



**HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2002**
OF THE CONDITION AND AFFAIRS OF THE
DAYTON AREA HEALTH PLAN

NAIC Group Code _____ (Current Period) NAIC Company Code 95201 Employer's ID Number 31-1143265
(Prior Period)

Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States of America

Licensed as business type: Life, Accident & Health [] Property/Casualty [] Dental Service Corporation []
Vision Service Corporation [] Other [] Health Maintenance Organization [X]
Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]
Incorporated 06/12/1985 Commenced Business 10/01/1988

Statutory Home Office ONE SOUTH MAIN STREET, DAYTON, OH 45402
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office ONE SOUTH MAIN STREET
(Street and Number) DAYTON, OH 45402 937-224-3300
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address ONE SOUTH MAIN STREET, DAYTON, OH 45402
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records ONE SOUTH MAIN STREET
(Street and Number) DAYTON, OH 45402 937-531-2229
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.caresource.com

Statement Contact RAYMOND DEBROSSE 937-531-2229
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(E-mail Address) (FAX Number)

Policyowner Relations Contact _____
(Street and Number) _____
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

President PAMELA B. MORRIS Secretary/Treasurer WILLIAM F. MARSTELLER
Chairperson ELLEN LEFFAK

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

MORRIS L BROWN MD PAMELA B. MORRIS MORTON NELSON MD
ELLEN LEFFAK WILLIAM F. MARSTELLER

State of _____ }
County of _____ } ss

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

PAMELA B. MORRIS WILLIAM F. MARSTELLER ELLEN LEFFAK
PRESIDENT SECRETARY/TREASURER CHAIRPERSON

Subscribed and sworn to before me this _____ day of _____ 2003

- a. Is this an original filing? Yes [X] No []
b. If no
1. State the amendment number
2. Date filed 03/01/2003
3. Number of pages attached

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE DAYTON AREA HEALTH PLAN DBA CARESOURCE

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds	57,630,196		57,630,196	38,818,726
2. Stocks:				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			(a) 0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$37,374,317 , Schedule E - Part 1) and short-term investments (\$3,509,743 , Schedule DA - Part 2)	40,884,060		40,884,060	21,041,565
6. Other long-term invested assets	0		0	0
7. Receivable for securities			0	0
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	98,514,256	0	98,514,256	59,860,291
10. Accident and health premiums due and unpaid	4,049,959		4,049,959	2,997,396
11. Health care receivables	4,301,841		4,301,841	596,193
12. Amounts recoverable from reinsurers	1,087,183		1,087,183	303,617
13. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
14. Investment income due and accrued	787,590		787,590	370,049
15. Amounts due from parent, subsidiaries and affiliates			0	0
16. Amounts receivable relating to uninsured accident and health plans			0	0
17. Furniture and equipment	624,628		624,628	474,307
18. Amounts due from agents			0	0
19. Federal and foreign income tax recoverable and interest thereon (including \$ net deferred tax asset)			0	0
20. Electronic data processing equipment and software	2,251,821	0	2,251,821	1,201,196
21. Other nonadmitted assets	1,010,332	1,010,332	0	0
22. Aggregate write-ins for other than invested assets	0	0	0	0
23. Total assets (Lines 9 plus 10 through 22)	112,627,610	1,010,332	111,617,278	65,803,049
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
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. RESTRICTED CASH.....			0	0
2202.				
2203.				
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) \$ 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)	37,270,000		37,270,000	23,226,695
2. Accrued medical incentive pool and bonus payments			0	0
3. Unpaid claims adjustment expenses	913,905		913,905	2,529,084
4. Aggregate policy reserves			0	0
5. Aggregate claim reserves			0	0
6. Premiums received in advance	35,794,850		35,794,850	24,129,851
7. General expenses due or accrued	3,655,618		3,655,618	0
8. Federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability)			0	0
9. Amounts withheld or retained for the account of others			0	0
10. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
11. Amounts due to parent, subsidiaries and affiliates			0	0
12. Payable for securities			0	0
13. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
14. Reinsurance in unauthorized companies			0	0
15. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
16. Liability for amounts held under uninsured accident and health plans			0	0
17. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
18. Total liabilities (Lines 1 to 17).....	77,634,373	0	77,634,373	49,885,630
19. Common capital stock	XXX	XXX		0
20. Preferred capital stock	XXX	XXX		0
21. Gross paid in and contributed surplus	XXX	XXX		0
22. Surplus notes	XXX	XXX		0
23. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
24. Unassigned funds (surplus)	XXX	XXX	33,982,905	15,917,425
25. Less treasury stock, at cost:				
25.1 shares common (value included in Line 19 \$)	XXX	XXX		0
25.2 shares preferred (value included in Line 20 \$)	XXX	XXX		0
26. Total capital and surplus (Lines 19 to 24 Less 25)	XXX	XXX	33,982,905	15,917,425
27. Total liabilities, capital and surplus (Lines 18 and 26)	XXX	XXX	111,617,278	65,803,055
DETAILS OF WRITE-INS				
1701.				
1702.				
1703.				
1798. Summary of remaining write-ins for Line 17 from overflow page	0	0	0	0
1799. Totals (Lines 1701 thru 1703 plus 1798) (Line 17 above)	0	0	0	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
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		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	2,469,454	1,405,870
2. Net premium income	XXX	373,116,251	194,942,201
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Total revenues (Lines 2 to 6)	XXX	373,116,251	194,942,201
Medical and Hospital:			
8. Hospital/medical benefits		287,169,467	151,681,734
9. Other professional services			24,065,912
10. Outside referrals			0
11. Emergency room and out-of-area			0
12. Prescription Drugs		48,292,801	
13. Aggregate write-ins for other medical and hospital	0	0	0
14. Incentive pool and withhold adjustments			0
15. Subtotal (Lines 8 to 14)	0	335,462,268	175,747,646
Less:			
16. Net reinsurance recoveries		(2,283,254)	(1,317,120)
17. Total medical and hospital (Lines 15 minus 16)	0	337,745,522	177,064,766
18. Claims adjustment expenses		6,213,230	12,750,977
19. General administrative expenses		13,558,582	1,416,779
20. Increase in reserves for accident and health contracts			0
21. Total underwriting deductions (Lines 17 through 20)	0	357,517,334	191,232,522
22. Net underwriting gain or (loss) (Lines 7 minus 21)	XXX	15,598,917	3,709,679
23. Net investment income earned		2,958,346	1,793,877
24. Net realized capital gains or (losses)		(61,595)	134,837
25. Net investment gains or (losses) (Lines 23 + 24)	0	2,896,751	1,928,714
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
27. Aggregate write-ins for other income or expenses	0	0	23,843
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)	0	18,495,668	5,662,236
29. Federal and foreign income taxes incurred	XXX		0
30. Net income (loss) (Lines 28 minus 29)	XXX	18,495,668	5,662,236
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
1301.			
1302.			
1303.			
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	0
2701. OTHER REVENUE.....			23,843
2702.			
2703.			
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	23,843

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
31. Capital and surplus prior reporting year	15,917,420	10,577,417
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
32. Net income or (loss) from Line 30	18,495,668	5,662,236
33. Change in valuation basis of aggregate policy and claim reserve		0
34. Net unrealized capital gains and losses		0
35. Change in net unrealized foreign exchange capital gain or (loss)		0
36. Change in net deferred income tax		0
37. Change in nonadmitted assets	(430,183)	(322,233)
38. Change in unauthorized reinsurance	0	0
39. Change in treasury stock		0
40. Change in surplus notes	0	0
41. Cumulative effect of changes in accounting principles		0
42. Capital Changes:		
42.1 Paid in		0
42.2 Transferred from surplus (Stock Dividend)		0
42.3 Transferred to surplus		0
43. Surplus adjustments:		
43.1 Paid in		0
43.2 Transferred to capital (Stock Dividend)		0
43.3 Transferred from capital		0
44. Dividends to stockholders		0
45. Aggregate write-ins for gains or (losses) in surplus	0	0
46. Net change in capital & surplus (Lines 32 to 45)	18,065,485	5,340,003
47. Capital and surplus end of reporting year (Line 31 plus 46)	33,982,905	15,917,420
DETAILS OF WRITE-INS		
4501.		
4502.		
4503.		
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)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums and revenues collected net of reinsurance	381,445,433	17,877,435
2. Claims and claims adjustment expenses	329,130,039	12,750,977
3. General administrative expenses paid	9,902,964	1,416,779
4. Other underwriting income (expenses)	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	42,412,430	3,709,679
6. Net investment income	2,896,751	1,793,877
7. Other income (expenses)	0	23,843
8. Federal and foreign income taxes (paid) recovered	0	0
9. Net cash from operations (Lines 5 to 8)	45,309,181	5,527,399
Cash from Investments		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds	49,570,732	27,709,755
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	0	134,837
10.7 Miscellaneous proceeds	0	0
10.8 Total investment proceeds (Lines 10.1 to 10.7)	49,570,732	27,844,592
11. Cost of investments acquired (long-term only):		
11.1 Bonds	68,563,458	49,126,222
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)	68,563,458	49,126,222
12. Net Cash from investments (Line 10.8 minus Line 11.7)	(18,992,726)	(21,281,630)
Cash from Financing and Miscellaneous Sources		
13. Cash provided:		
13.1 Surplus notes, capital and surplus paid in	0	0
13.2 Net transfers from affiliates	0	0
13.3 Borrowed funds received	0	0
13.4 Other cash provided	2,770,443	27,801,734
13.5 Total (Lines 13.1 to 13.4)	2,770,443	27,801,734
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	9,244,394	0
14.5 Total (Lines 14.1 to 14.4)	9,244,394	0
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	(6,473,951)	27,801,734
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	19,842,504	12,047,503
17. Cash and short-term investments:		
17.1 Beginning of year	21,041,556	8,994,053
17.2 End of year (Line 16 plus Line 17.1)	40,884,060	21,041,556

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE DAYTON AREA HEALTH PLAN DBA CARESOURCE

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 Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other
1. Net premium income	373,116,251								373,116,251				
2. Change in unearned premium reserves and reserve for rate credit	0												
3. Fee-for-service (net of \$ medical expenses)	0												
4. Risk revenue	0												
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Total revenues (Lines 1 to 5)	373,116,251	0	0	0	0	0	0	0	373,116,251	0	0	0	0
7. Medical/hospital benefits	287,169,467								287,169,467				
8. Other professional services	0												
9. Outside referrals	0												
10. Emergency room and out-of-area	0												
11. Prescription Drugs	48,292,801								48,292,801				
12. Aggregate write-ins for other medical and hospital	0	0	0	0	0	0	0	0	0	0	0	0	0
13. Incentive pool and withhold adjustments	0												
14. Subtotal (Lines 7 to 13)	335,462,268	0	0	0	0	0	0	0	335,462,268	0	0	0	0
15. Net reinsurance recoveries	(2,283,254)								(2,283,254)				
16. Total medical and hospital (Lines 14 minus 15)	337,745,522	0	0	0	0	0	0	0	337,745,522	0	0	0	0
17. Claims adjustment expenses	6,213,230								6,213,230				
18. General administrative expenses	13,558,582								13,558,582				
19. Increase in reserves for accident and health contracts	0												
20. Total underwriting deductions (Lines 16 to 19)	357,517,334	0	0	0	0	0	0	0	357,517,334	0	0	0	0
21. Total underwriting gain or (loss) (Line 6 minus Line 20)	15,598,917	0	0	0	0	0	0	0	15,598,917	0	0	0	0
DETAILS OF WRITE-INS													
0501.													
0502.													
0503.													
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0	0
1201.													
1202.													
1203.													
1298. Summary of remaining write-ins for Line 12 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	0
1299. Totals (Lines 1201 thru 1203 plus 1298) (Line 12 above)	0	0	0	0	0	0	0	0	0	0	0	0	0

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STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE DAYTON AREA HEALTH PLAN DBA CARESOURCE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (medical and hospital) .....				.0
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan Premiums .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....	377,115,801		3,999,550	373,116,251
8. Other .....				.0
9. Totals	377,115,801	0	3,999,550	373,116,251

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE DAYTON AREA HEALTH PLAN DBA CARESOURCE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (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	321,418,963							321,418,963	
1.2 Reinsurance assumed .....	.0								
1.3 Reinsurance ceded	(3,066,820)							(3,066,820)	
1.4 Net	324,485,783	.0	.0	.0	.0	.0	.0	324,485,783	.0
2. Paid medical incentive pools and bonuses .....	.0								
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	37,270,000	.0	.0	.0	.0	.0	.0	37,270,000	.0
3.3 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net	37,270,000	.0	.0	.0	.0	.0	.0	37,270,000	.0
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct .....	.0								
4.2 Reinsurance assumed .....	.0								
4.3 Reinsurance ceded .....	.0								
4.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Accrued medical incentive pools and bonuses, current year .....	.0								
6. Amounts recoverable from reinsurers December 31, current year	1,087,183							1,087,183	
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	23,226,695	.0	.0	.0	.0	.0	.0	23,226,695	.0
7.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7.4 Net	23,226,695	.0	.0	.0	.0	.0	.0	23,226,695	.0
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
9. Accrued medical incentive pools and bonuses, prior year .....	.0								
10. Amounts recoverable from reinsurers December 31, prior year	303,617							303,617	
11. Incurred Benefits:									
11.1 Direct	335,462,268	.0	.0	.0	.0	.0	.0	335,462,268	.0
11.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
11.3 Reinsurance ceded	(2,283,254)	.0	.0	.0	.0	.0	.0	(2,283,254)	.0
11.4 Net	337,745,522	.0	.0	.0	.0	.0	.0	337,745,522	.0
12. Incurred medical incentive pools and bonuses0	.0	.0	.0	.0	.0	.0	.0	.0

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STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE DAYTON AREA HEALTH PLAN DBA CARESOURCE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (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	9,595,134							9,595,134	
1.2. Reinsurance assumed .....	.0								
1.3. Reinsurance ceded .....	.0								
1.4. Net	9,595,134	.0	.0	.0	.0	.0	.0	9,595,134	.0
2. Incurred but Unreported:									
2.1. Direct .....	.0								
2.2. Reinsurance assumed	27,674,866							27,674,866	
2.3. Reinsurance ceded .....	.0								
2.4. Net	27,674,866	.0	.0	.0	.0	.0	.0	27,674,866	.0
3. Amounts Withheld from Paid Claims and Capitations:									
3.1. Direct .....	.0								
3.2. Reinsurance assumed .....	.0								
3.3. Reinsurance ceded .....	.0								
3.4. Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. TOTALS:									
4.1. Direct	9,595,134	.0	.0	.0	.0	.0	.0	9,595,134	.0
4.2. Reinsurance assumed	27,674,866	.0	.0	.0	.0	.0	.0	27,674,866	.0
4.3. Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.4. Net	37,270,000	0	0	0	0	0	0	37,270,000	0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE DAYTON AREA HEALTH PLAN DBA CARESOURCE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	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		
1. Comprehensive (medical and hospital) .....					.0	.0
2. Medicare Supplement .....					.0	.0
3. Dental Only.....					.0	.0
4. Vision Only.....					.0	.0
5. Federal Employees Health Benefits Plan Premiums .....					.0	.0
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid.....	23,553,559	300,148,658	.0	37,270,000	23,553,559	23,226,695
8. Other .....					.0	.0
9. Subtotal	23,553,559	300,148,658	.0	37,270,000	23,553,559	23,226,695
10. Medical incentive pools, accruals and disbursements .....					.0	.0
11. Totals	23,553,559	300,148,658	0	37,270,000	23,553,559	23,226,695

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE DAYTON AREA HEALTH PLAN DBA CARESOURCE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

Section A - Paid Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior .....	.0	.0	.0	.0	.0
2. 1998	11,013	.0	.0	.0	.0
3. 1999	XXX	9,425	.0	.0	.0
4. 2000	XXX	XXX	7,952	.0	.0
5. 2001	XXX	XXX	XXX	8,417	.0
6. 2002	XXX	XXX	XXX	XXX	.0

Section B - Incurred Claims- Title XIX Medicaid

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 .....	.0	.0	.0	.0	.0
2. 1998	12,636	.0	.0	.0	.0
3. 1999	XXX	10,676	.0	.0	.0
4. 2000	XXX	XXX	7,500	.0	.0
5. 2001	XXX	XXX	XXX	8,516	.0
6. 2002	XXX	XXX	XXX	XXX	.0

Section C – Incurred Year Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim 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 Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1998.....	XXX			XXX	.0	XXX			.0	XXX
2. 1998.....	.84,855	.64,505		0.0	.64,505	.76.0	.0		.64,505	.76.0
3. 1999.....	.86,829	.68,625		0.0	.68,625	.79.0	.0		.68,625	.79.0
4. 2000.....	.94,563	.72,478		0.0	.72,478	.76.6	.0		.72,478	.76.6
5. 2001.....	194,942	152,520	9,478	6.2	161,998	83.1	.0	.0	161,998	83.1
6. 2002.....	373,116	305,475	6,914	2.3	312,389	83.7	37,270	913	350,572	94.0
7. Total (Lines 1 through 6)	XXX	663,603	16,392	XXX	679,995	XXX	37,270	913	718,178	XXX
8. Total (Lines 2 through 6)	834,305	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE DAYTON AREA HEALTH PLAN DBA CARESOURCE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

Section A - Paid Claims- Grand Total

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior .....	.0	.0	.0	.0	.0
2. 1998	11,013	.0	.0	.0	.0
3. 1999	XXX	9,425	.0	.0	.0
4. 2000	XXX	XXX	7,952	.0	.0
5. 2001	XXX	XXX	XXX	8,417	.0
6. 2002	XXX	XXX	XXX	XXX	0

Section B - Incurred Claims - Grand Total

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 .....	.0	.0	.0	.0	.0
2. 1998	12,636	.0	.0	.0	.0
3. 1999	XXX	10,676	.0	.0	.0
4. 2000	XXX	XXX	7,500	.0	.0
5. 2001	XXX	XXX	XXX	8,516	.0
6. 2002	XXX	XXX	XXX	XXX	0

Section C – Incurred Year Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1998.....	XXX	.0	.0	XXX	.0	XXX	.0	.0	.0	XXX
2. 1998.....	.84,855	.64,505	.0	.0	.64,505	.76	.0	.0	.64,505	.76
3. 1999.....	.86,829	.68,625	.0	.0	.68,625	.79	.0	.0	.68,625	.79
4. 2000.....	.94,563	.72,478	.0	.0	.72,478	.76	.0	.0	.72,478	.76
5. 2001.....	194,942	152,520	9,478	6.2	161,998	83.1	.0	.0	161,998	83.1
6. 2002.....	373,116	305,475	6,914	2.3	312,389	83.7	37,270	913	350,572	94.0
7. Total (Lines 1 through 6)	XXX	663,603	16,392	XXX	679,995	XXX	37,270	913	718,178	XXX
8. Total (Lines 2 through 6)	834,305	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE DAYTON AREA HEALTH PLAN DBA CARESOURCE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
POLICY RESERVE									
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$ for investment income)									
5. Aggregate write-ins for other policy reserves									
6. Totals (Gross)									
7. Reinsurance ceded									
8. Totals (Net)(Page 3, Line 4)									
CLAIM RESERVE									
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. Totals (Gross)									
13. Reinsurance ceded									
14. Totals (Net)(Page 3, Line 5)									
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)									

NONE

(a) Includes \$ premium deficiency reserve.

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE DAYTON AREA HEALTH PLAN DBA
CARESOURCE**

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES**

	1 Claim Adjustment Expenses	2 General Administration Expenses	3 Investment Expenses	4 Total
1. Rent (\$ for occupancy of own building).....	227,363	401,256		628,619
2. Salaries, wages and other benefits.....	3,251,956	7,099,818		10,351,774
3. Commissions (less \$ ceded plus \$ assumed).....				.0
4. Legal fees and expenses.....	24,734	98,937		123,671
5. Certifications and accreditation fees.....				.0
6. Auditing, actuarial and other consulting services.....	37,831	151,322		189,153
7. Traveling expenses.....	46,399	140,698		187,097
8. Marketing and advertising.....	74,115	293,875		367,990
9. Postage, express and telephone.....	487,663	714,321		1,201,984
10. Printing and office supplies.....	5,720	21,611		27,331
11. Occupancy, depreciation and amortization.....	67,399	196,441		263,840
12. Equipment.....	8,356	9,394		17,750
13. Cost or depreciation of EDP equipment and software.....	268,439	644,442		912,881
14. Outsourced services including EDP, claims, and other services.....	16,207	24,311		40,518
15. Boards, bureaus and association fees.....	22,683	80,894		103,577
16. Insurance, except on real estate.....	46,016	183,275		229,291
17. Collection and bank service charges.....	18,849	75,396		94,245
18. Group service and administration fees.....				.0
19. Reimbursements by uninsured accident and health plans.....				.0
20. Reimbursements from fiscal intermediaries.....				.0
21. Real estate expenses.....				.0
22. Real estate taxes.....				.0
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes.....				.0
23.2 State premium taxes.....				.0
23.3 Regulatory authority licenses and fees.....				.0
23.4 Payroll taxes.....	220,837	472,719		693,556
23.5 Other (excluding federal income and real estate taxes).....				.0
24. Investment expenses not included elsewhere.....				.0
25. Aggregate write-ins for expenses.....	1,388,663	2,949,872	0	4,338,535
26. Total expenses incurred (Lines 1 to 25).....	6,213,230	13,558,582	.0	(a) .....19,771,812
27. Add expenses unpaid December 31, prior year.....	2,529,084	.0		2,529,084
28. Less expenses unpaid December 31, current year.....	913,905	3,655,618		4,569,523
29. Amounts receivable related to uninsured accident and health plans, prior year.....				.0
30. Amounts receivable related to uninsured accident and health plans, current year.....				.0
31. Total expenses paid (Lines 26 + 27 - 28 - 29 + 30)	7,828,409	9,902,964	0	17,731,373
DETAIL OF WRITE-INS				
2501. Tuition Reimbursement.....	7,208	13,306		20,514
2502. Conferences.....	40,765	70,097		110,862
2503. Meetings/Meals.....	6,015	22,177		28,192
2598. Summary of remaining write-ins for Line 25 from overflow page.....	1,334,675	2,844,292	.0	4,178,967
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	1,388,663	2,949,872	0	4,338,535

(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) 1,299,574	1,298,524
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 1,528,383	1,980,936
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) 340,796	306,834
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	(665,701)
10. Total gross investment income	3,168,753	2,920,593
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		0
16. Total (Lines 11 through 15)		0
17. Net Investment Income - (Line 10 minus Line 16)		2,920,593
DETAILS OF WRITE-INS		
0901. Amortization	0	(233,021)
0902. Purchased Interest		(432,680)
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	(665,701)
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ accrual of discount less \$ amortization of premium and less \$ 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 excludes \$ 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 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds	(61,595)				(61,595)
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)					0
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)					0
2.21 Common stocks of affiliates					0
3. Mortgage loans					0
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments					0
7. Derivative instruments					0
8. Other invested assets					0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	(61,595)	0	0	0	(61,595)
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

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	0	0	0
2. Other Non-Admitted Assets:			
2.1 Bills receivable.....		0	0
2.2 Leasehold improvements.....	607,086	370,912	(236,174)
2.3 Cash advanced to or in hands of officers and agents.....		0	0
2.4 Loans on personal security, endorsed or not.....			0
2.5 Commuted commissions.....			0
3. Total (Lines 2.1 to 2.5)	607,086	370,912	(236,174)
4. Aggregate write-ins for other assets.....	403,246	209,227	(194,019)
5. Total (Line 1 plus Lines 3 and Line 4)	1,010,332	580,139	(430,193)
0401. Prepaid Expense.....	403,246	209,227	(194,019)
0402.		0	0
0403.			
0498. Summary of remaining write-ins for Line 4 from overflow page	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	403,246	209,227	(194,019)

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE DAYTON AREA HEALTH PLAN DBA CARESOURCE

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.....	171,860	182,710	204,556	214,286	245,731	2,469,454
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	171,860	182,710	204,556	214,286	245,731	2,469,454
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

Non-Admitted Computer Equipment			
Capital and Surplus at 9/30/02	30,347,623		
Less:			
EDP Equipment	<u>2,251,821</u>		
Adjusted Capital and Surplus	28,095,802		
3% Limit	842,874		
Total EDP Equipment	2,251,821		
Admitted Asset	<u>842,874</u>		
Non Admitted Asset	1,408,947		
Surplus before reduction for EDP Equip	33,982,905		
Non Admitted portion of EDP Equipment	<u>1,408,947</u>		
Adjustment Surplus	32,573,958		

Per Mr. Martindale's e-mail, CareSource utilizes codification with regards to all accounting procedures with the exception of fixed assets where permitted practices as outlined in 1751.28 are utilized. The effect of this practice is outlined above.

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		0.000		0.000
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies	16,886,178	17.141	16,886,178	17.141
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA		0.000		0.000
1.512 Issued by FNMA and FHLMC		0.000		0.000
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC		0.000		0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC		0.000		0.000
1.523 All other privately issued	40,744,018	41.358	40,744,018	41.358
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.000		0.000
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash and short-term investments	40,884,060	41.501	40,884,060	41.501
9. Other invested assets		0.000		0.000
10. Total invested assets	98,514,256	100.000	98,514,256	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 [] NA [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.06/30/2002
- 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.12/31/1996
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).06/13/1997
- 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 or 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?
 Deloitte & Touche LLP, 1700 Courthouse Plaza Northeast, Dayton, Oh. 45402-1788.....
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?
 Timothy Bustafson FSA, MAAA, Principal, Deloitte & Touche LLP, 180 N. Stetson Ave., Chicago, Il. 60601-6779.....
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?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

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 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 .. | \$0 |
| | 14.12 To stockholders not officers ... | \$0 |
| | 14.13 Trustees, supreme or grand (Fraternal only) | \$0 |
- 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 ... | \$0 |
| | 14.22 To stockholders not officers | \$0 |
| | 14.23 Trustees, supreme or grand (Fraternal only) | \$0 |
- 15.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this 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 Statements the nature of each of these obligations.
- 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:

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred					[]	[]	[]	[]
Common				XXX	XXX	XXX	XXX	XXX

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 [X] No []

18.2 If no, give full and complete information relating thereto:

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 the 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 other securities restricted as to sale	\$	.....
19.29	Other	\$	.....

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

19.31	19.35
19.32	19.36
19.33	19.37
19.34	19.38
	19.39

For categories (19.21) and (19.23) above, and for any other 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 [] NA [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 [X] No []

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

1 Name of Custodian(s)	2 Custodian's Address
National City Bank.....	6 N. Main St., Dayton, Oh 45402.....
McDonald Investments.....	800 Superior Ave., Cleveland, Oh 44114-2603.....
Fifth Third Bank.....	38 Fountain Square Plaza, Cincinnati, Oh 45263.....

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 []

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

1 Central Registration Depository Number(s)	2 Name	3 Address

OTHER

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
Ohio Association of Health Plans.....	\$.....26,789
American Association of Health Plans.....	\$.....60,000

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 payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Young and Alexander.....	\$.....96,484
	\$.....
	\$.....

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

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

1 Name	2 Amount Paid
	\$.....
	\$.....
	\$.....

GENERAL INTERROGATORIES

(continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] 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 earned premium 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 \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives \$0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives \$0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0
- 2.1 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 []
- 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 \$251,250
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:
 Hold harmless clause in contracts, stop loss insurance, insolvency insurance
- 6.1 Does the reporting entity set up its claim liability for provider services on a service data base? Yes [] 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 6,201
- 7.2 Number of providers at end of reporting year 6,500
- 8.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No []
- 8.2 If yes, direct premium earned:
- 8.21 Business with rate guarantees between 15-36 months
- 8.22 Business with rate guarantees over 36 months
- 9.1 Does the reporting entity have Bonus/Withhold Arrangements in its provider contract? Yes [] No []
- 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
.....
.....
.....
.....

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)	111,617,278	65,803,049	29,063,083	24,841,223	26,336,753
2. Total liabilities (Page 3, Line 18)	77,634,373	49,885,630	18,485,666	15,746,572	17,991,056
3. Statutory surplus	0	0	0	0	0
4. Total capital and surplus (Page 3, Line 26)	33,982,905	15,917,419	10,577,417	9,094,651	8,345,697
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	373,116,251	194,942,201	94,563,194	86,829,770	84,855,091
6. Total medical and hospital expenses (Line 17)	337,745,522	175,747,646	80,993,833	76,125,365	75,181,340
7. Total administrative expenses (Line 19)	13,558,582	1,416,779	12,049,168	10,008,252	8,227,428
8. Net underwriting gain (loss) (Line 22)	15,598,917	3,709,679	507,032	(425,994)	(782,922)
9. Net investment gain (loss) (Line 25)	2,896,751	1,928,714	1,013,161	1,062,147	1,229,245
10. Total other income (Lines 26 plus 27)	0	23,843	0	60,000	1,000,000
11. Net income (loss) (Line 30)	18,495,668	5,662,236	1,520,193	696,153	1,446,323
RISK - BASED CAPITAL ANALYSIS					
12. Total adjusted capital	33,982,905	15,917,425	10,577,417	9,094,649	0
13. Authorized control level risk-based capital	12,747,819	6,874,545	3,790,381	2,869,327	0
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	245,731	171,860	74,026	59,332	54,005
15. Total member months (Column 6, Line 7)	2,469,454	1,405,870	728,010	689,868	684,911
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Line 2, 3 and 5)					
16. Premiums earned (Line 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	90.5	90.2	86.6	88.8	93.0
18. Total underwriting deductions (Line 21)	95.8	98.1	0.0	0.0	0.0
19. Total underwriting gain (loss) (Line 22)	4.2	1.9	0.5	(0.5)	(0.9)
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	23,553,559	8,416,949	7,952,397	9,424,948	11,013,128
21. Estimated liability of unpaid claims – [prior year (Line 11, Col. 6)]	23,226,695	8,515,716	7,500,000	10,675,716	12,635,868

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)	0	0	0	0	0
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
26. Affiliated mortgage loans on real estate		0	0	0	0
27. All other affiliated		0	0	0	0
28. Total of above Lines 22 to 27	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States 16,886,178	16,886,178	16,899,299	16,757,380
	2. Canada 0	0	0	0
	3. Other Countries 0	0	0	0
	4. Totals 16,886,178	16,886,178	16,899,299	16,757,380
States, Territories and Possessions (Direct and guaranteed)	5. United States 0	0	0	0
	6. Canada 0	0	0	0
	7. Other Countries 0	0	0	0
	8. Totals 0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 0	0	0	0
	10. Canada 0	0	0	0
	11. Other Countries 0	0	0	0
	12. Totals 0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States 0	0	0	0
	14. Canada 0	0	0	0
	15. Other Countries 0	0	0	0
	16. Totals 0	0	0	0
Public Utilities (unaffiliated)	17. United States 0	0	0	0
	18. Canada 0	0	0	0
	19. Other Countries 0	0	0	0
	20. Totals 0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 40,744,018	40,744,018	40,956,499	39,720,000
	22. Canada 0	0	0	0
	23. Other Countries 0	0	0	0
	24. Totals 40,744,018	40,744,018	40,956,499	39,720,000
Parent, Subsidiaries and Affiliates	25. Totals 0	0	0	0
	26. Total Bonds 57,630,196	57,630,196	57,855,798	56,477,380
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States 0	0	0	
	28. Canada 0	0	0	
	29. Other Countries 0	0	0	
	30. Totals 0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States 0	0	0	
	32. Canada 0	0	0	
	33. Other Countries 0	0	0	
	34. Totals 0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States 0	0	0	
	36. Canada 0	0	0	
	37. Other Countries 0	0	0	
	38. Totals 0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals 0	0	0	
	40. Total Preferred Stocks 0	0	0	
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States 0	0	0	
	42. Canada 0	0	0	
	43. Other Countries 0	0	0	
	44. Totals 0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 0	0	0	
	46. Canada 0	0	0	
	47. Other Countries 0	0	0	
	48. Totals 0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States 0	0	0	
	50. Canada 0	0	0	
	51. Other Countries 0	0	0	
	52. Totals 0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals 0	0	0	
	54. Total Common Stocks 0	0	0	
	55. Total Stocks 0	0	0	
	56. Total Bonds and Stocks 57,630,196	57,630,196	57,855,798	

(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 38,818,725	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 68,563,458	6.1 Column 17, Part 1 0
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Sec. 1 0
3.1 Column 16, Part 1 (119,660)	6.3 Column 11, Part 2, Sec. 2 0
3.2 Column 12, Part 2, Sec. 1 0	6.4 Column 11, Part 4 0
3.3 Column 10, Part 2, Sec. 2 0	
3.4 Column 10, Part 4 0	
4. Total gain (loss), Col. 14, Part 4 (61,595)	7. Book/adjusted carrying value at end of current period 57,630,196
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 49,570,732	8. Total valuation allowance 0
	9. Subtotal (Lines 7 plus 8) 57,630,196
	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 57,630,196

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only			
			3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums
1. Alabama	AL					
2. Alaska	AK					
3. Arizona	AZ					
4. Arkansas	AR					
5. California	CA					
6. Colorado	CO					
7. Connecticut	CT					
8. Delaware	DE					
9. District of Columbia	DC					
10. Florida	FL					
11. Georgia	GA					
12. Hawaii	HI					
13. Idaho	ID					
14. Illinois	IL					
15. Indiana	IN					
16. Iowa	IA					
17. Kansas	KS					
18. Kentucky	KY					
19. Louisiana	LA					
20. Maine	ME					
21. Maryland	MD					
22. Massachusetts	MA					
23. Michigan	MI					
24. Minnesota	MN					
25. Mississippi	MS					
26. Missouri	MO					
27. Montana	MT					
28. Nebraska	NE					
29. Nevada	NV					
30. New Hampshire	NH					
31. New Jersey	NJ					
32. New Mexico	NM					
33. New York	NY					
34. North Carolina	NC					
35. North Dakota	ND					
36. Ohio	OH	No			373,116,251	
37. Oklahoma	OK					
38. Oregon	OR					
39. Pennsylvania	PA					
40. Rhode Island	RI					
41. South Carolina	SC					
42. South Dakota	SD					
43. Tennessee	TN					
44. Texas	TX					
45. Utah	UT					
46. Vermont	VT					
47. Virginia	VA					
48. Washington	WA					
49. West Virginia	WV					
50. Wisconsin	WI					
51. Wyoming	WY					
52. American Samoa	AS					
53. Guam	GU					
54. Puerto Rico	PR					
55. U.S. Virgin Islands	VI					
56. Canada	CN					
57. Aggregate other alien	OT	XXX	XXX	0	0	0
58. Total (Direct Business)	XXX	(a) 1	0	0	373,116,251	0
DETAILS OF WRITE-INS						
5701.						
5702.						
5703.						
5798. Summary of remaining write-ins for Line 57 from overflow page			0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)			0	0	0	0

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

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

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

PART 1 - ORGANIZATIONAL CHART

