

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds	756,284		756,284	353,971
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$..... encumbrances)			(a).....	
4.2 Properties held for the production of income (less \$..... encumbrances)				
4.3 Properties held for sale (less \$..... encumbrances)				
5. Cash (\$.....1,180,295, Schedule E - Part 1) and short-term investments (\$....., Schedule DA - Part 2)	1,180,295		1,180,295	3,165,557
6. Other long-term invested assets				
7. Receivable for securities				
8. Aggregate write-ins for invested assets				
9. Subtotal, cash and invested assets (Lines 1 to 8)	1,936,579		1,936,579	3,519,528
10. Accident and health premiums due and unpaid	884,612	7,021	877,591	973,396
11. Health care receivables	382,222		382,222	4,255,321
12. Amounts recoverable from reinsurers	378,302		378,302	278,677
13. Net adjustment in assets and liabilities due to foreign exchange rates				
14. Investment income due and accrued	12,439		12,439	4,288
15. Amounts due from parent, subsidiaries and affiliates	375,000		375,000	800,000
16. Amounts receivable relating to uninsured accident and health plans				
17. Furniture and equipment				
18. Amounts due from agents				
19. Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset)				
20. Electronic data processing equipment and software				
21. Other nonadmitted assets				
22. Aggregate write-ins for other than invested assets	309,856		309,856	
23. Total assets (Lines 9 plus 10 through 22)	4,279,010	7,021	4,271,989	9,831,210
DETAILS OF WRITE-INS				
0801				
0802				
0803				
0898. Summary of remaining write-ins for Line 8 from overflow page				
0899. TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above)				
2201. Other Receivables	309,856		309,856	
2202				
2203				
2298. Summary of remaining write-ins for Line 22 from overflow page				
2299. TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above)	309,856		309,856	

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

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$..... reinsurance ceded)	1,383,703		1,383,703	3,369,944
2. Accrued medical incentive pool and bonus payments				
3. Unpaid claims adjustment expenses	7,157		7,157	266,500
4. Aggregate policy reserves				
5. Aggregate claim reserves				
6. Premiums received in advance	499,749		499,749	644,208
7. General expenses due or accrued	123,626		123,626	
8. Federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) (including \$..... net deferred tax liability)				
9. Amounts withheld or retained for account of others				
10. Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
11. Amounts due to parent, subsidiaries and affiliates	293,177		293,177	421,253
12. Payable to securities				
13. Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
14. Reinsurance in unauthorized companies				
15. Net adjustments in assets and liabilities due to foreign exchange rates				
16. Liability for amounts held under uninsured accident and health plans				
17. Aggregate write-ins for other liabilities (including \$..... current)	70,462		70,462	1,966,019
18. Total liabilities (Lines 1 to 17)	2,377,874		2,377,874	6,667,924
19. Common capital stock	X X X	X X X		
20. Preferred capital stock	X X X	X X X		
21. Gross paid in and contributed surplus	X X X	X X X	4,610,902	3,863,856
22. Surplus notes	X X X	X X X	53,039	53,039
23. Aggregate write-ins for other than special surplus funds	X X X	X X X	(2,769,826)	(753,609)
24. Unassigned funds (surplus)	X X X	X X X		
25. Less treasury stock, at cost:	X X X	X X X		
25.1 shares common (value included in Line 19 \$.....)	X X X	X X X		
25.2 shares preferred (value included in Line 20 \$.....)	X X X	X X X		
26. Total capital and surplus (Lines 19 to 25)	X X X	X X X	1,894,115	3,163,286
27. Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	4,271,989	9,831,210
DETAILS OF WRITE-INS				
1701. Liability to Member Hospitals (Non-Claim Liability)	70,462		70,462	1,180,358
1702. Other Current Liabilities (Non-Claim Liability)				785,661
1703				
1798. Summary of remaining write-ins for Line 17 from overflow page				
1799. TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above)	70,462		70,462	1,966,019
2301. Retained Earnings/Fund Balance	X X X	X X X	(2,769,826)	(753,609)
2302	X X X	X X X		
2303	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X	(2,769,826)	(753,609)

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	44,990	182,481
2. Net premium income	X X X	7,633,204	35,695,202
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$..... medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate Write-Ins for Other health care related revenues	X X X		
7. Total revenues (Lines 2 to 6)	X X X	7,633,204	35,695,202
Medical and Hospital:			
8. Hospital/medical benefits	7,168,523	7,168,523	16,624,962
9. Other Professional Services	32,279	32,279	2,562,004
10. Outside Referrals			9,314,586
11. Emergency room and out-of-area			3,591,864
12. Prescription drugs	1,290,058	1,290,058	6,338,175
13. Aggregate write-ins for other medical and hospital	1,865,384	1,865,384	(4,548,754)
14. Incentive pool and withhold adjustments			
15. Subtotal (Lines 8 to 14)	10,356,244	10,356,244	33,882,837
LESS:			
16. Net reinsurance recoveries	644,541	644,541	1,958,603
17. Total medical and hospital (Lines 15 minus 16)	9,711,703	9,711,703	31,924,234
18. Claims adjustment expenses			
19. General administrative expenses	1,139,219	1,139,219	3,757,526
20. Increase in reserves for accident and health contracts			
21. Total underwriting deductions (Lines 17 through 20)	10,850,922	10,850,922	35,681,760
22. Net underwriting gain or (loss) (Lines 7 minus 21)	X X X	(3,217,718)	13,442
23. Net investment income earned	50,884	50,884	111,300
24. Net realized capital gains or (losses)			
25. Net investment gains or (losses) (Lines 23 plus 24)	50,884	50,884	111,300
26. Net gain or (Loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
27. Aggregate write-ins for other income or expenses			
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)	50,884	(3,166,834)	124,742
29. Federal and foreign income taxes incurred	X X X		
30. Net income (loss) (Lines 28 minus 29)	X X X	(3,166,834)	124,742
DETAILS OF WRITE-INS			
0601	X X X		
0602	X X X		
0603	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
1301. Medical Indemnity Credit			(4,548,754)
1302. Capitation Payments	1,865,384	1,865,384	
1303			
1398. Summary of remaining write-ins for Line 13 from overflow page			
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	1,865,384	1,865,384	(4,548,754)
2701			
2702			
2703			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
31. Capital and surplus prior reporting year	3,163,286	2,486,253
GAINS AND LOSSES TO CAPITAL & SURPLUS		
32. Net income or (loss) from Line 30	(3,166,834)	124,742
33. Change in valuation basis of aggregate policy and claim reserves		
34. Net unrealized capital gains and losses		
35. Change in net unrealized foreign exchange capital gain or (loss)		
36. Change in net deferred income tax		
37. Change in nonadmitted assets	1,150,617	(1,175,631)
38. Change in unauthorized reinsurance		
39. Change in treasury stock		
40. Change in surplus notes		
41. Cumulative effect of changes in accounting principles		
42. Capital Changes:		
42.1 Paid in		
42.2 Transferred from surplus (Stock Dividend)		
42.3 Transferred to surplus		
43. Surplus adjustments:		
43.1 Paid in	747,046	823,698
43.2 Transferred to capital (Stock Dividend)		
43.3 Transferred from capital		
44. Dividends to stockholders		
45. Aggregate write-ins for gains or (losses) in surplus		904,224
46. Net change in capital and surplus (Lines 32 to 45)	(1,269,171)	677,033
47. Capital and surplus end of reporting year (Line 31 plus 46)	1,894,115	3,163,286
DETAILS OF WRITE-INS		
4501. Minimum Member Hospital Additional Funds		904,224
4502		
4503		
4598. Summary of remaining write-ins for Line 45 from overflow page		
4599. TOTALS (Lines 4501 through 4503 plus 4598) (Line 45 above)		904,224

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance	7,577,528	37,508,949
2.	Claims and claims adjustment expenses	12,056,911	35,628,874
3.	General administrative expenses paid	1,801,254	3,757,526
4.	Other underwriting income (expenses)		124,742
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(6,280,637)	(1,752,709)
6.	Net investment income	42,733	148,160
7.	Other income (expenses)	1,157,638	
8.	Federal and foreign income taxes (paid) recovered		
9.	Net cash from operations (Line 5 to 8)	(5,080,266)	(1,604,549)
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1	Bonds		1,426,750
10.2	Stocks		
10.3	Mortgage loans		
10.4	Real estate		130,590
10.5	Other invested assets		
10.6	Net gains or (losses) on cash and short-term investments		
10.7	Miscellaneous proceeds		
10.8	Total investment proceeds (Lines 10.1 to 10.7)		1,557,340
11.	Cost of investments acquired (long-term only):		
11.1	Bonds	401,875	50,000
11.2	Stocks		
11.3	Mortgage loans		
11.4	Real estate		
11.5	Other invested assets		
11.6	Miscellaneous applications	438	
11.7	Total investments acquired (Lines 11.1 to 11.6)	402,313	50,000
12.	Net cash from investments (Line 10.8 minus Line 11.7)	(402,313)	1,507,340
Cash from Financing and Miscellaneous Sources			
13.	Cash provided:		
13.1	Surplus notes, capital and surplus paid in	747,046	823,698
13.2	Net transfers from affiliates	296,924	1,818,165
13.3	Borrowed funds received		
13.4	Other cash provided	3,873,099	2,208,030
13.5	Total (Lines 13.1 to 13.4)	4,917,069	4,849,893
14.	Cash applied:		
14.1	Dividends to stockholder paid		
14.2	Net transfers to affiliates		
14.3	Borrowed funds repaid		
14.4	Other applications	1,419,752	3,440,160
14.5	Total (Lines 14.1 to 14.4)	1,419,752	3,440,160
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	3,497,317	1,409,733
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	(1,985,262)	1,312,524
17.	Cash and short-term investments:		
17.1	Beginning of year	3,165,557	1,853,033
17.2	End of year (Line 16 plus Line 17.1)	1,180,295	3,165,557

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other
1. Net premium income	7,633,204	7,633,204											
2. Change in unearned premium reserves and reserve for rate credit													
3. Fee-for-service (net of \$..... medical expenses)													
4. Risk revenue													
5. Aggregate write-ins for other health care related revenues													
6. Total revenues (Lines 1 to 5)	7,633,204	7,633,204											
7. Medical/hospital benefits	7,168,523	7,168,523											
8. Other professional services	32,279	32,279											
9. Outside referrals													
10. Emergency room and out-of-area													
11. Prescription drugs	1,290,058	1,290,058											
12. Aggregate write-ins for other medical and hospital	1,865,384	1,865,384											
13. Incentive pool and withhold adjustments													
14. Subtotal (Lines 7 to 13)	10,356,244	10,356,244											
15. Net reinsurance recoveries	644,541	644,541											
16. Total medical and hospital (Lines 14 minus 15)	9,711,703	9,711,703											
17. Claims adjustment expenses													
18. General administrative expenses	1,139,219	1,139,219											
19. Increase in reserves for accident and health contracts													
20. Total underwriting deductions (Lines 16 to 19)	10,850,922	10,850,922											
21. Net underwriting gain or (loss) (Line 6 minus Line 20)	(3,217,718)	(3,217,718)											
DETAILS OF WRITE-INS													
0501													
0502													
0503													
0598. Summary of remaining write-ins for Line 5 from overflow page													
0599. TOTAL (Lines 0501 through 0503 plus 0598) (Line 5 above)													
1201. Medical Indemnity Credit													
1202. Capitation	1,865,384	1,865,384											
1203													
1298. Summary of remaining write-ins for Line 12 from overflow page													
1299. TOTAL (Lines 1201 through 1203 plus 1298) (Line 12 above)	1,865,384	1,865,384											

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (medical and hospital)	7,846,728		213,524	7,633,204
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan Premiums				
6. Title XVIII - Medicare				
7. Title XIX - Medicaid				
8. Other				
9. TOTALS	7,846,728		213,524	7,633,204

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Payments during the year:									
1.1 Direct	12,342,484	11,517,108				287,310	538,066		
1.2 Reinsurance assumed									
1.3 Reinsurance ceded	644,541	644,541							
1.4 Net	11,697,943	10,872,567				287,310	538,066		
2. Paid medical incentive pools and bonuses									
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	1,383,703	1,383,703							
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net	1,383,703	1,383,703							
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct									
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net									
5. Accrued medical incentive pools and bonuses, current year									
6. Amounts recoverable from reinsurers December 31, current year	378,302	378,302							
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	3,369,944	2,274,993				287,301	807,650		
7.2 Reinsurance assumed									
7.3 Reinsurance ceded									
7.4 Net	3,369,944	2,274,993				287,301	807,650		
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct									
8.2 Reinsurance assumed									
8.3 Reinsurance ceded									
8.4 Net									
9. Accrued medical incentive pools and bonuses, prior year									
10. Amounts recoverable from reinsurers December 31, prior year	278,677	278,677							
11. Incurred benefits:									
11.1 Direct	10,356,243	10,625,818				9	(269,584)		
11.2 Reinsurance assumed									
11.3 Reinsurance ceded	744,166	744,166							
11.4 Net	9,612,077	9,881,652				9	(269,584)		
12. Incurred medical incentive pools and bonuses									

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Reported in Process of Adjustment:									
1.1 Direct									
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net									
2. Incurred but Unreported:									
2.1 Direct	1,383,703	1,383,703							
2.2 Reinsurance assumed									
2.3 Reinsurance ceded									
2.4 Net	1,383,703	1,383,703							
3. Amounts Withheld from Paid Claims and Capitations:									
3.1 Direct									
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net									
4. TOTALS									
4.1 Direct	1,383,703	1,383,703							
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net	1,383,703	1,383,703							

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (medical and hospital)	3,159,165	7,712,403		1,384,703	3,159,165	2,274,993
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan Premiums	287,310				287,310	287,301
6.	Title XVIII - Medicare	538,066				538,066	807,650
7.	Title XIX - Medicaid						
8.	Other						
9.	Subtotal	3,984,541	7,712,403		1,384,703	3,984,541	3,369,944
10.	Medical incentive pools, accrual and disbursements						
11.	TOTALS	3,984,541	7,712,403		1,384,703	3,984,541	3,369,944

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Grand Total

Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X			
5.	2001	X X X	X X X	X X X		3,984
6.	2002	X X X	X X X	X X X	X X X	7,712

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X			
5.	2001	X X X	X X X	X X X		3,159,165
6.	2002	X X X	X X X	X X X	X X X	9,097,106

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998										
3.	1999										
4.	2000										
5.	2001	35,695,202	12,275,112			12,275,112	34			12,275,112	34
6.	2002	7,669,308	299,583			299,583	4	1,384		300,967	4
7.	TOTAL (Lines 1 through 6)	X X X	12,574,695		X X X	12,574,695	X X X	1,384		12,576,079	X X X
8.	TOTAL (Lines 2 through 6)	43,364,510	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Hospital and Medical
Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		3,159
6. 2002	X X X	X X X	X X X	X X X	7,712

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		3,159,165
6. 2002	X X X	X X X	X X X	X X X	9,097,106

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001	21,507,804	23,321			23,321	0			23,321	0
6. 2002	7,669,308	12,273			12,273	0	1,384		13,657	0
7. TOTAL (Lines 1 through 6)	X X X	35,594		X X X	35,594	X X X	1,384		36,978	X X X
8. TOTAL (Lines 2 through 6)	29,177,112	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Hospital and Medical

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only. NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only. NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only. NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only. NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only. NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only. NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)
Federal Employees Health Benefits Plan Premiums

Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		287
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001	4,086,796	3,548,560			3,548,560	87			3,548,560	87
6. 2002		287,310			287,310				287,310	
7. TOTAL (Lines 1 through 6)	X X X	3,835,870		X X X	3,835,870	X X X			3,835,870	X X X
8. TOTAL (Lines 2 through 6)	4,086,796	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Fed Emp HBPP

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Title XVIII - Medicare
Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		538
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001	10,100,602	8,703,231			8,703,231	86			8,703,231	86
6. 2002										
7. TOTAL (Lines 1 through 6)	X X X	8,703,231		X X X	8,703,231	X X X			8,703,231	X X X
8. TOTAL (Lines 2 through 6)	10,100,602	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Title XVIII-Medicare

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve - NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

		1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
1.	Rent (\$..... for occupancy of own building)				
2.	Salaries, wages and other benefits		581,530		581,530
3.	Commissions (less \$..... ceded plus \$..... assumed)		180,979		180,979
4.	Legal fees and expenses		11,271		11,271
5.	Certifications and accreditation fees				
6.	Auditing, actuarial and other consulting services				
7.	Traveling expenses		52,638		52,638
8.	Marketing and advertising		12,031		12,031
9.	Postage, express and telephone		25,897		25,897
10.	Printing and office supplies		31,830		31,830
11.	Occupancy, depreciation and amortization		147,047		147,047
12.	Equipment				
13.	Cost or depreciation of EDP equipment and software				
14.	Outsourced services including EDP, claims, and other services				
15.	Boards, bureaus and association fees				
16.	Insurance, except on real estate				
17.	Collection and bank service charges		4,134		4,134
18.	Group service and administration fees		14,750		14,750
19.	Reimbursements by uninsured accident and health plans				
20.	Reimbursements from fiscal intermediaries				
21.	Real estate expenses				
22.	Real estate taxes				
23.	Taxes, licenses and fees:				
23.1	State and local insurance taxes				
23.2	State premium taxes				
23.3	Regulator authority licenses and fees		5		5
23.4	Payroll taxes		44,269		44,269
23.5	Other (excluding federal income and real estate taxes)		4,362		4,362
24.	Investment expenses not included elsewhere				
25.	Aggregate write-ins for expenses		28,476		28,476
26.	Total expenses incurred (Lines 1 to 25)		1,139,219		(a) 1,139,219
27.	Add expenses unpaid December 31, prior year	266,500	785,661		1,052,161
28.	Less expenses unpaid December 31, current year	7,157	123,626		130,783
29.	Amounts receivable relating to uninsured accident and health plans, prior year				
30.	Amounts receivable relating to uninsured accident and health plans, current year				
31.	Total expenses paid (Lines 26 plus 27 minus 28 minus 29 plus 30)	259,343	1,801,254		2,060,597
DETAILS OF WRITE-INS					
2501.	Miscellaneous and other expenses		28,476		28,476
2502.				
2503.				
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	Totals (Lines 2501 through 2503 + 2598)(Line 25 above)		28,476		28,476

(a) Includes management fees of \$..... to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)..... 16,625	18,898
1.1 Bonds exempt from U.S. tax	(a)..... 6,300	13,055
1.2 Other bonds (unaffiliated)	(a)..... 8,700	11,987
1.3 Bonds of affiliates	(a).....	
2.1 Preferred stocks (unaffiliated)	(b).....	
2.11 Preferred stocks of affiliates	(b).....	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c).....	
4. Real estate	(d).....	
5. Contract loans		
6. Cash/short-term investments	(e)..... 9,067	6,944
7. Derivative instruments	(f).....	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	40,692	50,884
11. Investment expenses		(g).....
12. Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13. Interest expense		(h).....
14. Depreciation on real estate and other invested assets		(i).....
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		
17. Net Investment income (Line 10 minus Line 16)		50,884
DETAILS OF WRITE-INS		
0901		
0902		
0903		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501		
1502		
1503		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

- (a) Includes \$.....627 accrual of discount less \$.....2,668 amortization of premium and less \$.....2,479 paid for accrued interest on purchases.
- (b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.
- (c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.
- (e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (f) Includes \$..... accrual of discount less \$..... amortization of premium.
- (g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.
- (i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4 Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	5 Total
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment		
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash/short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)					
DETAILS OF WRITE-INS					
0901					
0902					
0903					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of items Page 2, Lines 10 to 13 and 15 to 20, Column 2	7,021	1,157,638	1,150,617
2. Other Nonadmitted Assets:			
2.1 Bills receivable			
2.2 Leasehold improvements			
2.3 Cash advanced to or in the hands of officers and agents			
2.4 Loans on personal security, endorsed or not			
2.5 Commuted commissions			
3. Total (Lines 2.1 to 2.5)			
4. Aggregate write-ins for other assets			
5. TOTAL (Line 1 plus Line 3 and Line 4)	7,021	1,157,638	1,150,617
DETAILS OF WRITE-INS			
0401			
0402			
0403			
0498. Summary of remaining write-ins for Line 4 from overflow page			
0499. TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above)			

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	11,741	3,482	3,472	3,448	3,327	41,236
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service	1,124	327	312	313	317	3,754
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	12,865	3,809	3,784	3,761	3,644	44,990
DETAILS OF WRITE-INS						
0601						
0602						
0603						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statement

Community Health Plan of Ohio
Notes to Financial Statements
For the Years Ended 12/31/02 and 12/31/01

1. Summary of Significant Accounting Policies
 - a. The financial statements of CHPO have been prepared in conformity with accounting practices prescribed or permitted by the Ohio Department of Insurance, including the accounting treatment for cash and cash equivalents, premiums receivable, investments, property and equipment, accrued medical claims, and unearned premiums.
 - b. Premium income is recognized in the period it is earned.
 - c. Receivables from Member Hospitals - At the inception of CHPO, each of the fourteen member hospitals signed an indemnity agreement, whereby they agreed to reimburse CHPO for all medical claims expense in excess of 87.5% of premium income. In addition, per contract with the Member Hospitals, each agreed to reimburse CHPO for all administration expenses in excess of 12.5% of premiums. This agreement remains in effect for the succeeded Member Hospitals as well as for LMH and Memorial Hospital.
2. Accounting Changes and Corrections of Errors
 - a. The Company did not have and accounting changes or corrections of errors for the year ended 12/31/02.
3. Business Combinations and Goodwill
 - a. The Company did not have any Business Combinations or Goodwill at 12/31/02.
4. Discontinued Operations
 - a. The Company did not have any Discontinued Operations at 12/31/02.
5. Investments
 - a. The company did not have in investments in Mortgage Loans, Debt Restructuring, Reverse mortgages or Loan Backed Securities
6. Joint Ventures, Partnerships and Limited Liability Companies
 - a. The company did not have investments in any Joint Ventures, Partnerships or LLC's.
7. Investment Income
 - a. The company did not have any investment income due and accrued that would need to be non-admitted at 12/31/02.
8. Derivative Instruments
 - a. The Company did not have any Derivative Instruments at 12/31/02.
9. Income Taxes
 - a. CHPO is a not-for-profit corporation organized for the purpose of promoting health and social welfare. It is exempt from federal income taxes under section 501 (c)4 of the Internal Revenue Code.
10. Information Concerning Parent, Subsidiaries and Affiliates
 - a. CHPO contracts with LMH and Memorial Hospital to provide hospital services to its enrollees.
 - b. During 2001, CHPO paid a fixed amount per member per month to CHB for management services. The services include providing all employees and support. CHB has a management service agreement with LMHS to provide all employees and payroll processing. During 2002, Memorial Hospital paid a fixed amount per member to APEX Benefit Services (a non-affiliate) to process claims and provide other management services.
 - c. During the year 2002, CHPO paid to Memorial Hospital \$ _____ for claims. Memorial Hospital contributed \$1,185,046 to surplus paid in. At 12/31/02, there is a receivable from Memorial Hospital in the amount of \$375,000 for capital. In addition, there is a payable to Memorial in the amount of \$293,177 for claims expenses.

Notes to Financial Statement

11. Debt
 - a. CHPO, at December 31, 2001 and 2002, had no debt.
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans.
 - a. Management services are sub-contracted through CHB and APEX Benefits Services. There are no employees of CHPO.
13. Capital and Surplus, shareholder's Dividend Restrictions and Quasi-Reorganizations.
14. Contingencies
 - a. There are no contingencies for CHPO at December 31, 2002.
15. Leases
 - a. There are no lease agreements for CHPO as of December 31, 2002
16. Information about Financial Instruments With Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk
 - a. CHPO had no Financial instruments with off -balance sheet financing at December 31, 2002.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities.
 - a. CHPO had no sale, transfer or extinguishments of liabilities.
18. Gain or Loss to the Reporting Entity from Uninsured A& H Plans and the Uninsured Portion of Partially Insured Plans
 - a. CHPO has no uninsured A & H Plans.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
 - a. All underwriting is done in-house and no Third Party or Managing General Agent is engaged for that purpose.
20. Other Items
 - a. There are no extraordinary items
 - b. There is no troubled debt restructuring
 - c. Not applicable
 - d. The non-admitted portion of premiums receivable, in the amount of \$7,021 is due to late payment. The balance is expected to be collected.
 - e. Not applicable
 - f. Not applicable
 - g. There are no mezzanine real estate loans
 - h. Health Care Receivables. _____
 - i. There were no effects from September 11th.
21. Events Subsequent
 - a. There were no subsequent events for CHPO as of the reporting date.
22. Reinsurance
 - a. The company does not have an unsecured aggregate recoverable for losses, paid and unpaid, including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company's policyholders surplus.
 - b. There is no reinsurance recoverable in dispute.
 - c. Reinsurance Assumed and Ceded
23. Retrospectively Rated Contracts and Contracts Subject to Redetermination
 - a. CHPO has no retrospectively rated contracts
24. Salvage and Subrogation
 - a. There is no salvage and subrogation
25. Change in Incurred Claims and Claim Adjustment Expenses

Notes to Financial Statement

- a. There have been no changes to claims or claim adjustment reserves for prior years.

26. Organization and Operations

- a. Community Hospitals of Ohio (CHO) was formed in 1994 through contributions from fourteen Ohio hospitals. Effective March 20, 1995, CHO acquired the operating license and control of Licking Memorial Hospital Health Plan (LMHHP), a HIC. Effective July 1, 1995, LMHHP was reorganized to recapitalize the business and expand its service area into the counties represented by the Member Hospitals of CHO. At that time, LMHHP was renamed Community Health Plan of Ohio (CHPO). Effective September 30, 2000, Licking Memorial Health System (LMHS), the original owner of LMHHP, reacquired the operating license and control of CHPO and CHO as wholly owned subsidiaries. The service area was reduced to those associated with Licking Memorial Hospital (LMH) and one former owner hospital, Memorial Hospital in Fremont, Ohio who continued the indemnity agreement but relinquished ownership. All other Member Hospitals succeeded from CHO. Early in 2001, LMHS decided to dissolve the HMO and relinquish the HMO license. Memorial Hospital offered to purchase the HMO license and continue the Ottawa, Seneca and Sandusky County service area. Effective 12/31/01, the HMO license ownership was transferred from LMHS to Memorial Hospital in accordance with a major modification filed with the Department of Insurance of the State of Ohio. Licking Memorial Hospital succeeded from the Plan and the Licking County service area was removed from the operating license. CHO was effectively dissolved in the transfer of ownership as will Corporate Health Benefits, the management subsidiary maintained to operate the Plan. Licking Memorial Hospital maintained the indemnity agreement wherein LMH indemnifies the Plan against all Licking Site (Licking County) losses. Adequate reserves have been established to pay all incurred but unreported claims, as certified by an actuarial opinion from Milliman USA contained herein. The major modification filed by Memorial Hospital expands on this summary of events.
- b. CHPO is a HIC organized to provide health care services to enrolled subscribers and their dependents (enrollees) for a prepaid fixed premium. As a HIC, CHPO contract with various health care providers to provide comprehensive health care services to its enrollees.
- c. Effective January 1, 1996, CHO purchased Corporate Health Benefits, Inc. (CHB), a for-profit entity organized to provide management services and third party administration of claims. Effective September 30, 2000, CHB was purchased and became a wholly owned subsidiary of LMHS. Effective November 1, 2001, APEX Benefits Services, Inc. under contract with Memorial Hospital, began providing management services for CHPO. Ownership of CHB was retained by LMHS. CHB continues to operate as LMH assists in paying out run out claims for the Licking Site and phases out its involvement in the Plan.

27. Statutory Reserves

- a.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	404,353	53.466	404,353	20.880
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations	351,931	46.534	351,931	18.173
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA				
1.512 Issued by FNMA and FHLMC				
1.513 Privately issued				
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC				
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523 All other privately issued				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3 Property held for sale (\$..... including property acquired in satisfaction of debt)				
6. Policy loans				
7. Receivables for securities				
8. Cash and short-term investments			1,180,295	60.947
9. Other invested assets				
10. Total invested assets	756,284	100.000	1,936,579	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[] No[X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[] No[] N/A[X]
- 1.3 State Regulating?
- 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:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2002.....
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2002.....
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).03/01/2003.....
- 3.4 By what department or departments?
Ohio Department of Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 - 4.11 sales of new business? Yes[] No[X]
 - 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 - 4.21 sales of new business? Yes[] No[X]
 - 4.22 renewals? Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement) Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[] No[X]
- 7.2 If yes,
 - 7.21 State the percentage of foreign control %
 - 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity
.....

GENERAL INTERROGATORIES (continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Plante & Moran, CPA's - 655 Metro Place South, Suite 500, Dublin, Ohio 43017
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Milliman USA - 15800 Bluemound Rd., Suite 400, Brookfield, WI 53005-6069
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? Yes[] No[] N/A[X]
 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[] No[] N/A[X]
 10.3 Have there been any changes made to any of the trust indentures during the year? Yes[] No[] N/A[X]
 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes?

BOARD OF DIRECTORS

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes[] No[X]
12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes[X] No[]
13. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person? Yes[X] No[]

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.11 To directors or other officers \$
 - 14.12 To stockholders not officers \$
 - 14.13 Trustees, supreme or grand (Fraternal only) \$
- 14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.21 To directors or other officers \$
 - 14.22 To stockholders not officers \$
 - 14.23 Trustees, supreme or grand (Fraternal only) \$
- 15.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes[] No[X]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
- 15.21 Rented from others \$
 - 15.22 Borrowed from others \$
 - 15.23 Leased from others \$
 - 15.24 Other \$
- Disclose in Notes to Financial the nature of each obligation.
- 16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes[] No[X]
- 16.2 If answer is yes:
- 16.21 Amount paid as losses or risk adjustment \$
 - 16.22 Amount paid as expenses \$
 - 16.23 Other amounts paid \$

GENERAL INTERROGATORIES (continued)

INVESTMENT

17. List the following capital stock information for the reporting entity:

	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
1. Preferred	Yes[] No[] N/A[X]	Yes[] No[] N/A[X]
2. Common	X X X	X X X	X X X

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes[] No[X]

18.2 If no, give full and complete information, relating thereto:
All investments are held by National City Bank, National City Investments

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 2 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1). Yes[] No[X]

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

19.21 Loaned to others	\$	
19.22 Subject to repurchase agreements	\$	
19.23 Subject to reverse repurchase agreements	\$	
19.24 Subject to dollar repurchase agreements	\$	
19.25 Subject to reverse dollar repurchase agreements	\$	
19.26 Pledged as collateral	\$	
19.27 Placed under option agreements	\$	
19.28 Letter stock or securities restricted as to sale	\$	
19.29 Other	\$	

19.3 For each category above, if any of these assets are held by other, identify by whom held:

- 19.31
- 19.32
- 19.33
- 19.34
- 19.35
- 19.36
- 19.37
- 19.38
- 19.39

For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....

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

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

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[] No[X]

21.2 If yes, state the amount thereof at December 31 of the current year. \$

22. 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[] No[X]

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

	1 Name of Custodian(s)	2 Custodian's Address
22.1001

GENERAL INTERROGATORIES (continued)

INVESTMENT

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

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

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year?

Yes [] No [X]

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
30509695	National City Investments	155 E. Broad St., Columbus, Ohio 43251 ..
30509515	National City Investments	155 E. Broad St., Columbus, Ohio 43251 ..

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

24.1 Amount of payments for legal expenses, if any?

\$

24.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes[] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only: \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
 - 1.31 Reason for excluding: \$
- 1.4 Indicate amount of premium earned attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$
- 1.6 Individual policies - Most current three years: \$
 - 1.61 Total premium earned \$
 - 1.62 Total incurred claims \$
 - 1.63 Number of covered lives \$
 - All years prior to most current three years: \$
 - 1.64 Total premium earned \$
 - 1.65 Total incurred claims \$
 - 1.66 Number of covered lives \$
- 1.7 Group policies - Most current three years: \$
 - 1.71 Total premium earned \$
 - 1.72 Total incurred claims \$
 - 1.73 Number of covered lives \$
 - All years prior to most current three years: \$
 - 1.74 Total premium earned \$
 - 1.75 Total incurred claims \$
 - 1.76 Number of covered lives \$
- 2.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes[] No[X]
- 2.2 If yes, give particulars:
- 3.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency? Yes[X] No[]
- 3.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes[] No[X]
- 4.1 Does the reporting entity have stop-loss reinsurance? Yes[X] No[]
- 4.2 If no, explain:
- 4.3 Maximum retained risk (see instructions): \$
 - 4.31 Comprehensive Medical \$
 - 4.32 Medical Only \$
 - 4.33 Medicare Supplement \$
 - 4.34 Dental \$
 - 4.35 Other Limited Benefit Plan \$
 - 4.36 Other \$
- 5. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
- 6.1 Does the reporting entity set up its claim liability for provider services on a service data base? Yes[X] No[]
- 6.2 If no, give details:
- 7. Provide the following information regarding participating providers:
 - 7.1 Number of providers at start of reporting year 852
 - 7.2 Number of providers at end of reporting year 742
- 8.1 Does the reporting entity have business subject to premium rate guarantees? Yes[] No[X]
- 8.2 If yes, direct premium earned:
 - 8.21 Business with rate guarantees between 15-36 months 0
 - 8.22 Business with rate guarantees over 36 months 0
- 9.1 Does the reporting entity have Bonus/Withhold Arrangements in its provider contracts? Yes[] No[X]
- 9.2 If yes: \$
 - 9.21 Maximum amount payable bonuses \$
 - 9.22 Amount actually paid for year bonuses \$
 - 9.23 Maximum amount payable withholds \$
 - 9.24 Amount actually paid for year withholds \$
- 10. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Fremont Service Area (Ottawa, seneca, Sandusky)

FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	4,271,989	9,831,210	11,475,850	22,816,330	17,826,038
2. Total liabilities (Page 3, Line 18)	2,377,874	6,667,924	8,989,595	19,495,472	15,066,673
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 26)	1,894,115	3,163,286	2,486,252	3,320,858	2,759,365
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	7,633,204	35,695,202	60,041,653	74,304,005	60,970,364
6. Total medical and hospital expenses (Line 17)	9,711,703	31,924,234	52,843,477	66,292,408	52,872,854
7. Total administrative expenses (Line 19)	1,139,219	3,757,526	6,669,477	10,647,836	8,046,726
8. Net underwriting gain (loss) (Line 22)	(3,217,718)	13,442	(622,408)	(284,069)	568,369
9. Net investment gain (loss) (Line 25)	50,884	111,300	448,609	297,323	176,709
10. Total other income (Lines 26 plus 27)					
11. Net income or (loss) (Line 30)	(3,166,834)	124,742	(173,799)	13,254	745,078
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	1,894,115	3,163,286	2,486,252	3,320,858	2,759,365
13. Authorized control level risk-based capital	752,182	2,249,966	2,290,898	2,374,295	1,788,893
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	3,644	12,865	16,155	37,586	40,403
15. Total members months (Column 6, Line 7)	44,990	182,481	322,447	443,316	452,667
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	127.2	89.4	88.0	89.2	86.7
18. Total underwriting deductions (Line 21)	142.2	100.0	101.0	86.1	85.9
19. Total underwriting gain (loss) (Line 22)	(42.2)	0.0	(1.0)	(3.8)	9.3
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	3,984,541	7,818,219	8,907,412	7,842,636	4,067,149
21. Estimated liability of unpaid claims-[prior year (Line 11, Col. 6)] ..	3,369,944	5,002,887	7,159,425	7,928,502	3,437,594

FIVE-YEAR HISTORICAL DATA (Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
26. Affiliated mortgage loans on real estate					
27. All other affiliated					
28. Total of above Lines 22 to 27					

SCHEDULE D - SUMMARY BY COUNTRY

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

Description	1	2	3	4
	Book/Adjusted Carrying Value	Fair Value (a)	Actual Cost	Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States 404,353	2. Canada 420,000	3. Other Countries 401,875	4. Totals 400,000
	2. Canada	3. Other Countries	4. Totals 401,875	400,000
States, Territories and Possessions (Direct and Guaranteed)	5. United States	6. Canada	7. Other Countries	8. Totals
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9. United States	10. Canada	11. Other Countries	12. Totals
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	14. Canada	15. Other Countries	16. Totals
Public Utilities (unaffiliated)	17. United States 251,373	18. Canada 259,560	19. Other Countries 249,899	20. Totals 252,000
	18. Canada	19. Other Countries	20. Totals 249,899	252,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 100,558	22. Canada 100,000	23. Other Countries 110,380	24. Totals 100,000
	22. Canada	23. Other Countries	24. Totals 110,380	100,000
Parent, Subsidiaries and Affiliates	25. Totals	26. Total Bonds 756,284	27. Total Preferred Stocks	28. Total Common Stocks
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States	28. Canada	29. Other Countries	30. Totals
Banks, Trust and Insurance Companies (unaffiliated)	31. United States	32. Canada	33. Other Countries	34. Totals
Industrial and Miscellaneous (unaffiliated)	35. United States	36. Canada	37. Other Countries	38. Totals
Parent, Subsidiaries and Affiliates	39. Totals	40. Total Preferred Stocks	41. Total Common Stocks	42. Total Stocks
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States	42. Canada	43. Other Countries	44. Totals
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	46. Canada	47. Other Countries	48. Totals
Industrial and Miscellaneous (unaffiliated)	49. United States	50. Canada	51. Other Countries	52. Totals
Parent, Subsidiaries and Affiliates	53. Totals	54. Total Common Stocks	55. Total Stocks	56. Total Bonds and Stocks 756,284
	54. Total Common Stocks	55. Total Stocks	56. Total Bonds and Stocks 762,154	756,284

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....

SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year. 353,971	6. Foreign Exchange Adjustment
2. Cost of bonds and stocks acquired, Column 6, Part 3. 401,875	6.1 Column 17, Part 1.
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Section 1.
3.1 Column 16, Part 1. 438	6.3 Column 11, Part 2, Section 2.
3.2 Column 12, Part 2, Section 1.	6.4 Column 11, Part 4.
3.3 Column 10, Part 2, Section 2.	7. Book/adjusted carrying value at end of current period. 756,284
3.4 Column 10, Part 4. 438	8. Total valuation allowance.
4. Total gain (loss), Column 14, Part 4.	9. Subtotal (Lines 7 plus 8). 756,284
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4.	10. Total nonadmitted assets.
	11. Statement value of bonds and stocks, current period. 756,284

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	State, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed (Yes or No)	Direct Business Only			6 Federal Employees Health Benefits Program Premiums
				3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	
1.	Alabama	AL	No	No			
2.	Alaska	AK	No	No			
3.	Arizona	AZ	No	No			
4.	Arkansas	AR	No	No			
5.	California	CA	No	No			
6.	Colorado	CO	No	No			
7.	Connecticut	CT	No	No			
8.	Delaware	DE	No	No			
9.	District of Columbia	DC	No	No			
10.	Florida	FL	No	No			
11.	Georgia	GA	No	No			
12.	Hawaii	HI	No	No			
13.	Idaho	ID	No	No			
14.	Illinois	IL	No	No			
15.	Indiana	IN	No	No			
16.	Iowa	IA	No	No			
17.	Kansas	KS	No	No			
18.	Kentucky	KY	No	No			
19.	Louisiana	LA	No	No			
20.	Maine	ME	No	No			
21.	Maryland	MD	No	No			
22.	Massachusetts	MA	No	No			
23.	Michigan	MI	No	No			
24.	Minnesota	MN	No	No			
25.	Mississippi	MS	No	No			
26.	Missouri	MO	No	No			
27.	Montana	MT	No	No			
28.	Nebraska	NE	No	No			
29.	Nevada	NV	No	No			
30.	New Hampshire	NH	No	No			
31.	New Jersey	NJ	No	No			
32.	New Mexico	NM	No	No			
33.	New York	NY	No	No			
34.	North Carolina	NC	No	No			
35.	North Dakota	ND	No	No			
36.	Ohio	OH	No	Yes	7,846,728		
37.	Oklahoma	OK	No	No			
38.	Oregon	OR	No	No			
39.	Pennsylvania	PA	No	No			
40.	Rhode Island	RI	No	No			
41.	South Carolina	SC	No	No			
42.	South Dakota	SD	No	No			
43.	Tennessee	TN	No	No			
44.	Texas	TX	No	No			
45.	Utah	UT	No	No			
46.	Vermont	VT	No	No			
47.	Virginia	VA	No	No			
48.	Washington	WA	No	No			
49.	West Virginia	WV	No	No			
50.	Wisconsin	WI	No	No			
51.	Wyoming	WY	No	No			
52.	American Samoa	AS	No	No			
53.	Guam	GU	No	No			
54.	Puerto Rico	PR	No	No			
55.	U.S. Virgin Islands	VI	No	No			
56.	Canada	CN	No	No			
57.	Aggregate other alien	OT	X X X	X X X			
58.	TOTAL (Direct Business)	X X X	(a)..... 1		7,846,728		

DETAILS OF WRITE-INS								
5701								
5702								
5703								
5798.	Summary of remaining write-ins for Line 57 from overflow page							
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)							

(a) Insert the number of yes responses except for Canada and Other Alien.
 Explanation of basis of allocation of premiums by states, etc.:

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