



QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2011
OF THE CONDITION AND AFFAIRS OF THE

CARESOURCE

NAIC Group Code	3683 (Current Period)	3683 (Prior Period)	NAIC Company Code	95201	Employer's ID Number	31-1143265
Organized under the Laws of <u>Ohio</u>			State of Domicile or Port of Entry <u>Ohio</u>			
Country of Domicile <u>United States</u>						
Licensed as business type:	Life, Accident & Health <input type="checkbox"/>	Property/Casualty <input type="checkbox"/>	Hospital, Medical & Dental Service or Indemnity <input type="checkbox"/>			
	Dental Service Corporation <input type="checkbox"/>	Vision Service Corporation <input type="checkbox"/>	Health Maintenance Organization <input checked="" type="checkbox"/>			
	Other <input type="checkbox"/>		Is HMO, Federally Qualified? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			
Incorporated/Organized	<u>06/12/1985</u>	Commenced Business			<u>10/01/1988</u>	
Statutory Home Office	<u>230 North Main Street</u> (Street and Number)			<u>Dayton, OH 45402</u>		
Main Administrative Office	<u>230 North Main Street</u> (Street and Number)			<u>Dayton, OH 45402</u>	<u>937-531-3300</u>	
Mail Address	<u>PO Box 8738</u> (Street and Number or P.O. Box)			<u>Dayton, OH 45401-8738</u>	<u>937-531-2159</u>	
Primary Location of Books and Records	<u>230 North Main Street</u> (Street and Number)			<u>Dayton, OH 45402</u>	<u>937-531-2159</u>	
Internet Web Site Address	<u>www.caresource.com</u>					
Statutory Statement Contact	<u>L. Tarlton Thomas III</u> (Name)			<u>937-531-2159</u>	<u>937-396-3438</u>	
	<u>Tarlton.Thomas@caresource.com</u> (E-mail Address)			<u>(Area Code) (Telephone Number) (Extension)</u>	<u>(FAX Number)</u>	

OFFICERS

Name	Title	Name	Title
Pamela B. Morris	President & Chief Executive Officer	Bobby L. Jones	Chief Operating Officer
Craig Thiele M.D.	Chief Medical Officer	L. Tarlton Thomas III	Chief Financial Officer

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Pamela B. Morris	Michael E. Ervin M.D.	Ellen Leffak
William F. Marsteller D.C.	Morris Brown M.D.	David T. Miller

State of Ohio

ss

County of Montgomery

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. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Pamela B. Morris President & Chief Executive Officer	Bobby Jones Chief Operating Officer	L. Tarlton Thomas, III Chief Financial Officer
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a. Is this an original filing? Yes 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 _____,

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	298,055,128		298,055,128	267,339,834
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	31,812,386		31,812,386	27,621,199
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	2,100,000		2,100,000	2,100,000
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ 9,263,513), cash equivalents (\$ 276,267,576) and short-term investments (\$ 46,075,702)	331,606,791		331,606,791	220,766,198
6. Contract loans (including \$ premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	1,196,882	1,196,882	0	.65,272
12. Subtotals, cash and invested assets (Lines 1 to 11)	664,771,187	1,196,882	.663,574,305	.517,892,503
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	3,799,102		3,799,102	2,715,861
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	68,692,132		68,692,132	27,076,285
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	7,425,703		7,425,703	.5,713,653
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	0
24. Health care (\$ 39,649,097) and other amounts receivable	39,649,097		39,649,097	37,656,528
25. Aggregate write-ins for other than invested assets	33,938	33,938	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	784,371,159	1,230,820	783,140,339	591,054,831
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	784,371,159	1,230,820	783,140,339	591,054,831
DETAILS OF WRITE-INS				
1101. Investment in CareSource Foundation	1,196,882	1,196,882	0	.65,272
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	.0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	1,196,882	1,196,882	0	.65,272
2501. PREPAID EXPENSES	33,938	33,938	0	0
2502. LEASEHOLD IMPROVEMENTS			0	0
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	.0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	33,938	33,938	0	0

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 7,700,920 reinsurance ceded)	305,958,012		305,958,012	222,611,416
2. Accrued medical incentive pool and bonus amounts	1,372,407		1,372,407	1,418,741
3. Unpaid claims adjustment expenses	7,983,965		7,983,965	5,924,421
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	4,782,119		4,782,119	0
9. General expenses due or accrued	50,260,003		50,260,003	57,243,640
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	6,323,716		6,323,716	9,920,859
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	884,722		884,722	645,327
23. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	377,564,944	0	377,564,944	297,764,404
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		0
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX	17,200,000	17,200,000
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	2,100,000	2,100,000
31. Unassigned funds (surplus)	XXX	XXX	386,275,395	273,990,427
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		0
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	405,575,395	293,290,427
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	783,140,339	591,054,831
DETAILS OF WRITE-INS				
2301.			0	0
2302.			0	0
2303.			0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0
2501.	XXX	XXX		0
2502.	XXX	XXX		0
2503.	XXX	XXX		0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001. Contributed Surplus (Land)	XXX	XXX	2,100,000	2,100,000
3002.	XXX	XXX		0
3003.	XXX	XXX		0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	2,100,000	2,100,000

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	7,661,052	7,170,942	9,656,578
2. Net premium income (including \$ non-health premium income)	XXX	2,055,589,841	1,911,505,412	2,558,117,692
3. Change in unearned premium reserves and reserve for rate credits	XXX		0	0
4. Fee-for-service (net of \$ medical expenses).....	XXX		0	0
5. Risk revenue.....	XXX		0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	2,055,589,841	1,911,505,412	2,558,117,692
Hospital and Medical:				
9. Hospital/medical benefits		1,530,662,187	1,442,980,977	1,896,322,781
10. Other professional services		22,999,261	16,441,483	22,680,050
11. Outside referrals			0	0
12. Emergency room and out-of-area		131,575,943	125,921,423	173,420,634
13. Prescription drugs		3,445,559	36,760,346	37,990,319
14. Aggregate write-ins for other hospital and medical.....	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		1,965,773	1,824,125	2,573,033
16. Subtotal (Lines 9 to 15)	0	1,690,648,723	1,623,928,354	2,132,986,817
Less:				
17. Net reinsurance recoveries		10,847,120	8,318,333	10,484,656
18. Total hospital and medical (Lines 16 minus 17)	0	1,679,801,603	1,615,610,021	2,122,502,161
19. Non-health claims (net).....			0	0
20. Claims adjustment expenses, including \$ 25,324,830 cost containment expenses.....		34,640,811	36,411,595	43,491,237
21. General administrative expenses.....		231,902,280	211,343,537	291,151,293
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....			0	0
23. Total underwriting deductions (Lines 18 through 22)	0	1,946,344,694	1,863,365,153	2,457,144,691
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	109,245,147	48,140,259	100,973,001
25. Net investment income earned		9,363,381	8,378,969	11,087,300
26. Net realized capital gains (losses) less capital gains tax of \$.....		(384,891)	59,172	(472,105)
27. Net investment gains (losses) (Lines 25 plus 26)	0	8,978,490	8,438,141	10,615,195
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0	0
29. Aggregate write-ins for other income or expenses	0	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	118,223,637	56,578,400	111,588,196
31. Federal and foreign income taxes incurred	XXX		0	0
32. Net income (loss) (Lines 30 minus 31)	XXX	118,223,637	56,578,400	111,588,196
DETAILS OF WRITE-INS				
0601.	XXX		0	0
0602.	XXX		0	0
0603.	XXX		0	0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0	0
0701.	XXX		0	0
0702.	XXX		0	0
0703.	XXX		0	0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.			0	0
1402.			0	0
1403.			0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901.			0	0
2902.			0	0
2903.			0	0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	0

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	293,290,427	180,796,584	180,796,584
34. Net income or (loss) from Line 32	118,223,637	56,578,400	111,588,196
35. Change in valuation basis of aggregate policy and claim reserves	0	0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	(4,470,990)	907,500	3,705,176
37. Change in net unrealized foreign exchange capital gain or (loss)	0	0	0
38. Change in net deferred income tax	0	0	0
39. Change in nonadmitted assets	(527,473)	(9,510)	(677,325)
40. Change in unauthorized reinsurance	0	0	0
41. Change in treasury stock	0	0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles	0	0	0
44. Capital Changes:			
44.1 Paid in	0	0	0
44.2 Transferred from surplus (Stock Dividend)	0	0	0
44.3 Transferred to surplus	0	0	0
45. Surplus adjustments:			
45.1 Paid in	0	0	0
45.2 Transferred to capital (Stock Dividend)	0	0	0
45.3 Transferred from capital	(940,206)	(658,546)	(1,017,795)
46. Dividends to stockholders	0	0	0
47. Aggregate write-ins for gains or (losses) in surplus	0	0	(1,104,409)
48. Net change in capital and surplus (Lines 34 to 47)	112,284,968	56,817,844	112,493,843
49. Capital and surplus end of reporting period (Line 33 plus 48)	405,575,395	237,614,428	293,290,427
DETAILS OF WRITE-INS			
4701. CONTRIBUTED SURPLUS (LAND)	0	0	0
4702. Non credit related impairment of residential mortgage based securities	0	0	(1,104,409)
4703. 0	0	0	0
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	(1,104,409)

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	2,018,756,113	1,669,944,689	2,316,483,243
2. Net investment income.....	9,275,311	4,834,316	11,706,976
3. Miscellaneous income.....	0	0	0
4. Total (Lines 1 to 3).....	2,028,031,425	1,674,779,005	2,328,190,218
5. Benefit and loss related payments.....	1,599,566,795	1,556,145,598	2,114,254,384
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	271,227,786	202,677,599	290,690,409
8. Dividends paid to policyholders.....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	0	0	0
10. Total (Lines 5 through 9).....	1,870,794,581	1,758,823,197	2,404,944,793
11. Net cash from operations (Line 4 minus Line 10).....	157,236,844	(84,044,192)	(76,754,575)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	23,929,906	47,666,861	60,875,073
12.2 Stocks.....	13,036,315	0	1,314,983
12.3 Mortgage loans.....	0	0	0
12.4 Real estate.....	0	0	0
12.5 Other invested assets.....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0	0
12.7 Miscellaneous proceeds.....	0	59,172	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	36,966,221	47,726,033	62,190,056
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	55,583,502	90,796,832	121,351,329
13.2 Stocks.....	22,143,044	2,000,499	6,599,589
13.3 Mortgage loans.....	0	0	0
13.4 Real estate.....	0	0	0
13.5 Other invested assets.....	0	0	0
13.6 Miscellaneous applications.....	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	77,726,547	92,797,331	127,950,918
14. Net increase (or decrease) in contract loans and premium notes.....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(40,760,326)	(45,071,298)	(65,760,862)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	(2,089,142)	(658,549)	(1,029,271)
16.3 Borrowed funds.....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0	0
16.5 Dividends to stockholders.....	0	0	0
16.6 Other cash provided (applied).....	(3,546,783)	294,756	3,086,530
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(5,635,925)	(363,793)	2,057,259
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	110,840,593	(129,479,283)	(140,458,178)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	220,766,198	361,224,376	361,224,376
19.2 End of period (Line 18 plus Line 19.1).....	331,606,791	231,745,093	220,766,198

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group							
Total Members at end of:										
1. Prior Year	839,491	0	.0	0	0	0	0	.824	838,212	455
2. First Quarter	851,812	0	.0	0	0	0	0	.853	850,395	564
3. Second Quarter	847,090	0	.0	0	0	0	0	.939	845,543	608
4. Third Quarter	878,864	0	.0	0	0	0	0	1,066	876,443	1,355
5. Current Year	0									
6. Current Year Member Months	7,661,052	0	0	0	0	0	0	8,366	7,646,142	6,544
Total Member Ambulatory Encounters for Period:										
7. Physician	3,783,803	0	.0	0	0	0	0	.9,103	3,774,685	15
8. Non-Physician	2,416,366	0	0	0	0	0	0	8,598	2,407,752	16
9. Total	6,200,169	0	0	0	0	0	0	17,701	6,182,437	31
10. Hospital Patient Days Incurred	300,259	0	0	0	0	0	0	1,747	298,512	0
11. Number of Inpatient Admissions	85,950	0	0	0	0	0	0	321	85,629	0
12. Health Premiums Written (a)	2,065,999,054	0	.0	0	0	0	0	8,340,918	2,057,185,058	473,078
13. Life Premiums Direct	0	0	.0	0	0	0	0	0	0	0
14. Property/Casualty Premiums Written	0	0	.0	0	0	0	0	0	0	0
15. Health Premiums Earned	2,065,999,054	0	.0	0	0	0	0	8,340,918	2,057,185,058	473,078
16. Property/Casualty Premiums Earned	0	0	.0	0	0	0	0	0	0	0
17. Amount Paid for Provision of Health Care Services	1,594,100,495	0	.0	0	0	0	0	6,788,246	1,587,045,045	267,204
18. Amount Incurred for Provision of Health Care Services	1,690,648,723	0	0	0	0	0	0	7,213,308	1,682,961,458	473,957

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ 8,340,918

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims unpaid (Reported)						
0199999 Individually listed claims unpaid.....	0	0	0	0	0	0
0299999 Aggregate accounts not individually listed-uncovered.....						0
0399999 Aggregate accounts not individually listed-covered	77,001,111	2,502,694	167,402	65,157	121,809	79,858,173
0499999 Subtotals	77,001,111	2,502,694	167,402	65,157	121,809	79,858,173
0599999 Unreported claims and other claim reserves	XXX	XXX	XXX	XXX	XXX	233,800,759
0699999 Total amounts withheld	XXX	XXX	XXX	XXX	XXX	
0799999 Total claims unpaid	XXX	XXX	XXX	XXX	XXX	313,658,932
0899999 Accrued medical incentive pool and bonus amounts	XXX	XXX	XXX	XXX	XXX	1,372,407

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

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

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	.0
2. Medicare Supplement					0	.0
3. Dental Only					0	.0
4. Vision Only					0	.0
5. Federal Employees Health Benefits Plan					0	.0
6. Title XVIII - Medicare	1,016,351	5,771,895	27,675	1,928,165	1,044,026	1,471,299
7. Title XIX - Medicaid	196,111,166	1,390,933,879	(6,836,128)	310,597,982	189,275,038	221,140,117
8. Other health	73,555	193,649	240,318	73,555		.0
9. Health subtotal (Lines 1 to 8).....	197,201,072	1,396,899,423	(6,808,453)	312,766,465	190,392,619	222,611,416
10. Health care receivables (a).....	(17,945)	(64,497)			(17,945)	.0
11. Other non-health					0	.0
12. Medical incentive pools and bonus amounts	1,397,650	920,753	0	1,372,407	1,397,650	1,418,741
13. Totals (Lines 9-10+11+12)	198,616,667	1,397,884,673	(6,808,453)	314,138,872	191,808,214	224,030,157

(a) Excludes \$ loans or advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

1A. Summary of Significant Accounting Policies

Basis of Presentation – CareSource (CS's) statutory-basis financial statements are presented on the basis of accounting practices prescribed or permitted by the ODI. The ODI requires that insurance companies domiciled in the State of Ohio prepare their statutory financial statements in accordance with the NAIC *Accounting Practices and Procedures Manual* (NAIC AP&P) subject to any deviation prescribed or permitted by the ODI.

Accounting practices and procedures of the NAIC, as prescribed or permitted by the insurance department of the applicable states of domicile, comprise a comprehensive basis of accounting other than accounting principles generally accepted in the United States (GAAP). The more significant differences are as follows:

Investments: Investments in bonds are reported at amortized cost or fair value based on their National Association of Insurance Commissioners (NAIC) rating; for GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading, or available-for-sale. Held-to-maturity fixed investments would be reported at amortized cost, and the remaining fixed maturity investments would be reported at fair value with unrealized holding gains and losses reported in operations for those designated as trading and as a separate component of other comprehensive income for those designated as available-for-sale. Fair value for statutory purposes is based on the price published by the Securities Valuation Office of the NAIC (SVO), if available, whereas fair value for GAAP is based on quoted market prices.

All single class and multi-class mortgage-backed/asset-backed securities (e.g., CMOs) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the undiscounted estimated future cash flows. For GAAP purposes, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., CMO, CBO, CDO, CLO, MBS, and ABS securities), other than high credit quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to fair value. If high credit quality securities are adjusted, the retrospective method is used.

Nonadmitted Assets: Certain assets designated as "nonadmitted," principally past-due agents' balances, furniture and equipment, unsecured loans or cash advances to officers or agents, company's stock as collateral for loans, non-bankable checks, trade names and other intangible assets, and other assets not specifically identified as an admitted asset within the NAIC AP&P are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. In accordance with GAAP, such assets are included in the balance sheet to the extent that those assets are not impaired.

Reinsurance: Unpaid claims liabilities and premiums received in advance ceded to reinsurers have been reported as reductions of the related balances rather than as assets as would be required in accordance with GAAP.

Statements of Cash Flows: Cash, cash equivalents, and short-term investments in the statements of cash flows represent cash balances and investments with initial maturities of one year or less. In accordance with GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

The effects of the foregoing variances from GAAP on the accompanying statutory-basis financial statements have not been quantified.

1B. Use of Estimates

The preparation of financial statements in accordance with statutory accounting principles requires management to make estimates and assumptions that affect the reported amount of admitted assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1C. Other significant accounting practices

1. Short term investments include investments with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost.
2. Bonds not backed by other loans are principally stated at amortized cost using the interest method. Realized capital gains and losses are determined using the first in first out method.
3. Common stocks are reported at fair value as determined by the SVO and the related net unrealized capital gains (losses) are reported in unassigned surplus. There are no restrictions on common stock.
4. CS does not engage in subprime residential lending, nor maintain any preferred stock or derivatives.
5. CS does not hold any mortgage loans.
6. Single class and multi-class mortgage-backed/asset-backed securities are valued at amortized cost using the interest method including anticipated prepayments.

Prepayment assumptions are obtained from dealer surveys and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities.

NOTES TO FINANCIAL STATEMENTS

7. The Company invests in the CareSource Foundation, an affiliated entity of CareSource. The Company records this investment using the GAAP equity method of accounting, and records it as a non-admitted write-in invested asset on the Assets page of the statutory filing.
8. The Company does not invest in any joint ventures, partnerships, or limited liability companies.
9. CS does not hold any derivative instruments.
10. CS would utilize anticipated investment income in the computation of the premium deficiency calculation in accordance with NAIC guidelines, but no such reserve is necessary.
11. Claims unpaid and unpaid claims adjustment expense liabilities represent management's best estimate of the ultimate net cost of all reported and unreported claims incurred through December 31. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid claims are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.
12. The admitted value of CS's electronic data processing equipment and operating software was limited to three percent of capital and surplus. The admitted portion was reported at cost less accumulated depreciation. Electronic data processing equipment and operating or nonoperating software was depreciated using the straight line method over the lesser of its useful life or three years. Other furniture and equipment was depreciated using the straight line method over five years. The Company has not modified its capitalization policy from the prior period.
13. Pharmacy rebates are attained based on agreements between CS and a third party administrator for prescription drugs. Pharmacy rebates are admitted if accrued or invoiced within 90 days of the reporting period. Pharmacy rebates are non admitted if invoiced over 90 days prior to the reporting period.

Other than temporary impairments

Management regularly reviews the value of CS's investments. If the value of any investment falls below its cost basis, the decline in value is analyzed to determine whether it is an other-than-temporary impairment. The decision to record an impairment loss incorporates both quantitative criteria and qualitative information. The Company considers a number of factors including, but not limited to: (a) the length of time and the extent to which the fair value has been less than book value, (b) the financial condition and near term prospects of the issuer, (c) the intent and ability of CS to retain its investment for a period of time sufficient to allow for any anticipated recovery in value, (d) whether the debtor is current on interest and principal payments and (e) general market conditions and industry or sector specific factors.

Premium Revenue

Substantially all of CS's premiums earned are related to two provider contracts with the Ohio Department of Job and Family Services (ODJFS). The contracts are subject to cancellation by CS upon one hundred twenty days written notice provided that termination must be effective on the last day of a calendar month. ODJFS can terminate the agreement, in certain circumstances, effective the last day of a calendar month. Cancellations or nonrenewal of these contracts would affect operating results adversely. Premiums are due monthly and are recognized as revenue in the period in which CS is obligated to provide services to its members. Premiums received in advance are recorded as unearned premium revenue. In accordance with Statement of Statutory Accounting Principle (SSAP) No. 61, *Life, Deposit-Type and Accident Health Reinsurance*, payments to a reinsurance carrier for a stop-loss arrangement are deducted from premiums earned.

Hospital and Medical Cost

CS contracts with various health care providers for the provision of certain health care services to its members. Participating physicians and hospitals are paid contractually established rates for services to members. The cost of health care services provided or contracted for is accrued in the period in which it is provided to a member, based in part, on estimates. Estimated liabilities for health care services provided to members of CS include claims reported and estimates (based upon historical experience) of health care services incurred but not reported (IBNR). These estimates are periodically reviewed and are adjusted in accordance with the latest available information in that period in which the information becomes available.

Reinsurance

Certain premiums and benefits are ceded to another insurance company under a reinsurance agreement. The ceded reinsurance agreement provides CS with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. CS remains obligated for amounts ceded in the event that the reinsurer does not meet their obligations. CS utilizes a third party insurance company, Ace American Insurance Company, and effective March 1, 2011, an affiliate, CareSource Insurance, LLC, to provide reinsurance coverage.

	September 30, September 30, 2011		September 30, 2010	
	Written Premiums	Earned Premiums	Written Premiums	Earned Premiums
Direct premiums	\$ 2,065,999,054	\$ 2,065,999,054	\$ 1,766,346,593	\$ 1,766,346,593
Ceded premiums				
Non-affiliates	(8,423,479)	(8,423,479)	(5,950,339)	(5,950,339)
Affiliates	(1,985,734)	(1,985,734)	-	-
Net premiums	\$ 2,055,589,841	\$ 2,055,589,841	\$ 1,760,396,254	\$ 1,760,396,254

NOTES TO FINANCIAL STATEMENTS

CS does not, directly or indirectly, control any reinsurer with whom CS conducts business. CS does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel the agreement.

Significant Provider

CS has an agreement with Children's Hospital and Physicians' Healthcare Networks dba Partners for Kids (PFK), for PFK to provide medical services to CS members. In connection with this contract, CS pays medical claims billed by non-PFK providers for CS members whom are less than 19 years old in the Central and Southeast Regions, and is later reimbursed by PFK. CS has recorded a liability for the incurred but not reported (IBNR) medical claims for these non-PFK provided services, and a related receivable which was secured by an irrevocable letter of credit from PFK's financial institution to CS in the amount of the IBNR accrual. Reinsurance for CS members for which PFK is providing the medical services for are delegated to PFK with approval of the State of Ohio.

As of September 30, 2011 and 2010, PFK was paid \$173,821,501 and \$159,426,458, respectively, for services rendered, prior to chargebacks of \$92,858,062 and \$92,736,855, respectively. Chargebacks resulted from CS directly paying certain non-PFK providers under the contract. The CS membership capitated by the provider constituted approximately 19% of total CS membership in both 2011 and 2010, respectively.

At September 30, 2011 and December 31, 2010, CS recorded a capitation chargeback receivable from PFK for \$9,409,048 and \$10,822,830 respectively.

Income Taxes

CS has been recognized by the Internal Revenue Service as an organization described in Internal Revenue Code Section 501(c)(3), and as such, is treated as exempt from federal income taxes, but is subject to unrelated business income tax.

2. Accounting Changes and Correction of Errors – None

3. Business Combinations and Goodwill – None

4. Discontinued Operations - None

5. Investments

- a. Mortgage Loans - None
- b. Debt Restructuring - None
- c. Reverse Mortgage - None
- d. Loan-Backed Securities:

Management regularly reviews the value of CS's investments. If the value of any investment falls below its cost basis, the decline in value is analyzed to determine whether it is an other-than-temporary impairment. The decision to record an impairment loss incorporates both quantitative criteria and qualitative information. The Company considers a number of factors including, but not limited to: (a) the length of time and the extent to which the fair value has been less than book value, (b) the financial condition and near term prospects of the issuer, (c.i.) for non-interest-related declines in corporate and government bonds, the intent and ability of CS to retain its investment for a period of time sufficient to allow for any anticipated recovery in value, (c.ii.) for interest related declines in corporate and government bonds, the intent of CS to sell the investment at the reporting date, (c.iii.) for mortgage-backed securities, whether CS expects to recover the entire amortized cost basis of the security and whether CS has the intent to sell or intent and ability to hold the investments for a period of time sufficient to allow for any anticipated recovery in value, (d) whether the debtor is current on interest and principal payments, and (e) general market conditions and industry or sector specific factors.

Investments that are impaired, for which other-than-temporary impairments have not been recognized, consist mainly of corporate securities, mortgage-backed securities, and common stocks. The impairment of investments in corporate and government bonds has been deemed as temporary due to the assigned rating and the typical fluctuations of these particular securities in the marketplace; the Company does not intend to sell these securities and has the intent and ability to hold these investments until recovery with respect to non- credit-related declines. The impairment of investments in certain mortgage-backed securities has been deemed as temporary as the Company expects to recover the entire amortized cost basis of the security, the Company did not intend to sell any of these securities at December 31, 2010, and the Company has the intent and ability to hold the securities for a period of time sufficient to recover the amortized cost basis. The impairment of investments in common stocks has been deemed as temporary due to the Company's intent and ability to hold the securities to recovery.

For mortgage-backed securities that are other-than-temporarily impaired, the security is adjusted to the present value of cash flows expected to be collected based on an estimate of the expected future cash flows of the impaired security, discounted at the security's effective interest rate, and the resulting losses are recognized in realized gains (losses) in the statements of revenues and expenses. Other-than-temporary impairments of \$0 and \$(213,053) related to mortgage-backed securities were recorded during 2011 and 2010, respectively.

The following is a list of each mortgage-backed security with a recognized other-than-temporary impairment in 2010 due to change in cash flows, as the present value of future cash flows expected to be collected is less than the amortized cost basis of the securities:

CUSIP	Amortized Cost Prior to OTTI	Present Value of Future Cash Flows	Credit Loss Realized in Income	Amortized Cost		Fair Value
				After OTTI		
05953YBK6	\$ 908,754	\$ 887,394	\$ (21,360)	\$ 887,394		\$ 760,000
12543TAM7	370,048	352,831	(17,217)	352,831		351,347
126694EF1	965,301	958,429	(6,872)	958,429		849,429
46628YAU4	1,929,774	1,869,568	(60,206)	1,869,568		1,349,041
749581AN4	922,067	888,586	(33,481)	888,586		857,567

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

NOTES TO FINANCIAL STATEMENTS

74958DAF5	1,859,633	1,785,716	(73,917)	1,785,716	1,361,731
	\$ 6,955,577	\$ 6,742,524	\$ (213,053)	\$ 6,742,524	\$ 5,529,115

Each of the securities listed above were impaired on December 31, 2010. No securities were impaired due to intent to sell or inability to hold during the current period.

The following table shows gross unrealized losses and fair values of bonds and common stock aggregated by length of time that individual securities have been in a continuous loss position.

At September 30, 2011	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Bonds:						
U.S. government and agencies	\$ 5,019,771	\$ (23,971)	\$ -	\$ -	\$ 5,019,771	\$ (23,971)
Corporate securities	44,121,698	(991,205)	-	-	44,121,698	(991,205)
Mortgage-backed securities	-	-	-	-	-	-
Total bonds	\$ 49,141,469	\$ (1,015,176)	\$ -	\$ -	\$ 49,141,469	\$ (1,015,176)
Common stock	30,530,458	(4,366,344)	1,281,927	(390,336)	31,812,385	(4,756,680)
Total	\$ 79,671,927	\$ (5,381,520)	\$ 1,281,927	\$ (390,336)	\$ 80,953,854	\$ (5,771,856)
At December 31, 2010	Less than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Bonds:						
U.S. government and agencies	\$ 38,593,073	\$ (1,467,232)	\$ -	\$ -	\$ 38,593,073	\$ (1,467,232)
Corporate securities	31,381,383	(192,201)	-	-	31,381,383	(192,201)
Mortgage-backed securities	-	-	7,614,011	(295,646)	7,614,011	(295,646)
Total bonds	\$ 69,974,456	\$ (1,659,433)	\$ 7,614,011	\$ (295,646)	\$ 77,588,467	\$ (1,955,079)
Common stock			13,086,278	(1,135,226)	13,086,278	(1,135,226)
Total	\$ 69,974,456	\$ (1,659,433)	\$ 20,700,289	\$ (1,430,872)	\$ 90,674,745	\$ (3,090,305)

e. Repurchase Agreements – None

f. Real estate - None

g. Low income housing - None

6. Joint Ventures, Partnerships and Limited Liability Companies - None

7. Investment Income – All within 90 days and admitted.

8. Derivative Instruments – None

9. Income Taxes – Not applicable; tax exempt 501(c)3 organization.

10. Information Concerning Parent, Subsidiaries and Affiliates

a. Effective January 1, 2009, CS, CareSource Management Services (CSMS), and CareSource Management Group (CSMS) entered into a long-term management agreement, which requires CS, CSMS, and CSMG to provide services and resources to each other at actual cost. The initial term of the agreement is 15 years and shall be terminable only for cause, except that CS may terminate this agreement without cause at any time for any reason upon one year written notice. The agreement includes a cost-sharing agreement, which outlines the allocation of costs for shared resources and direct costs between CS, CSMS, and CSMG. Costs are allocated in accordance with SSAP No. 70, *Allocation of Expenses*. The ODI approved that agreement on January 17, 2009.

Effective July 1, 2011, the Company's management agreement was modified to amend the payment structure for reimbursement of costs between CS, CSMS, and CSMG. The amended and restated management agreement was approved by the ODI on July 13, 2011.

b. None

c. None

d. As of September 30, 2011 and December 31, 2010, CS owed CSMG \$6,303,326 and \$9,795,859, respectively, for employee compensation and other administrative expenses incurred by the related party on behalf of CS. The terms of the settlement require that these amounts be settled within 30 days.

As of September 30, 2011 and December 31, 2010, CS owed CS Foundation \$20,390 and \$125,000 for administrative expenses.

e. None

f. None

g. None

h. None

i. None

j. None

k. None

NOTES TO FINANCIAL STATEMENTS

1. None
11. Debt - None
12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Other Post Retirement Benefit Plans
 - a. Defined Benefit Plan - None
 - b. Defined Contribution Plan - None
 - c. Multi-employer Plans - None
 - d. Consolidated/Holding Company Plans - None
 - e. Post Employment Benefits and Compensated Absences – None
 - f. Impact of Medicare Modernization Act on Postretirement Benefits - None
13. Capital and Surplus, Distribution Restrictions and Quasi-Reorganizations
 - a. The Company has no shares outstanding.
 - b. The Company has no preferred stock outstanding.
 - c. Distribution restrictions - Without prior approval of its domiciliary commissioner, distributions to member organizations are limited by the laws of the Company's state of incorporation, Ohio, to \$111,588,196, an amount that is based on restrictions relating to statutory surplus.
 - d. Dividend or distributions paid - None
 - e. Portion of income payable as ordinary dividends - Within the limitation of (c) above, there are no restrictions placed on the portion of the Company profits that may be paid as distributions to member organizations.
 - f. Restrictions on unassigned funds (surplus) - None
 - g. Mutual reciprocals - N/A
 - h. Stock held - N/A
 - i. Special surplus funds change - None
 - j. The portion of unassigned funds (surplus) increased by cumulative unrealized losses is \$4,756,681.
 - k. Surplus notes - N/A
 - l. Quasi-reorganization - N/A
 - m. Quasi-reorganization date - N/A
14. Contingencies
 - a. Contingent Commitments – None
 - b. Assessments - None
 - c. Gain Contingencies - None
 - d. All other Contingencies – None
 - e. Legal Proceedings

Other Lawsuits and Claims

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Penalties associated with violations of these laws and regulations include significant fines and penalties, exclusion from participating in publicly-funded programs, and the repayment of previously billed and collected revenues.

On January 31, 2011, CareSource settled a *Qui Tam* litigation relating to allegations in the Case Management Department for \$26 million without any admission of wrongdoing by CareSource, CareSource Management Group, or CareSource Management Services. The Settlement Agreement called for payment plus simple interest at a rate of 2.5% per annum payable quarterly beginning January 31, 2011, and concluding January 31, 2014. CareSource's allocated portion of the Settlement Agreement was \$6,754,658, which was recorded as a liability at Line 9 of the Liabilities, Surplus, and Other Funds page at December 31, 2010 and paid in January 2011.

From time to time we are involved in legal actions in the ordinary course of business, some of which seek monetary damages. Some lawsuits and claims are covered by insurance and others are not. The outcome of such legal actions is inherently uncertain. Nevertheless, we believe that these actions, when finally concluded and determined, are not likely to have a material adverse effect on our financial position, results of operations, or cash flows.

15. Leases

CS leases office space under operating leases. CSMG pays the monthly rental payments for these leases per the management agreement. Per the management agreement, CS is responsible for an allocated portion of the future minimum lease payments, which is based on revenue at the beginning of each month. The rental payments for certain office space include annual inflationary adjustments.

CS makes monthly rental payments for its corporate headquarters, with a portion allocated to space benefiting affiliated entities. Future obligations for all leased office space are estimated to be:

2012	\$4,786,175
2013	\$4,786,175
2014	\$4,786,175
2015	\$4,731,266
2016 and thereafter	\$58,237,477
Total	\$77,327,268

NOTES TO FINANCIAL STATEMENTS

16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk
 - No such instruments.
17. Sale, transfer and servicing of financial assets and extinguishments of liabilities
 - a. Transfers of receivables reported as sales - None
 - b. Transfer and servicing of financial assets - None
 - c. Wash sales - None
18. Gain or Loss to the reporting entity for uninsured A&H plans and the uninsured portion of partially insured plans
 - a. ASO plans - N/A
 - b. ASC plans – N/A
 - c. Medicare or similarly structured cost based reimbursed contracts
 1. Revenue from the Company's Medicare (or similarly structured cost based reimbursement contract) contract for the year 2011 consisted of \$7,389,704 for medical and hospital related services and \$951,214 for administrative expenses.
 2. As of September 30, 2011, the Company has recorded no receivables from payors whose account balances are greater than 10% of the Company's amounts receivable from uninsured accident and health plans or \$10,000.
 3. In connection with the Company's Medicare (or similarly structured cost based reimbursement contract) contract, the Company has recorded no allowances and no reserves for adjustment of recorded revenues at September 30, 2011.
 4. The Company has made no adjustment to revenue resulting from audit receivables related to revenues recorded in the prior period.

19. Direct premium written/produced by managing general agents/third party administrator – Not applicable.

20. Fair Value Measurements –

The Company uses fair value measurements to record the fair value of certain assets and to estimate the fair value of financial instruments not recorded at fair value but required to be disclosed at fair value.

Fair value is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. The Company's Level 1 assets and liabilities primarily include exchange-traded equity securities.
- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.
- Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following discussion described the valuation methodologies utilized by the Company for assets measured or disclosed at fair value. Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial instrument, including discount rates, estimates of timing, amount of expected future cash flows, and the credit standing of the issuer.

Debt and Equity Securities

The fair values of actively traded debt and equity securities are determined through the use of third-party pricing services utilizing market observable inputs. Certain mortgage-backed securities for which the Company does not receive public quotations or for which the Company believes market activity to reflect distressed sales are valued using current market-consistent rates applicable to yield, credit quality and maturity of each security. When available, market observable inputs are used to estimate the fair values of these securities.

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

NOTES TO FINANCIAL STATEMENTS

Cash, Cash Equivalents, and Short-Term Investments

The fair values of cash and cash equivalents are based on quoted market prices. Short term investments are stated at amortized cost, which approximates fair value.

Assets measured at fair value at September 30, 2011 are outlined below:

	Assets Measured at Fair Value	Fair Value Hierarchy Level			
		Level 1	Level 2	Level 3	
2011					
Bonds:					
Collateralized mortgage obligations	\$ 4,679,687	\$ -	\$ 3,919,687	\$ 760,000	
Total bonds	\$ 4,679,687	\$ -	\$ 3,919,687	\$ 760,000	
Common stock:					
Small cap	\$ 4,255,236	\$ 4,255,236	\$ -	\$ -	
Mid cap	7,678,543	7,678,543	-	-	
Large cap	13,751,679	13,751,679	-	-	
International	6,126,928	6,126,928	-	-	
Total common stock	\$ 31,812,386	\$ 31,812,386	\$ -	\$ -	
Total assets	\$ 36,492,073	\$ 31,812,386	\$ 3,919,687	\$ 760,000	

Assets measured at fair value at December 31, 2010 are outlined below:

	Assets Measured at Fair Value	Fair Value Hierarchy Level			
		Level 1	Level 2	Level 3	
2010					
Bonds:					
Collateralized mortgage obligations	\$ 4,679,687	\$ -	\$ 3,919,687	\$ 760,000	
Total bonds	4,679,687	-	3,919,687	760,000	
Common stock:					
Small cap	3,982,911	3,982,911	-	-	
Mid cap	6,550,046	6,550,046	-	-	
Large cap	11,568,000	11,568,000	-	-	
International	5,520,242	5,520,242	-	-	
Total common stock	27,621,199	27,621,199	-	-	
Total assets	\$ 32,300,886	\$ 27,621,199	\$ 3,919,687	\$ 760,000	

The Company did not have any significant assets or liabilities measured at fair value on a nonrecurring basis as of September 30, 2011 or December 31, 2010.

Changes in the balances of Level 3 assets during the year ended September 30, 2011 are presented below:

	<u>Collateralized Mortgage Obligations</u>
Balance at January 1, 2011	\$ 760,000
Unrealized gains included in surplus	-
Net purchases and sales	-
Transfers in (out) of Level 3	-
Balance at September 30, 2011	\$ 760,000

The book/adjusted carrying amounts and fair values of the Company's significant financial instruments follow:

	September 30, 2011		December 31, 2010	
	Book/ Adjusted Carrying Amount	Fair Value	Book/ Adjusted Carrying Amount	Fair Value
Assets:				
Bonds	\$298,055,128	\$312,042,978	\$ 267,339,834	\$ 276,723,635
Common stocks	31,812,386	31,812,386	27,621,199	27,621,199

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

NOTES TO FINANCIAL STATEMENTS

Cash, cash equivalents and short-term investments	331,606,791	331,606,791	220,766,198	220,766,198
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21. Other Items

- a. Extraordinary items – None
- b. Troubled debt restructuring: Debtors - None
- c. Other Disclosures – None
- d. Uncollected premiums - None
- e. Business interruption insurance recoveries - None
- f. State transferable tax credits - None
- g. Subprime mortgage related risk – None
- h. Retained assets - None

22. Events subsequent - On October 20, 2011, ODJFS approved payment of an ordinary distribution of \$6,000,0000, which was recorded as a liability at October 31, 2011.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- 1. No
- 2. No

Section 2 – Ceded Reinsurance Report – Part A

- 1. No
- 2. No

Section 3 – Ceded Reinsurance Report – Part B

- 1. \$7,425,703
- 2. No

24. Retrospectively rated contracts & contracts subject to redetermination – None.

25. Change in Incurred Claims and Claims Adjustment Expenses Related to Prior Years

Reserves as of December 31, 2010 were \$224.0 million. As of September 30, 2011, \$198.6 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$0, and we expect to recover approximately \$6.8 million on previously paid claims, principally on Medicaid lines of insurance. Therefore, there has been a \$32.2 million favorable prior-year development since December 31, 2010 to September 30, 2011. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this decrease, the Company experienced \$30.7 million of favorable prior year claim development on retrospectively rated policies, combined with \$1.5 million of favorable experience in recoveries.

26. Intercompany Pooling Arrangements – None

27. Structured Settlements – Not applicable

28. Health Care Receivables

As of September 30, 2011 and December 31, 2010, CS recorded a pharmacy rebate receivable of \$95,814 and \$699,132, respectively, of which \$0 and \$639,135 were considered non-admitted. The receivable is estimated using invoiced prescriptions and rebate dollars sent to drug manufacturers for reimbursement. The Company utilizes a third party to administer the program.

	Estimated		Rebates	Rebates	Collected	
	Pharmacy		Collected	Collected	More Than	
	Rebates as	Pharmacy	Within 90	Within 91 to	180 Days	
	Reported on	Rebates as	Days of	180 Days of	After	Receivable
	Financial	Invoiced/	Invoicing/	Invoicing/	Invoicing/	As of
Quarter	Statements	Confirmed	Confirmation	Confirmation	Confirmation	30-Sept-11
9/30/2011	50,127	50,127	-	-	-	50,127
6/30/2011	43,612	45,687	-	-	-	45,687
3/31/2011	31,561	47,540	-	47,540	-	-
12/31/2010	30,999	39,655	-	39,655	-	-
9/30/2010	28,692	38,440	-	33,898	4,542	-
6/30/2010	29,245	36,416	-	35,518	898	-
3/31/2010	2,517,664	2,517,664	825,892	911,074	780,698	-
12/31/2009	8,615,750	8,615,750	4,757,462	3,858,288	-	-
9/30/2009	8,360,893	8,360,893	3,173,168	5,187,725	-	-
6/30/2009	6,431,564	6,431,564	-	4,964,864	1,466,700	-
3/31/2009	6,163,011	6,163,011	78,872	1,589,620	4,494,519	-
12/31/2008	6,102,396	6,102,396	-	519,602	5,582,794	-

29. Participating Policies – Not applicable

30. Premium Deficiency Reserves – Not deemed necessary

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

NOTES TO FINANCIAL STATEMENTS

31. Anticipated Salvage and Subrogation – Not applicable.

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]

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

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:

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]

If yes, complete the Schedule Y - Part 1 - organizational chart.

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

4.2 If yes, provide the name of 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

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

If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009

6.2 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. 12/31/2009

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 03/04/2011

6.4 By what department or departments?

Ohio Department of Insurance.....

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [] NA []

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] NA []

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]

7.2 If yes, give full information:

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

GENERAL INTERROGATORIES

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:
.....

9.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
.....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).
.....

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

11.2 If yes, give full and complete information relating thereto:
.....

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

13. Amount of real estate and mortgages held in short-term investments: \$

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

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$	\$
14.24 Short-Term Investments	\$	\$
14.25 Mortgage Loans on Real Estate	\$	\$
14.26 All Other	\$0	\$0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$0	\$0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]
15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []

If no, attach a description with this statement.

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

GENERAL INTERROGATORIES

16. Excluding items in Schedule E – Part 3 – Special Deposits, 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 Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes [X] No []

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

1 Name of Custodian(s)	2 Custodian Address
Citizens Bank aka Charter One.....	870 Westminster Street RWR110 Providence, Rhode Island 02903.....
Fifth Third Bank.....	38 Fountain Square, Cincinnati, OH 45263.....
Huntington Bank.....	41 S. High Street, Columbus, OH 43287.....
Huntington Bank.....	3805 Edwards Road, Suite 350, Cincinnati, OH 45209.....

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

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

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes [] No [X]

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

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

16.5 Identify all investment advisors, broker/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	2 Name(s)	3 Address

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?

Yes [X] No []

17.2 If no, list exceptions:

.....

Interrogatory 5 - See discussion in Footnote #10.

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

GENERAL INTERROGATORIES
PART 2 - HEALTH

1 Operating Percentages

1.1 A&H loss percent.....	83.0	%
1.2 A&H cost containment percent.....	1.2	%
1.3 A&H expense percent excluding cost containment expenses.....	7.8	%
2.1 Do you act as a custodian for health savings accounts?.....	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.....	\$	0
2.3 Do you act as an administrator for health savings accounts?.....	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
2.4 If yes, please provide the balance of the funds administered as of the reporting date.....	\$	0

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama	AL	N.						0	
2. Alaska	AK	N.						0	
3. Arizona	AZ	N.						0	
4. Arkansas	AR	N.						0	
5. California	CA	N.						0	
6. Colorado	CO	N.						0	
7. Connecticut	CT	N.						0	
8. Delaware	DE	N.						0	
9. Dist. Columbia	DC	N.						0	
10. Florida	FL	N.						0	
11. Georgia	GA	N.						0	
12. Hawaii	HI	N.						0	
13. Idaho	ID	N.						0	
14. Illinois	IL	N.						0	
15. Indiana	IN	N.						0	
16. Iowa	IA	N.						0	
17. Kansas	KS	N.						0	
18. Kentucky	KY	N.						0	
19. Louisiana	LA	N.						0	
20. Maine	ME	N.						0	
21. Maryland	MD	N.						0	
22. Massachusetts	MA	N.						0	
23. Michigan	MI	N.						0	
24. Minnesota	MN	N.						0	
25. Mississippi	MS	N.						0	
26. Missouri	MO	N.						0	
27. Montana	MT	N.						0	
28. Nebraska	NE	N.						0	
29. Nevada	NV	N.						0	
30. New Hampshire	NH	N.						0	
31. New Jersey	NJ	N.						0	
32. New Mexico	NM	N.						0	
33. New York	NY	N.						0	
34. North Carolina	NC	N.						0	
35. North Dakota	ND	N.						0	
36. Ohio	OH	L. 473,078	8,340,918	2,057,185,058				2,065,999,054	
37. Oklahoma	OK	N.						0	
38. Oregon	OR	N.						0	
39. Pennsylvania	PA	N.						0	
40. Rhode Island	RI	N.						0	
41. South Carolina	SC	N.						0	
42. South Dakota	SD	N.						0	
43. Tennessee	TN	N.						0	
44. Texas	TX	N.						0	
45. Utah	UT	N.						0	
46. Vermont	VT	N.						0	
47. Virginia	VA	N.						0	
48. Washington	WA	N.						0	
49. West Virginia	WV	N.						0	
50. Wisconsin	WI	N.						0	
51. Wyoming	WY	N.						0	
52. American Samoa	AS	N.						0	
53. Guam	GU	N.						0	
54. Puerto Rico	PR	N.						0	
55. U.S. Virgin Islands	VI	N.						0	
56. Northern Mariana Islands	MP	N.						0	
57. Canada	CN	N.						0	
58. Aggregate other alien	OT	XXX 0	0	0	0	0	0	0	0
59. Subtotal		XXX 473,078	8,340,918	2,057,185,058	0	0	0	2,065,999,054	0
60. Reporting entity contributions for Employee Benefit Plans		XXX						0	
61. Total (Direct Business)	(a) 1	473,078	8,340,918	2,057,185,058	0	0	0	2,065,999,054	0
DETAILS OF WRITE-INS									
5801.		XXX						0	
5802.		XXX						0	
5803.		XXX						0	
5898. Summary of remaining write-ins for Line 58 from overflow page		XXX 0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)		XXX 0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

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

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

**CareSource Family of Companies
Corporate Structure**

CareSource Management Group Company
Ohio Nonprofit
Tax Exempt
NAIC(00000); FedID(31-1703368); ST(OH)

CareSource
Ohio Nonprofit
Tax Exempt
NAIC(95201);
FedID(31-1143265);
ST(OH)

CareSource Michigan
Michigan Nonprofit
Tax Exempt
NAIC(95562); FedID(38-
3252216); ST(MI)

CareSource Management Services, Inc.
Ohio For Profit
NAIC(00000); FedID(31-1703371); ST(OH)

CareSource Illinois
Illinois Nonprofit
Tax Exempt
NAIC(00000);
FedID(27-2202797);
ST(IL)

CareSource Indiana
Indiana Nonprofit
Tax Exempt
NAIC(10142);
FedID(32-0121856);
ST(IN)

CareSource Insurance, LLC
Vermont Nonprofit
Tax Exempt
NAIC(13717); FedID(27-1368371);
ST(VT)

CareSource Foundation
Ohio Nonprofit
Tax Exempt
NAIC(00000);
FedID(56-2582561); ST(OH)

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

Explanation:

1.

Bar Code:

1.



OVERFLOW PAGE FOR WRITE-INS

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

SCHEDULE A – VERIFICATION

Real Estate		1	2
		Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		2,100,000	2,100,000
2. Cost of acquired:			
2.1 Actual cost at time of acquisition		0	0
2.2 Additional investment made after acquisition		0	0
3. Current year change in encumbrances		0	0
4. Total gain (loss) on disposals		0	0
5. Deduct amounts received on disposals		0	0
6. Total foreign exchange change in book/adjusted carrying value		0	0
7. Deduct current year's other than temporary impairment recognized		0	0
8. Deduct current year's depreciation		0	0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)		2,100,000	2,100,000
10. Deduct total nonadmitted amounts		0	0
11. Statement value at end of current period (Line 9 minus Line 10)		2,100,000	2,100,000

SCHEDULE B – VERIFICATION

Mortgage Loans		1	2
		Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		0	0
2. Cost of acquired:			
2.1 Actual cost at time of acquisition		0	0
2.2 Additional investment made after acquisition		0	0
3. Capitalized deferred interest and other		0	0
4. Accrual of discount		0	0
5. Unrealized valuation increase (decrease)		0	0
6. Total gain (loss) on disposals		0	0
7. Deduct amounts received on disposals		0	0
8. Deduct amortization of premium and mortgage interest points and commitment fees		0	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		0	0
10. Deduct current year's other than temporary impairment recognized		0	0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		0	0
12. Total valuation allowance		0	0
13. Subtotal (Line 11 plus Line 12)		0	0
14. Deduct total nonadmitted amounts		0	0
15. Statement value at end of current period (Line 13 minus Line 14)		0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets		1	2
		Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		0	0
2. Cost of acquired:			
2.1 Actual cost at time of acquisition		0	0
2.2 Additional investment made after acquisition		0	0
3. Capitalized deferred interest and other		0	0
4. Accrual of discount		0	0
5. Unrealized valuation increase (decrease)		0	0
6. Total gain (loss) on disposals		0	0
7. Deduct amounts received on disposals		0	0
8. Deduct amortization of premium and depreciation		0	0
9. Total foreign exchange change in book/adjusted carrying value		0	0
10. Deduct current year's other than temporary impairment recognized		0	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		0	0
12. Deduct total nonadmitted amounts		0	0
13. Statement value at end of current period (Line 11 minus Line 12)		0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks		1	2
		Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year		294,961,034	228,255,037
2. Cost of bonds and stocks acquired		77,726,546	127,950,918
3. Accrual of discount		356,777	159,861
4. Unrealized valuation increase (decrease)		(4,470,990)	3,705,177
5. Total gain (loss) on disposals		(384,891)	(259,052)
6. Deduct consideration for bonds and stocks disposed of		36,966,221	62,190,053
7. Deduct amortization of premium		1,354,741	1,343,392
8. Total foreign exchange change in book/adjusted carrying value		0	0
9. Deduct current year's other than temporary impairment recognized		0	1,317,462
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7+8-9)		329,867,514	294,961,034
11. Deduct total nonadmitted amounts		0	0
12. Statement value at end of current period (Line 10 minus Line 11)		329,867,514	294,961,034

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	249,981,480	21,927,211	15,503,427	(363,618)	243,575,096	249,981,480	256,041,646	226,533,707
2. Class 2 (a).....	54,877,656	33,371,885	63,186	(97,171)	45,620,363	54,877,656	88,089,184	45,646,716
3. Class 3 (a).....	0				0	0	0	0
4. Class 4 (a).....	0				0	0	0	0
5. Class 5 (a).....	0				0	0	0	0
6. Class 6 (a).....	0				0	0	0	0
7. Total Bonds.....	304,859,136	55,299,096	15,566,613	(460,789)	289,195,459	304,859,136	344,130,830	272,180,423
PREFERRED STOCK								
8. Class 1.....	0				0	0	0	0
9. Class 2.....	0				0	0	0	0
10. Class 3.....	0				0	0	0	0
11. Class 4.....	0				0	0	0	0
12. Class 5.....	0				0	0	0	0
13. Class 6.....	0				0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock.....	304,859,136	55,299,096	15,566,613	(460,789)	289,195,459	304,859,136	344,130,830	272,180,423

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$; NAIC 2 \$;

NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999	46,075,702	XXX	46,261,843	390,688	256,406

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	4,840,586	0
2. Cost of short-term investments acquired	46,261,843	4,877,034
3. Accrual of discount	36,055	5,626
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals	4,775,000	0
7. Deduct amortization of premium.....	287,782	42,074
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	46,075,702	4,840,586
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	46,075,702	4,840,586

Schedule DB - Part A - Verification
NONE

Schedule DB - Part B - Verification
NONE

Schedule DB - Part C - Section 1
NONE

Schedule DB - Part C - Section 2
NONE

Schedule DB - Verification
NONE

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

SCHEDULE E - VERIFICATION

(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	239,355,455	0
2. Cost of cash equivalents acquired	36,912,122	239,355,455
3. Accrual of discount	0	0
4. Unrealized valuation increase (decrease)	0	0
5. Total gain (loss) on disposals.....	0	0
6. Deduct consideration received on disposals	0	0
7. Deduct amortization of premium	0	0
8. Total foreign exchange change in book/adjusted carrying value	0	0
9. Deduct current year's other than temporary impairment recognized	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	276,267,576	239,355,455
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	276,267,576	239,355,455

Schedule A - Part 2
NONE

Schedule A - Part 3
NONE

Schedule B - Part 2
NONE

Schedule B - Part 3
NONE

Schedule BA - Part 2
NONE

Schedule BA - Part 3
NONE

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
31315P-ZN-2...	FEDERAL AGRIC MTG CO...		.07/06/2011...	Huntington Bank...		5,000,000	5,000,000	0	1...
3136FR-YS-6...	FNMA AGY STEP-UP...		.07/27/2011...	Fifth Third Bank...		5,000,000	5,000,000	0	1...
3134G2-SW-3...	FHLMC MTN AGY...		.08/11/2011...	Fifth Third Bank...		2,029,000	2,000,000	1,594	1...
3136FM-2T-0...	FNMA AGY STEP-UP...		.08/12/2011...	Fifth Third Bank...		2,000,000	2,000,000	1,444	1...
0599999 - Bonds - U.S. Governments						14,029,000	14,000,000	3,039	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)									
.02580E-CG-6...	AMERICAN EXPRESS BK FSB...		.08/30/2011...	Charter One Bank...		524,375	.500,000	10,252	.1FE
38141G-CG-7...	GOLDMAN SACHS GROUP INC...		.08/30/2011...	Charter One Bank...		519,070	.500,000	14,171	.1FE
38144L-AC-4...	GOLDMAN SACHS GROUP...		.08/30/2011...	Charter One Bank...		104,686	.100,000	1,802	.1FE
36962G-3K-8...	GE CAPTAL MTN...		.09/20/2011...	Fifth Third Bank...		3,144,990	3,000,000	66,063	.1FE
3899999 - Bonds - Industrial and Miscellaneous (Unaffiliated)						4,293,121	4,100,000	92,287	XXX
8399997 - Subtotals - Bonds - Part 3						18,322,121	18,100,000	95,326	XXX
8399999 - Subtotals - Bonds						18,322,121	18,100,000	95,326	XXX
Common Stocks - Industrial and Miscellaneous									
92206C-66-4...	Vangrd:Russell 2K...		.07/05/2011...	Huntington Bank...	263,000	17,500			L...
92206C-66-4...	Vangrd:Russell 2K...		.08/01/2011...	Huntington Bank...	280,000	17,550			L...
92206C-66-4...	Vangrd:Russell 2K...		.09/08/2011...	Huntington Bank...	317,000	17,454			L...
92206C-68-0...	Vangrd:Russell 1K...		.07/05/2011...	Huntington Bank...	854,000	52,553			L...
92206C-68-0...	Vangrd:Russell 1K...		.08/01/2011...	Huntington Bank...	891,000	52,585			L...
92206C-68-0...	Vangrd:Russell 1K...		.09/08/2011...	Huntington Bank...	965,000	52,542			L...
46428T-46-5...	iShares:MSCI EAFE Idx...		.07/05/2011...	Huntington Bank...	414,000	25,059			L...
46428T-46-5...	iShares:MSCI EAFE Idx...		.08/01/2011...	Huntington Bank...	428,000	24,811			L...
46428T-46-5...	iShares:MSCI EAFE Idx...		.09/08/2011...	Huntington Bank...	492,000	24,820			L...
46428T-49-9...	iShares:Russ MC Idx...		.07/05/2011...	Huntington Bank...	271,000	29,981			L...
46428T-49-9...	iShares:Russ MC Idx...		.08/01/2011...	Huntington Bank...	289,000	30,087			L...
46428T-49-9...	iShares:Russ MC Idx...		.09/08/2011...	Huntington Bank...	315,000	29,938			L...
46428T-46-5...	iShares:MSCI EAFE Idx...		.07/05/2011...	Fifth Third Bank...	411,000	24,861			L...
46428T-46-5...	iShares:MSCI EAFE Idx...		.08/01/2011...	Fifth Third Bank...	426,000	24,738			L...
46428T-46-5...	iShares:MSCI EAFE Idx...		.09/08/2011...	Fifth Third Bank...	485,000	24,609			L...
46428T-49-9...	iShares:Russ MC Idx...		.07/05/2011...	Fifth Third Bank...	270,000	29,910			L...
46428T-49-9...	iShares:Russ MC Idx...		.08/01/2011...	Fifth Third Bank...	285,000	29,751			L...
46428T-49-9...	iShares:Russ MC Idx...		.09/08/2011...	Fifth Third Bank...	312,000	29,827			L...
46428T-62-2...	Russell 1000 iShare...		.07/05/2011...	Fifth Third Bank...	700,000	52,290			L...
46428T-62-2...	Russell 1000 iShare...		.08/01/2011...	Fifth Third Bank...	729,000	52,335			L...
46428T-62-2...	Russell 1000 iShare...		.09/08/2011...	Fifth Third Bank...	786,000	52,198			L...
46428T-65-5...	Russell 2000 iShare...		.07/05/2011...	Fifth Third Bank...	208,000	17,476			L...
46428T-65-5...	Russell 2000 iShare...		.08/01/2011...	Fifth Third Bank...	219,000	17,358			L...
46428T-65-5...	Russell 2000 iShare...		.09/08/2011...	Fifth Third Bank...	247,000	17,337			L...
9099999 - Common Stocks - Industrial and Miscellaneous (Unaffiliated)						747,569	XXX	0	XXX
Common Stocks - Mutual Funds									
316071-10-9...	Fidelity Contra...		.07/05/2011...	Huntington Bank...	2,601,998	187,500			L...
316071-10-9...	Fidelity Contra...		.09/08/2011...	Huntington Bank...	1,415,308	93,750			L...
446327-61-1...	Huntington Internat...		.09/08/2011...	Huntington Bank...	9,084,302	93,750			L...
471023-59-8...	Janus Perkins MCY...		.08/01/2011...	Huntington Bank...	2,487,024	.57,500			L...
741479-10-9...	T. RowePrice Growth...		.07/06/2011...	Huntington Bank...	5,420,642	187,500			L...
741479-10-9...	T. RowePrice Growth...		.09/08/2011...	Huntington Bank...	3,010,597	93,750			L...
780905-78-2...	Royce Special Equit...		.08/01/2011...	Huntington Bank...	6,724,304	140,000			L...
885215-65-7...	Thornburg Intl...		.08/01/2011...	Huntington Bank...	6,168,609	180,000			L...
76628R-67-2...	RidgeWorth Large Ca...		.09/08/2011...	Huntington Bank...	8,054,124	.93,750			L...
025076-10-0...	AmCent Eqty Income...		.08/01/2011...	Fifth Third Bank...	7,281,553	52,500			L...
025076-10-0...	AmCent Eqty Income...		.09/08/2011...	Fifth Third Bank...	8,733,624	60,000			L...
29875E-10-0...	EuroPac...		.08/01/2011...	Fifth Third Bank...	1,784,864	.75,000			L...
29875E-10-0...	EuroPac...		.09/08/2011...	Fifth Third Bank...	3,110,630	115,000			L...
316389-77-4...	Fid Adv Sm Value...		.08/01/2011...	Fifth Third Bank...	1,701,991	.26,500			L...
316389-77-4...	Fid Adv Sm Value...		.09/08/2011...	Fifth Third Bank...	1,096,491	.15,000			L...
476313-10-1...	Jensen...		.08/01/2011...	Fifth Third Bank...	1,959,686	.52,500			L...
476313-10-1...	Jensen...		.09/08/2011...	Fifth Third Bank...	2,381,900	.60,000			L...
552983-69-4...	MFS Value...		.08/01/2011...	Fifth Third Bank...	2,266,839	.52,500			L...

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
.552983-69-4	MFS Value		.09/08/2011	Fifth Third Bank	2,832.861	.60,000			
617440-50-8	Morgan Stan. MCG		.07/06/2011	Fifth Third Bank	4,425.301	.187,500			L
617440-50-8	Morgan Stan. MCG		.08/01/2011	Fifth Third Bank	1,100.151	.45,007			L
617440-50-8	Morgan Stan. MCG		.09/08/2011	Fifth Third Bank	665.425	.25,000			L
779556-10-9	T. Rowe Mid Growth		.07/05/2011	Fifth Third Bank	2,944.410	.187,500			L
779556-10-9	T. Rowe Mid Growth		.08/01/2011	Fifth Third Bank	751.378	.45,000			L
779556-10-9	T. Rowe Mid Growth		.09/08/2011	Fifth Third Bank	450.857	.25,000			L
779562-10-7	T. Rowe New Horizons		.08/01/2011	Fifth Third Bank	729.978	.26,250			L
779562-10-7	T. Rowe New Horizons		.09/08/2011	Fifth Third Bank	452.489	.15,000			L
9299999 - Common Stocks - Mutual Funds						2,252,757	XXX	0	XXX
9799997 - Subtotals - Common Stocks - Part 3						3,000.327	XXX	0	XXX
9799999 - Subtotals - Common Stocks						3,000.327	XXX	0	XXX
9899999 - Subtotals- Preferred and Common Stocks						3,000.327	XXX	0	XXX
9999999 Totals						21,322,448	XXX	95,326	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

E04.1

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Identifi- cation	2 Description	3 For- eign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Maturity Date	22 NAIC Design- ation or Market Indicator (a)			
										11 Unrealized Valuation Increase/ Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.										
Bonds - U.S. Governments																								
31396H-V9-7...	FHLMC 3117-LB...		07/01/2011...	Fifth Third Bank...		13,933	13,933	13,819	13,933	0			0						0		08/15/2032...	1...		
31396H-V9-7...	FHLMC 3117-LB...		08/01/2011...	Fifth Third Bank...		10,327	10,327	10,243	10,327	0			0						0		08/15/2032...	1...		
31396H-V9-7...	FHLMC 3117-LB...		09/01/2011...	Fifth Third Bank...		8,306	8,306	8,239	8,306	0			0						0		2,415	08/15/2032...		
3128KU-G5-0...	FHLMC GOLD POOL A63820...		07/01/2011...	Fifth Third Bank...		8,598	8,598	8,606	8,598	0			0						0		08/01/2037...	1...		
3128KU-G5-0...	FHLMC GOLD POOL A63820...		08/01/2011...	Fifth Third Bank...		10,598	10,598	10,608	10,598	0			0					0		0	08/01/2037...	1...		
3128KU-G5-0...	FHLMC GOLD POOL A63820...		09/01/2011...	Fifth Third Bank...		6,717	6,717	6,723	6,717	(69)			0					0		0	16,426	08/01/2037...		
31335H-UN-1...	FHLMC GOLD POOL C90589...		07/01/2011...	Fifth Third Bank...		5,690	5,690	5,775	5,690	0			0					0		0	11/01/2022...	1...		
31335H-UN-1...	FHLMC GOLD POOL C90589...		08/01/2011...	Fifth Third Bank...		8,543	8,543	8,671	8,543	0			0					0		0	11/01/2022...	1...		
31335H-UN-1...	FHLMC GOLD POOL C90589...		09/01/2011...	Fifth Third Bank...		13,512	13,512	13,715	13,512	(1,486)			(1,486)					0		0	18,721	11/01/2022...		
31371K-KE-0...	FNMA POOL 254193...		07/01/2011...	Fifth Third Bank...		5,869	5,869	5,957	5,869	0			0					0		0	02/01/2022...	1...		
31371K-KE-0...	FNMA POOL 254193...		08/01/2011...	Fifth Third Bank...		8,367	8,367	8,493	8,367	0			0					0		0	02/01/2022...	1...		
31371K-KE-0...	FNMA POOL 254193...		09/01/2011...	Fifth Third Bank...		13,975	13,975	14,185	13,975	(1,373)			(1,373)					0		0	18,193	02/01/2022...		
31411N-WW-3...	FNMA POOL 912461...		07/01/2011...	Fifth Third Bank...		10,266	10,266	10,257	10,266	0			0					0		0	03/01/2037...	1...		
31411N-WW-3...	FNMA POOL 912461...		08/01/2011...	Fifth Third Bank...		7,103	7,103	7,096	7,103	0			0					0		0	03/01/2037...	1...		
31411N-WW-3...	FNMA POOL 912461...		09/01/2011...	Fifth Third Bank...		7,769	7,769	7,762	7,769	0			0					0		0	17,093	03/01/2037...		
31371N-H2-4...	FNMA POOL 256849...		07/01/2011...	Fifth Third Bank...		5,945	5,945	5,971	5,945	0			0					0		0	08/01/2037...	1...		
31371N-H2-4...	FNMA POOL 256849...		08/01/2011...	Fifth Third Bank...		7,168	7,168	7,199	7,168	0			0					0		0	08/01/2037...	1...		
31371N-H2-4...	FNMA POOL 256849...		09/01/2011...	Fifth Third Bank...		9,125	9,125	9,165	9,125	(307)			(307)					0		0	16,037	08/01/2037...		
31413T-LF-7...	FNMA POOL 954926...		07/01/2011...	Fifth Third Bank...		1,134	1,134	1,168	1,134	0			0					0		0	07/01/2037...	1...		
31413T-LF-7...	FNMA POOL 954926...		08/01/2011...	Fifth Third Bank...		1,101	1,101	1,134	1,101	0			0					0		0	07/01/2037...	1...		
31413T-LF-7...	FNMA POOL 954926...		09/01/2011...	Fifth Third Bank...		1,108	1,108	1,141	1,108	(819)			(819)					0		0	46,336	07/01/2037...		
31413T-NB-4...	FNMA POOL 954986...		07/01/2011...	Fifth Third Bank...		233	233	240	233	0			0					0		0	07/01/2037...	1...		
31413T-NB-4...	FNMA POOL 954986...		08/01/2011...	Fifth Third Bank...		235	235	242	235	0			0					0		0	07/01/2037...	1...		
31413T-NB-4...	FNMA POOL 954986...		09/01/2011...	Fifth Third Bank...		236	236	243	236	(194)			(194)					0		0	11,777	07/01/2037...		
31413T-ND-0...	FNMA POOL 954988...		07/01/2011...	Fifth Third Bank...		290	290	298	290	0			0					0		0	07/01/2037...	1...		
31413T-ND-0...	FNMA POOL 954988...		08/01/2011...	Fifth Third Bank...		243	243	251	243	0			0					0		0	07/01/2037...	1...		
31413T-ND-0...	FNMA POOL 954988...		09/01/2011...	Fifth Third Bank...		245	245	252	245	(2,179)			(2,179)					0		0	13,014	07/01/2037...		
36202F-C6-1...	GNMA 2 POOL 004593...		07/01/2011...	Fifth Third Bank...		1,855	1,855	1,924	1,855	0			0					0		0	12/20/2039...	1...		
36202F-C6-1...	GNMA 2 POOL 004593...		08/01/2011...	Fifth Third Bank...		11,287	11,287	11,705	11,287	0			0					0		0	12/20/2039...	1...		
36202F-C6-1...	GNMA 2 POOL 004593...		09/01/2011...	Fifth Third Bank...		23,647	23,647	24,523	23,647	(7,959)			(7,959)					0		0	54,031	12/20/2039...		
313370-EP-9...	FHLB AGY STEP-UP...		08/18/2011...	Huntington Bank...		800,000	800,000	800,000	800,000	0			0					0		0	97,500	08/18/2025...		
3136FP-DX-2...	FNMA AGY STEP-UP...		09/10/2011...	Fifth Third Bank...		3,000,000	3,000,000	2,999,550	3,000,000	320			320					0		0	30,000	09/10/2015...		
3136FM-3D-4...	FNMA AGY STEP-UP...		07/28/2011...	Fifth Third Bank...		1,500,000	1,500,000	1,508,906	1,507,717	(7,717)			(7,717)					0		0	22,500	07/28/2015...		
313371-W6-9...	FHLB AGY STEP-UP...		09/17/2011...	Huntington Bank...		3,000,000	3,000,000	3,000,000	3,000,000	0			0					0		0	84,375	12/17/2025...		
313372-BZ-6...	FHLB AGY STEP-UP...		07/21/2011...	Fifth Third Bank...		2,000,000	2,000,000	2,000,000	2,000,000	0			0					0		0	20,000	01/21/2026...		
3136FP-3F-2...	FEDERAL NATL MTG ASS...		07/28/2011...	Fifth Third Bank...		1,000,000	1,000,000	1,000,000	1,000,000	0			0					0		0	10,000	01/28/2021...		
0599999 - Bonds - U.S. Governments						11,503,427	11,503,427	11,514,062	11,510,825	0			(21,232)		0			0		0	0	478,417	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																								
12543T-AM-7...	COUNTRYWIDE HOME LNS 2006-13 1A12...		07/01/2011...	Fifth Third Bank...		34,531	34,531	34,682	34,531	0			0					0		0	0	09/25/2036...		
12543T-AM-7...	COUNTRYWIDE HOME LNS 2006-13 1A12...		08/01/2011...	Fifth Third Bank...		6,514	6,514	6,542	6,514	0			0					0		0	0	09/25/2036...		
12543T-AM-7...	COUNTRYWIDE HOME LNS 2006-13 1A12...		09/01/2011...	Fifth Third Bank...		7,206	7,206	7,237	7,206	(3,671)			3,671					0		0	0	09/25/2036...		
073902-ML-9...	BEAN STEARNS CO INC.		08/15/2011...	Fifth Third Bank...		1,000,000	1,000,000	1,011,461	1,001,629	(1,629)			(1,629)					0		0	0	55,000	08/15/2011...	
749581-AN-4...	I 2007-S1 A9...		07/01/2011...	Fifth Third Bank...		2,873	2,873	2,818	2,873	0			0					0		0	0	01/25/2037...		
749581-AN-4...	RESIDENTIAL FNDG MTG SEC		08/01/2011...	Fifth Third Bank...		8,136	8,136	8,162	8,136	0			0					0		0	0	01/25/2037...		
749581-AN-4...	I 2007-S1 A9...																							

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
Open Depositories								
PNC Bank.....Ohio.....		0.000			..(74,733,113)	...(42,249,682)	...(39,239,968)	XXX
Fifth Third Bank.....Ohio.....		0.100	22,304		31,112,795	28,627,807	29,139,053	XXX
Huntington Bank.....Ohio.....		0.250	109,568		..(228,836)	..(123,771)	367,534	XXX
Independent Bank.....Ohio.....		0.000			461,384	221,342	418,709	XXX
US Bank.....Ohio.....		0.250	21		18,129,673	19,076,684	..17,980,198	XXX
Charter One Bank.....Ohio.....		0.150	15,421		245,691	245,659	597,987	XXX
0199998 Deposits in depositories that do not exceed the allowable limit in any one depository (See Instructions) - Open Depositories	XXX	XXX						XXX
0199999 Total Open Depositories	XXX	XXX	147,314	0	(25,012,406)	5,798,039	9,263,513	XXX
0399999 Total Cash on Deposit	XXX	XXX	147,314	0	(25,012,406)	5,798,039	9,263,513	XXX
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0599999 Total	XXX	XXX	147,314	0	(25,012,406)	5,798,039	9,263,513	XXX

STATEMENT AS OF SEPTEMBER 30, 2011 OF THE CARESOURCE

SCHEDULE E - PART 2 - CASH EQUIVALENTS

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