

ANNUAL STATEMENT

Including Supplements

OF THE

FAMILY HEALTH PLAN, INC.

of **TOLEDO**

in the state of **OHIO**

TO THE

Insurance Department

OF THE

STATE OF OHIO

FOR THE YEAR ENDED
December 31, 2002



96865200220100100

HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE

Family Health Plan, Inc.

NAIC Group Code 1206 (Current Period) 1206 (Prior Period) NAIC Company Code 96865 Employer's ID Number 34-1486483

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

Country of Domicile

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: May 23, 1985 Date Commenced Business: January 1, 1986

Statutory Home Office: 2200 JEFFERSON AVE., 6TH FLOOR TOLEDO, OH 43624

Main Administrative Office: 2200 JEFFERSON AVE., 6TH FLOOR TOLEDO, OH 43624 419-241-6501

Mail Address: 2200 JEFFERSON AVE., 6TH FLOOR TOLEDO, OH 43624

Primary Location of Books and Records: 2200 JEFFERSON AVE., 6TH FLOOR TOLEDO, OH 43624 419-241-6501

Internet Website Address: n/a

Statement Contact: JEFFRIE REGO 419-251-6223 0

JEFFRIE_REGO@MHSNR.ORG 419-241-5441
(E-Mail Address) (Fax Number)

Policyowner Relations Contact: 2200 JEFFERSON AVE., 6TH FLOOR TOLEDO, OH 43624 419-241-6501 0

OFFICERS

PRESIDENT & CEO: THOMAS E. BEATY, JR.

Secretary:

CHIEF FINANCIAL OFFICER: RANDOLPH C. HOFFMAN

Actuary:

Vice-Presidents

MARK LANCIANO JOANNE VOLOVAR ANDREW WEINTRAUB MARK TUCKER, M.D.
[Empty signature lines]

BOARD OF TRUSTEES

RICHARD HANLEY TED JENKINS JEFF COPELAND THOMAS E. BEATY, JR.
THOMAS KELLY STEVEN MICKUS TIM GLADIEUX ROOSEVELT GANT
CHUCK GALLAGHER FATHER MICHAEL BILLIAN PATRICIA WISE SUSAN GILMORE
[Empty signature lines]

State of OHIO
County of LUCAS ss

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

(Signature) (Signature) (Signature)
THOMAS E. BEATY, JR. RANDOLPH C. HOFFMAN
(Printed Name) (Printed Name)
PRESIDENT & CEO Secretary CHIEF FINANCIAL OFFICER

Subscribed and sworn to before me this
28TH day of FEBRUARY, 2003

a. Is this an original filing? YES [X] NO []
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

| | Current Year | | | Prior Year |
|--|--------------|----------------------------|-----------------------------|-----------------------------|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets | 4 Net Admitted Assets |
| 1. Bonds | 44,521 | | 44,521 | |
| 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 \$ 0 encumbrances) | | | (a) | |
| 4.2 Properties held for the production of income (less \$ 0 encumbrances) | | | | |
| 4.3 Properties held for sale (less \$ 0 encumbrances) | | | | |
| 5. Cash (\$ 1,639,326, Schedule E-Part 1) and short-term investments (\$ 13,541,765, Schedule DA-Part 2) | 15,181,091 | | 15,181,091 | 2,580,181 |
| 6. Other long-term invested assets | | | | |
| 7. Receivable for securities | | | | |
| 8. Aggregate write-ins for invested assets | 440,267 | | 440,267 | 443,500 |
| 9. Subtotal cash and invested assets (Lines 1 to 8) | 15,665,879 | | 15,665,879 | 3,023,681 |
| 10. Accident and health premiums due and unpaid | 2,965,566 | | 2,965,566 | 943,962 |
| 11. Health care receivables | 371,980 | | 371,980 | 434,829 |
| 12. Amounts recoverable from reinsurers | 60,311 | | 60,311 | 159,486 |
| 13. Net adjustment in assets and liabilities due to foreign exchange rates | | | | |
| 14. Investment income due and accrued | | | | 14,990 |
| 15. Amounts due from parent, subsidiaries and affiliates | 7,799,470 | | 7,799,470 | 12,383,819 |
| 16. Amounts receivable relating to uninsured accident and health plans | | | | |
| 17. Furniture and equipment | 60,366 | 60,366 | | 87,803 |
| 18. Amounts due from agents | | | | |
| 19. Federal and foreign income tax recoverable and interest thereon (including \$ 0 net deferred tax asset) | | | | |
| 20. Electronic data processing equipment and software | 76,002 | | 76,002 | 44,404 |
| 21. Other nonadmitted assets | | | | |
| 22. Aggregate write-ins for other than invested assets | 108,330 | 108,330 | | 10,000 |
| 23. Total assets (Lines 9 plus 10 through 22) | 27,107,904 | 168,696 | 26,939,208 | 17,102,974 |
| DETAILS OF WRITE-INS | | | | |
| 0801. Statutory Deposits - Schedule E - Part 2 | 426,767 | | 426,767 | 440,000 |
| 0802. Other Miscellaneous Deposits | 13,500 | | 13,500 | 3,500 |
| 0803. | | | | |
| 0898. Summary of remaining write-ins for Line 8 from overflow page | | | | |
| 0899. Totals (Lines 0801 through 0803 plus 0898) (Line 8 above) | 440,267 | | 440,267 | 443,500 |
| 2201. Prepaid Expenses | 107,962 | 107,962 | | |
| 2202. Leasehold Improvements | 368 | 368 | | |
| 2203. Miscellaneous Deposits | | | | 10,000 |
| 2298. Summary of remaining write-ins for Line 22 from overflow page | | | | |
| 2299. Totals (Lines 2201 through 2203 plus 2298) (Line 22 above) | 108,330 | 108,330 | | 10,000 |

(a) \$ 0 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 \$ 0 reinsurance ceded) | 8,617,069 | | 8,617,069 | 3,915,705 |
| 2. Accrued medical incentive pool and bonus payments | | | | |
| 3. Unpaid claims adjustment expenses | | | | |
| 4. Aggregate policy reserves | 1,547,000 | | 1,547,000 | |
| 5. Aggregate claim reserves | | | | 300,000 |
| 6. Premiums received in advance | 3,157,970 | | 3,157,970 | 2,822,091 |
| 7. General expenses due or accrued | 2,075,516 | | 2,075,516 | 1,858,524 |
| 8. Federal and foreign income tax payable and interest thereon (including \$ 0 on realized capital gains (losses))(including \$ 0 net deferred tax liability) | | | | |
| 9. Amounts withheld or retained for the account of others | | | | |
| 10. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current) | | | | |
| 11. Amounts due to parent, subsidiaries and affiliates | 1,734,100 | | 1,734,100 | 1,496,871 |
| 12. Payable for securities | | | | |
| 13. Funds held under reinsurance treaties with (\$ 0 authorized reinsurers and \$ 0 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 \$ 0 current) | | | | 218,212 |
| 18. Total liabilities (Lines 1 to 17) | 17,131,655 | | 17,131,655 | 10,611,403 |
| 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 | 35,757,643 | 26,533,531 |
| 22. Surplus notes | X X X | X X X | 14,300,000 | 15,620,678 |
| 23. Aggregate write-ins for other than special surplus funds | X X X | X X X | 430,267 | 443,500 |
| 24. Unassigned funds (surplus) | X X X | X X X | (40,680,357) | (36,106,138) |
| 25. Less treasury stock, at cost: | | | | |
| 25.1 0 shares common (value included in Line 19 \$ 0) | X X X | X X X | | |
| 25.2 0 shares preferred (value included in Line 20 \$ 0) | X X X | X X X | | |
| 26. Total capital and surplus (Lines 19 to 25) | X X X | X X X | 9,807,553 | 6,491,571 |
| 27. Total liabilities, capital and surplus (Lines 18 and 26) | X X X | X X X | 26,939,208 | 17,102,974 |
| DETAILS OF WRITE-INS | | | | |
| 1701. Other Accrued Liabilities | | | | 218,212 |
| 1702. | | | | |
| 1703. | | | | |
| 1798. Summary of remaining write-ins for Line 17 from overflow page | | | | |
| 1799. Totals (Lines 1701 through 1703 plus 1798) (Line 17 above) | | | | 218,212 |
| 2301. Contingency Reserve | X X X | X X X | 426,767 | 440,000 |
| 2302. Indigent Care Reserve | X X X | X X X | 3,500 | 3,500 |
| 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 | 430,267 | 443,500 |

STATEMENT OF REVENUE AND EXPENSES

| | Current Year | | Prior Year |
|---|----------------|-------------|-------------|
| | 1 Uncovered | 2 Total | 3 Total |
| 1. Member Months | X X X | 533,328 | 532,184 |
| 2. Net premium income | X X X | 85,720,687 | 107,158,883 |
| 3. Change in unearned premium reserves and reserve for rate credits | X X X | | |
| 4. Fee-for-service (net of \$ 0 medical expenses) | X X X | | |
| 5. Risk revenue | X X X | | |
| 6. Aggregate write-ins for other health care related revenues | X X X | | 1,249,194 |
| 7. Total revenues (Lines 2 to 6) | X X X | 85,720,687 | 108,408,077 |
| Medical and Hospital: | | | |
| 8. Hospital/medical benefits | | 52,299,115 | 5,967,575 |
| 9. Other professional services | | 2,151,567 | 84,449,195 |
| 10. Outside referrals | | | |
| 11. Emergency room and out-of-area | | 11,753,710 | 184,957 |
| 12. Prescription Drugs | | 9,683,847 | 9,958,929 |
| 13. Aggregate write-ins for other medical and hospital | | | 279,443 |
| 14. Incentive pool and withhold adjustments | | | |
| 15. Subtotal (Lines 8 to 14) | | 75,888,239 | 100,840,099 |
| Less: | | | |
| 16. Net reinsurance recoveries | | 518,671 | 41,164 |
| 17. Total medical and hospital (Lines 15 minus 16) | | 75,369,568 | 100,798,935 |
| 18. Claims adjustment expenses | | | |
| 19. General administrative expenses | | 13,631,948 | 10,185,580 |
| 20. Increase in reserves for accident and health contracts | | 1,547,000 | |
| 21. Total underwriting deductions (Lines 17 through 20) | | 90,548,516 | 110,984,515 |
| 22. Net underwriting gain or (loss) (Lines 7 minus 21) | X X X | (4,827,829) | (2,576,438) |
| 23. Net investment income earned | | 126,921 | 242,458 |
| 24. Net realized capital gains or (losses) | | | |
| 25. Net investment gains or (losses) (Lines 23 plus 24) | | 126,921 | 242,458 |
| 26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ 0) (amount charged off \$ 0)] | | | |
| 27. Aggregate write-ins for other income or expenses | | (285) | (5,882,002) |
| 28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27) | | (4,701,193) | (8,215,982) |
| 29. Federal and foreign income taxes incurred | X X X | | |
| 30. Net income (loss)(Lines 28 minus 29) | X X X | (4,701,193) | (8,215,982) |
| DETAILS OF WRITE-INS | | | |
| 0601. Worker's Comp/TPA Fees | X X X | | 1,243,393 |
| 0602. Other Revenue | X X X | | 5,801 |
| 0603. Other Surplus Changes | 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 | | 1,249,194 |
| 1301. Other Medical | | | 279,443 |
| 1302. | | | |
| 1303. | | | |
| 1398. Summary of remaining write-ins for Line 13 from overflow page | | | |
| 1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above) | | | 279,443 |
| 2701. PHO Settlement Adjustment for Prior Year | | | (3,896,002) |
| 2702. Allowance for PCP Capitation Receivable | | | (1,986,000) |
| 2703. Other Miscellaneous Income/(Expense) | | (285) | |
| 2798. Summary of remaining write-ins for Line 27 from overflow page | | | |
| 2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above) | | (285) | (5,882,002) |

STATEMENT OF REVENUE AND EXPENSES (Continued)

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| CAPITAL & SURPLUS ACCOUNT | | |
| 31. Capital and surplus prior reporting year | 6,491,571 | 1,588,107 |
| GAINS AND LOSSES TO CAPITAL & SURPLUS | | |
| 32. Net income or (loss) from Line 30 | (4,701,193) | (8,215,982) |
| 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 | (4,060) | (54,085) |
| 38. Change in unauthorized reinsurance | | |
| 39. Change in treasury stock | | |
| 40. Change in surplus notes | (1,320,678) | |
| 41. Cumulative effect of changes in accounting principles | | |
| 42. Capital Changes: | | |
| 42.1 Paid in | | 11,347,869 |
| 42.2 Transferred from surplus (Stock Dividend) | | |
| 42.3 Transferred to surplus | | |
| 43. Surplus adjustments: | | |
| 43.1 Paid in | 9,224,112 | |
| 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 | 117,781 | 1,825,662 |
| 46. Net change in capital and surplus (Lines 32 to 45) | 3,315,962 | 4,903,464 |
| 47. Capital and surplus end of reporting year (Line 31 plus 46) | 9,807,533 | 6,491,571 |
| DETAILS OF WRITE-INS | | |
| 4501. Transfer of Debt from Parent to Capital | | 1,825,662 |
| 4502. Transfer of Capital to Worker's Comp Spin-off | (1,330,719) | |
| 4503. | 1,448,500 | |
| 4598. Summary of remaining write-ins for Line 45 from overflow page | | |
| 4599. Totals (Lines 4501 through 4503 plus 4598) (Line 45 above) | 117,781 | 1,825,662 |

CASH FLOW

| | 1 Current Year | 2 Prior Year |
|--|----------------------|--------------------|
| Cash from Operations | | |
| 1. Premiums and revenues collected net of reinsurance | 83,986,776 | 108,302,601 |
| 2. Claims and claims adjustment expenses | 70,718,155 | 101,910,242 |
| 3. General administrative expenses paid | 13,414,955 | 9,262,952 |
| 4. Other underwriting income (expenses) | | 1,266,178 |
| 5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) | (146,334) | (1,604,415) |
| 6. Net investment income | 141,911 | 238,886 |
| 7. Other income (expenses) | (183,561) | (17,956,213) |
| 8. Federal and foreign income taxes (paid) recovered | | |
| 9. Net cash from operations (Lines 5 to 8) | (187,984) | (19,321,742) |
| 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 | | |
| 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) | | |
| 11. Cost of investments acquired (long-term only): | | |
| 11.1 Bonds | | |
| 11.2 Stocks | | |
| 11.3 Mortgage loans | | |
| 11.4 Real estate | | |
| 11.5 Other invested assets | | |
| 11.6 Miscellaneous applications | 4,092 | 7,518 |
| 11.7 Total investments acquired (Lines 11.1 to 11.6) | 4,092 | 7,518 |
| 12. Net cash from investments (Line 10.8 minus Line 11.7) | (4,092) | (7,518) |
| Cash from Financing and Miscellaneous Sources | | |
| 13. Cash provided: | | |
| 13.1 Surplus notes, capital and surplus paid in | 7,903,434 | 11,347,869 |
| 13.2 Net transfers from affiliates | | |
| 13.3 Borrowed funds received | | |
| 13.4 Other cash provided | 6,396,566 | 1,825,662 |
| 13.5 Total (Lines 13.1 to 13.4) | 14,300,000 | 13,173,531 |
| 14. Cash applied: | | |
| 14.1 Dividends to stockholder paid | | |
| 14.2 Net transfers to affiliates | 1,330,719 | |
| 14.3 Borrowed funds repaid | | |
| 14.4 Other applications | 176,295 | 54,085 |
| 14.5 Total (Lines 14.1 to 14.4) | 1,507,014 | 54,085 |
| 15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5) | 12,792,986 | 13,119,446 |
| RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS | | |
| 16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15) | 12,600,910 | (6,209,814) |
| 17. Cash and short-term investments: | | |
| 17.1 Beginning of year | 2,580,181 | 8,789,995 |
| 17.2 End of year (Line 16 plus Line 17.1) | 15,181,091 | 2,580,181 |

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

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---|-------------|--|-----------------|------------------------|----------------|----------------|--|----------------------------|--------------------------|--------------|----------------------|-------------------|-------|
| | Total | Comprehensive (Hospital & Medical) | Medical Only | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefit Plan | Title XVIII Medicare | Title XIX Medicaid | Stop Loss | Disability Income | Long-term Care | Other |
| 1. Net premium income | 85,720,687 | 46,142,088 | | | | | | | 39,578,599 | | | | |
| 2. Change in unearned premium reserves and reserve for rate credit | | | | | | | | | | | | | |
| 3. Fee-for-service (net of \$ 0 medical expenses) | | | | | | | | | | | | | |
| 4. Risk revenue | | | | | | | | | | | | | |
| 5. Aggregate write-ins for other health care related revenues | | | | | | | | | | | | | |
| 6. Total revenues (Lines 1 to 5) | 85,720,687 | 46,142,088 | | | | | | | 39,578,599 | | | | |
| 7. Medical/hospital benefits | 52,299,115 | 31,370,314 | | | | | | | 20,928,801 | | | | |
| 8. Other professional services | 2,151,567 | 243,987 | | | | | | | 1,907,580 | | | | |
| 9. Outside referrals | | | | | | | | | | | | | |
| 10. Emergency room and out-of-area | 11,753,710 | 8,001,642 | | | | | | | 3,752,068 | | | | |
| 11. Prescription Drugs | 9,683,847 | 4,096,957 | | | | | | | 5,586,890 | | | | |
| 12. Aggregate write-ins for other medical and hospital | | | | | | | | | | | | | |
| 13. Incentive pool and withhold adjustments | | | | | | | | | | | | | |
| 14. Subtotal (Lines 7 to 13) | 75,888,239 | 43,712,900 | | | | | | | 32,175,339 | | | | |
| 15. Net reinsurance recoveries | 518,671 | 442,547 | | | | | | | 76,124 | | | | |
| 16. Total medical and hospital (Lines 14 minus 15) | 75,369,568 | 43,270,353 | | | | | | | 32,099,215 | | | | |
| 17. Claims adjustment expenses | | | | | | | | | | | | | |
| 18. General administrative expenses | 13,631,948 | 6,879,670 | | | | | | | 6,752,278 | | | | |
| 19. Increase in reserves for accident and health contracts | 1,547,000 | 1,547,000 | | | | | | | | | | | |
| 20. Total underwriting deductions (Lines 16 to 19) | 90,548,516 | 51,697,023 | | | | | | | 38,851,493 | | | | |
| 21. Net underwriting gain or (loss) (Line 6 minus Line 20) | (4,827,829) | (5,554,935) | | | | | | | 727,106 | | | | |
| 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) | | | | | | | | | | | | | |
| 1201. | | | | | | | | | | | | | |
| 1202. | | | | | | | | | | | | | |
| 1203. | | | | | | | | | | | | | |
| 1298. Summary of remaining write-ins for Line 12 from overflow page | | | | | | | | | | | | | |
| 1299. Totals (Lines 1201 through 1203 plus 1298) (Line 12 above) | | | | | | | | | | | | | |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

| Line of Business | 1 Direct Business | 2 Reinsurance Assumed | 3 Reinsurance Ceded | 4 Net Premium Income (Cols. 1 + 2 - 3) |
|--|-------------------------|-----------------------------|---------------------------|---|
| 1. Comprehensive (medical and hospital) | 46,620,003 | | 477,915 | 46,142,088 |
| 2. Medicare Supplement | | | | |
| 3. Dental only | | | | |
| 4. Vision only | | | | |
| 5. Federal Employees Health Benefits Plan Premiums | | | | |
| 6. Title XVIII - Medicare | | | | |
| 7. Title XIX - Medicaid | 40,019,945 | | 441,346 | 39,578,599 |
| 8. Other | | | | |
| 9. Totals | 86,639,948 | | 919,261 | 85,720,687 |

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|--|------------|---------------------------------------|------------------------|----------------|----------------|--|----------------------------|--------------------------|-------|
| | Total | Comprehensive (Medical & Hospital) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan Premium | Title XVIII Medicare | Title XIX Medicaid | Other |
| 1. Payments during the year: | | | | | | | | | |
| 1.1 Direct | 71,186,875 | 40,548,044 | | | | | | 30,638,831 | |
| 1.2 Reinsurance assumed | | | | | | | | | |
| 1.3 Reinsurance ceded | 468,720 | 392,596 | | | | | | 76,124 | |
| 1.4 Net | 70,718,155 | 40,155,448 | | | | | | 30,562,707 | |
| 2. Paid medical incentive pools and bonuses | | | | | | | | | |
| 3. Claim Liability December 31, current year from Part 2A: | | | | | | | | | |
| 3.1 Direct | 8,617,069 | 5,232,504 | | | | | | 3,384,565 | |
| 3.2 Reinsurance assumed | | | | | | | | | |
| 3.3 Reinsurance ceded | | | | | | | | | |
| 3.4 Net | 8,617,069 | 5,232,504 | | | | | | 3,384,565 | |
| 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 | 60,311 | 60,311 | | | | | | | |
| 7. Claim Liability December 31, prior year from Part 2A: | | | | | | | | | |
| 7.1 Direct | 3,915,705 | 2,067,648 | | | | | | 1,848,057 | |
| 7.2 Reinsurance assumed | | | | | | | | | |
| 7.3 Reinsurance ceded | | | | | | | | | |
| 7.4 Net | 3,915,705 | 2,067,648 | | | | | | 1,848,057 | |
| 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 | 10,360 | 10,360 | | | | | | | |
| 11. Incurred benefits: | | | | | | | | | |
| 11.1 Direct | 75,888,239 | 43,712,900 | | | | | | 32,175,339 | |
| 11.2 Reinsurance assumed | | | | | | | | | |
| 11.3 Reinsurance ceded | 518,671 | 442,547 | | | | | | 76,124 | |
| 11.4 Net | 75,369,568 | 43,270,353 | | | | | | 32,099,215 | |
| 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 | Comprehensive (Medical & Hospital) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefits Plan Premium | Title XVIII Medicare | Title XIX Medicaid | Other |
| 1. Reported in Process of Adjustment: | | | | | | | | | |
| 1.1 Direct | 153,490 | 80,845 | | | | | | 72,645 | |
| 1.2 Reinsurance assumed | | | | | | | | | |
| 1.3 Reinsurance ceded | | | | | | | | | |
| 1.4 Net | 153,490 | 80,845 | | | | | | 72,645 | |
| 2. Incurred but Unreported: | | | | | | | | | |
| 2.1 Direct | 8,463,579 | 5,151,659 | | | | | | 3,311,920 | |
| 2.2 Reinsurance assumed | | | | | | | | | |
| 2.3 Reinsurance ceded | | | | | | | | | |
| 2.4 Net | 8,463,579 | 5,151,659 | | | | | | 3,311,920 | |
| 3. Amount 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 | 8,617,069 | 5,232,504 | | | | | | 3,384,565 | |
| 4.2 Reinsurance assumed | | | | | | | | | |
| 4.3 Reinsurance ceded | | | | | | | | | |
| 4.4 Net | 8,617,069 | 5,232,504 | | | | | | 3,384,565 | |

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) | 1,763,350 | 38,392,098 | 54,298 | 5,178,206 | 1,817,648 | 2,067,648 |
| 2. Medicare Supplement | | | | | | |
| 3. Dental Only | | | | | | |
| 4. Vision Only | | | | | | |
| 5. Federal Employees Health Benefits Plan Premiums | | | | | | |
| 6. Title XVIII - Medicare | | | | | | |
| 7. Title XIX - Medicaid | 1,317,376 | 29,245,331 | 80,681 | 3,303,884 | 1,398,057 | 1,848,057 |
| 8. Other | | | | | | |
| 9. Subtotal | 3,080,726 | 67,637,429 | 134,979 | 8,482,090 | 3,215,705 | 3,915,705 |
| 10. Medical incentive pools, accruals and disbursements | | | | | | |
| 11. Totals | 3,080,726 | 67,637,429 | 134,979 | 8,482,090 | 3,215,705 | 3,915,705 |

UNDERWRITING AND INVESTMENT EXHIBIT

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

Hospital & Medical

Section A - Paid Claims

| Year in Which Losses Were Incurred | Net Amounts Paid | | | | |
|------------------------------------|------------------|-----------|-----------|-----------|-----------|
| | 1 1998 | 2 1999 | 3 2000 | 4 2001 | 5 2002 |
| 1. Prior | | | | | |
| 2. 1998 | | | | | |
| 3. 1999 | X X X | | | | |
| 4. 2000 | X X X | X X X | | | |
| 5. 2001 | X X X | X X X | X X X | | 1,764 |
| 6. 2002 | X X X | X X X | X X X | X X X | 38,392 |

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 | | (250) |
| 6. 2002 | X X X | X X X | X X X | X X X | 43,570 |

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 Claims 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 | 46,142 | 38,392 | | | 38,392 | 83.204 | 5,178 | | 43,570 | 94.426 |
| 7. Total (Lines 1 through 6) | X X X | 38,392 | | X X X | 38,392 | X X X | 5,178 | | 43,570 | X X X |
| 8. Total (Lines 2 through 6) | 46,142 | X X X | X X X | | X X X | 83.204 | X X X | X X X | X X X | 94.426 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF 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 | 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 Claims 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 | |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF 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 Claims 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 | |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF 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 Claims 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 | |

UNDERWRITING AND INVESTMENT EXHIBIT

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

Federal Employees Health Benefits Plan Premiums

Section A - Paid Claims

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

UNDERWRITING AND INVESTMENT EXHIBIT

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

Title XVIII - Medicare

Section A - Paid Claims

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF 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 | | 1,317 |
| 6. 2002 | X X X | X X X | X X X | X X X | 29,245 |

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 | | (450) |
| 6. 2002 | X X X | X X X | X X X | X X X | 32,549 |

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 Claims 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 | 39,579 | 29,245 | | | 29,245 | 73.890 | 3,304 | | 32,549 | 82.238 |
| 7. Total (Lines 1 through 6) | X X X | 29,245 | | X X X | 29,245 | X X X | 3,304 | | 32,549 | X X X |
| 8. Total (Lines 2 through 6) | 39,579 | X X X | X X X | | X X X | 73.890 | X X X | X X X | X X X | 82.238 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF 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 Premiums Earned | 2 Claims Payments | 3 Claim Adjustment Expense Payments | 4 (Col. 3 / 2) Percent | 5 Claims 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 | |

UNDERWRITING AND INVESTMENT EXHIBIT

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

Grand Total

Section A - Paid Claims

| Year in Which Losses Were Incurred | Net Amounts Paid | | | | |
|------------------------------------|------------------|-----------|-----------|-----------|-----------|
| | 1 1998 | 2 1999 | 3 2000 | 4 2001 | 5 2002 |
| 1. Prior | | | | | |
| 2. 1998 | | | | | |
| 3. 1999 | X X X | | | | |
| 4. 2000 | X X X | X X X | | | |
| 5. 2001 | X X X | X X X | X X X | | 3,081 |
| 6. 2002 | X X X | X X X | X X X | X X X | 67,637 |

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 | | (700) |
| 6. 2002 | X X X | X X X | X X X | X X X | 76,119 |

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 Claims 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 | 85,721 | 67,637 | | | 67,637 | 78.904 | 8,482 | | 76,119 | 88.799 |
| 7. Total (Lines 1 through 6) | X X X | 67,637 | | X X X | 67,637 | X X X | 8,482 | | 76,119 | X X X |
| 8. Total (Lines 2 through 6) | 85,721 | X X X | X X X | | X X X | 78.904 | X X X | X X X | X X X | 88.799 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|-----------|---|------------------------|----------------|----------------|--|----------------------------|--------------------------|-------|
| | Total | Comprehensive (Hospital & Medical) | Medicare Supplement | Dental Only | Vision Only | Federal Employees Health Benefit Plan | Title XVIII Medicare | Title XIX Medicaid | Other |
| POLICY RESERVE | | | | | | | | | |
| 1. Unearned premium reserves | | | | | | | | | |
| 2. Additional policy reserves (a) | 1,547,000 | 1,547,000 | | | | | | | |
| 3. Reserve for future contingent benefits | | | | | | | | | |
| 4. Reserve for rate credits or experience rating refunds (including \$ 0) for investment income | | | | | | | | | |
| 5. Aggregate write-ins for other policy reserves | | | | | | | | | |
| 6. Totals (gross) | 1,547,000 | 1,547,000 | | | | | | | |
| 7. Reinsurance ceded | | | | | | | | | |
| 8. Total (Net) (Page 3, Line 4) | 1,547,000 | 1,547,000 | | | | | | | |
| 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. Total (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) | | | | | | | | | |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 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) | | | | | | | | | |

13

(a) Includes \$ 1,547,000 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 (\$ 0 for occupancy of own building) | | 395,260 | | 395,260 |
| 2. Salaries, wages and other benefits | | 5,136,155 | | 5,136,155 |
| 3. Commissions (less \$ 0 ceded plus \$ 0 assumed) | | 761,969 | | 761,969 |
| 4. Legal fees and expenses | | | | |
| 5. Certifications and accreditation fees | | | | |
| 6. Auditing, actuarial and other consulting services | | 1,765,597 | | 1,765,597 |
| 7. Traveling expenses | | 248,208 | | 248,208 |
| 8. Marketing and advertising | | 325,428 | | 325,428 |
| 9. Postage, express and telephone | | 356,237 | | 356,237 |
| 10. Printing and office supplies | | 532,555 | | 532,555 |
| 11. Occupancy, depreciation and amortization | | 75,596 | | 75,596 |
| 12. Equipment | | 165,474 | | 165,474 |
| 13. Cost or depreciation of EDP equipment and software | | 40,697 | | 40,697 |
| 14. Outsourced services including EDP, claims, and other services | | 2,309,708 | | 2,309,708 |
| 15. Boards, bureaus and association fees | | 207,110 | | 207,110 |
| 16. Insurance, except on real estate | | (1,575) | | (1,575) |
| 17. Collection and bank service charges | | 20,489 | | 20,489 |
| 18. Group service and administration fees | | | | |
| 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 | | 317,089 | | 317,089 |
| 23.3 Regulator authority licenses and fees | | | | |
| 23.4 Payroll taxes | | 444,941 | | 444,941 |
| 23.5 Other (excluding federal income and real estate taxes) | | 15,232 | | 15,232 |
| 24. Investment expenses not included elsewhere | | | | |
| 25. Aggregate write-ins for expenses | | 515,777 | | 515,777 |
| 26. Total expenses incurred (Lines 1 to 25) | | 13,631,947 | | (a) 13,631,947 |
| 27. Add expenses unpaid December 31, prior year | | 1,858,524 | | 1,858,524 |
| 28. Less expenses unpaid December 31, current year | | 2,075,516 | | 2,075,516 |
| 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 plus 29 plus 30) | | 13,414,955 | | 13,414,955 |
| DETAILS OF WRITE-INS | | | | |
| 2501. Training | | 27,402 | | 27,402 |
| 2502. Other Expenses | | 488,375 | | 488,375 |
| 2503. | | | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | | | | |
| 2599. Totals (Lines 2501 through 2503 + 2598) (Line 25 above) | | 515,777 | | 515,777 |

(a) Includes management fees of \$ 0 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

| | 1 Collected During Year | 2 Earned During Year |
|---|-------------------------------|----------------------------|
| 1. U.S. Government bonds | (a) 4,243 | 4,342 |
| 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) | |
| 5. Contract loans | | |
| 6. Cash/short-term investments | (e) 116,007 | 116,007 |
| 7. Derivative instruments | (f) | |
| 8. Other invested assets | | |
| 9. Aggregate write-ins for investment income | 6,671 | 6,671 |
| 10. Total gross investment income | 126,921 | 127,020 |
| 11. Investment expenses | | (g) |
| 12. Investment taxes, licenses and fees, excluding federal income taxes | | (g) |
| 13. Interest expense | | (h) |
| 14. Depreciation on real estate and other invested assets | | (i) |
| 15. Aggregate write-ins for deductions from investment income | | |
| 16. Total deductions (Lines 11 through 15) | | |
| 17. Net investment income - (Line 10 minus Line 16) | | 127,020 |
| DETAILS OF WRITE-INS | | |
| 0901. Statutory Deposits | 6,671 | 6,671 |
| 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) | 6,671 | 6,671 |
| 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 \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases. | | |
| (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases. | | |
| (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases. | | |
| (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances. | | |
| (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases. | | |
| (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium. | | |
| (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts. | | |
| (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes. | | |
| (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets. | | |

EXHIBIT OF CAPITAL GAINS (LOSSES)

| | 1 | 2 | 3 | 4 | 5 |
|--|--|----------------------------------|--|--|-------|
| | Realized Gain (Loss) On Sales or Maturity | Other Realized Adjustments | Increases (Decreases) by Adjustment | Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values | Total |
| 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 | 60,366 | 126,113 | 65,747 |
| 2. Other Nonadmitted Assets: | | | |
| 2.1 Bills receivable | | | |
| 2.2 Leasehold improvements | 368 | 10,386 | 10,018 |
| 2.3 Cash advanced to or in 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) | 368 | 10,386 | 10,018 |
| 4. Aggregate write-ins for other assets | 107,962 | 28,137 | (79,825) |
| 5. Total (Line 1 plus Line 3 and 4) | 168,696 | 164,636 | (4,060) |
| DETAILS OF WRITE-INS | | | |
| 0401. Prepaid Expenses | 107,962 | 28,137 | (79,825) |
| 0402. | | | |
| 0403. | | | |
| 0498. Summary of remaining write-ins for Line 4 from overflow page | | | |
| 0499. Totals (Lines 0401 through 0403 plus 0498) (Line 4 above) | 107,962 | 28,137 | (79,825) |

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 | 26,182 | 23,111 | 22,277 | 21,711 | 21,403 | 274,935 |
| 2. Provider Service Organizations | | | | | | |
| 3. Preferred Provider Organizations | | | | | | |
| 4. Point of Service | | | | | | |
| 5. Indemnity Only | | | | | | |
| 6. Aggregate write-ins for other lines of business | 18,043 | 20,116 | 21,190 | 22,494 | 23,769 | 258,393 |
| 7. Total | 44,225 | 43,227 | 43,467 | 44,205 | 45,172 | 533,328 |
| DETAILS OF WRITE-INS | | | | | | |
| 0601. Medicaid Risk | 18,043 | 20,116 | 21,190 | 22,494 | 23,769 | 258,393 |
| 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) | 18,043 | 20,116 | 21,190 | 22,494 | 23,769 | 258,393 |

NOTES TO FINANCIAL STATEMENTS

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 | 44,521 | 0.284 | 44,521 | 0.284 |
| 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 (including residential and commercial MBS): | | | | |
| 1.51 Pass-through securities: | | | | |
| 1.511 Guaranteed by GNMA | | | | |
| 1.512 Issued by FNMA and FHLMC | | | | |
| 1.513 Privately issued | | | | |
| 1.52 CMOs and REMICs: | | | | |
| 1.521 Issued by FNMA and FHLMC | | | | |
| 1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC | | | | |
| 1.523 All other privately issued | | | | |
| 2. Other debt and other fixed income securities (excluding short term): | | | | |
| 2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) | | | | |
| 2.2 Unaffiliated foreign securities | | | | |
| 2.3 Affiliated securities | | | | |
| 3. Equity interests: | | | | |
| 3.1 Investments in mutual funds | | | | |
| 3.2 Preferred stocks: | | | | |
| 3.21 Affiliated | | | | |
| 3.22 Unaffiliated | | | | |
| 3.3 Publicly traded equity securities (excluding preferred stocks): | | | | |
| 3.31 Affiliated | | | | |
| 3.32 Unaffiliated | | | | |
| 3.4 Other equity securities: | | | | |
| 3.41 Affiliated | | | | |
| 3.42 Unaffiliated | | | | |
| 3.5 Other equity interests including tangible personal property under lease: | | | | |
| 3.51 Affiliated | | | | |
| 3.52 Unaffiliated | | | | |
| 4. Mortgage loans: | | | | |
| 4.1 Construction and land development | | | | |
| 4.2 Agricultural | | | | |
| 4.3 Single family residential properties | | | | |
| 4.4 Multifamily residential properties | | | | |
| 4.5 Commercial loans | | | | |
| 5. Real estate investments: | | | | |
| 5.1 Property occupied by company | | | | |
| 5.2 Property held for production of income (includes \$ 0 of property acquired in satisfaction of debt) | | | | |
| 5.3 Property held for sale (\$ 0 including property acquired in satisfaction of debt) | | | | |
| 6. Policy loans | | | | |
| 7. Receivables for securities | | | | |
| 8. Cash and short-term investments | 15,181,091 | 96.905 | 15,181,091 | 96.905 |
| 9. Other invested assets | 440,267 | 2.810 | 440,267 | 2.810 |
| 10. Total invested assets | 15,665,879 | 100.000 | 15,665,879 | 100.000 |

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No [X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] N/A [X]
- 1.3 State Regulating? _____
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended. _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2000
- 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. _____
- 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). _____
- 3.4 By what department or departments? Ohio Department of Insurance
-
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1 Name of Entity | 2 NAIC Company Code | 3 State of Domicile |
|---------------------|------------------------|------------------------|
| | 00000 | |
| | 00000 | |
| | 00000 | |
| | 00000 | |
| | 00000 | |

- 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 0 %
- 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?
Ernst & Young LLP
1300 Chiquita Center, 250 East Fifth St. Cincinnati, Ohio 45202

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? Tim Feeser, FSA
220 South Ninth St., Suite 1500 Minneapolis, MN 55402
Reden & Anders, Ltd.

10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [X]

10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]

10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

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 the end of year (inclusive of Separate Accounts, exclusive of policy loans):
 14.21 To directors or other officers \$ _____
 14.22 To stockholder 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:

| Class | 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? |
|-----------|-------------------------------------|--------------------------------------|-----------------------------|--------------------------------------|-----------------------------------|-----------------------------------|
| Preferred | | | | | Yes [] No [X] | Yes [] No [X] |
| Common | | | | XXX | XXX XXX | XXX XXX |

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

18.2 If no, give full and complete information, relating thereto 0
0
0

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 | 0 | |
| 19.32 | 0 | |
| 19.33 | 0 | |
| 19.34 | 0 | |
| 19.35 | 0 | |
| 19.36 | 0 | |
| 19.37 | 0 | |
| 19.38 | 0 | |
| 19.39 | 0 | |

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 [X] No []

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

| 1 Name of Custodian(s) | 2 Custodian's Address |
|---------------------------|--------------------------|
| State Street Trust | |
| Cincinnati, Ohio | |
| | |
| | |

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 [X] No []

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

| 1 Old Custodian | 2 New Custodian | 3 Date of Change | 4 Reason |
|---------------------------------|--------------------|---------------------|-------------|
| Key Bank | | | |
| State Street Trust | | | |
| 07/31/2002 | | | |
| Corporate Consolidation of Inve | | | |
| | | | |

22.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/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 |
|---|-----------|--------------|
| N/A | | |
| | | |
| | | |
| | | |

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 16,770

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

| 1 Name | 2 Amount Paid |
|----------------------------------|------------------|
| Ohio Association of Health Plans | \$ |
| | \$ |
| | \$ |
| | \$ |

24.1 Amount of payments for legal expenses, if any? \$ 92,059

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

| 1 Name | 2 Amount Paid |
|---------------------------|------------------|
| Shumaker, Loop & Kendrick | \$ |
| | \$ |
| Baker, Hostetler, LLP | \$ |
| | \$ |

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

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | \$ |
| | \$ |
| | \$ |
| | \$ |

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? YES [] NO [X]
- 1.2 If yes, indicate premium earned on U.S. business only. \$ _____
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ _____
- 1.31 Reason for excluding _____
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above \$ _____
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ _____
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$ _____
- 1.62 Total incurred claims \$ _____
- 1.63 Number of covered lives \$ _____
- All years prior to most current three years:
- 1.64 Total premium earned \$ _____
- 1.65 Total incurred claims \$ _____
- 1.66 Number of covered lives \$ _____
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$ _____
- 1.72 Total incurred claims \$ _____
- 1.73 Number of covered lives \$ _____
- All years prior to most current three years:
- 1.74 Total premium earned \$ _____
- 1.75 Total incurred claims \$ _____
- 1.76 Number of covered lives \$ _____
- 2.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? YES [] NO [X]
- 2.2 If yes, give particulars: _____
- 3.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency? YES [X] NO []
- 3.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? YES [] NO [X]
- 4.1 Does the reporting entity have stop-loss reinsurance? YES [X] NO []
- 4.2 If no, explain: _____
- 4.3 Maximum retained risk (see instructions)
- 4.31 Comprehensive Medical \$ _____
- 4.32 Medical Only \$ _____ 75,000
- 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: Insolvency coverage is included in re-insurance agreements. Hold harmless provisions are in all contracts. _____
- 6.1 Does the reporting entity set up its claim liability for provider services on a service data base? YES [X] NO []
- 6.2 If no, give details _____
7. Provide the following information regarding participating providers:
- 7.1 Number of providers at start of reporting year _____ 830
- 7.2 Number of providers at end of reporting year _____ 923
- 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 _____
- 8.22 Business with rate guarantees over 36 months _____
- 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 \$ _____
- 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 | | |
|---------------------------|----------|----------|
| Crawford | Defiance | Fulton |
| Henry | Huron | Lucas |
| Ottawa | Richland | Sandusky |
| Wood | | |
| | | |
| | | |
| | | |
| | | |

FIVE-YEAR HISTORICAL DATA

| | 1 | 2 | 3 | 4 | 5 |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2002 | 2001 | 2000 | 1999 | 1998 |
| BALANCE SHEET ITEMS (Pages 2 and 3) | | | | | |
| 1. Total admitted assets (Page 2, Line 23) | 26,939,208 | 17,102,974 | 15,748,241 | 15,435,103 | 14,470,730 |
| 2. Total liabilities (Page 3, Line 18) | 17,131,655 | 10,611,403 | 14,160,134 | 13,560,273 | 11,459,850 |
| 3. Statutory surplus | 1,500,000 | 440,000 | 440,000 | 400,000 | 300,000 |
| 4. Total capital and surplus (Page 3, Line 26) | 9,807,533 | 6,491,571 | 1,588,107 | 1,874,830 | 3,010,880 |
| INCOME STATEMENT ITEMS (Page 4) | | | | | |
| 5. Total revenues (Line 7) | 85,720,687 | 108,408,077 | 115,530,994 | 101,351,719 | 76,205,667 |
| 6. Total medical and hospital expenses (Line 17) | 75,369,568 | 100,798,935 | 106,722,175 | 92,381,912 | 69,141,076 |
| 7. Total administrative expenses (Line 19) | 13,631,948 | 10,185,580 | 12,125,775 | 14,282,963 | 14,717,834 |
| 8. Net underwriting gain (loss) (Line 22) | (4,827,829) | (2,576,438) | (3,343,956) | (6,434,197) | (8,350,509) |
| 9. Net investment gain (loss) (Line 25) | 126,921 | 242,458 | 390,589 | 415,144 | 349,367 |
| 10. Total other income (Line 26 plus 27) | (285) | (5,882,002) | (547,077) | 705,897 | 347,899 |
| 11. Net income or (loss) (Line 30) | (4,701,193) | (8,215,982) | (3,500,444) | (5,313,156) | (7,653,243) |
| RISK-BASED CAPITAL ANALYSIS | | | | | |
| 12. Total adjusted capital | 9,807,553 | 6,491,571 | 1,588,107 | 1,874,830 | 3,010,880 |
| 13. Authorized control level risk-based capital | 4,001,384 | | 6,397,456 | 6,236,802 | 1,947,536 |
| ENROLLMENT (Exhibit 2) | | | | | |
| 14. Total members at end of period (Column 5, Line 7) | 45,172 | 44,225 | 49,785 | 62,082 | 52,423 |
| 15. Total members months (Column 6, Line 7) | 533,328 | 532,184 | 595,615 | 722,139 | 592,584 |
| OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) | | | | | |
| 16. Premiums earned (Line 2 plus 3) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 17. Total medical and hospital (Line 17) | 87.9 | 0.9 | 0.9 | 0.9 | 0.9 |
| 18. Total underwriting deductions (Line 21) | 105.6 | 1.0 | 1.0 | 1.1 | 1.1 |
| 19. Total underwriting gain (loss) (Line 22) | (5.6) | | | (0.1) | (0.1) |
| UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B) | | | | | |
| 20. Total claims incurred for prior years (Line 11, Col. 5) | 3,215,705 | 3,915,705 | 4,992,206 | 4,649,922 | 11,208,711 |
| 21. Estimated liability of unpaid claims - [prior year (Line 11, Col. 6)] | 3,915,705 | 4,992,206 | 4,649,922 | 4,203,869 | 3,961,465 |

FIVE-YEAR HISTORICAL DATA (Continued)

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

SCHEDULE D - SUMMARY BY COUNTRY

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

| Description | | 1 | 2 | 3 | 4 |
|--|---------------------------|------------------------------|----------------|-------------|--------------------|
| | | Book/Adjusted Carrying Value | Fair Value (a) | Actual Cost | Par Value of Bonds |
| BONDS | | | | | |
| Governments (Including all obligations guaranteed by governments) | 1. United States | 44,521 | 44,591 | 41,053 | 47,000 |
| | 2. Canada | | | | |
| | 3. Other Countries | | | | |
| | 4. Totals | 44,521 | 44,591 | 41,053 | 47,000 |
| 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 | | 44,521 | 44,591 | 41,053 | 47,000 |
| PREFERRED STOCKS | | | | | |
| Public Utilities (unaffiliated) | 27. United States | | | | |
| | 28. Canada | | | | |
| | 29. Other Countries | | | | |
| 30. Totals | | | | | |
| Banks, Trust and Insurance Companies (unaffiliated) | 31. United States | | | | |
| | 32. Canada | | | | |
| | 33. Other Countries | | | | |
| 34. Totals | | | | | |
| Industrial and Miscellaneous (unaffiliated) | 35. United States | | | | |
| | 36. Canada | | | | |
| | 37. Other Countries | | | | |
| 38. Totals | | | | | |
| Parent, Subsidiaries and Affiliates | 39. Totals | | | | |
| 40. Total Preferred Stocks | | | | | |
| COMMON STOCKS | | | | | |
| Public Utilities (unaffiliated) | 41. United States | | | | |
| | 42. Canada | | | | |
| | 43. Other Countries | | | | |
| 44. Totals | | | | | |
| Banks, Trust and Insurance Companies (unaffiliated) | 45. United States | | | | |
| | 46. Canada | | | | |
| | 47. Other Countries | | | | |
| 48. Totals | | | | | |
| Industrial and Miscellaneous (unaffiliated) | 49. United States | | | | |
| | 50. Canada | | | | |
| | 51. Other Countries | | | | |
| 52. Totals | | | | | |
| Parent, Subsidiaries and Affiliates | 53. Totals | | | | |
| 54. Total Common Stocks | | | | | |
| 55. Total Stocks | | | | | |
| 56. Total Bonds and Stocks | | 44,521 | 44,591 | 41,053 | |

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ 0.

SCHEDULE D - VERIFICATION BETWEEN YEARS

| | | | |
|---|--------|--|--------|
| 1. Book/adjusted carrying value of bonds and stocks, prior year | 40,429 | 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 | 4,092 | 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 | 44,521 |
| 3.4 Column 10, Part 4 | 4,092 | 8. Total valuation allowance | |
| 4. Total gain (loss), Column 14, Part 4 | | 9. Subtotal (Lines 7 plus 8) | 44,521 |
| 5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 | | 10. Total nonadmitted amounts | |
| | | 11. Statement value of bonds and stocks, current period | 44,521 |

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

| State, Etc. | 1 | 2 | Direct Business Only | | | |
|---|---------------------------------|---------------------------------------|----------------------|-------------------------|-----------------------|--|
| | | | 3 | 4 | 5 | 6 |
| | Guaranty Fund (Yes or No) | Is Insurer Licensed (Yes or No) | Premiums | Medicare Title XVIII | Medicaid Title XIX | Federal Employees Health Benefits Program Premiums |
| 1. Alabama | AL | NO | | | | |
| 2. Alaska | AK | NO | | | | |
| 3. Arizona | AZ | NO | | | | |
| 4. Arkansas | AR | NO | | | | |
| 5. California | CA | NO | | | | |
| 6. Colorado | CO | NO | | | | |
| 7. Connecticut | CT | NO | | | | |
| 8. Delaware | DE | NO | | | | |
| 9. Dist. Columbia | DC | NO | | | | |
| 10. Florida | FL | NO | | | | |
| 11. Georgia | GA | NO | | | | |
| 12. Hawaii | HI | NO | | | | |
| 13. Idaho | ID | NO | | | | |
| 14. Illinois | IL | NO | | | | |
| 15. Indiana | IN | NO | | | | |
| 16. Iowa | IA | NO | | | | |
| 17. Kansas | KS | NO | | | | |
| 18. Kentucky | KY | NO | | | | |
| 19. Louisiana | LA | NO | | | | |
| 20. Maine | ME | NO | | | | |
| 21. Maryland | MD | NO | | | | |
| 22. Massachusetts | MA | NO | | | | |
| 23. Michigan | MI | NO | | | | |
| 24. Minnesota | MN | NO | | | | |
| 25. Mississippi | MS | NO | | | | |
| 26. Missouri | MO | NO | | | | |
| 27. Montana | MT | NO | | | | |
| 28. Nebraska | NE | NO | | | | |
| 29. Nevada | NV | NO | | | | |
| 30. New Hampshire | NH | NO | | | | |
| 31. New Jersey | NJ | NO | | | | |
| 32. New Mexico | NM | NO | | | | |
| 33. New York | NY | NO | | | | |
| 34. North Carolina | NC | NO | | | | |
| 35. North Dakota | ND | NO | | | | |
| 36. Ohio | OH | YES | 46,620,003 | | 40,019,945 | |
| 37. Oklahoma | OK | NO | | | | |
| 38. Oregon | OR | NO | | | | |
| 39. Pennsylvania | PA | NO | | | | |
| 40. Rhode Island | RI | NO | | | | |
| 41. South Carolina | SC | NO | | | | |
| 42. South Dakota | SD | NO | | | | |
| 43. Tennessee | TN | NO | | | | |
| 44. Texas | TX | NO | | | | |
| 45. Utah | UT | NO | | | | |
| 46. Vermont | VT | NO | | | | |
| 47. Virginia | VA | NO | | | | |
| 48. Washington | WA | NO | | | | |
| 49. West Virginia | WV | NO | | | | |
| 50. Wisconsin | WI | NO | | | | |
| 51. Wyoming | WY | NO | | | | |
| 52. American Samoa | AS | NO | | | | |
| 53. Guam | GU | NO | | | | |
| 54. Puerto Rico | PR | NO | | | | |
| 55. US Virgin Islands | VI | NO | | | | |
| 56. Canada | CN | NO | | | | |
| 57. Aggregate Other Alien | OT | X X X | | | | |
| 58. Total (Direct Business) | X X X | (a) | 46,620,003 | | 40,019,945 | |
| 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) | | | | | | |
| Explanation of basis of allocation by states, premiums by state, etc. | | | | | | |
| All Ohio | | | | | | |

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

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

| | | | | |
|------|-------|------|------------|--|
| | 00000 | Ohio | | Catholic Health Partners |
| | 00000 | Ohio | 34-1344482 | Mercy Health Partners (Reports to Catholic Health Partners) |
| | 00000 | Ohio | 34-1363204 | Farley Healthcare Corporation (Reports to Mercy Health Partners) |
| 1206 | 96865 | Ohio | 34-1486483 | Family Health Plan Inc. (Reports to Farley Corp.) |
| 1206 | 95429 | Ohio | 34-1819975 | Genesis Health Plan (Reports to Farley Corp.) |
| 1206 | 60220 | Ohio | 31-1508054 | Unity Insurance (Reports to Farley Corp.) |
| | 00000 | Ohio | 30-0066340 | Family Health Plan - Workers Comp., Inc. (Reports to Farley Corp.) |

OVERFLOW PAGE FOR WRITE-INS
