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# HEALTH QUARTERLY STATEMENT

**As of March 31, 2002**

of the Condition and Affairs of the

# Aetna U.S. Healthcare Inc. (an Ohio corporation)

NAIC Group Code..... 0001, 0001 (Current Period) (Prior Period) NAIC Company Code..... 96518 Employer's ID Number..... 34-1399736

Organized under the Laws of OH State of Domicile or Port of Entry OH

Country of Domicile US

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 ]

Date Incorporated or Organized..... April 1, 1983 Date Commenced Business..... December 1, 1983

| | | |
|---|---|---|
| Statutory Home Office | 4059 Kinross Lakes Parkway….. Richfield ..... OH ..... 44286<br>*(Street and Number) (City or Town, State and Zip Code)* | |
| Address of Main Administrative Office | 4059 Kinross Lakes Parkway….. Richfield ..... OH ..... 44286<br>*(Street and Number) (City or Town, State and Zip Code)* | 330-659-8000<br>*(Area Code) (Telephone Number)* |
| Mail Address | 980 Jolly Road, U14C, P.O. Box 1109….. Blue Bell ..... PA ..... 19422<br>*(Street and Number or P. O. Box) (City or Town, State and Zip Code)* | |
| Primary Location of Books and Records | 980 Jolly Road, P.O. Box 1109….. Blue Bell ..... PA ..... 19422<br>*(Street and Number) (City or Town, State and Zip Code)* | 800-872-3862<br>*(Area Code) (Telephone Number)* |
| Internet Website Address | www.aetna.com | |
| Statement Contact | James David Weiss<br>*(Name)* | 215-775-6508<br>*(Area Code) (Telephone Number) (Extension)* |
| | *AUSHC.HMOReporting@aetna.com*<br>*(E-Mail Address)* | *215-775-6790*<br>*(Fax Number)* |
| Policyowner Relations Contact | Plan Sponsor Services, 151 Farmington Avenue….. Hartford ..... CT ..... 06156<br>*(Street and Number) (City or Town, State and Zip Code)* | 800-247-5472<br>*(Area Code) (Telephone Number) (Extension)* |

## OFFICERS

President ..... Treasurer .....

Secretary ..... Gregory Stephen Martino

## VICE PRESIDENTS

Paul Jeremiah Selian James David Weiss Alicia Helene Bolton

## DIRECTORS OR TRUSTEES

James Michael McCullough Robert Kenneth Mendonsa Jr.

State of........ Pennsylvania
County of..... Montgomery

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the 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* manuals 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.

| | | |
|---|---|---|
| (Signature) | (Signature) | (Signature) |
| | Gregory Stephen Martino | |
| (Printed Name) | (Printed Name) | (Printed Name) |
| President | Secretary | Treasurer |

Subscribed and sworn to before me this

..............day of ............................................................, 2002

..............................................................................................

# ASSETS

| | Current Period 1 Assets | Current Period 2 Nonadmitted Assets | Current Period 3 Net Admitted Assets | Prior Year 4 Net Admitted Assets |
|---|---|---|---|---|
| 1. Bonds | 94,702,191 | 0 | 94,702,191 | 109,386,364 |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks | 0 | 0 | 0 | 0 |
| 2.2 Common stocks | 0 | 0 | 0 | 0 |
| 3. Mortgage loans on real estate: | | | | |
| 3.1 First liens | 0 | 0 | 0 | 0 |
| 3.2 Other than first liens | 0 | 0 | 0 | 0 |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less $..........0 encumbrances) | 0 | 0 | (a) 0 | 0 |
| 4.2 Properties held for the production of income (less $..........0 encumbrances) | 0 | 0 | 0 | 0 |
| 4.3 Properties held for sale (less $..........0 encumbrances) | 0 | 0 | 0 | 0 |
| 5. Cash ($.....46,428,373) and short-term investments ($.....1,545,713) | 47,974,086 | 0 | 47,974,086 | 17,520,959 |
| 6. Other long-term invested assets | 0 | 0 | 0 | 0 |
| 7. Receivable for securities | 0 | 0 | 0 | 0 |
| 8. Aggregate write-ins for invested assets | 0 | 0 | 0 | 0 |
| 9. Subtotal, cash and invested assets (Lines 1 to 8) | 142,676,277 | 0 | 142,676,277 | 126,907,323 |
| 10. Accident and health premiums due and unpaid | 11,657,737 | 4,123,062 | 7,534,675 | 10,211,248 |
| 11. Health care receivables | 500,000 | 500,000 | 0 | 0 |
| 12. Amounts recoverable from reinsurers | 0 | 0 | 0 | 0 |
| 13. Net adjustment in assets and liabilities due to foreign exchange rates | 0 | 0 | 0 | 0 |
| 14. Investment income due and accrued | 1,249,606 | 0 | 1,249,606 | 1,187,411 |
| 15. Amounts due from parent, subsidiaries and affiliates | 5,881,793 | 0 | 5,881,793 | 32,101,516 |
| 16. Amounts receivable relating to uninsured accident and health plans | 0 | 0 | 0 | 0 |
| 17. Furniture and equipment | 0 | 0 | 0 | 0 |
| 18. Amounts due from agents | 0 | 0 | 0 | 0 |
| 19. Federal and foreign income tax recoverable and interest thereon (including $..........0 net deferred tax asset) | 14,043,474 | 5,743,552 | 8,299,922 | 15,802,104 |
| 20. Electronic data processing equipment and software | 0 | 0 | 0 | 0 |
| 21. Other nonadmitted assets | 0 | 0 | 0 | 0 |
| 22. Aggregate write-ins for other than invested assets | 0 | 0 | 0 | 0 |
| 23. Total assets (Lines 9 plus 10 through 22) | 176,008,887 | 10,366,614 | 165,642,273 | 186,209,602 |

**DETAILS OF WRITE-INS**

| | | | | |
|---|---|---|---|---|
| 0801. | 0 | 0 | 0 | 0 |
| 0802. | 0 | 0 | 0 | 0 |
| 0803. | 0 | 0 | 0 | 0 |
| 0898. Summary of remaining write-ins for Line 8 from overflow page | 0 | 0 | 0 | 0 |
| 0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above) | 0 | 0 | 0 | 0 |
| 2201. | 0 | 0 | 0 | 0 |
| 2202. | 0 | 0 | 0 | 0 |
| 2203. | 0 | 0 | 0 | 0 |
| 2298. Summary of remaining write-ins for Line 22 from overflow page | 0 | 0 | 0 | 0 |
| 2299. Totals (Lines 2201 thru 2203 plus 2298) (Line 22 above) | 0 | 0 | 0 | 0 |

(a) $..........0 health care delivery assets included in Line 4.1, Column 3.

# LIABILITIES, CAPITAL AND SURPLUS

| | Current Period | | | Prior Year |
|---|---|---|---|---|
| | 1<br>Covered | 2<br>Uncovered | 3<br>Total | 4<br>Total |
| 1. Claims unpaid (less $..........0 reinsurance ceded) | 68,891,098 | 5,034,648 | 73,925,746 | 79,729,438 |
| 2. Accrued medical incentive pool and bonus payments | 0 | 0 | 0 | 0 |
| 3. Unpaid claims adjustment expenses | 2,006,095 | 0 | 2,006,095 | 2,088,037 |
| 4. Aggregate policy reserves | 2,248,606 | 0 | 2,248,606 | 4,984,949 |
| 5. Aggregate claim reserves | 2,519,898 | 0 | 2,519,898 | 2,667,401 |
| 6. Premiums received in advance | 780,487 | 0 | 780,487 | 10,181,448 |
| 7. General expenses due or accrued | 8,672,095 | 0 | 8,672,095 | 8,209,144 |
| 8. Federal and foreign income tax payable and interest thereon (including $..........0 on realized capital gains (losses)) (including $..........0 net deferred tax liability) | 0 | 0 | 0 | 0 |
| 9. Amounts withheld or retained for the account of others | 0 | 0 | 0 | 0 |
| 10. Borrowed money (including $..........0 current) and interest thereon $..........0 (including $..........0 current) | 0 | 0 | 0 | 0 |
| 11. Amounts due to parent, subsidiaries and affiliates | 18,641 | 0 | 18,641 | 4,166 |
| 12. Payable for securities | 4,889,501 | 0 | 4,889,501 | 0 |
| 13. Funds held under reinsurance treaties with ($..........0 authorized reinsurers and $..........0 unauthorized reinsurers) | 0 | 0 | 0 | 0 |
| 14. Reinsurance in unauthorized companies | 0 | 0 | 0 | 0 |
| 15. Net adjustments in assets and liabilities due to foreign exchange rates | 0 | 0 | 0 | 0 |
| 16. Liability for amounts held under uninsured accident and health plans | 0 | 0 | 0 | 0 |
| 17. Aggregate write-ins for other liabilities (including $..........0 current) | 5,843,030 | 0 | 5,843,030 | 8,604,204 |
| 18. Total liabilities (Lines 1 to 17) | 95,869,451 | 5,034,648 | 100,904,099 | 116,468,787 |
| 19. Common capital stock | XXX | XXX | 1,342,000 | 1,342,000 |
| 20. Preferred capital stock | XXX | XXX | 0 | 0 |
| 21. Gross paid in and contributed surplus | XXX | XXX | 145,222,536 | 145,222,536 |
| 22. Surplus notes | XXX | XXX | 0 | 0 |
| 23. Aggregate write-ins for other than special surplus funds | XXX | XXX | 0 | 0 |
| 24. Unassigned funds (surplus) | XXX | XXX | (81,826,362) | (76,823,721) |
| 25. Less treasury stock at cost: | | | | |
| 25.1 .....0.000 shares common (value included in Line 19 $..........0) | XXX | XXX | 0 | 0 |
| 25.2 .....0.000 shares preferred (value included in Line 20 $..........0) | XXX | XXX | 0 | 0 |
| 26. Total capital and surplus (Lines 19 to 24 less 25) | XXX | XXX | 64,738,174 | 69,740,815 |
| 27. Total liabilities, capital and surplus (Lines 18 and 26) | XXX | XXX | 165,642,273 | 186,209,602 |

DETAILS OF WRITE-INS

| | | | | |
|---|---|---|---|---|
| 1701. Accrued state premium tax payable | 4,345,215 | 0 | 4,345,215 | 0 |
| 1702. Accrued franchise tax payable | 1,049,900 | 0 | 1,049,900 | 3,866,715 |
| 1703. Escheat liability | 301,463 | 0 | 301,463 | 308,393 |
| 1798. Summary of remaining write-ins for Line 17 from overflow page | 146,452 | 0 | 146,452 | 4,429,096 |
| 1799. Totals (Lines 1701 thru 1703 plus 1798) (Line 17 above) | 5,843,030 | 0 | 5,843,030 | 8,604,204 |
| 2301. | XXX | XXX | 0 | 0 |
| 2302. | XXX | XXX | 0 | 0 |
| 2303. | XXX | XXX | 0 | 0 |
| 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 |

# STATEMENT OF REVENUE AND EXPENSES

| | Current Year-to-Date 1 Uncovered | 2 Total | Prior Year 3 Total |
|---|---|---|---|
| 1. Member months | XXX | 713,251 | 3,654,144 |
| 2. Net premium income | XXX | 141,763,426 | 609,720,944 |
| 3. Change in unearned premium reserves and reserve for rate credits | XXX | 0 | 0 |
| 4. Fee-for-service (net of $..........0 medical expenses) | XXX | 0 | 0 |
| 5. Risk revenue | XXX | 0 | 0 |
| 6. Aggregate write-ins for other health care related revenues | XXX | 0 | 0 |
| 7. Total revenues (Lines 2 to 6) | XXX | 141,763,426 | 609,720,944 |
| **Medical and Hospital:** | | | |
| 8. Hospital/medical benefits | 2,246,282 | 94,319,661 | 432,925,339 |
| 9. Other professional services | 0 | 227,517 | 1,185,503 |
| 10. Outside referrals | 5,449,877 | 5,449,877 | 21,741,820 |
| 11. Emergency room and out-of-area | 277,642 | 5,552,840 | 12,186,821 |
| 12. Prescription Drugs | 0 | 17,061,414 | 80,836,914 |
| 13. Aggregate write-ins for other medical and hospital | 0 | 0 | 7,036,551 |
| 14. Incentive pool and withhold adjustments | 0 | 0 | 0 |
| 15. Subtotal (Lines 8 to 14) | 7,973,801 | 122,611,309 | 555,912,948 |
| **Less:** | | | |
| 16. Net reinsurance recoveries | 0 | 0 | (12,892,618) |
| 17. Total medical and hospital (Lines 15 minus 16) | 7,973,801 | 122,611,309 | 568,805,566 |
| 18. Claims adjustment expenses | 0 | 3,678,339 | 16,677,388 |
| 19. General administrative expenses | 0 | 15,875,555 | 64,547,383 |
| 20. Increase in reserves for accident and health contracts | 0 | (2,736,343) | 203,654 |
| 21. Total underwriting deductions (Lines 17 through 20) | 7,973,801 | 139,428,860 | 650,233,991 |
| 22. Net underwriting gain or (loss) (Lines 7 minus 21) | XXX | 2,334,566 | (40,513,047) |
| 23. Net investment income earned | 0 | 1,784,333 | 9,184,357 |
| 24. Net realized capital gains or (losses) | 0 | (25,993) | 1,476,943 |
| 25. Net investment gains or (losses) (Lines 23 plus 24) | 0 | 1,758,340 | 10,661,300 |
| 26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $..........0) (amount charged off $..........0)] | 0 | 0 | 0 |
| 27. Aggregate write-ins for other income or expenses | 0 | 0 | 0 |
| 28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27) | 0 | 4,092,906 | (29,851,747) |
| 29. Federal and foreign income taxes incurred | XXX | 1,133,562 | (10,742,562) |
| 30. Net income (loss) (Lines 28 minus 29) | XXX | 2,959,344 | (19,109,185) |

**DETAILS OF WRITE-INS**

| | | | |
|---|---|---|---|
| 0601. | 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 |
| 0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above) | XXX | 0 | 0 |
| 1301. Physician Distribution | 0 | 0 | 4,602,323 |
| 1302. Vision Costs | 0 | 0 | 2,434,228 |
| 1303. | 0 | 0 | 0 |
| 1398. Summary of remaining write-ins for Line 13 from overflow page | 0 | 0 | 0 |
| 1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above) | 0 | 0 | 7,036,551 |
| 2701. | 0 | 0 | 0 |
| 2702. | 0 | 0 | 0 |
| 2703. | 0 | 0 | 0 |
| 2798. Summary of remaining write-ins for Line 27 from overflow page | 0 | 0 | 0 |
| 2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above) | 0 | 0 | 0 |

# STATEMENT OF REVENUE AND EXPENSES (Continued)

| CAPITAL AND SURPLUS ACCOUNT | 1<br>Current<br>Year-to-Date | 2<br>Prior<br>Year |
|---|---|---|
| 31. Capital and surplus prior reporting period | 69,740,815 | 53,931,260 |
| **GAINS AND LOSSES TO CAPITAL & SURPLUS** | | |
| 32. Net income or (loss) from Line 30 | 2,959,344 | (19,109,185) |
| 33. Change in valuation basis of aggregate policy and claim reserves | 0 | 0 |
| 34. Net unrealized capital gains and losses | 0 | 0 |
| 35. Change in net unrealized foreign exchange capital gain or (loss) | 0 | 0 |
| 36. Change in net deferred income tax | 1,003,415 | (3,900,712) |
| 37. Change in nonadmitted assets | (7,264,213) | 16,455,444 |
| 38. Change in unauthorized reinsurance | 0 | 0 |
| 39. Change in treasury stock | 0 | 0 |
| 40. Change in surplus notes | 0 | 0 |
| 41. Cumulative effect of changes in accounting principles | 0 | 3,364,008 |
| 42. Capital changes: | | |
| 42.1 Paid in | 0 | 0 |
| 42.2 Transferred from surplus (Stock Dividend) | 0 | 0 |
| 42.3 Transferred to surplus | 0 | 0 |
| 43. Surplus adjustments: | | |
| 43.1 Paid in | 0 | 19,000,000 |
| 43.2 Transferred to capital (Stock Dividend) | 0 | 0 |
| 43.3 Transferred from capital | 0 | 0 |
| 44. Dividends to stockholders | 0 | 0 |
| 45. Aggregate write-ins for gains or (losses) in surplus | (1,701,187) | 0 |
| 46. Net change in capital and surplus (Lines 32 to 45) | (5,002,641) | 15,809,555 |
| 47. Capital and surplus end of reporting period (Line 31 plus 46) | 64,738,174 | 69,740,815 |

**DETAILS OF WRITE-INS**

| | | |
|---|---|---|
| 4501. Correction of Non-Admitted Premium Receivables in Prior Period | (1,701,187) | 0 |
| 4502. | 0 | 0 |
| 4503. | 0 | 0 |
| 4598. Summary of remaining write-ins for Line 45 from overflow page | 0 | 0 |
| 4599. Totals (Lines 4501 thru 4503 plus 4598) (Line 45 above) | (1,701,187) | 0 |

# CASH FLOW

| | 1<br>Current Year to Date | 2<br>Prior Year |
|---|---|---|
| **CASH FROM OPERATIONS** | | |
| 1. Premiums and revenues collected net of reinsurance | 132,133,861 | 624,521,312 |
| 2. Claims and claims adjustment expenses | 132,322,785 | 600,687,992 |
| 3. General administrative expenses paid | 15,412,604 | 56,553,305 |
| 4. Other underwriting income (expenses) | 0 | 0 |
| 5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) | (15,601,528) | (32,719,985) |
| 6. Net Investment income | 1,808,046 | 9,037,731 |
| 7. Other income (expenses) | 0 | 2,921,938 |
| 8. Federal and foreign income taxes (paid) recovered | 1,777,796 | (468,718) |
| 9. Net cash from operations (Lines 5 to 8) | (12,015,686) | (21,229,034) |
| **CASH FROM INVESTMENTS** | | |
| 10. Proceeds from investments sold, matured or repaid: | | |
| 10.1 Bonds | 24,764,386 | 52,743,305 |
| 10.2 Stocks | 0 | 0 |
| 10.3 Mortgage loans | 0 | 0 |
| 10.4 Real estate | 0 | 0 |
| 10.5 Other invested assets | 0 | 0 |
| 10.6 Net gains or (losses) on cash and short-term investments | (152) | 1,206 |
| 10.7 Miscellaneous proceeds | 4,889,501 | 0 |
| 10.8 Total investment proceeds (Lines 10.1 to 10.7) | 29,653,735 | 52,744,511 |
| 11. Cost of investments acquired (long-term only): | | |
| 11.1 Bonds | 10,191,962 | 69,331,548 |
| 11.2 Stocks | 0 | 0 |
| 11.3 Mortgage loans | 0 | 0 |
| 11.4 Real estate | 0 | 0 |
| 11.5 Other invested assets | 0 | 0 |
| 11.6 Miscellaneous applications | 0 | 0 |
| 11.7 Total investments acquired (Lines 11.1 to 11.6) | 10,191,962 | 69,331,548 |
| 12. Net cash from investments (Line 10.8 minus Line 11.7) | 19,461,773 | (16,587,037) |
| **CASH FROM FINANCING AND MISCELLANEOUS SOURCES** | | |
| 13. Cash provided: | | |
| 13.1 Surplus notes, capital and surplus paid in | 0 | 19,000,000 |
| 13.2 Net transfers from affiliates | 26,234,198 | 5,865,376 |
| 13.3 Borrowed funds received | 0 | 0 |
| 13.4 Other cash provided | 0 | 0 |
| 13.5 Total (Lines 13.1 to 13.4) | 26,234,198 | 24,865,376 |
| 14. Cash applied: | | |
| 14.1 Dividends to stockholders paid | 0 | 0 |
| 14.2 Net transfers to affiliates | 0 | 0 |
| 14.3 Borrowed funds repaid | 0 | 0 |
| 14.4 Other applications | 3,227,158 | 0 |
| 14.5 Total (Lines 14.1 to 14.4) | 3,227,158 | 0 |
| 15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5) | 23,007,040 | 24,865,376 |
| **RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS** | | |
| 16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15) | 30,453,127 | (12,950,695) |
| 17. Cash and short-term investments: | | |
| 17.1 Beginning of period | 17,520,959 | 30,471,654 |
| 17.2 End of period (Line 16 plus Line 17.1) | 47,974,086 | 17,520,959 |

# EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

| | 1 | Comprehensive (Hospital & Medical) | | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | 2<br>Individual | 3<br>Group | Medicare Supplement | Vision Only | Dental Only | Federal Employees Health Benefit Plans | Title XVIII Medicare | Title XIX Medicaid | Other |
| **Total Members at End of:** | | | | | | | | | | |
| 1. Prior Year | 298,757 | 342 | 261,647 | 0 | 0 | 0 | 36,768 | 0 | 0 | 0 |
| 2. First Quarter | 231,426 | 221 | 215,994 | 0 | 0 | 0 | 15,211 | 0 | 0 | 0 |
| 3. Second Quarter | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Third Quarter | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Current Year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. Current Year Member Months | 713,251 | 644 | 660,137 | 0 | 0 | 0 | 52,470 | 0 | 0 | 0 |
| **Total Member Ambulatory Encounters for Period:** | | | | | | | | | | |
| 7. Physician | 659,768 | 579 | 606,999 | 0 | 0 | 0 | 52,190 | 0 | 0 | 0 |
| 8. Non-Physician | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. Total | 659,768 | 579 | 606,999 | 0 | 0 | 0 | 52,190 | 0 | 0 | 0 |
| 10. Hospital Patient Days Incurred | 14,711 | 0 | 13,547 | 0 | 0 | 0 | 1,164 | 0 | 0 | 0 |
| 11. Number of Inpatient Admissions | 4,342 | 0 | 3,999 | 0 | 0 | 0 | 343 | 0 | 0 | 0 |
| 12. Premiums Collected | 132,146,359 | 0 | 120,948,466 | 0 | 0 | 0 | 11,197,893 | 0 | 0 | 0 |
| 13. Premiums Earned | 141,775,924 | 0 | 130,578,031 | 0 | 0 | 0 | 11,197,893 | 0 | 0 | 0 |
| 14. Amount Paid for Provision of Health Care Services | 128,562,504 | 0 | 114,168,626 | 0 | 0 | 0 | 14,566,521 | (172,643) | 0 | 0 |
| 15. Amount Incurred for Provision of Health Care Services | 122,611,309 | 0 | 113,601,412 | 0 | 0 | 0 | 9,758,142 | (748,245) | 0 | 0 |

# CLAIMS PAYABLE (Reported and Unreported)

## Aging Analysis of Unpaid Claims

| 1<br>Account | 2<br>1 - 30 Days | 3<br>31 - 60 Days | 4<br>61 - 90 Days | 5<br>91 - 120 Days | 6<br>Over 120 Days | 7<br>Total |
|---|---|---|---|---|---|---|
| **Claims Payable (Reported)** | | | | | | |
| Aging estimated based on claims | 0 | 0 | 0 | 0 | 0 | 0 |
| in process of adjudication as of 03/31/02 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0199999. Individually Listed Claims Payable | 0 | 0 | 0 | 0 | 0 | 0 |
| 0299999. Aggregate Accounts Not Individually Listed-Uncovered | 190,964 | 1,076 | 2,186 | 3,207 | 46,063 | 243,496 |
| 0399999. Aggregate Accounts Not Individually Listed-Covered | 4,633,891 | 9,465 | 1,211 | 447 | 26,354 | 4,671,368 |
| 0499999. Subtotals | 4,824,855 | 10,541 | 3,397 | 3,654 | 72,417 | 4,914,864 |
| 0599999. Unreported Claims and Other Claim Reserves | | | | | | 69,010,882 |
| 0799999. Total Claims Payable | | | | | | 73,925,746 |

# UNDERWRITING AND INVESTMENT EXHIBIT

## Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

| | Claims Paid Year to Date | | Liability End of Current Quarter | | 5 | 6 |
|---|---|---|---|---|---|---|
| Line of Business | 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) | 41,233,936 | 72,934,690 | 22,469,986 | 46,087,326 | 63,703,922 | 69,124,523 |
| 2. Medicare Supplement | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Dental only | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Vision only | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Federal Employees Health Benefits Plan Premiums | 6,381,132 | 8,185,389 | 3,477,328 | 2,411,612 | 9,858,460 | 10,697,322 |
| 6. Title XVIII - Medicare | (172,643) | 0 | 1,999,392 | 0 | 1,826,749 | 2,574,994 |
| 7. Title XIX - Medicaid | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. Other | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. Subtotal | 47,442,425 | 81,120,079 | 27,946,706 | 48,498,938 | 75,389,131 | 82,396,839 |
| 10. Medical incentive pools, accruals and disbursements | 0 | 0 | 0 | 0 | 0 | 0 |
| 11. Totals | 47,442,425 | 81,120,079 | 27,946,706 | 48,498,938 | 75,389,131 | 82,396,839 |

# NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Accounting Practices

The accompanying financial statements of Aetna U.S. Healthcare Inc. (an Ohio corporation) (the Company) have been prepared in conformity with accounting practices prescribed and permitted by the State of Ohio Department of Insurance.

The State of Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective January 1, 2001, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio.

The Company's net income (loss) and capital and surplus as stated on a NAIC SAP basis and on the basis of practices prescribed or permitted by the State of Ohio are the same at March 31, 2002.

(2) Accounting Changes and Corrections of Errors

During the current quarter's financial statement preparation, the Company discovered an error in the reporting of premium receivable non-admitted assets. In the prior year, non-admitted Accident and health premiums due and unpaid (Assets page, Line 10, Column 2) were understated by $1,701,187. Line 4501 on the Statement of Revenue and Expenses (continued) page has been adjusted in the current year to correct this error.

(17) Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Wash Sales

This item is not applicable.

(20) Other Items

Certain reclassifications have been made to the 2001 financial statements to conform with the classifications used in 2002.

# 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 implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? Yes [ ] No [ X ]

1.2 If yes, explain:....................

2.1 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 ]

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

3.1 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 ]

3.2 If yes, date of change: ................................................
If not previously filed, furnish herewith a certified copy of the instrument as amended.

4. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [ X ]
If yes, attach an organizational chart.

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

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

| 1<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---|---|---|
| NONE | | |

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

If yes, attach an explanation.

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ..........12/31/1997.....................

7.2 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. ..........12/31/1997.....................

7.3 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). ..........04/20/2000.....................

7.4 By what department or departments?................................. Ohio Department of Insurance

8.1 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? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [ ] No [ X ]

8.2 If yes, give full information:

# GENERAL INTERROGATORIES (continued)

## INVESTMENT

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

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

9.2 If yes, explain:....................

10.1 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 ]

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

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

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

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

13.2 If yes, please complete the following:

| | 1<br>Prior Year-End<br>Statement Value | 2<br>Current Quarter<br>Statement Value |
|---|---|---|
| 13.21 Bonds | $..............................0 | $..........................................0 |
| 13.22 Preferred Stock | $..............................0 | $..........................................0 |
| 13.23 Common Stock | $..............................0 | $..........................................0 |
| 13.24 Short-Term Investments | $..............................0 | $..........................................0 |
| 13.25 Mortgages, Loans or Real Estate | $..............................0 | $..........................................0 |
| 13.26 All Other | $..............................0 | $..........................................0 |
| 13.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 13.21 to 13.26) | $..............................0 | $..........................................0 |
| 13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above | $..............................0 | $..........................................0 |
| 13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above | $..............................0 | $..........................................0 |

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

14.2 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.

15. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [ X ] No [ ]

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

| 1<br>Name of Custodian(s) | 2<br>Custodian Address |
|---|---|
| State Street Bank and Trust Co.* | 225 Franklin Street, Boston, MA 02110 |
| State Street Bank and Trust Co.* | Brussels, Belgium B1-1210 |

15.2 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<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|---|---|---|
| Not Applicable | | |

15.3 Have there been any changes, including name changes, in the custodian(s) identified in 15.1 during the current year? Yes [ ] No [ X ]

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

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|---|---|---|---|
| | | | |

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

| 1<br>Central Registration Depository | 2<br>Name(s) | 3<br>Address |
|---|---|---|
| Not Applicable | | |

* The Custodial Service Agreement between the Company and State Street Bank and Trust Company, dated as of March 1999, substantially complies with Part 1- General, Section IV.H and was drafted to comply with the custody law and regulations of the Company's domiciliary state.

## SCHEDULE A - VERIFICATION

| | 1<br>First Quarter<br>Current Year | 2<br>Second Quarter<br>Current Year | 3<br>Third Quarter<br>Current Year | 4<br>Prior Year Ended<br>December 31 |
|---|---|---|---|---|
| 1. Book/adjusted carrying value, beginning of period | 0 | 0 | 0 | 0 |
| 2. Increase (decrease) by adjustment | 0 | 0 | 0 | 0 |
| 3. Cost of acquired | 0 | 0 | 0 | 0 |
| 4. Cost of additions to and permanent improvements | 0 | 0 | 0 | 0 |
| 5. Total profit (loss) on sales | 0 | 0 | 0 | 0 |
| 6. Increase (decrease) by foreign exchange adjustment | 0 | 0 | 0 | 0 |
| 7. Amount received on sales | 0 | 0 | 0 | 0 |
| 8. Book/adjusted carrying value at end of current period | 0 | 0 | 0 | 0 |
| 9. Total valuation allowance | 0 | 0 | 0 | 0 |
| 10. Subtotal (Lines 8 plus 9) | 0 | 0 | 0 | 0 |
| 11. Total nonadmitted amounts | 0 | 0 | 0 | 0 |
| 12. Statement value, current period (Page 2, real estate lines, current period) | 0 | 0 | 0 | 0 |

NONE

## SCHEDULE B - VERIFICATION

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

NONE

## SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

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

NONE

# 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<br>Statement Value Beginning of Current Quarter | 2<br>Acquisitions During Current Quarter | 3<br>Dispositions During Current Quarter | 4<br>Non-Trading Activity During Current Quarter | 5<br>Statement Value End of First Quarter | 6<br>Statement Value End of Second Quarter | 7<br>Statement Value End of Third Quarter | 8<br>Statement Value December 31 Prior Year |
|---|---|---|---|---|---|---|---|---|
| BONDS | | | | | | | | |
| 1. Class 1 | 94,522,651 | 20,136,339 | 38,704,380 | (45,002) | 75,909,608 | 0 | 0 | 94,522,651 |
| 2. Class 2 | 22,356,669 | 3,088,101 | 5,088,101 | (18,373) | 20,338,296 | 0 | 0 | 22,356,669 |
| 3. Class 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Class 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Class 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. Class 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Total Bonds | 116,879,320 | 23,224,440 | 43,792,481 | (63,375) | 96,247,904 | 0 | 0 | 116,879,320 |
| PREFERRED STOCK | | | | | | | | |
| 8. Class 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. Class 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. Class 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11. Class 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12. Class 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13. Class 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. Total Preferred Stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. Total Bonds and Preferred Stock | 116,879,320 | 23,224,440 | 43,792,481 | (63,375) | 96,247,904 | 0 | 0 | 116,879,320 |

# SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

| | 1<br>Book/Adjusted<br>Carrying Value | 2<br>Par Value | 3<br>Actual<br>Cost | 4<br>Amount of Interest<br>Received Current Quarter | 5<br>Paid for Accrued<br>Interest |
|---|---|---|---|---|---|
| 8099999. Totals | 1,545,713 | XXX | 1,545,713 | 27,038 | 0 |

# SCHEDULE DA - PART 2 - Verification

Short-Term Investments Owned

| | 1<br>First Quarter<br>Current Year | 2<br>Second Quarter<br>Current Year | 3<br>Third Quarter<br>Current Year | 4<br>Prior Year Ended<br>December 31 |
|---|---|---|---|---|
| 1. Book/adjusted carrying value, beginning of period | 7,492,956 | 0 | 0 | 0 |
| 2. Cost of short-term investments acquired | 13,032,478 | 0 | 0 | 62,564,183 |
| 3. Increase (decrease) by adjustment | 22,533 | 0 | 0 | 30,579 |
| 4. Increase (decrease) by foreign exchange adjustment | 0 | 0 | 0 | 0 |
| 5. Total profit (loss) on disposal of short-term investments | 0 | 0 | 0 | 0 |
| 6. Consideration received on disposal of short-term investments | 19,002,254 | 0 | 0 | 55,101,806 |
| 7. Book/adjusted carrying value, current period | 1,545,713 | 0 | 0 | 7,492,956 |
| 8. Total valuation allowance | 0 | 0 | 0 | 0 |
| 9. Subtotal (Lines 7 plus 8) | 1,545,713 | 0 | 0 | 7,492,956 |
| 10. Total nonadmitted amounts | 0 | 0 | 0 | 0 |
| 11. Statement value (Lines 9 minus 10) | 1,545,713 | 0 | 0 | 7,492,956 |
| 12. Income collected during period | 27,038 | 0 | 0 | 99,437 |
| 13. Income earned during period | 27,038 | 0 | 0 | 99,437 |

# Sch. DB-Part F-Section 1
# NONE

# Sch. DB-Part F-Section 2
# NONE

# Sch. S
# NONE

# SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

| | State, Etc. | 1<br>Guaranty Fund (Yes or No) | 2<br>Is Insurer Licensed? (Yes or No) | Direct Business Only Year-to-Date<br>3<br>Premiums | 4<br>Medicare Title XVIII | 5<br>Medicaid Title XIX | 6<br>Federal Employees Health Benefits Program Premiums |
|---|---|---|---|---|---|---|---|
| 1. | Alabama AL | No | No | 0 | 0 | 0 | 0 |
| 2. | Alaska AK | No | No | 0 | 0 | 0 | 0 |
| 3. | Arizona AZ | No | No | 0 | 0 | 0 | 0 |
| 4. | Arkansas AR | No | No | 0 | 0 | 0 | 0 |
| 5. | California CA | No | No | 0 | 0 | 0 | 0 |
| 6. | Colorado CO | No | No | 0 | 0 | 0 | 0 |
| 7. | Connecticut CT | No | No | 0 | 0 | 0 | 0 |
| 8. | Delaware DE | No | No | 0 | 0 | 0 | 0 |
| 9. | District of Columbia DC | No | No | 0 | 0 | 0 | 0 |
| 10. | Florida FL | No | No | 0 | 0 | 0 | 0 |
| 11. | Georgia GA | No | No | 0 | 0 | 0 | 0 |
| 12. | Hawaii HI | No | No | 0 | 0 | 0 | 0 |
| 13. | Idaho ID | No | No | 0 | 0 | 0 | 0 |
| 14. | Illinois IL | No | No | 0 | 0 | 0 | 0 |
| 15. | Indiana IN | No | Yes | 2,037,534 | 0 | 0 | 426,833 |
| 16. | Iowa IA | No | No | 0 | 0 | 0 | 0 |
| 17. | Kansas KS | No | No | 0 | 0 | 0 | 0 |
| 18. | Kentucky KY | No | Yes | 20,293,234 | 0 | 0 | 3,431,791 |
| 19. | Louisiana LA | No | No | 0 | 0 | 0 | 0 |
| 20. | Maine ME | No | No | 0 | 0 | 0 | 0 |
| 21. | Maryland MD | No | No | 0 | 0 | 0 | 0 |
| 22. | Massachusetts MA | No | No | 0 | 0 | 0 | 0 |
| 23. | Michigan MI | No | No | 0 | 0 | 0 | 0 |
| 24. | Minnesota MN | No | No | 0 | 0 | 0 | 0 |
| 25. | Mississippi MS | No | No | 0 | 0 | 0 | 0 |
| 26. | Missouri MO | No | No | 0 | 0 | 0 | 0 |
| 27. | Montana MT | No | No | 0 | 0 | 0 | 0 |
| 28. | Nebraska NE | No | No | 0 | 0 | 0 | 0 |
| 29. | Nevada NV | No | No | 0 | 0 | 0 | 0 |
| 30. | New Hampshire NH | No | No | 0 | 0 | 0 | 0 |
| 31. | New Jersey NJ | No | No | 0 | 0 | 0 | 0 |
| 32. | New Mexico NM | No | No | 0 | 0 | 0 | 0 |
| 33. | New York NY | No | No | 0 | 0 | 0 | 0 |
| 34. | North Carolina NC | No | No | 0 | 0 | 0 | 0 |
| 35. | North Dakota ND | No | No | 0 | 0 | 0 | 0 |
| 36. | Ohio OH | No | Yes | 108,247,263 | 0 | 0 | 7,339,269 |
| 37. | Oklahoma OK | No | No | 0 | 0 | 0 | 0 |
| 38. | Oregon OR | No | No | 0 | 0 | 0 | 0 |
| 39. | Pennsylvania PA | No | No | 0 | 0 | 0 | 0 |
| 40. | Rhode Island RI | No | No | 0 | 0 | 0 | 0 |
| 41. | South Carolina SC | No | No | 0 | 0 | 0 | 0 |
| 42. | South Dakota SD | No | No | 0 | 0 | 0 | 0 |
| 43. | Tennessee TN | No | No | 0 | 0 | 0 | 0 |
| 44. | Texas TX | No | No | 0 | 0 | 0 | 0 |
| 45. | Utah UT | No | No | 0 | 0 | 0 | 0 |
| 46. | Vermont VT | No | No | 0 | 0 | 0 | 0 |
| 47. | Virginia VA | No | No | 0 | 0 | 0 | 0 |
| 48. | Washington WA | No | No | 0 | 0 | 0 | 0 |
| 49. | West Virginia WV | No | No | 0 | 0 | 0 | 0 |
| 50. | Wisconsin WI | No | No | 0 | 0 | 0 | 0 |
| 51. | Wyoming WY | No | No | 0 | 0 | 0 | 0 |
| 52. | American Samoa AS | No | No | 0 | 0 | 0 | 0 |
| 53. | Guam GU | No | No | 0 | 0 | 0 | 0 |
| 54. | Puerto Rico PR | No | No | 0 | 0 | 0 | 0 |
| 55. | U.S. Virgin Islands VI | No | No | 0 | 0 | 0 | 0 |
| 56. | Canada CN | No | XXX | 0 | 0 | 0 | 0 |
| 57. | Aggregate Other alien OT | XXX | XXX | 0 | 0 | 0 | 0 |
| 58. | Total (Direct Business) | XXX | (a) 3 | 130,578,031 | 0 | 0 | 11,197,893 |

**DETAILS OF WRITE-INS**

| | | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|
| 5701. | | 0 | 0 | 0 | 0 |
| 5702. | | 0 | 0 | 0 | 0 |
| 5703. | | 0 | 0 | 0 | 0 |
| 5798. | Summary of remaining write-ins for line 57 from overflow page | 0 | 0 | 0 | 0 |
| 5799. | Total (Lines 5701 thru 5703 plus 5798) (Line 57 above) | 0 | 0 | 0 | 0 |

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

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

## PART 1 – ORGANIZATIONAL CHART

NONE

# 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 SVO Compliance Certification be filed with this statement? | YES |

**EXPLANATION:**

**BAR CODE:**

# Overflow Page for Write-Ins

**Additional Write-ins for Liabilities:**

| | Current Period | | | Prior Year |
|---|---|---|---|---|
| | 1 Covered | 2 Uncovered | 3 Total | 4 Total |
| 1704. Current state income tax payable | 146,452 | 0 | 146,452 | 103,452 |
| 1705. Reinsurance payable | 0 | 0 | 0 | 4,325,644 |
| 1706. | 0 | 0 | 0 | 0 |
| 1707. | 0 | 0 | 0 | 0 |
| 1708. | 0 | 0 | 0 | 0 |
| 1709. | 0 | 0 | 0 | 0 |
| 1710. | 0 | 0 | 0 | 0 |
| 1711. | 0 | 0 | 0 | 0 |
| 1712. | 0 | 0 | 0 | 0 |
| 1713. | 0 | 0 | 0 | 0 |
| 1714. | 0 | 0 | 0 | 0 |
| 1715. | 0 | 0 | 0 | 0 |
| 1716. | 0 | 0 | 0 | 0 |
| 1717. | 0 | 0 | 0 | 0 |
| 1718. | 0 | 0 | 0 | 0 |
| 1719. | 0 | 0 | 0 | 0 |
| 1720. | 0 | 0 | 0 | 0 |
| 1797. Summary of remaining write-ins for Line 17 from Liabilities | 146,452 | 0 | 146,452 | 4,429,096 |

## Sch. A-Part 2
## NONE

## Sch. A-Part 3
## NONE

## Sch. B-Part 1
## NONE

## Sch. B-Part 2
## NONE

## Sch. BA-Part 1
## NONE

## Sch. BA-Part 2
## NONE

# SCHEDULE D - PART 3

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

| 1<br>CUSIP<br>Identification | 2<br>Description | 3<br>Date<br>Acquired | 4<br>Name of Vendor | 5<br>Number of<br>Shares of Stock | 6<br>Actual Cost | 7<br>Par Value | 8<br>Paid for Accrued<br>Interest and Dividends | 9<br>NAIC<br>Designation (a) |
|---|---|---|---|---|---|---|---|---|
| **Bonds - U.S. Government** | | | | | | | | |
| 912827-7H-9 | US TREASURY NOTE/BOND 3.250% 12/31/03 | 01/11/2002 | LEHMAN BROTHERS INC. | | 221,478 | 220,000 | 316 | 1 |
| 0399999. | Total - Bonds - U.S. Government | | | | 221,478 | 220,000 | 316 | XXX |
| **Bonds - Industrial and Miscellaneous** | | | | | | | | |
| **Foreign** | | | | | | | | |
| 298785-CP-9 | EUROPEAN INV BANK NOTES 4.625% 03/01/07 | 03/28/2002 | MERRILL LYNCH PIERCE | | 4,868,945 | 5,000,000 | 20,556 | 1PE |
| 35177P-AK-3 | FRANCE TELECOM NOTES 7.750% 03/01/11 | 02/11/2002 | Exchange | | 3,088,101 | 3,000,000 | 103,333 | 2PE |
| | Foreign | | | | 7,957,046 | 8,000,000 | 123,889 | XXX |
| 4599999. | Total - Bonds - Industrial & Miscellaneous | | | | 7,957,046 | 8,000,000 | 123,889 | XXX |
| 6099997. | Total - Bonds - Part 3 | | | | 8,178,524 | 8,220,000 | 124,205 | XXX |
| 6099998. | Total - Bonds - Summary Item for Bonds Bought and Sold This Quarter | | | | 2,013,438 | 2,000,000 | 2,873 | XXX |
| 6099999. | Total - Bonds | | | | 10,191,962 | 10,220,000 | 127,078 | XXX |
| 7299999. | Total - Bonds, Preferred and Common Stocks | | | | 10,191,962 | XXX | 127,078 | XXX |

(a) For all common stock bearing the NAIC designation "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 by the Company During the Current Quarte

| 1 CUSIP Identification | 2 Description | 3 Disposal Date | 4 Name of Purchaser | 5 Number of Shares of Stock | 6 Consideration | 7 Par Value | 8 Actual Cost | 9 Book/Adjusted Carrying Value At Disposal Date | 10 Increase (Decrease) by Adjustment | 11 Increase (Decrease) by Foreign Exchange Adjustment | 12 Foreign Exchange Gain (Loss) on Disposal | 13 Realized Gain (Loss) on Disposal | 14 Total Gain (Loss) on Disposal | 15 Interest on Bonds Received During Year | 16 Dividends on Stocks Received During Year | 17 NAIC Designation (a) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Bonds - U.S. Government** | | | | | | | | | | | | | | | | |
| 36210D-3C-3 | GOVT NATL MTGE ASSN I P 6.000% 03/15/29. | 03/01/2002 | Paydown | | 97,667 | 97,667 | 90,601 | 97,667 | 6,898 | 0 | 0 | 0 | 0 | 700 | | 1 |
| 36210J-N6-1 | GOVT NATL MTGE ASSN I P 6.000% 04/15/29. | 03/01/2002 | Paydown | | 20,780 | 20,780 | 19,277 | 20,780 | 1,485 | 0 | 0 | 0 | 0 | 198 | | 1 |
| 36210Y-ZQ-1 | GOVT NATL MTGE ASSN I P 6.000% 04/15/29. | 03/01/2002 | Paydown | | 13,096 | 13,096 | 12,149 | 13,096 | 921 | 0 | 0 | 0 | 0 | 135 | | 1 |
| 880591-CJ-9 | TENNESSEE VALLEY AUTH B 6.750% 11/01/25 | 01/03/2002 | LEHMAN BROTHERS INC. | | 5,225,050 | 5,000,000 | 5,244,750 | 5,240,948 | (51) | 0 | 0 | (15,898) | (15,898) | 59,063 | | 1PE |
| 912827-7B-2 | US TREASURY NOTE/BOND 5.000% 08/15/11 | 01/03/2002 | Various | | 9,936,172 | 10,050,000 | 10,063,875 | 10,063,214 | (13) | 0 | 0 | (127,042) | (127,042) | 196,073 | | 1 |
| 0399999. | Total - Bonds - U.S. Government | | | | 15,292,765 | 15,181,543 | 15,430,652 | 15,435,705 | 9,240 | 0 | 0 | (142,940) | (142,940) | 256,169 | 0 | XXX |
| **Bonds - Special Revenue and Special Assessment** | | | | | | | | | | | | | | | | |
| **United States** | | | | | | | | | | | | | | | | |
| 31374S-ZL-8 | FED NATL MTGE ASSN POOL 7.500% 12/01/24 | 03/01/2002 | Paydown | | 60,402 | 60,402 | 61,763 | 60,402 | (1,350) | 0 | 0 | 0 | 0 | 710 | | 1 |
| 31379R-EX-2 | FED NATL MTGE ASSN POOL 7.500% 11/01/21 | 03/01/2002 | Paydown | | 390,458 | 390,458 | 399,255 | 390,458 | (8,682) | 0 | 0 | 0 | 0 | 4,610 | | 1 |
| | U.S. | | | | 450,860 | 450,860 | 461,018 | 450,860 | (10,032) | 0 | 0 | 0 | 0 | 5,320 | 0 | XXX |
| | United States | | | | 450,860 | 450,860 | 461,018 | 450,860 | (10,032) | 0 | 0 | 0 | 0 | 5,320 | 0 | XXX |
| 3199999. | Total - Bonds - Special Revenue & Assessment | | | | 450,860 | 450,860 | 461,018 | 450,860 | (10,032) | 0 | 0 | 0 | 0 | 5,320 | 0 | XXX |
| **Bonds - Industrial and Miscellaneous** | | | | | | | | | | | | | | | | |
| **United States** | | | | | | | | | | | | | | | | |
| 12476V-AF-8 | CAPCO AMERICA 1.227% 10/15/30 | 03/11/2002 | Paydown | | 0 | 0 | 4,116 | 0 | (3,359) | 0 | 0 | 0 | 0 | 132 | | 1 |
| 126691-WE-0 | RESIDENTIAL ASSET 7.500% 09/25/26 | 03/01/2002 | Paydown | | 270,812 | 270,812 | 278,535 | 270,812 | (6,922) | 0 | 0 | 0 | 0 | 3,711 | | 1 |
| 171205-DH-7 | CHRYSLER FINANCIAL COR 6.950% 03/25/02 | 03/25/2002 | Maturity | | 2,000,000 | 2,000,000 | 2,060,300 | 2,000,000 | (4,498) | 0 | 0 | 0 | 0 | 69,500 | | 2PE |
| | United States | | | | 2,270,812 | 2,270,812 | 2,342,951 | 2,270,812 | (14,779) | 0 | 0 | 0 | 0 | 73,343 | 0 | XXX |
| **Foreign** | | | | | | | | | | | | | | | | |
| 002917-AA-0 | ABBEY NATL SUB NOTE 8.200% 10/15/04 | 01/11/2002 | LEHMAN BROTHERS INC. | | 1,652,160 | 1,500,000 | 1,551,690 | 1,531,552 | (443) | 0 | 0 | 120,608 | 120,608 | 31,092 | | 1 |
| 35177P-AB-3 | FRANCE TELECOM SER 144A 7.750% 03/01/11 | 02/11/2002 | Exchange | | 3,088,101 | 3,000,000 | 3,093,120 | 3,088,101 | (509) | 0 | 0 | 0 | 0 | 103,333 | | 2 |
| | Foreign | | | | 4,740,261 | 4,500,000 | 4,644,810 | 4,619,653 | (952) | 0 | 0 | 120,608 | 120,608 | 134,425 | 0 | XXX |
| 4599999. | Total - Bonds - Industrial & Miscellaneous | | | | 7,011,073 | 6,770,812 | 6,987,761 | 6,890,465 | (15,731) | 0 | 0 | 120,608 | 120,608 | 207,768 | 0 | XXX |
| 6099997. | Total - Bonds - Part 4 | | | | 22,754,698 | 22,403,215 | 22,879,431 | 22,777,030 | (16,523) | 0 | 0 | (22,332) | (22,332) | 469,257 | 0 | XXX |
| 6099998. | Total - Bonds - Summary Item for Bonds Bought and Sold This Quarter | | | | 2,009,688 | 2,000,000 | 2,013,438 | 2,013,197 | (240) | 0 | 0 | (3,510) | (3,510) | 5,028 | | XXX |
| 6099999. | Total - Bonds | | | | 24,764,386 | 24,403,215 | 24,892,869 | 24,790,227 | (16,763) | 0 | 0 | (25,842) | (25,842) | 474,285 | 0 | XXX |
| 7299999. | Total - Bonds, Preferred and Common Stocks | | | | 24,764,386 | XXX | 24,892,869 | 24,790,227 | (16,763) | 0 | 0 | (25,842) | (25,842) | 474,285 | 0 | XXX |

(a) For all common stock bearing the NAIC designation "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 Depository | 2 Rate of Interest | 3 Amount of Interest Received During Current Quarter | 4 Amount of Interest Accrued at Current Statement Date | Book Balance at End of Each Month During Current Quarter 5 First Month | 6 Second Month | 7 Third Month | 8 * |
|---|---|---|---|---|---|---|---|
| **Open Depositories** | | | | | | | |
| Mellon Bank | 0.000 | 0 | 0 | (10,179,948) | (9,933,728) | (6,511,140) | |
| AOL TIME WARNER 4 (2) 144A Due 5/17/2002 At Maturity | 2.230 | 4,229 | 0 | 0 | 0 | 3,250,699 | |
| AMERADA HESS CP 4(2) 144A Due 2/20/2002 At Maturity | 2.500 | 5,210 | 0 | 1,498,016 | 0 | 0 | |
| AMERICAN ELEC POWER CP 4-2 144A Due 4/5/2002 At Maturity | 2.300 | 2,555 | 0 | 0 | 997,763 | 999,744 | |
| BURLINGTON RESCS INC CP 4(2)144 A Due 3/14/2002 At Maturity | 2.300 | 16,614 | 0 | 0 | 7,423,820 | 0 | |
| CAROLINA PR & LT CP 3A3 Due 3/13/2002 At Maturity | 2.200 | 14,544 | 0 | 0 | 6,994,860 | 0 | |
| COX COM INC CP Due 2/14/2002 At Maturity | 2.100 | 3,850 | 0 | 2,997,724 | 0 | 0 | |
| DAIMLER CHRYSLER NA HLDG CP 3(A)3 Due 4/26/2002 At Maturity | 2.200 | 2,235 | 0 | 4,752,598 | 2,002,965 | 4,158,557 | |
| FHLMC DISCOUNT NOTE GAD Due 3/5/2002 At Maturity | 1.730 | 8,111 | 0 | 0 | 5,508,940 | 0 | |
| FNMA DISCOUNT NOTE GAD Due 4/17/2002 At Maturity | 1.760 | 6,090 | 0 | 0 | 0 | 3,207,486 | |
| FORD MOTOR CREDIT CO CP Due 2/8/2002 At Maturity | 2.560 | 11,408 | 0 | 4,217,894 | 0 | 0 | |
| FORD MOTOR CREDIT CO CP Due 3/22/2002 At Maturity | 2.160 | 14,011 | 0 | 0 | 5,552,986 | 0 | |
| GENL MILLS INC. CP 4(2) 144A Due 5/21/2002 At Maturity | 2.150 | 4,542 | 0 | 0 | 0 | 4,002,997 | |
| HERTZ CORP CP 3 (A)3 Due 5/24/2002 At Maturity | 2.250 | 724 | 0 | 0 | 1,997,624 | 1,654,499 | |
| KINDER MORGAN ENERGY ENERGY LP CP 4 (2) Due 3/25/2002 At Maturity | 2.300 | 1,725 | 0 | 0 | 998,466 | 0 | |
| NATIONAL COOPERATIVE BANK CP 3(A)3 Due 4/12/2002 At Maturity | 2.250 | 1,499 | 0 | 0 | 0 | 999,311 | |
| PROGRESSIVE CORP CP 4(2) 144A Due 3/15/2002 At Maturity | 2.200 | 1,956 | 0 | 0 | 999,144 | 0 | |
| QWEST CAPITAL FUNDING CP 4-2 Due 3/22/2002 At Maturity | 2.650 | 5,813 | 0 | 0 | 1,752,282 | 0 | |
| SPRINT CAP CORP CP 4-2 144A Due 2/26/2002 At Maturity | 2.150 | 2,485 | 0 | 1,432,857 | 0 | 0 | |
| TELECOM DE PUERTO RICO CP 4-2 144A Due 4/30/2002 At Maturity | 2.250 | 918 | 0 | 0 | 0 | 3,673,328 | |
| TENNESSEE GAS PIPELINE Cp 4-2 Due 4/12/2002 At Maturity | 2.600 | 11,348 | 0 | 0 | 4,750,544 | 4,761,205 | |
| TEXAS UTILITIES CP CP Due 5/21/2002 At Maturity | 2.350 | 4,190 | 0 | 0 | 0 | 6,418,967 | |
| TEXTRON FINANCIAL CORP CP Due 2/6/2002 At Maturity | 2.050 | 226 | 0 | 1,324,623 | 0 | 0 | |
| TEXTRON FINANCIAL CORP CP Due 5/1/2002 At Maturity | 2.300 | 1,785 | 0 | 0 | 998,540 | 1,996,163 | |
| TIME WARNER INC CP 3a3 Due 6/6/2002 At Maturity | 2.320 | 8,126 | 0 | 0 | 0 | 7,005,043 | |
| TOYS R US INC CP 3(A)3 Due 3/15/2002 At Maturity | 2.800 | 2,800 | 0 | 0 | 1,498,365 | 0 | |
| UNION OIL CO OF CALIFORNIA 4-2 CP Due 4/5/2002 At Maturity | 2.150 | 13,400 | 0 | 0 | 0 | 8,013,082 | |
| UNION OIL CO OF CALIFORNIA 4-2 CP Due 4/23/2002 At Maturity | 2.220 | 1,232 | 0 | 0 | 0 | 998,642 | |
| VIACOM INC CP 4-2 144A Due 4/3/2002 At Maturity | 2.100 | 420 | 0 | 0 | 0 | 1,799,790 | |
| VISTEON CORP CP 4(2) Due 3/28/2002 At Maturity | 2.250 | 24,500 | 0 | 0 | 7,986,481 | 0 | |
| WALT DISNEY COMPANY CP Due 2/13/2002 At Maturity | 2.650 | 9,566 | 0 | 3,012,324 | 0 | 0 | |
| WESTVACO CORP CP 4(2) 144A Due 3/6/2002 At Maturity | 2.100 | 8,190 | 0 | 3,503,240 | 3,508,974 | 0 | |
| 0199998. Deposits in.....17 depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories | XXX | 45,816 | 0 | 0 | 0 | 0 | |
| 0199999. Total Open Depositories | XXX | 240,118 | 0 | 12,559,328 | 43,038,026 | 46,428,373 | XXX |
| 0399999. Total Cash on Deposit | XXX | 240,118 | 0 | 12,559,328 | 43,038,026 | 46,428,373 | XXX |
| 0599999. Total Cash | XXX | 240,118 | 0 | 12,559,328 | 43,038,026 | 46,428,373 | XXX |