



ANNUAL STATEMENT

For the Year Ending December 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

KAISER FOUNDATION HEALTH PLAN OF OHIO

NAIC Group Code 0000 , 0000 NAIC Company Code 95204 Employer's ID Number 34-0922268
(Current Period) (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[] Hospital, Medical & Dental Service or Indemnity[]
 Dental Service Corporation[] Vision Service Corporation[] Health Maintenance Organization[X]
 Other[] Is HMO Federally Qualified? Yes[X] No[]

Date Incorporated or Organized 03/29/1962 Date Commenced Business 10/27/1976

Statutory Home Office 1001 Lakeside Ave. Suite 1200 , Cleveland, OH 44114
(Street and Number) (City, or Town, State and Zip Code)

Main Administrative Office Ordway Building One Kaiser Plaza
(Street and Number)

Oakland, CA 94612 (510)271-5910
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1001 Lakeside Ave. Suite 1200 , Cleveland, OH 44114
(Street and Number or P.O. Box) (City, or Town, State and Zip Code)

Primary Location of Books and Records 1001 Lakeside Ave. Suite 1200
(Street and Number)

Cleveland, OH 44114 (216)621-5600
(City, or Town, State and Zip Code) (Area Code) (Telephone Number)

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OFFICERS

President Patricia D. Kennedy-Scott
 Secretary Kirk E. Miller
 Treasurer Thomas R. Meier

VICE PRESIDENTS

Patricia D. Kennedy-Scott
 Steven R. Zarkin
 Thomas R. Meier
 Arthur Southam MD

Kirk E. Miller
 Deborah Stokes
 Robert E. Briggs

DIRECTORS OR TRUSTEES

David M. Lawrence MD
 Henry M. Kaiser
 Mary E. Reres EdD
 Thomas W. Chapman
 Dorothy H. Man PhD, MPH

David R. Andrews
 Barbara D. Blum
 Edward E. Penhoet
 Daniel P. Garcia
 Robert L. Ridgley

State of California
 County of Alameda ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the 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 manuals except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)
 Patricia D. Kennedy-Scott

(Printed Name)
 President

(Signature)
 Kirk Miller

(Printed Name)
 Secretary

(Signature)
 Thomas R. Meier

(Printed Name)
 Treasurer

a. Is this an original filing? Yes[X] No[]

b. If no, 1. State the amendment number _____
 2. Date filed _____
 3. Number of pages attached _____

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

(Notary Public Signature)

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds	405,651		405,651	400,876
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)	55,147,097	87,670	(a) 55,059,427	53,741,479
4.2 Properties held for the production of income (less \$..... encumbrances)				
4.3 Properties held for sale (less \$..... encumbrances)				
5. Cash (\$.....145,798,551, Schedule E - Part 1) and short-term investments (\$....., Schedule DA - Part 2)	145,798,551		145,798,551	109,645,189
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)	201,351,299	87,670	201,263,629	163,787,544
10. Accident and health premiums due and unpaid	6,456,634		6,456,634	9,070,982
11. Health care receivables	651,877		651,877	758,283
12. Amounts recoverable from reinsurers				
13. Net adjustment in assets and liabilities due to foreign exchange rates				
14. Investment income due and accrued	98,242		98,242	76,264
15. Amounts due from parent, subsidiaries and affiliates	18,229		18,229	29,306,650
16. Amounts receivable relating to uninsured accident and health plans				1,457,678
17. Furniture and equipment	11,048,838	1,075,654	9,973,184	9,572,082
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	399,819	343,492	56,327	17,575
21. Other nonadmitted assets				
22. Aggregate write-ins for other than invested assets	10,638,786	8,645,405	1,993,381	594,273
23. Total assets (Lines 9 plus 10 through 22)	230,663,724	10,152,221	220,511,503	214,641,331
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. Drug inventory				
2202. Other Inv (na), Prepaid Assets (na), Misc Receivables (na)	819,790	819,790		
2203. Prepaid Retirement	7,757,120	7,757,120		
2298. Summary of remaining write-ins for Line 22 from overflow page	2,061,876	68,495	1,993,381	594,273
2299. TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above)	10,638,786	8,645,405	1,993,381	594,273

(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)	47,315,764		47,315,764	42,021,956
2. Accrued medical incentive pool and bonus payments				
3. Unpaid claims adjustment expenses	500,000		500,000	500,000
4. Aggregate policy reserves				
5. Aggregate claim reserves				
6. Premiums received in advance	14,328,748		14,328,748	19,840,697
7. General expenses due or accrued	1,757,941		1,757,941	779,837
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	7,552,677		7,552,677	9,863,976
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 \$.....26,338,520 current)	83,148,929		83,148,929	87,550,606
18. Total liabilities (Lines 1 to 17)	154,604,059		154,604,059	160,557,072
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	3,264	3,264
22. Surplus notes	X X X	X X X		
23. Aggregate write-ins for other than special surplus funds	X X X	X X X	17,246,000	
24. Unassigned funds (surplus)	X X X	X X X	48,658,180	54,080,995
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	65,907,444	54,084,259
27. Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	220,511,503	214,641,331
DETAILS OF WRITE-INS				
1701. Post Retirement (current)	448,977		448,977	450,000
1702. Post Retirement (non-current)	13,097,017		13,097,017	28,213,470
1703. Accrued Payroll and Related	9,993,256		9,993,256	7,370,342
1798. Summary of remaining write-ins for Line 17 from overflow page	59,609,679		59,609,679	51,516,794
1799. TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above)	83,148,929		83,148,929	87,550,606
2301. Change in accounting principle SAAP #3	X X X	X X X	17,246,000	
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	17,246,000	

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	1,929,948	2,020,783
2. Net premium income	X X X	499,558,393	476,067,763
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	7,282,683	5,628,155
5. Risk revenue	X X X		
6. Aggregate Write-Ins for Other health care related revenues	X X X	991,553	881,712
7. Total revenues (Lines 2 to 6)	X X X	507,832,629	482,577,630
Medical and Hospital:			
8. Hospital/medical benefits		179,260,853	173,482,247
9. Other Professional Services		60,619,996	64,693,970
10. Outside Referrals		46,558,855	44,246,392
11. Emergency room and out-of-area		28,259,179	28,694,846
12. Prescription drugs		49,424,071	
13. Aggregate write-ins for other medical and hospital		119,384,149	149,059,101
14. Incentive pool and withhold adjustments			
15. Subtotal (Lines 8 to 14)		483,507,103	460,176,556
LESS:			
16. Net reinsurance recoveries			
17. Total medical and hospital (Lines 15 minus 16)		483,507,103	460,176,556
18. Claims adjustment expenses		3,146,826	3,421,001
19. General administrative expenses		23,514,233	17,966,605
20. Increase in reserves for accident and health contracts			
21. Total underwriting deductions (Lines 17 through 20)		510,168,162	481,564,162
22. Net underwriting gain or (loss) (Lines 7 minus 21)	X X X	(2,335,533)	1,013,468
23. Net investment income earned		6,898,460	8,073,525
24. Net realized capital gains or (losses)			1,191,430
25. Net investment gains or (losses) (Lines 23 plus 24)		6,898,460	9,264,955
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		(9,262,000)	(1,621,684)
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)		(4,699,073)	8,656,739
29. Federal and foreign income taxes incurred	X X X		
30. Net income (loss) (Lines 28 minus 29)	X X X	(4,699,073)	8,656,739
DETAILS OF WRITE-INS			
0601. Interegional Reciprocity	X X X	991,553	881,712
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	991,553	881,712
1301. Occupancy, Depreciation and Amortization		9,489,748	9,333,882
1302. Medical Office Facilities		30,439,847	28,098,101
1303. Administrative Exceptions		19,657,874	
1398. Summary of remaining write-ins for Line 13 from overflow page		59,796,680	111,627,118
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)		119,384,149	149,059,101
2701.			(2,071,481)
2702. Silver recovery			215
2703. Telephone			1,573
2798. Summary of remaining write-ins for Line 27 from overflow page		(9,262,000)	448,009
2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)		(9,262,000)	(1,621,684)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
31. Capital and surplus prior reporting year	54,084,259	81,879,711
GAINS AND LOSSES TO CAPITAL & SURPLUS		
32. Net income or (loss) from Line 30	(4,699,073)	8,656,739
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	(723,742)	(1,668,133)
38. Change in unauthorized reinsurance		
39. Change in treasury stock		
40. Change in surplus notes		(34,782,055)
41. Cumulative effect of changes in accounting principles	17,246,000	
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		(2,003)
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		
46. Net change in capital and surplus (Lines 32 to 45)	11,823,185	(27,795,452)
47. Capital and surplus end of reporting year (Line 31 plus 46)	65,907,444	54,084,259
DETAILS OF WRITE-INS		
4501.		
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)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance	513,528,706	475,601,647
2.	Claims and claims adjustment expenses	480,860,851	464,414,664
3.	General administrative expenses paid	22,536,130	18,292,579
4.	Other underwriting income (expenses)		
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	10,131,725	(7,105,596)
6.	Net investment income	17,353,220	10,109,568
7.	Other income (expenses)	(9,262,000)	(1,621,684)
8.	Federal and foreign income taxes (paid) recovered		
9.	Net cash from operations (Line 5 to 8)	18,222,945	1,382,288
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1	Bonds		
10.2	Stocks		
10.3	Mortgage loans		
10.4	Real estate		4,774,156
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)		4,774,156
11.	Cost of investments acquired (long-term only):		
11.1	Bonds		
11.2	Stocks		
11.3	Mortgage loans		
11.4	Real estate	3,836,631	472,392
11.5	Other invested assets		
11.6	Miscellaneous applications		
11.7	Total investments acquired (Lines 11.1 to 11.6)	3,836,631	472,392
12.	Net cash from investments (Line 10.8 minus Line 11.7)	(3,836,631)	4,301,764
Cash from Financing and Miscellaneous Sources			
13.	Cash provided:		
13.1	Surplus notes, capital and surplus paid in		(34,784,058)
13.2	Net transfers from affiliates	26,977,122	134,945,346
13.3	Borrowed funds received		
13.4	Other cash provided	1,564,084	13,323,585
13.5	Total (Lines 13.1 to 13.4)	28,541,206	113,484,873
14.	Cash applied:		
14.1	Dividends to stockholder paid		
14.2	Net transfers to affiliates		
14.3	Borrowed funds repaid		
14.4	Other applications	6,774,158	5,210,191
14.5	Total (Lines 14.1 to 14.4)	6,774,158	5,210,191
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	21,767,048	108,274,682
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	36,153,362	113,958,734
17.	Cash and short-term investments:		
17.1	Beginning of year	109,645,189	(4,313,545)
17.2	End of year (Line 16 plus Line 17.1)	145,798,551	109,645,189

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	499,558,393	297,114,534					25,334,326	177,109,533					
2. Change in unearned premium reserves and reserve for rate credit													
3. Fee-for-service (net of \$..... medical expenses)	7,282,683	4,331,376					369,305	2,582,002					
4. Risk revenue													
5. Aggregate write-ins for other health care related revenues	991,553	589,726					50,282	351,545					
6. Total revenues (Lines 1 to 5)	507,832,629	302,035,636					25,753,913	180,043,080					
7. Medical/hospital benefits	179,260,853	106,615,390					9,090,318	63,555,145					
8. Other professional services	60,619,996	36,053,744					3,074,039	21,492,213					
9. Outside referrals	46,558,855	27,690,879					2,361,000	16,506,976					
10. Emergency room and out-of-area	28,259,179	16,807,146					1,433,023	10,019,010					
11. Prescription drugs	49,424,071	29,394,966					2,506,295	17,522,810					
12. Aggregate write-ins for other medical and hospital	119,384,149	71,003,723					6,053,970	42,326,456					
13. Incentive pool and withhold adjustments													
14. Subtotal (Lines 7 to 13)	483,507,103	287,565,848					24,518,645	171,422,610					
15. Net reinsurance recoveries													
16. Total medical and hospital (Lines 14 minus 15)	483,507,103	287,565,848					24,518,645	171,422,610					
17. Claims adjustment expenses	3,146,826	1,871,574					159,576	1,115,676					
18. General administrative expenses	23,514,233	13,985,090					1,192,407	8,336,736					
19. Increase in reserves for accident and health contracts													
20. Total underwriting deductions (Lines 16 to 19)	510,168,162	303,422,512					25,870,628	180,875,022					
21. Net underwriting gain or (loss) (Line 6 minus Line 20)	(2,335,533)	(1,386,876)					(116,715)	(831,942)					
DETAILS OF WRITE-INS													
0501. Interegional Reciprocity	991,553	589,726					50,282	351,545					
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)	991,553	589,726					50,282	351,545					
1201. Occupancy, Depreciation and Amortization	9,489,748	5,644,028					481,225	3,364,495					
1202. Medical Office Facilities	30,439,847	18,104,099					1,543,605	10,792,143					
1203. Professional and Public Liability	19,657,874	11,691,521					996,850	6,969,503					
1298. Summary of remaining write-ins for Line 12 from overflow page	59,796,680	35,564,075					3,032,290	21,200,315					
1299. TOTAL (Lines 1201 through 1203 plus 1298) (Line 12 above)	119,384,149	71,003,723					6,053,970	42,326,456					

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (medical and hospital)	297,114,534			297,114,534
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan Premiums	25,334,326			25,334,326
6.	Title XVIII - Medicare	177,109,533			177,109,533
7.	Title XIX - Medicaid				
8.	Other				
9.	TOTALS	499,558,393			499,558,393

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	477,714,024	283,412,772				24,087,449	170,213,803		
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	477,714,024	283,412,772				24,087,449	170,213,803		
2. Paid medical incentive pools and bonuses									
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	47,315,764	28,141,051				2,399,382	16,775,331		
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net	47,315,764	28,141,051				2,399,382	16,775,331		
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									
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	42,021,956	24,282,807				1,991,841	15,747,308		
7.2 Reinsurance assumed									
7.3 Reinsurance ceded									
7.4 Net	42,021,956	24,282,807				1,991,841	15,747,308		
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									
11. Incurred benefits:									
11.1 Direct	483,007,832	287,271,016				24,494,990	171,241,826		
11.2 Reinsurance assumed									
11.3 Reinsurance ceded									
11.4 Net	483,007,832	287,271,016				24,494,990	171,241,826		
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	22,837,484	13,582,588				1,158,088	8,096,808		
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	22,837,484	13,582,588				1,158,088	8,096,808		
2. Incurred but Unreported:									
2.1 Direct	24,478,281	14,558,463				1,241,294	8,678,524		
2.2 Reinsurance assumed									
2.3 Reinsurance ceded									
2.4 Net	24,478,281	14,558,463				1,241,294	8,678,524		
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	47,315,765	28,141,051				2,399,382	16,775,332		
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net	47,315,765	28,141,051				2,399,382	16,775,332		

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 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)	20,795,218	259,049,542	230,007	27,911,044	21,025,225	24,282,808
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan Premiums						
6.	Title XVIII - Medicare	1,767,672	22,766,288	19,611	2,379,771	1,787,283	1,991,840
7.	Title XIX - Medicaid	12,488,809	160,846,496	137,111	16,638,220	12,625,920	15,747,308
8.	Other						
9.	Subtotal	35,051,699	442,662,326	386,729	46,929,035	35,438,428	42,021,956
10.	Medical incentive pools, accrual and disbursements						
11.	TOTALS	35,051,699	442,662,326	386,729	46,929,035	35,438,428	42,021,956

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	40,044,948	1,024,590	323,379	(126,951)	
2.	1998	341,335,506	33,707,268	649,782	638,600	(15,501)
3.	1999	X X X	378,742,643	29,249,228	84,634	916
4.	2000	X X X	X X X	389,533,016	37,873,638	(27,032)
5.	2001	X X X	X X X	X X X	422,523,742	35,099,002
6.	2002	X X X	X X X	X X X	X X X	443,155,913

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	40,543,001	1,024,590	323,379	(126,951)	
2.	1998	382,341,868	33,880,013	649,782	638,600	(15,501)
3.	1999	X X X	413,118,899	29,506,263	84,634	916
4.	2000	X X X	X X X	432,115,044	38,085,014	(32,759)
5.	2001	X X X	X X X	X X X	464,334,322	35,491,457
6.	2002	X X X	X X X	X X X	X X X	490,084,951

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	391,697,545		X X X	391,697,545	X X X	46,164,149	500,000	438,361,694	X X X
2.	1998	414,367,322	381,380,454			381,380,454	92	41,504,415	500,000	423,384,869	102
3.	1999	431,435,501	413,474,501			413,474,501	96	34,549,001	500,000	448,523,502	104
4.	2000	449,329,942	419,755,405			419,755,405	93	42,839,063	500,000	463,094,468	103
5.	2001	476,067,763	460,993,663			460,993,663	97	42,021,956	500,000	503,515,619	106
6.	2002	499,558,390	478,213,298			478,213,298	96	47,315,764	500,000	526,029,062	105
7.	TOTAL (Lines 1 through 6)	X X X	2,545,514,866		X X X	2,545,514,866	X X X	254,394,348	3,000,000	2,802,909,214	X X X
8.	TOTAL (Lines 2 through 6)	2,270,758,918	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	23,069,472	556,967	165,082	(72,533)	
2. 1998	196,639,785	18,323,281	331,708	364,865	(8,836)
3. 1999	X X X	205,884,608	14,931,470	48,356	522
4. 2000	X X X	X X X	198,853,133	21,639,160	(15,408)
5. 2001	X X X	X X X	X X X	241,409,580	20,006,431
6. 2002	X X X	X X X	X X X	X X X	252,598,870

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	23,355,155	556,967	165,082	(72,533)	
2. 1998	220,161,035	18,416,607	331,708	364,865	(8,836)
3. 1999	X X X	224,456,480	15,061,998	48,356	522
4. 2000	X X X	X X X	220,477,213	21,761,306	(18,673)
5. 2001	X X X	X X X	X X X	265,570,242	20,230,130
6. 2002	X X X	X X X	X X X	X X X	279,348,422

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	233,835,248		X X X	233,835,248	X X X	27,411,016	285,000	261,531,264	X X X
2. 1998	231,222,798	219,709,257			219,709,257	95	23,806,933	285,000	243,801,190	105
3. 1999	239,087,073	224,764,856			224,764,856	94	18,665,198	285,000	243,715,054	102
4. 2000	237,603,726	214,281,393			214,281,393	90	21,754,608	285,000	236,321,001	99
5. 2001	275,100,431	263,389,428			263,389,428	96	24,282,808	285,000	287,957,236	105
6. 2002	297,114,531	272,581,579			272,581,579	92	26,969,985	285,000	299,836,564	101
7. TOTAL (Lines 1 through 6)	X X X	1,428,561,761		X X X	1,428,561,761	X X X	142,890,548	1,710,000	1,573,162,309	X X X
8. TOTAL (Lines 2 through 6)	1,280,128,559	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

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

Medicare Supplement
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	XXX				
4. 2000	XXX	XXX			
5. 2001	XXX	XXX	XXX		
6. 2002	XXX	XXX	XXX	XXX	

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	XXX				
4. 2000	XXX	XXX			
5. 2001	XXX	XXX	XXX		
6. 2002	XXX	XXX	XXX	XXX	

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	XXX			XXX		XXX				XXX
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. TOTAL (Lines 1 through 6)	XXX			XXX	XXX	XXX				XXX
8. TOTAL (Lines 2 through 6)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

12 Medicare Supplement

UNDERWRITING AND INVESTMENT EXHIBIT

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

Dental Only

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		
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										
6. 2002										
7. TOTAL (Lines 1 through 6)	X X X			X X X		X X X				X X X
8. TOTAL (Lines 2 through 6)		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 Dental Only

UNDERWRITING AND INVESTMENT EXHIBIT

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

Vision Only

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		
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										
6. 2002										
7. TOTAL (Lines 1 through 6)	X X X			X X X		X X X				X X X
8. TOTAL (Lines 2 through 6)		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 Vision Only

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	1,445,830	38,644	12,180	(5,903)	
2. 1998	12,323,975	1,271,309	24,475	29,692	(775)
3. 1999	X X X	14,284,722	1,101,690	3,935	46
4. 2000	X X X	X X X	14,672,001	1,760,941	(1,352)
5. 2001	X X X	X X X	X X X	19,645,307	1,754,950
6. 2002	X X X	X X X	X X X	X X X	22,157,796

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	1,464,706	38,644	12,180	(5,903)	
2. 1998	13,878,116	1,277,821	24,475	29,692	(775)
3. 1999	X X X	15,580,558	1,111,371	3,935	46
4. 2000	X X X	X X X	16,275,765	1,770,960	(1,638)
5. 2001	X X X	X X X	X X X	21,627,128	1,774,573
6. 2002	X X X	X X X	X X X	X X X	24,504,248

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	8,732,547		X X X	8,732,547	X X X	1,082,645	25,000	9,840,192	X X X
2. 1998	15,910,106	13,769,805			13,769,805	87	1,573,017	25,000	15,367,822	97
3. 1999	17,000,649	15,594,675			15,594,675	92	1,302,348	25,000	16,922,023	100
4. 2000	17,165,141	15,810,346			15,810,346	92	1,613,445	25,000	17,448,791	102
5. 2001	22,566,073	21,433,972			21,433,972	95	1,991,840	25,000	23,450,812	104
6. 2002	25,334,326	23,910,665			23,910,665	94	2,365,788	25,000	26,301,453	104
7. TOTAL (Lines 1 through 6)	X X X	99,252,010		X X X	99,252,010	X X X	9,929,083	150,000	109,331,093	X X X
8. TOTAL (Lines 2 through 6)	97,976,295	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	15,529,646	428,979	146,117	(48,515)	
2.	1998	132,371,746	14,112,678	293,599	244,043	(5,890)
3.	1999	X X X	158,573,313	13,216,068	32,343	348
4.	2000	X X X	X X X	176,007,882	14,473,537	(10,272)
5.	2001	X X X	X X X	X X X	161,468,855	13,337,621
6.	2002	X X X	X X X	X X X	X X X	168,399,247

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	15,723,140	428,979	146,117	(48,515)	
2.	1998	148,302,717	14,185,585	293,599	244,043	(5,890)
3.	1999	X X X	173,081,861	13,332,894	32,343	348
4.	2000	X X X	X X X	195,362,066	14,552,748	(12,448)
5.	2001	X X X	X X X	X X X	177,136,952	13,486,754
6.	2002	X X X	X X X	X X X	X X X	186,232,281

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	149,129,750		X X X	149,129,750	X X X	17,670,488	190,000	166,990,238	X X X
2.	1998	167,234,418	147,901,392			147,901,392	88	16,124,465	190,000	164,215,857	98
3.	1999	175,347,779	173,114,970			173,114,970	99	14,581,455	190,000	187,886,425	107
4.	2000	194,561,075	189,663,666			189,663,666	97	19,471,010	190,000	209,324,676	108
5.	2001	178,401,259	176,170,263			176,170,263	99	15,747,308	190,000	192,107,571	108
6.	2002	177,109,533	181,721,054			181,721,054	103	17,979,991	190,000	199,891,045	113
7.	TOTAL (Lines 1 through 6)	X X X	1,017,701,095		X X X	1,017,701,095	X X X	101,574,717	1,140,000	1,120,415,812	X X X
8.	TOTAL (Lines 2 through 6)	892,654,064	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

UNDERWRITING AND INVESTMENT EXHIBIT

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

Title XIX - Medicaid

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		
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	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										
6.	2002										
7.	TOTAL (Lines 1 through 6)	X X X			X X X		X X X				X X X
8.	TOTAL (Lines 2 through 6)		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 XIX-Medicaid

UNDERWRITING AND INVESTMENT EXHIBIT

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

Other 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		
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	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										
6.	2002										
7.	TOTAL (Lines 1 through 6)	X X X			X X X		X X X				X X X
8.	TOTAL (Lines 2 through 6)		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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits 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 through 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 through 1103 plus 1198) (Line 11 above)									

(a) Includes \$..... premium deficiency reserve.

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)	1,253,540			1,253,540
2.	Salaries, wages and other benefits	1,443,868	8,226,973		9,670,841
3.	Commissions (less \$..... ceded plus \$..... assumed)				
4.	Legal fees and expenses				
5.	Certifications and accreditation fees				
6.	Auditing, actuarial and other consulting services		25,225		25,225
7.	Traveling expenses	317	243,095		243,412
8.	Marketing and advertising		4,939,454		4,939,454
9.	Postage, express and telephone	65,448	297,013		362,461
10.	Printing and office supplies	78	136,789		136,867
11.	Occupancy, depreciation and amortization	109,126			109,126
12.	Equipment		248,671		248,671
13.	Cost or depreciation of EDP equipment and software		25,193		25,193
14.	Outsourced services including EDP, claims, and other services	186,004	2,513,450		2,699,454
15.	Boards, bureaus and association fees				
16.	Insurance, except on real estate				
17.	Collection and bank service charges				
18.	Group service and administration fees		1,281,051		1,281,051
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		2,200,803		2,200,803
23.3	Regulator authority licenses and fees				
23.4	Payroll taxes	88,446	497,120		585,566
23.5	Other (excluding federal income and real estate taxes)		33,393		33,393
24.	Investment expenses not included elsewhere				
25.	Aggregate write-ins for expenses		2,846,004		2,846,004
26.	Total expenses incurred (Lines 1 to 25)	3,146,827	23,514,234		(a) 26,661,061
27.	Add expenses unpaid December 31, prior year	500,000	779,837		1,279,837
28.	Less expenses unpaid December 31, current year	500,000	1,757,941		2,257,941
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)	3,146,827	22,536,130		25,682,957
DETAILS OF WRITE-INS					
2501.	Interest Expense		2,846,004		2,846,004
2502.	.....			
2503	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	Totals (Lines 2501 through 2503 + 2598)(Line 25 above)		2,846,004		2,846,004

(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) .....	.....
1.1 Bonds exempt from U.S. tax	(a) .....	.....
1.2 Other bonds (unaffiliated)	(a) .....	.....
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) 4,348,524	4,348,524
5. Contract loans .....	.....	.....
6. Cash/short-term investments	(e) 6,635,627	6,635,627
7. Derivative instruments	(f) .....	.....
8. Other invested assets .....	.....	.....
9. Aggregate write-ins for investment income	7,171,897	7,171,897
10. Total gross investment income	18,156,048	18,156,048
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) 802,828
15. Aggregate write-ins for deductions from investment income .....	.....	.....
16. Total deductions (Lines 11 through 15) .....	.....	802,828
17. Net Investment income (Line 10 minus Line 16) .....	.....	17,353,220
DETAILS OF WRITE-INS		
0901. Pension/Post-Retirement Adjustment	(10,074,103)	(10,074,103)
0902. Change in accounting principle-SAAP	17,246,000	17,246,000
0903 .....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)	7,171,897	7,171,897
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 \$..... 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 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	1,419,146	1,291,987	(127,159)
2. Other Nonadmitted Assets:			
2.1 Bills receivable			
2.2 Leasehold improvements	87,670	24,606	(63,064)
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)	87,670	24,606	(63,064)
4. Aggregate write-ins for other assets	8,645,405	8,111,886	(533,519)
5. TOTAL (Line 1 plus Line 3 and Line 4)	10,152,221	9,428,479	(723,742)
DETAILS OF WRITE-INS			
0401. Other Inventory, Prepaid Assets, Misc Receivables	819,790	1,718,883	899,093
0402. Prepaid Retirement	7,757,120	4,452,919	(3,304,201)
0403. Autos	68,495	24,818	(43,677)
0498. Summary of remaining write-ins for Line 4 from overflow page		1,915,266	1,915,266
0499. TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above)	8,645,405	8,111,886	(533,519)

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	162,868	160,542	157,261	155,089	154,679	1,890,915
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service	3,643	2,890	3,117	3,566	3,643	39,033
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	166,511	163,432	160,378	158,655	158,322	1,929,948
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

Kaiser Foundation Health Plan of Ohio
Notes to Financial Statements
Years Ended December 2002 and 2001

1) Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Kaiser Foundation Health Plan of Ohio ("Health Plan") have been prepared in conformity with the National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures* manual, version effective January 1, 2001, ("NAIC SAP"), the NAIC Annual Statement Instructions, and other accounting practices as prescribed or permitted by the State of Ohio Department of Insurance ("State of Ohio").

In March 1998, the NAIC adopted the Codification of Statutory Accounting Principles ("Codification"). The Codification, which is intended to standardize regulatory accounting and reporting for the insurance industry, was effective January 1, 2001. Since the State of Ohio's adoption of NAIC SAP effective January 1, 2001, there are no reported differences in the State of Ohio's prescribed or permitted practices and those of NAIC SAP recorded in Health Plan's current year financial statements.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with NAIC SAP, the NAIC Annual Statement Instructions, and other accounting practices as prescribed or permitted by the State of Ohio requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Allowance for uncollectible accounts receivable, Medicare reserves, incurred but not reported medical claims, pension benefits, post-retirement liabilities, and self-insured professional and workers' compensation liabilities represent significant estimates. Actual results could differ materially from those estimates.

C. Accounting Policies

Cash and short term investments may consist of cash on hand and cash held in bank accounts (including overdrafts) and interest bearing deposits and money market instruments with a maturity of three months or less at the time of purchase.

Investments may consist of investments in equity, U.S. Treasury and government agencies and other debt securities. These investments are carried at cost, which approximates market. Realized gains and losses and interest and dividend income on marketable securities are included in investment income. Unrealized gains and losses on marketable securities are reported as a component of the statement of revenue, expenses and net worth.

Inventories consist primarily of pharmaceutical supplies and are stated at the lower of cost or market.

Land, buildings, equipment and software are stated at lower of cost less accumulated depreciation or recoverable value and are depreciated on the straight-line basis. Estimated useful lives are an average of 30 years for buildings and the shorter of 3 years or the remaining useful life as of January 1, 2001 for equipment and software. Leasehold Improvements are depreciated on the straight-line basis over the shorter of 3 years or the remaining term of the original lease as of January 1, 2001 for leasehold improvements capitalized prior to January 1, 2001. Leasehold Improvements capitalized after December 31, 2000 are depreciated on the straight-line basis over the term of the original lease agreement.

Management continually evaluates alternatives for delivering services, which may affect the current and future utilization of existing and planned assets and could result in an adjustment to the carrying values of such land, buildings, software and equipment in the future. Management evaluates and records impairment losses based on expected utilization, projected net cash flows, and recoverable values.

The "fair value" of real estate is equal to the "Real Market Value" ("RMV") listed on the property tax statements.

Expenditures for maintenance and repairs are expensed as incurred. Major improvements, which increase the estimated useful life of an asset, are capitalized. Upon the sale or retirement of assets, recorded cost and related accumulated depreciation are removed from the accounts, and any gain or loss on disposal is reflected in operations.

Self-insured Risks - Annual costs associated with self-insured risks, primarily for professional and workers' compensation liabilities, are charged to operations based upon actual and estimated claims. The portion estimated to be paid during the next year is included in current liabilities. The estimate for incurred but not reported self-insured claims is based on actuarial projections of costs using historical claims data. Estimates are monitored and reviewed and, as settlements are made or estimates adjusted, differences are reflected in current operations. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. While the ultimate payments for self-insured claims are dependent on future developments, management is of the opinion that the reserve for self-insured risks is adequate. Insurance coverage, in excess of the per occurrence self-insured retention, has been secured with insurers or reinsurers for specified amounts for professional and general liability. Decisions relating to the limit and scope of the self-insured layer and the amounts of excess insurance purchased are reviewed each year, subject to management's analysis of actuarial loss projections and the price and availability of acceptable commercial insurance.

Accrued Medical Claims - The cost of health care services is recognized in the period in which services are

Notes to Financial Statement

provided. Accrued medical claims consists of unpaid health care expenses, which includes an estimate of the cost of services provided to Health Plan members by third party providers which have been incurred but not reported to Health Plan. The estimate for incurred but not reported claims is based on actuarial projections of costs using historical paid claims data. Estimates are continually monitored and reviewed and, as settlements are made or estimates adjusted, differences are reflected in current operations. Such estimates are subject to the impact of changes in the regulatory environment and economic conditions. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. While the ultimate amount of paid claims is dependent on future developments, management is of the opinion that the reserves for claims are adequate to cover such claims.

Loss contract reserves and the related expense are recognized when it is probable that expected future health care costs and maintenance costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated, and any adjustments resulting therefrom are reflected in current operations. Estimates of reserves are subject to the impact of changes in the regulatory environment and economic conditions. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. At December 31, 2002 and 2001, the need for a loss contract accrual was assessed and management is of the opinion that no loss contract reserve was required. While the ultimate outcome of loss contracts and the related expenses are dependent on future developments, management is of the opinion that the reserves for loss contracts are adequate to cover such claims and expenses.

Revenue Recognition - Health Plan recognizes premiums from members as income in the period to which health care coverage relates. Premiums billed and collected in advance are recorded as unearned premiums.

A portion of Medicare revenue is subject to audit and possible adjustment for claims encountered and for enrollment and special status listings. Provision has been made for estimated audit adjustments to the extent the probable outcome of such audits can be determined. Differences between the provision and final settlement are recorded in the year of settlement.

The NAIC requires health maintenance organizations to report rental income and expense on the occupancy of owned buildings. For 2002, rental income and expense related to administrative and health delivery owned occupied buildings was \$3.8 million.

Cost Allocations – For reporting lines of business activity, expenses are allocated based on a percentage of revenue by line of business.

2) Accounting Changes and Corrections of Errors

Accounting changes adopted to conform to the provisions of the NAIC *Accounting Practices and Procedures* manual – Version effective January 1, 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds ("surplus") in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. During 2002, Health Plan recorded both Pension and Post-Retirement liabilities, on the GAAP basis, to recognize an additional minimum liability related to unrecognized prior service costs. NAIC model act language permits reducing such liabilities to what is required for fully eligible personnel. See further discussion under 12). below.

3) Business Combinations and Goodwill

There were no business combinations during the reporting periods. Health Plan does not carry goodwill in its financial statements.

4) Discontinued Operations

There were no discontinued operations during the reporting periods.

5) Investments

Health Plan has no investments in mortgage loans, restructured debt, reverse mortgages, loan-backed securities or repurchase agreements during the reporting periods.

6) Joint Ventures, Partnerships & Limited Liability Companies

Health Plan has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets. Health Plan did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the reporting periods.

7) Investment Income

All investment income due and accrued is admitted for 2002 and 2001.

8) Derivative Instruments

Health Plan has no derivative instruments during the reporting periods.

9) Income Taxes

Notes to Financial Statement

Health Plan is a nonprofit corporation and is exempt from federal and state income taxes.

10) Information Concerning Parent, Subsidiaries and Affiliates

Health Plan contracts with Kaiser Foundation Hospitals ("Hospitals") and The Ohio Permanente Medical Group, Inc. to provide or arrange hospital and professional medical services to members. Based upon the terms of the Hospital Service Agreement, Health Plan paid \$90.5 million and \$80.5 million to Hospitals in 2002 and 2001, respectively. Based upon the terms of the Medical Services Agreement, Health Plan paid \$93.7million and \$87.4 million to the Medical Group in 2002 and 2001, respectively. Such contract payments are reflected as a component of medical and hospital expenses in the accompanying statements of revenue, expenses and net worth.

Health Plan has a guaranty agreement with the parent, KFHP, in which the parent, without exception, guarantees all obligations of Health Plan, including a guarantee to provide health care services to Health Plan's subscribers, enrollees and dependents in the event that Health Plan is discontinued prior to the expiration of Health Plan's contracts.

Costs of services provided by KFHP to Health Plan are based on the actual cost incurred to provide those services or an allocated cost based upon an appropriate allocation methodology (e.g., number of employees, number of Medicare members, per member per month). Services provided include executive leadership, performance analysis and accounting, treasury, quality, government relations, national environmental health and safety, market research, pricing and actuarial services, national marketing and sales practices, legal, employee benefit and compensation services, national labor relations and labor management, national purchasing organization, national facility services, and internal audit.

Health Plan has a reciprocal guarantee agreement with KFHP, Hospitals, Kaiser Foundation Health Plan of Colorado, Kaiser Foundation Health Plan of Texas, Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc., Kaiser Foundation Health Plan of Connecticut, Inc., Kaiser Foundation Health Plan of North Carolina, Kaiser Foundation Health Plan of Kansas City, Inc., Kaiser Foundation Health Plan of Georgia, Inc., Kaiser Foundation Health Plan of Massachusetts, Inc., and Kaiser Foundation Health Plan of New York. The agreement provides that the parent, without exception, guarantees all obligations of Health Plan, including a guarantee to provide health care services to Health Plan's subscribers, enrollees and dependents in the event that Health Plan is discontinued prior to the expiration of Health Plan's contracts.

11) Debt

As of December 31, 2002, Health Plan has no borrowings.

12) Retirement Plans, Deferred Compensation, Post-employment, Employment Benefits and Compensated Absences and other Post-retirement Benefit Plans

Defined Benefit Plans

Health Plan participates with affiliated organizations in defined benefit pension plans covering substantially all their employees. Benefits are based on age at retirement, years of credited service, and average compensation for a specified period prior to retirement. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. There were no required contributions made in 2002 and 2001.

For financial reporting, the projected unit credit method is used; for funding purposes, the entry-age normal method is used. Substantially all pension fund assets are invested in fixed-income and equity securities. The pension plans are administered by KFHP and Health Plan has no legal obligations. Accumulated benefits and plan assets are not determined on a separate basis for these plans and, accordingly, are not disclosed. However, KFHP allocates pension expense and related prepaid or accrued benefit costs to Health Plan based on participant demographics and plan provisions. Health Plan's pension expense was \$0.3 million for 2001 and its prepaid pension asset was \$4.5 million as of December 31, 2001. At December 31, 2001, the KFHP pension plan was overfunded; however, at December 31, 2002, the plan was underfunded based on both the projected benefit obligation (which includes a factor for future salary increases) and the accumulated benefit obligation (which does not consider the impact of future salary increases).

Accordingly, as of December 31, 2002, KFHP recognized an additional minimum liability to the extent of underfunding based on the accumulated benefit obligation. To the extent the additional minimum liability was related to unrecognized prior service cost, an intangible asset was recorded; the balance of the charge was recognized in the statement of operations and changes in net worth. Health Plan recorded its share of the additional minimum liability of \$20.0 million as of December 31, 2002 by recording an intangible asset of \$8.1 million and a decrease to net worth of \$11.9 million.

Actuarial assumptions used were as follows:

	2002	2001
Weighted average discount rate at January 1 for calculating pension expense	7.25%	7.50%
Weighted average discount rate for calculating December 31 projected benefit obligation ("PBO")	6.50	7.25
Weighted average salary scale for calculating pension expense and December 31 PBO	4.00-6.00	4.00-6.00
Expected long-term rate of return on plan assets	9.00	9.50

Notes to Financial Statement

SSAP #8 discusses pension treatment under codification. In following this guidance, Health Plan recognized the inadmissibility of the GAAP based intangible asset of \$8.1 million for Statutory purposes. Also in conformity with guidance, Health Plan elected to exclude non-vested employees from the minimum liability requirements for purposes of the Statutory filing. Further, SSAP guidance requires the intangible asset and the amount of accumulated other comprehensive income to be a component of operations. As such, our GAAP to Statutory adjustments are as follows:

Per FAS 87 – Adjustment to record Liability	(\$18,131,223)
Per FAS 87 – Adjustment for Intangible Asset	8,057,120
Statutory Adjustment through Operations	\$10,074,103

Defined Contribution Plans

Health Plan has defined contribution plans for eligible employees. Employee and employer contributions and costs are based on a percentage of covered employees' salaries. Expense for 2002 and 2001 was \$1.2 million.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Certain employees may become eligible for health care and life insurance benefits if they reach retirement while working for Health Plan. At Health Plan's option, benefits may be changed.

Funded status of the accrued liability for postretirement benefits at December 31 (in thousands):

	2002	2001
Retirees	\$10,575	\$ 6,272
Fully eligible participants	7,177	4,293
Other active plan participants	<u>19,411</u>	<u>12,248</u>
Accumulated postretirement benefits obligation ("APBO") - unfunded	37,163	22,813
Unrecognized net gain (loss)	(124)	12,727
Unrecognized transition obligation	<u>(6,252)</u>	<u>(6,877)</u>
Accrued postretirement benefits liability	<u>\$30,787</u>	<u>\$28,663</u>

Postretirement benefits expense for the years ended December 31 (in thousands):

	2002	2001
Service costs	\$1,160	\$1,245
Interest on APBO	1,632	1,805
Net amortization and deferrals	<u>(69)</u>	<u>194</u>
Postretirement benefits expense	<u>\$2,723</u>	<u>\$3,244</u>

The unrecognized transition obligation represents the excess of the APBO at January 1, 1993 and amounts previously accrued for this liability. Health Plan has elected to recognize the liability for the transition obligation over a twenty year period.

The employer contributions and benefits paid during 2002 and 2001 were \$0.5 million and \$0.3 million, respectively. There were no participant contributions in 2002 and 2001.

Actuarial assumptions used were as follows:

	2002	2001
Weighted average discount rate at January 1 for calculating postretirement benefit expense	7.25%	7.50%
Weighted average discount rate for calculating December 31 APBO	6.50	7.25

The following are the assumed health care cost trend rates for 2002 and 2001, which represents program-wide, weighted average expected increases:

	Basic and Major Medical		Prescription Drug	Dental and Vision		Part B Premium	Medicare Reimbursement
Initial trend rate, 2002	8.0%	15.5%	5.0%	5.6%	2.0%		
Initial trend rate, 2001	9.0%	18.0%	5.0%	8.0%	4.2%		
Ultimate trend rate	5.0%	5.0%	5.0%	5.0%	5.0%		
First year at ultimate trend rate	2005	2008	N/A	2008	2006		

Between initial and ultimate periods, rates generally increase for Medicare reimbursement, remain level for dental and vision, and gradually decrease for all other coverages.

As noted under the discussion of Pensions above Health Plan has elected, under SSAP #14 guidance, to report Post-Retirement liabilities for vested personnel only. Prior filings included the liability for both vested and non-vested as under GAAP. The change has been determined to be a Change in Accounting Principle, and will fall under SSAP #3 guidance. The cumulative effect of the change was a \$17.2 million favorable impact to net worth. The adjustment will be reported to unassigned funds (surplus) in the December 2002 filing.

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

Health Plan is a nonprofit corporation and does not issue stock. KFHP is the sole corporate member of Health Plan and no individual or entity has any ownership interest in Health Plan.

Notes to Financial Statement

Unassigned surplus is reduced by \$10,152,221 for nonadmitted assets.

Health Plan did not undergo any quasi-reorganization in 2002 or 2001.

14) Contingencies

Health Plan is involved in various legal proceedings, including professional liability, breach of contract, commercial and employment-related litigation, which are consistent with the health care industry. In addition, Health Plan indemnifies the Medical Group against claims for professional liability. In the opinion of management, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the financial position or results of operations of Health Plan.

15) Leases

Health Plan leases office space, medical facilities and equipment under operating leases that expire through 2008. Certain leases contain rent escalation clauses and renewal options for additional periods ranging from one to five years. Some of these renewals are subject to adjustments in future periods.

Minimum rental commitments under operating leases extending beyond one year at December 31, 2002 are as follows (in thousands):

2003	\$ 2,488
2004	2,244
2005	2,127
2006	2,164
2007	1,325
Thereafter	<u>406</u>
	<u>\$ 10,754</u>

Rent expense for 2002 totaled \$5.9 million, of which \$2.1 million represents imputed rent expense for owned occupied medical and administrative buildings. (See note 1C-revenue recognition)

16) Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Financial instruments that potentially subject Health Plan to concentrations of credit risk consist primarily of investment securities and accounts receivable. All of the investments in securities are managed within guidelines established by Health Plan's management which, as a matter of policy, limit the amounts which may be invested in each type of security, with any one issuer, and in various credit quality classifications. Concentrations of credit risk with respect to accounts receivable are limited due to the large number of payers comprising Health Plan's customer base. Accordingly, Health Plan does not believe any significant concentrations of credit risk exist at December 31, 2002 and 2001.

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

Health Plan had no transactions subject to the disclosure requirements of this footnote during the reporting period. Statement of Statutory Accounting Principles ("SSAP") No. 18, paragraph 37 requires a reporting entity to disclose any wash sales involving securities with a NAIC designation of 3 or below. Health Plan's investment strategy does not include purchasing any securities with a NAIC designation of 3 or below. During 2002, Health Plan did not participate in any wash sales as defined by SSAP No. 18.

18) Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

Health Plan had no ASO or ASC plans on which to report.

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

Health Plan had no direct premiums written/produced by managing general agents or third party administrators during the reporting period.

20) Other Items

Health Plan had no other items to disclose during the reporting period.

21) Events Subsequent

There were no subsequent events as of the report date.

22) Reinsurance

Health Plan does not currently contract for reinsurance for medical claims based on management's estimation that sufficient resources are available to cover all claims under the guaranty agreement with KFHP.

Notes to Financial Statement

23) Retrospectively Rated Contracts

Health Plan currently does not have any contracts that are subject to retrospective premium adjustments.

24) Organization and Operation

Health Plan is a federally qualified group practice health maintenance organization. It is a nonprofit, charitable corporation, exempt from federal and state income taxes, whose capital is available for health care purposes.

Health Plan, KFHP and Hospitals share a common Board of Directors in addition to sharing certain officers. There is no stock ownership.

Net income is the amount that Health Plan uses, along with borrowings and other sources of cash, to finance the purchase and construction of facilities, equipment, and information technology. Net worth satisfies the tangible net worth requirements of various state and federal regulatory agencies. Other than KFHP, no individual or entity has any ownership interest in Health Plan.

Most members join through their employer (private or governmental), who pays part or all of their monthly dues. Health Plan also offers coverage to qualified individuals who do not have access to the plan through their employer.

25) Salvage and Subrogation

Health Plan has no salvage and subrogation included as a reduction of loss reserves during the reporting period.

26) Change in Incurred Claims and Claim Adjustment Expenses

Reserves for incurred claims at yearend 2002 were \$47.3 million which is an increase of \$5.3 million from the yearend 2001 reserves of \$42.0 million. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

The claims adjustment expense remained the same for the years 2002 and 2001 at \$500,000.

27) Minimum Net Worth

Health Plan complies with the minimum regulatory net worth requirements under the regulation of the State of Ohio Department of Insurance. The State of Ohio reserve requirement is 10% of liabilities, or a \$1.7 million minimum.

Total Liabilities per 2002 annual report	<u>\$ 154,604,059</u>
10% of total Liabilities equals	\$ 15,460,406

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	405,651	0.201	405,651	0.202
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				
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	55,147,097	27.375	55,059,427	27.357
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	145,895,627	72.423	145,798,551	72.442
9. Other invested assets				
10. Total invested assets	201,448,375	100.000	201,263,629	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[X] No[]
- 2.2 If yes, date of change: 12/03/2002
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. 12/31/1998
- 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. 12/31/1998
- 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). 05/26/1999
- 3.4 By what department or departments?
- 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?
 Deloitte & Touche LLP - Suite 2500 Public Square, Cleveland, OH 44114-1303
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 D. Gusafson, a principle associated with the firm Deloitte & Touche LLP, TWO Prudential Plaza, 180 North 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? 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:
\$400,000 PAR Bond under control of Superintendent of Insurance, State of Ohio. Bond is at Key Bank.

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

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
Program Office Natl Legal Dept paid Ohio's bills	

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
Government Affairs Management (lobbyist)	91,007

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[] No[X]
- 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[] No[X]
- 6.2 If no, give details:
7. Provide the following information regarding participating providers:
7.1 Number of providers at start of reporting year 281
7.2 Number of providers at end of reporting year 282
- 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[X] No[]
- 9.2 If yes: \$
9.21 Maximum amount payable bonuses \$
9.22 Amount actually paid for year bonuses \$ 150,000
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
Cuyahoga County
Geauga County
Lake County
Lorain County
Medina County
Portage County
Stark County
Summit County
Wayne County

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)	220,511,503	214,641,331	241,200,114	194,270,048	195,025,270
2. Total liabilities (Page 3, Line 18)	154,604,059	160,557,072	159,320,403	139,587,649	151,579,148
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 26)	65,907,444	54,084,259	81,879,711	54,682,399	43,446,122
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	507,832,629	482,577,630	454,707,028	440,678,010	419,983,584
6. Total medical and hospital expenses (Line 17)	483,507,103	460,176,556	428,045,467	406,519,087	376,723,720
7. Total administrative expenses (Line 19)	23,514,233	17,966,605	20,537,741	19,974,982	21,823,886
8. Net underwriting gain (loss) (Line 22)	(2,335,533)	1,013,468	6,123,820	7,539,894	18,310,411
9. Net investment gain (loss) (Line 25)	6,898,460	9,264,955	78,461	20,575	10,288
10. Total other income (Lines 26 plus 27)	(9,262,000)	(1,621,684)	8,234,235	6,623,472	3,115,279
11. Net income or (loss) (Line 30)	(4,699,073)	8,656,739	14,436,516	14,183,941	21,435,978
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	65,907,444	54,084,259	81,879,711	54,682,399	43,446,122
13. Authorized control level risk-based capital	11,013,655	10,643,813	11,106,993	8,092,107	7,429,104
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	158,322	166,511	174,499	184,971	199,014
15. Total members months (Column 6, Line 7)	1,929,948	2,020,753	2,146,544	2,278,797	2,435,391
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)	96.8	96.7	95.3		
18. Total underwriting deductions (Line 21)	102.1	101.2	99.8		
19. Total underwriting gain (loss) (Line 22)	(0.5)	0.2	1.4		
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	35,438,428	38,681,297	30,347,552	35,142,459	40,698,887
21. Estimated liability of unpaid claims-[prior year (Line 11, Col. 6)]	42,021,956	42,839,063	34,549,001	41,504,415	46,161,149

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)	NONE				
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 405,631	2. Canada 416,125	3. Other Countries 409,255	4. Totals 400,000
	2. Canada	3. Other Countries	4. Totals 405,631	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	18. Canada	19. Other Countries	20. Totals
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	22. Canada	23. Other Countries	24. Totals
Parent, Subsidiaries and Affiliates	25. Totals	26. Total Bonds 405,631	27. Total Preferred Stocks	28. Total Common Stocks
		28. Canada	29. Other Countries	30. Totals
PREFERRED STOCKS				
Public Utilities (unaffiliated)	31. United States	32. Canada	33. Other Countries	34. Totals
Banks, Trust and Insurance Companies (unaffiliated)	35. United States	36. Canada	37. Other Countries	38. Totals
Industrial and Miscellaneous (unaffiliated)	39. Totals	40. Total Preferred Stocks	41. United States	42. Canada
Parent, Subsidiaries and Affiliates	43. Other Countries	44. Totals	45. United States	46. Canada
	47. Other Countries	48. Totals	49. United States	50. Canada
COMMON STOCKS	51. Other Countries	52. Totals	53. Totals	54. Total Common Stocks
Public Utilities (unaffiliated)	55. Total Stocks	56. Total Bonds and Stocks 405,631	57. Total Bonds and Stocks 416,125	58. Total Bonds and Stocks 409,255
Banks, Trust and Insurance Companies (unaffiliated)				
Industrial and Miscellaneous (unaffiliated)				
Parent, Subsidiaries and Affiliates				

(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. <u>405,631</u>	6. Foreign Exchange Adjustment
2. Cost of bonds and stocks acquired, Column 6, Part 3.	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. (719)	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. 404,912
3.4 Column 10, Part 4. (719)	8. Total valuation allowance.
4. Total gain (loss), Column 14, Part 4.	9. Subtotal (Lines 7 plus 8). 404,912
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. 404,912

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	297,114,534	177,109,533	25,334,326
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		297,114,534	177,109,533	25,334,326

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**