,642	0	0	0	0	0	0	444	35,198	0
4. Third Quarter	34,572							459	34,113	
5. Current Year	0									
6 Current Year Member Months	324,310							3,709	320,601	
Total Member Ambulatory Encounters for Period:										
7. Physician	118,151							2,391	115,760	
8. Non-Physician	89,337							3,276	86,061	
9. Total	207,488	0	0	0	0	0	0	5,667	201,821	0
10. Hospital Patient Days Incurred	13,030							724	12,306	
11. Number of Inpatient Admissions	3,374							143	3,231	
12. Health Premiums Written (a)	89,180,816							3,544,259	85,636,557	
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	89,180,816							3,544,259	85,636,557	
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	75,083,184							3,187,991	71,895,193	
18. Amount Incurred for Provision of Health Care Services	76,105,923							3,525,689	72,580,234	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees $ 3,544,259

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)						
0199999 Individually listed claims unpaid	0	0	0	0	0	0
0299999 Aggregate accounts not individually listed-uncovered						0
0399999 Aggregate accounts not individually listed-covered	860,638	745,877	273,777	61,490	140,535	2,082,317
0499999 Subtotals	860,638	745,877	273,777	61,490	140,535	2,082,317
0599999 Unreported claims and other claim reserves	XXX	XXX	XXX	XXX	XXX	12,971,054
0699999 Total amounts withheld	XXX	XXX	XXX	XXX	XXX	
0799999 Total claims unpaid	XXX	XXX	XXX	XXX	XXX	15,053,371
0899999 Accrued medical incentive pool and bonus amounts	XXX	XXX	XXX	XXX	XXX	392,481

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 Dec. 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 Dec. 31 of Prior Year
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	641,429	2,546,562	21,315	1,120,941	662,744	804,559
7. Title XIX - Medicaid	12,282,158	59,350,828	1,006,863	12,871,336	13,289,021	13,150,913
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	12,923,587	61,897,390	1,028,178	13,992,277	13,951,765	13,955,472
10. Health care receivables (a)	452,294	270,737	151,391	383,352	603,685	407,505
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	450,473	351,619	41,262	351,219	491,735	513,091
13. Totals (Lines 9-10+11+12)	12,921,766	61,978,272	918,049	13,960,144	13,839,815	14,061,058

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

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies

A. Accounting Practices –

Basis of Presentation – CareSource Michigan's (CSM's) statutory-basis financial statements are presented on the basis of accounting practices prescribed or permitted by the State of Michigan, Office of Financial and Insurance Regulation ("OFIR"). OFIR requires that insurance companies domiciled in the State of Michigan prepare their statutory financial statements in accordance with the NAIC Accounting Practices and Procedures Manual (NAIC AP&P) subject to any deviation prescribed or permitted by OFIR Accounting practices and procedures of the NAIC, as prescribed or permitted by the insurance department of the applicable states of domicile, comprise a comprehensive basis of accounting other than accounting principles generally accepted in the United States (GAAP). No material change has occurred since the Annual 2010 filing.

Investments: Bonds not backed by other loans are principally stated at amortized cost using the interest method. Single class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities. Realized capital gains and losses are determined using the first in first out method. CSM does not engage in subprime residential lending.

Nonadmitted Assets: Certain assets designated as "non-admitted," principally prepaid expenses are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. In accordance with GAAP, such assets are included in the balance sheet to the extent that those assets are not impaired.

Reinsurance: Unpaid claims liabilities and premiums received in advance ceded to reinsurers have been reported as reductions of the related balances rather than as assets as would be required in accordance with GAAP.

Statements of Cash Flows: Cash, cash equivalents, and short-term investments in the statements of cash flows represent cash balances and investments with initial maturities of one year or less. In accordance with GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements have not been quantified.

Other significant accounting practices are as follows:

Investments Bonds and common stocks are stated at values prescribed by the NAIC, as follows:

Bonds not backed by other loans are principally stated at amortized cost using the interest method.

Single class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities.

Realized capital gains and losses are determined using the first in first out method. Short term investments include investments with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost. CSM does not engage in subprime residential lending.

Other than temporary impairments - Management regularly reviews the value of CSM's investments. If the value of any investment falls below its cost basis, the decline in value is analyzed to determine whether it is an other-than-temporary impairment. The decision to record an impairment loss incorporates both quantitative criteria and qualitative information. The Company considers a number of factors including, but not limited to: (a) the length of time and the extent to which the fair value has been less than book value, (b) the financial condition and near term prospects of the issuer, (c) the intent and ability of CSM to retain its investment for a period of time sufficient to allow for any anticipated recovery in value, (d) whether the debtor is current on interest and principal payments and (e) general market conditions and industry or sector specific factors.

Cash, Cash Equivalents, and Short-Term Investments - The fair values of cash, cash equivalents, and short-term investments are based on quoted market prices.

Pharmacy Rebate Receivable- Pharmacy rebates are attained based on agreements between CSM and a third party administrator for prescription drugs. Pharmacy rebates are admitted if accrued or invoiced within 90 days of the reporting period. Pharmacy rebates are non-admitted if invoiced over 90 days prior to the reporting period.

Unpaid Claims and Unpaid Claim Adjustment Expenses - Claims unpaid and unpaid claims adjustment expense liabilities represent management's best estimate of the ultimate net cost of all reported and unreported claims incurred through June 30. Significant assumptions in the estimation process includes historical expecience and trends in benefit costs, sensitivity, utlilzation, provider contract temrs, adjudicated claims, payment cycles and the frequency and severity of claism incurred, all of which can vary by segment and type. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid claims are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Premium Revenue - Substantially all of CSM's premiums earned are related to a contract with the Michigan Department of Community Health. The contract was effective October 1, 2009 for three years with three additional one year options. Cancellations or nonrenewal of these contracts would affect operating results adversely. Premiums are due monthly and are recognized as revenue in the period in which CSM is obligated to provide services to its members. Premiums received in advance are recorded as unearned premium revenue. In accordance with Statement of Statutory Accounting Principle (SSAP) No. 61, Life, Deposit-Type and Accident Health Reinsurance, payments to a reinsurance carrier for a stop-loss arrangement are deducted from premiums earned.

Hospital and Medical Benefits Provided - CSM's contracts with various health care providers for the provision of certain health care services to its members. Participating physicians and hospitals are paid contractually established rates for services to members. The cost of health care services provided or contracted for is accrued in the period in which it is provided to a member, based in part, on estimates. Estimated liabilities for health care services provided to members of CSM include claims reported and estimates (based upon historical experience) of health care services incurred but not reported (IBNR). These estimates are periodically reviewed and are adjusted in accordance with the latest available information in that period in which the information becomes available.

NOTES TO FINANCIAL STATEMENTS

Reinsurance - Certain premiums and benefits are ceded to another insurance company under a reinsurance agreement. The ceded reinsurance agreement provides CSM with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. CSM remains obligated for amounts ceded in the event that the reinsurer does not meet their obligations.

	2011		2010	
	Written	Earned	Written	Earned
Direct premiums	$89,180,816	$89,180,816	$99,139,544	$99,139,544
Ceded premiums				
Non-affiliates	(262,835)	(262,835)	(291,958)	(291,958)
Net premiums	$88,917,981	$88,917,981	$98,847,586	$98,847,586

Neither CS nor any of its related parties control, directly or indirectly, any reinsurer with whom CSM conducts business. CSM does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel the agreement.

B. Use of Estimates -
The preparation of financial statements in accordance with statutory accounting principles requires management to make estimates and assumptions that affect the reported amount of admitted assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Accounting Changes and Correction of Errors – None

3. Business Combinations and Goodwill – None

4. Discontinued Operations - None.

5. Investments

a. Mortgage Loans - None
b. Debt Restructuring - None
c. Reverse Mortgage - None
d. Loan-Backed Securities: CSM investment in two GNMA bonds totaled $352,773.
1. The company did not have any such securities as of January 1, 1994 therefore the retrospective adjustment method did not apply.
2. Prepayment assumptions for single class and multi-class mortgage-backed securities were obtained from broker/ dealer survey values.
3. In 2011, the Company did not change from the retrospective methodology to prospective methodology because no negative yields were identified.
e. Repurchase Agreements – No change since December 31, 2010

f. Real Estate - None
g. Low income housing - None

6. Joint Ventures, Partnerships and Limited Liability Companies - None

7. Investment Income –
Interest income earned through September 30 is accrued in the accompanying financial statements.

8**. Derivative Instruments** – None

9. Income Taxes –
CSM has been recognized by the Internal Revenue Service as an organization described in Internal Revenue Code Section 501(c)(3), and as such, is treated as exempt from federal income taxes.

10. Information Concerning Parent, Subsidiaries and Affiliates

a.f.g.Effective January 1, 2009, CSM, CareSource Management Services, Inc. (CSMS) and CareSource Management Group Company (CSMG) entered into a long term management agreement, which requires CSM, CSMS and CSMG to provide services and resources to each other at actual cost. The initial term of the agreement is 15 years and shall be terminable only for cause, except that CSM may terminate this agreement without cause at any time for any reason upon one year written notice. The agreement includes a cost sharing agreement, which outlines the allocation of costs for shared resources and direct costs between CS, CSMS and CSMG. Costs are allocated in accordance with SSAP No. 70, Allocation of Expenses.

The Company's management agreement was modified to amend the payment structure for reimbursement of costs between CSM, CSMS and CSMG. The amended and related management agreement was submitted to OFIR and notice to not disapprove was recieved on June 30, 2011.

As of January 1, 2009, the name of CSMG changed to CareSource Management Services, Inc. (CSMS). The entity remains a for profit management services entity. As of January 1, 2009, CSM's Parent company, CareSource USA Holding Co. changed its name to CareSource Management Group Company (CSMG). The entity remains a not for profit holding company entity.

The Company paid management fees to CareSource Management Group and CareSource Management Services of $7,335,865 during 2011.

b. None
c. None
d. As of September 30, 2011, CSM owed CSMG $711,120 for employee compensation and other administrative expenses incurred by the related party on behalf of CSM. As of the statement period, CSM owed CS Foundation $28,073 for contributions made on behalf of CSM.
e- None.
h - None
i - None
j - None
k- None
l - None

11. Debt - None

NOTES TO FINANCIAL STATEMENTS

12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Other Post Retirement Benefit Plans

a. Defined Benefit Plan - None
b. Defined Contribution Plan - None
c. Multi-employer Plans - None
d. Consolidated/Holding Company Plans - None
e. Post Employment Benefits and Compensated Absences – None

13. Capital and Surplus, Distribution Restrictions and Quasi-Reorganizations

Distribution restrictions – Without prior approval of its domiciliary commissioner, distributions to member organizations are limited by the laws of the Company's state of incorporation, Michigan and are limited to 10% of surplus or prior year net income.
Dividend or distributions paid – On October 12, 2011 an OFIR approved payment of an ordinary distribution of $4,000,0000 was recorded as a liability at September 30, 2011.

14. Contingencies

a. Contingent Commitments – None
b. Assessments - None
c. Gain Contingencies - None
d. All other Contingencies – None
e. Legal Proceedings
f. Other Lawsuits and Claims

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Penalties associated with violations of these laws and regulations include significant fines and penalties, exclusion from participating in publicly-funded programs, and the repayment of previously billed and collected revenues.

From time to time we are involved in legal actions in the ordinary course of business, some of which seek monetary damages. Some lawsuits and claims are covered by insurance and others are not. The outcome of such legal actions is inherently uncertain. Nevertheless, we believe that these actions, when finally concluded and determined, are not likely to have a material adverse effect on our financial position, results of operations, or cash flows.

15. Leases

The monthly rental for the principal office location of the CSM is the financial responsibility of the CareSource Management Group per the administrative services agreement.

16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk –
No such instruments.

17. Sale, transfer and servicing of financial assets and extinguishments of liabilities

a. Transfers of receivables reported as sales - None
b. Transfer and servicing of financial assets - None
c. Wash sales – None

18. Gain or Loss to the reporting entity for uninsured A&H plans and the uninsured portion of partially insured plans

a. ASO plans – N/A
b. ASC plans – N/A
c. Medicare or similarly structured cost based reimbursed contracts

1. Revenue from the Company's Medicare (or similarly structured cost based reimbursement contract) contract for the year 2011 consisted of $3,525,688 for medical and hospital related services and $446,577 for administrative expenses.

2. As of December 31, 2010, the Company has recorded no receivables from payors whose account balances are greater than 10% of the Company's amounts receivable from uninsured accident and health plans or $10,000:

3. In connection with the Company's Medicare (or similarly structured cost based reimbursement contract) contract, the Company has recorded no allowances and no reserves for adjustment of recorded revenues at September 30, 2011.

4. The Company has made no adjustment to revenue resulting from audit receivables related to revenues recorded in the prior period.

19. Direct premium written/produced by managing general agents/third party administrator – Not applicable.

20. Fair Value Measurements - No change from 2010

21. Other Items

a. Extraordinary items – None
b. Troubled debt restructuring: Debtors - None
c. Other Disclosures – None
d. Uncollected premiums - None
e. Business interruption insurance recoveries - None
f. State transferable tax credits - None
g. Subprime mortgage related risk - None

22. Events subsequent – None

23. Reinsurance

A. Ceded Reinsurance Report.
Section 1. General Interrogatories
1. No
2. No
Section 2 Ceded Reinsurance Report - Part A
1. No

2. No
Section 3 Ceded Reinsurance Report - Part B
1. $262,835
2. No

24. Retrospectively rated contracts & contracts subject to redetermination – None.

NOTES TO FINANCIAL STATEMENTS

25. Change in Incurred Claims and Claims Adjustment Expenses Related to Prior Years

Reserves for incurred claims attributable to insured events of prior years has decreased by $0.3 million from $14.1 million in 2010 to $13.8 million in 2011 as a result of re-estimation of unpaid claims expense. This increase was the result of ongoing analysis of loss development trends.

26. Intercompany Pooling Arrangements – None

27. Structured Settlements - Not applicable

28. Health Care Receivables

CSM recorded $174,281 pharmacy rebates receivable at September 30 and during 2011, collected $370,736 for rebates related to 2010. Pharmacy rebates are netted with pharmacy expense.

Column 1 Quarter	Column 2 Estimated Pharmacy Rebates As Reported on Financial Statements	Column 3 Pharmacy Rebates as billed or Otherwise Confirmed	Column 4 Actual Rebates Received within 90 days of Billing	Column 5 Actual Rebates Received Within 91 to 180 days of Billing	Column 6 Actual Rebates Received More than 180 days of Billing
09/30/11	97,862				
06/30/11	84,424	43,220			43,220
03/31/11	43,801	73.255			73,255
12/31/10	56,775	84,655		8.939	75,717
09/30/10		131,321		4,840	126,481
06/30/10	78,319	135,147		6,786	128,361
03/31/10	237,914	201,282		113,248	88,035
12/31/09	254,316	299,140		291,501	7,639
09/30/09	236,025	310,430		306,929	3,500
06/30/09	251,440	263,052		259,204	3,848
03/31/09	248,469	287,944		75,897	212,047
12/31/08	280,122	287,075		150,960	136,115

29. Participating Policies - Not applicable

30. Premium Deficiency Reserves - Not deemed necessary

31. Anticipated Salvage and Subrogation – Subrogation and COB recoveries totaled $186,085 for the period ended September 30, 2011.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

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

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

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

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

3. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [X]

If yes, complete the Schedule Y - Part 1 - organizational chart.

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

4.2 If yes, provide the 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 [ ] NA [ ]

If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008

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. 12/31/2008

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). 02/11/2010

6.4 By what department or departments?

State of Michigan, 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 [X] No [ ] NA [ ]

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

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 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

GENERAL INTERROGATORIES

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

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

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

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

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

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

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

FINANCIAL

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

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

INVESTMENT

11.1 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: $

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

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

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	$	$
14.22 Preferred Stock	$	$
14.23 Common Stock	$	$
14.24 Short-Term Investments	$	$
14.25 Mortgage Loans on Real Estate	$	$
14.26 All Other	$	$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 0	$ 0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	$	$

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.

GENERAL INTERROGATORIES

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
Fifth Third Bank	111 Lyon St. NW Grand Rapids MI 49503

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

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:

.....

Interrogatory 5 - See accompanying note # 10

GENERAL INTERROGATORIES

PART 2 - HEALTH

1 Operating Percentages

1.1 A&H loss percent	88.3 %
1.2 A&H cost containment percent	3.1 %
1.3 A&H expense percent excluding cost containment expenses	85.2 %
2.1 Do you act as a custodian for health savings accounts?	Yes [ ] No [X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date	$
2.3 Do you act as an administrator for health savings accounts?	Yes [ ] No [X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date	$

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 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			CEDED ACCIDENT & HEALTH REINSURANCE – AFFILIATES			
			CEDED ACCIDENT & HEALTH REINSURANCE – NON-AFFILIATES			
22667	95-2371728	03/01/2011	Ace American Insurance Company	PA	SSL/I/A	Yes
			CEDED LIFE AND ANNUITY REINSURANCE – AFFILIATES			
			CEDED LIFE AND ANNUITY REINSURANCE – NON-AFFILIATES			
			CEDED PROPERTY/CASUALTY REINSURANCE – AFFILIATES			
			CEDED PROPERTY/CASUALTY REINSURANCE – NON-AFFILIATES			

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
States, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & 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. Dist. 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		3,544,259	85,636,557				89,180,816	
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	0	3,544,259	85,636,557	0	0	0	89,180,816	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	0	3,544,259	85,636,557	0	0	0	89,180,816	0
DETAILS OF WRITE-INS									
5801.	XXX							0	
5802.	XXX							0	
5803.	XXX							0	
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

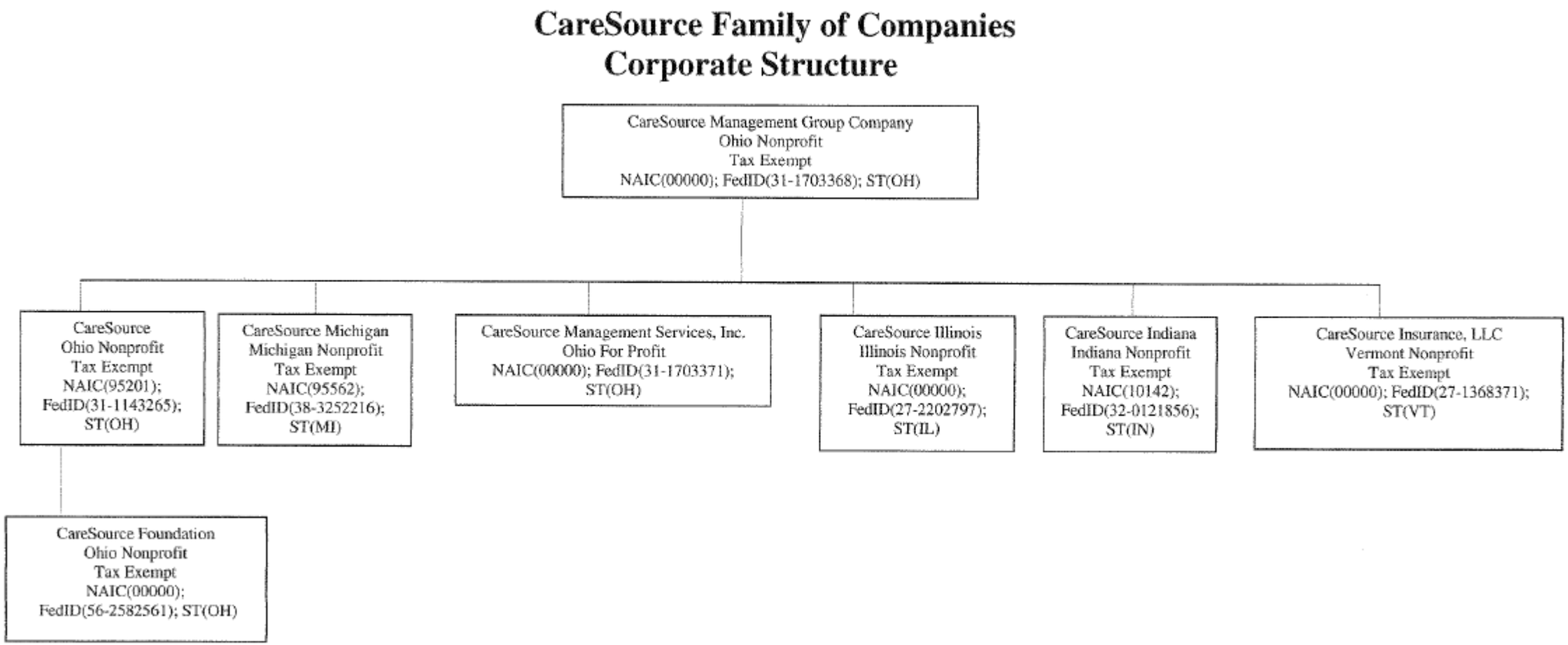
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

All premiums are written in the State of Michigan.

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

PART 1 - ORGANIZATIONAL CHART



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?	.....SEE EXPLANATION.....

Explanation:

1. Coverage is provided through the Medicare Advantage Program

Bar Code:

OVERFLOW PAGE FOR WRITE-INS

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

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

NONE

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

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	15,645,715	18,586,655
2. Cost of bonds and stocks acquired	1,020,386	0
3. Accrual of discount	45,183	93,734
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals		0
6. Deduct consideration for bonds and stocks disposed of	1,811,985	2,995,875
7. Deduct amortization of premium	32,310	38,800
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	14,866,988	15,645,715
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	14,866,988	15,645,715

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)	11,938,176		20,741	(5,643)	12,481,243	11,938,176	11,911,792	12,699,708
2. Class 2 (a)	2,946,007			9,189	2,946,007	2,946,007	2,955,196	2,946,007
3. Class 3 (a)	0				0	0	0	0
4. Class 4 (a)	0				0	0	0	0
5. Class 5 (a)	0				0	0	0	0
6. Class 6 (a)	0				0	0	0	0
7. Total Bonds	14,884,183	0	20,741	3,546	15,427,250	14,884,183	14,866,988	15,645,715
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	14,884,183	0	20,741	3,546	15,427,250	14,884,183	14,866,988	15,645,715

(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 $ ..... ; NAIC 2 $ ..... ;

NAIC 3 $ ..... ; NAIC 4 $ ..... ; NAIC 5 $ ..... ; NAIC 6 $ .....

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	8,877,310	XXX	8,877,310	5,008	0

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	9,518,007	1,331,384
2. Cost of short-term investments acquired	1,211,680	26,366,445
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals	1,852,377	18,179,822
7. Deduct amortization of premium		0
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	8,877,310	9,518,007
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	8,877,310	9,518,007

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

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	11,917,112	0
2. Cost of cash equivalents acquired	14,932,106	519,612,439
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals	11,083,183	507,695,327
7. Deduct amortization of premium		0
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	15,766,035	11,917,112
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	15,766,035	11,917,112

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

Schedule D - Part 3

NONE

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 Identi-fication	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 Desig-nation or Market Indicator (a)
Bonds - U.S. Governments																					
36295U-D6-5	GNMA POOL 680625		07/01/2011	Fifth Third Bank		312	312	314	312		(423)		(423)		312			0	8,855	07/01/2011	1
36295U-D6-5	GNMA POOL 680625		08/01/2011	Fifth Third Bank		314	314	315	314		(2)		(2)		314			0	1,078	08/01/2011	1
36295U-D6-5	GNMA POOL 680625		09/01/2011	Fifth Third Bank		19,556	19,556	19,666	19,556		(106)		(106)		19,556			0	1,077	09/01/2011	1
36295Y-UY-7	GNMA POOL 684699		07/01/2011	Fifth Third Bank		190	190	195	190		(396)		(396)		190			0	4,750	07/01/2011	1
36295Y-UY-7	GNMA POOL 684699		08/01/2011	Fifth Third Bank		182	182	186	182		(13)		(13)		182			0	666	08/01/2011	1
36295Y-UY-7	GNMA POOL 684699		09/01/2011	Fifth Third Bank		187	187	192	187		(13)		(13)		187			0	665	09/01/2011	1
0599999 - Bonds - U.S. Governments						20,741	20,741	20,869	20,741	0	(953)	0	(953)	0	20,741	0	0	0	17,091	XXX	XXX
8399997 - Subtotals - Bonds - Part 4						20,741	20,741	20,869	20,741	0	(953)	0	(953)	0	20,741	0	0	0	17,091	XXX	XXX
8399999 - Subtotals - Bonds						20,741	20,741	20,869	20,741	0	(953)	0	(953)	0	20,741	0	0	0	17,091	XXX	XXX
9999999 Totals						20,741	XXX	20,869	20,741	0	(953)	0	(953)	0	20,741	0	0	0	17,091	XXX	XXX

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

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

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								
Fifth Third Bank, Michigan			1,362		(1,013,239)	(1,094,797)	(936,539)	XXX
Huntington Bank, Ohio			5,675		250,000	303,469	250,000	XXX
Independent Bank, Michigan					37,017	50,726	16,659	XXX
0199998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (See Instructions) - Open Depositories	XXX	XXX						XXX
0199999 Total Open Depositories	XXX	XXX	7,037	0	(726,222)	(740,602)	(669,880)	XXX
0399999 Total Cash on Deposit	XXX	XXX	7,037	0	(726,222)	(740,602)	(669,880)	XXX
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0599999 Total	XXX	XXX	7,037	0	(726,222)	(740,602)	(669,880)	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
Sweep Accounts							
Fifth Third Bank Repo Account	RR	09/29/2011	0.100	09/30/2011	5,600,643		4,045
Huntington Bank Repo Account	RR	09/29/2011	0.250	09/30/2011	10,165,392		13,576
8499999 - Sweep Accounts					15,766,035	0	17,621
8699999 Total Cash Equivalents					15,766,035	0	17,621