

DIRECTORS OR TRUSTEES (continued)

Pamela Jean Stoyanoff #

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds				
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$..... encumbrances)			(a)	
4.2 Properties held for the production of income (less \$..... encumbrances)				
4.3 Properties held for sale (less \$..... encumbrances)				
5. Cash (\$.....19,066,705, Schedule E - Part 1) and short-term investments (\$.....326,804, Schedule DA - Part 2)	19,393,508		19,393,508	19,641,755
6. Other long-term invested assets				
7. Receivable for securities				
8. Aggregate write-ins for invested assets				
9. Subtotal, cash and invested assets (Lines 1 to 8)	19,393,508		19,393,508	19,641,755
10. Accident and health premiums due and unpaid	1,337,105		1,337,105	535,073
11. Health care receivables	371,202	148,483	222,719	397,763
12. Amounts recoverable from reinsurers				733,807
13. Net adjustment in assets and liabilities due to foreign exchange rates				
14. Investment income due and accrued	13,433		13,433	16,000
15. Amounts due from parent, subsidiaries and affiliates	48,405		48,405	2,720
16. Amounts receivable relating to uninsured accident and health plans				
17. Furniture and equipment				
18. Amounts due from agents				
19. Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset)				
20. Electronic data processing equipment and software				
21. Other nonadmitted assets				
22. Aggregate write-ins for other than invested assets	382,484		382,484	181,712
23. Total assets (Lines 9 plus 10 through 22)	21,546,137	148,483	21,397,654	21,508,830
DETAILS OF WRITE-INS				
0801. Investment due and accrued				
0802				
0803				
0898. Summary of remaining write-ins for Line 8 from overflow page				
0899. TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above)				
2201. CHIP Receivable	383,835		383,835	181,435
2202. Misc. Receivable	(1,352)		(1,352)	276
2203. Rounding	1		1	1
2298. Summary of remaining write-ins for Line 22 from overflow page				
2299. TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above)	382,484		382,484	181,712

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

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$..... reinsurance ceded)	12,475,723	1,204,029	13,679,752	15,812,396
2. Accrued medical incentive pool and bonus payments				
3. Unpaid claims adjustment expenses	158,674		158,674	158,674
4. Aggregate policy reserves				
5. Aggregate claim reserves				
6. Premiums received in advance	2,027,042		2,027,042	2,160,357
7. General expenses due or accrued	565,282		565,282	1,033,059
8. Federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) (including \$..... net deferred tax liability)				
9. Amounts withheld or retained for account of others				
10. Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
11. Amounts due to parent, subsidiaries and affiliates	358,335		358,335	13,801
12. Payable to securities				
13. Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
14. Reinsurance in unauthorized companies				
15. Net adjustments in assets and liabilities due to foreign exchange rates				
16. Liability for amounts held under uninsured accident and health plans	117,469		117,469	
17. Aggregate write-ins for other liabilities (including \$..... current)				(1)
18. Total liabilities (Lines 1 to 17)	15,702,525	1,204,029	16,906,554	19,178,286
19. Common capital stock	X X X	X X X	1,553	1,553
20. Preferred capital stock	X X X	X X X		
21. Gross paid in and contributed surplus	X X X	X X X	8,123,447	8,123,447
22. Surplus notes	X X X	X X X	17,210,808	17,210,808
23. Aggregate write-ins for other than special surplus funds	X X X	X X X		
24. Unassigned funds (surplus)	X X X	X X X	(20,844,708)	(23,005,264)
25. Less treasury stock, at cost:	X X X	X X X		
25.1 shares common (value included in Line 19 \$.....)	X X X	X X X		
25.2 shares preferred (value included in Line 20 \$.....)	X X X	X X X		
26. Total capital and surplus (Lines 19 to 25)	X X X	X X X	4,491,100	2,330,544
27. Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	21,397,654	21,508,830
DETAILS OF WRITE-INS				
1701. Rounding				(1)
1702				
1703				
1798. Summary of remaining write-ins for Line 17 from overflow page				
1799. TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above)				(1)
2301	X X X	X X X		
2302	X X X	X X X		
2303	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	454,888	802,632
2. Net premium income	X X X	81,326,814	111,302,577
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$..... medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate Write-Ins for Other health care related revenues	X X X		
7. Total revenues (Lines 2 to 6)	X X X	81,326,814	111,302,577
Medical and Hospital:			
8. Hospital/medical benefits	5,645,110	60,700,103	74,561,911
9. Other Professional Services			
10. Outside Referrals			5,675,299
11. Emergency room and out-of-area	222,988	2,397,717	9,261,518
12. Prescription drugs		7,668,699	8,700,419
13. Aggregate write-ins for other medical and hospital			
14. Incentive pool and withhold adjustments		(675,518)	
15. Subtotal (Lines 8 to 14)	5,868,098	70,091,001	98,199,147
LESS:			
16. Net reinsurance recoveries		349,154	820,046
17. Total medical and hospital (Lines 15 minus 16)	5,868,098	69,741,847	97,379,101
18. Claims adjustment expenses		1,939,202	4,911,082
19. General administrative expenses		7,929,471	10,149,822
20. Increase in reserves for accident and health contracts			
21. Total underwriting deductions (Lines 17 through 20)	5,868,098	79,610,520	112,440,005
22. Net underwriting gain or (loss) (Lines 7 minus 21)	X X X	1,716,294	(1,137,428)
23. Net investment income earned		241,704	561,658
24. Net realized capital gains or (losses)			
25. Net investment gains or (losses) (Lines 23 plus 24)		241,704	561,658
26. Net gain or (Loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
27. Aggregate write-ins for other income or expenses			
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)		1,957,998	(575,770)
29. Federal and foreign income taxes incurred	X X X		
30. Net income (loss) (Lines 28 minus 29)	X X X	1,957,998	(575,770)
DETAILS OF WRITE-INS			
0601	X X X		
0602	X X X		
0603	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
1301.			
1302.			
1303.			
1398. Summary of remaining write-ins for Line 13 from overflow page			
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)			
2701. Other Revenue			
2702.			
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
31. Capital and surplus prior reporting year	2,330,544	2,092,563
GAINS AND LOSSES TO CAPITAL & SURPLUS		
32. Net income or (loss) from Line 30	1,957,998	(575,770)
33. Change in valuation basis of aggregate policy and claim reserves		
34. Net unrealized capital gains and losses		
35. Change in net unrealized foreign exchange capital gain or (loss)		
36. Change in net deferred income tax		
37. Change in nonadmitted assets	202,566	111,597
38. Change in unauthorized reinsurance		
39. Change in treasury stock		
40. Change in surplus notes		(1,263,555)
41. Cumulative effect of changes in accounting principles		965,709
42. Capital Changes:		
42.1 Paid in		
42.2 Transferred from surplus (Stock Dividend)		
42.3 Transferred to surplus		
43. Surplus adjustments:		
43.1 Paid in		1,000,000
43.2 Transferred to capital (Stock Dividend)		
43.3 Transferred from capital		
44. Dividends to stockholders		
45. Aggregate write-ins for gains or (losses) in surplus	(8)	
46. Net change in capital and surplus (Lines 32 to 45)	2,160,556	237,981
47. Capital and surplus end of reporting year (Line 31 plus 46)	4,491,100	2,330,544
DETAILS OF WRITE-INS		
4501. Rounding	(8)	
4502		
4503		
4598. Summary of remaining write-ins for Line 45 from overflow page		
4599. TOTALS (Lines 4501 through 4503 plus 4598) (Line 45 above)	(8)	

CASH FLOW

		1 Current Year	2 Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance	80,391,467	113,278,831
2.	Claims and claims adjustment expenses	73,079,885	98,100,771
3.	General administrative expenses paid	8,397,249	10,161,014
4.	Other underwriting income (expenses)		
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(1,085,667)	5,017,046
6.	Net investment income	244,271	564,658
7.	Other income (expenses)		
8.	Federal and foreign income taxes (paid) recovered		
9.	Net cash from operations (Line 5 to 8)	(841,396)	5,581,704
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1	Bonds		
10.2	Stocks		
10.3	Mortgage loans		
10.4	Real estate		
10.5	Other invested assets		
10.6	Net gains or (losses) on cash and short-term investments		
10.7	Miscellaneous proceeds		
10.8	Total investment proceeds (Lines 10.1 to 10.7)		
11.	Cost of investments acquired (long-term only):		
11.1	Bonds		
11.2	Stocks		
11.3	Mortgage loans		
11.4	Real estate		
11.5	Other invested assets		
11.6	Miscellaneous applications		
11.7	Total investments acquired (Lines 11.1 to 11.6)		
12.	Net cash from investments (Line 10.8 minus Line 11.7)		
Cash from Financing and Miscellaneous Sources			
13.	Cash provided:		
13.1	Surplus notes, capital and surplus paid in		(263,555)
13.2	Net transfers from affiliates	298,849	2,005,353
13.3	Borrowed funds received		
13.4	Other cash provided	495,072	1,965,730
13.5	Total (Lines 13.1 to 13.4)	793,921	3,707,528
14.	Cash applied:		
14.1	Dividends to stockholder paid		
14.2	Net transfers to affiliates		
14.3	Borrowed funds repaid		
14.4	Other applications	200,772	1
14.5	Total (Lines 14.1 to 14.4)	200,772	1
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	593,149	3,707,527
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	(248,247)	9,289,231
17.	Cash and short-term investments:		
17.1	Beginning of year	19,641,755	10,352,522
17.2	End of year (Line 16 plus Line 17.1)	19,393,508	19,641,753

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

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other
1. Net premium income	81,326,814	81,326,814											
2. Change in unearned premium reserves and reserve for rate credit													
3. Fee-for-service (net of \$..... medical expenses)													
4. Risk revenue													
5. Aggregate write-ins for other health care related revenues													
6. Total revenues (Lines 1 to 5)	81,326,814	81,326,814											
7. Medical/hospital benefits	60,700,103	60,700,103											
8. Other professional services													
9. Outside referrals													
10. Emergency room and out-of-area	2,397,717	2,397,717											
11. Prescription drugs	7,668,699	7,668,699											
12. Aggregate write-ins for other medical and hospital													
13. Incentive pool and withhold adjustments	(675,518)	(675,518)											
14. Subtotal (Lines 7 to 13)	70,091,001	70,091,001											
15. Net reinsurance recoveries	349,154	349,154											
16. Total medical and hospital (Lines 14 minus 15)	69,741,847	69,741,847											
17. Claims adjustment expenses	1,939,202	1,939,202											
18. General administrative expenses	7,929,471	7,929,471											
19. Increase in reserves for accident and health contracts													
20. Total underwriting deductions (Lines 16 to 19)	79,610,520	79,610,520											
21. Net underwriting gain or (loss) (Line 6 minus Line 20)	1,716,294	1,716,294											
DETAILS OF WRITE-INS													
0501													
0502													
0503													
0598. Summary of remaining write-ins for Line 5 from overflow page													
0599. TOTAL (Lines 0501 through 0503 plus 0598) (Line 5 above)													
1201. Prescription Drugs													
1202													
1203													
1298. Summary of remaining write-ins for Line 12 from overflow page													
1299. TOTAL (Lines 1201 through 1203 plus 1298) (Line 12 above)													

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (medical and hospital)	82,212,460		885,646	81,326,814
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan Premiums				
6. Title XVIII - Medicare				
7. Title XIX - Medicaid				
8. Other				
9. TOTALS	82,212,460		885,646	81,326,814

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Payments during the year:									
1.1 Direct	72,899,163	72,899,163							
1.2 Reinsurance assumed									
1.3 Reinsurance ceded	1,082,962	1,082,962							
1.4 Net	71,816,201	71,816,201							
2. Paid medical incentive pools and bonuses	(675,518)	(675,518)							
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	13,679,752	13,679,752							
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net	13,679,752	13,679,752							
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct									
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net									
5. Accrued medical incentive pools and bonuses, current year									
6. Amounts recoverable from reinsurers December 31, current year									
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	15,812,396	15,812,396							
7.2 Reinsurance assumed									
7.3 Reinsurance ceded									
7.4 Net	15,812,396	15,812,396							
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct									
8.2 Reinsurance assumed									
8.3 Reinsurance ceded									
8.4 Net									
9. Accrued medical incentive pools and bonuses, prior year									
10. Amounts recoverable from reinsurers December 31, prior year	733,808	733,808							
11. Incurred benefits:									
11.1 Direct	70,766,519	70,766,519							
11.2 Reinsurance assumed									
11.3 Reinsurance ceded	349,154	349,154							
11.4 Net	70,417,365	70,417,365							
12. Incurred medical incentive pools and bonuses	(675,518)	(675,518)							

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Reported in Process of Adjustment:									
1.1 Direct	5,437,473	5,437,473							
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	5,437,473	5,437,473							
2. Incurred but Unreported:									
2.1 Direct	8,064,644	8,064,644							
2.2 Reinsurance assumed									
2.3 Reinsurance ceded									
2.4 Net	8,064,644	8,064,644							
3. Amounts Withheld from Paid Claims and Capitations:									
3.1 Direct	177,635	177,635							
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net	177,635	177,635							
4. TOTALS									
4.1 Direct	13,679,752	13,679,752							
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net	13,679,752	13,679,752							

UNDERWRITING AND INVESTMENT EXHIBIT

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

	Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (medical and hospital)	14,850,315	57,699,694	107,011	13,572,741	14,957,326	15,812,396
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan Premiums						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid						
8.	Other						
9.	Subtotal	14,850,315	57,699,694	107,011	13,572,741	14,957,326	15,812,396
10.	Medical incentive pools, accrual and disbursements		(675,518)				
11.	TOTALS	14,850,315	57,024,176	107,011	13,572,741	14,957,326	15,812,396

UNDERWRITING AND INVESTMENT EXHIBIT

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

Grand Total

Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	803				
2.	1998	17,167	7,129	40	23	
3.	1999	X X X	60,196	11,955	130	(11)
4.	2000	X X X	X X X	52,750	9,831	(2)
5.	2001	X X X	X X X	X X X	82,815	14,863
6.	2002	X X X	X X X	X X X	X X X	57,024

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	803				
2.	1998	24,875	7,129	40	23	7,192
3.	1999	X X X	73,998	12,066	130	72,270
4.	2000	X X X	X X X	63,873	9,893	62,580
5.	2001	X X X	X X X	X X X	98,566	97,785
6.	2002	X X X	X X X	X X X	X X X	70,597

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998										
3.	1999		(11)			(11)				(11)	
4.	2000		(2)			(2)				(2)	
5.	2001		14,863			14,863		107		14,970	
6.	2002	82,212,460	57,024	1,939	3	58,963	0	13,573	158	72,694	0
7.	TOTAL (Lines 1 through 6)	X X X	71,874	1,939	X X X	73,813	X X X	13,680	158	87,651	X X X
8.	TOTAL (Lines 2 through 6)	82,212,460	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Total

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

Hospital and Medical
Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	803				
2.	1998	17,167	7,129	40	23	
3.	1999	X X X	60,196	11,955	130	(11)
4.	2000	X X X	X X X	52,750	9,831	(2)
5.	2001	X X X	X X X	X X X	82,815	14,863
6.	2002	X X X	X X X	X X X	X X X	57,024

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior	803				
2.	1998	24,875	7,129	40	23	7,192
3.	1999	X X X	73,998	12,066	130	72,270
4.	2000	X X X	X X X	63,873	9,893	62,580
5.	2001	X X X	X X X	X X X	98,566	97,785
6.	2002	X X X	X X X	X X X	X X X	70,597

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998										
3.	1999		(11)			(11)				(11)	
4.	2000		(2)			(2)				(2)	
5.	2001		14,863			14,863		107		14,970	
6.	2002	82,212,460	57,024	1,939	3	58,963	0	13,573	158	72,694	0
7.	TOTAL (Lines 1 through 6)	X X X	71,874	1,939	X X X	73,813	X X X	13,680	158	87,651	X X X
8.	TOTAL (Lines 2 through 6)	82,212,460	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Hospital and Medical

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other.	NONE
13	Underwriting Invest Exh Pt 2D - A & H Reserve -	NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
1. Rent (\$..... for occupancy of own building)	190,076	1,092,872		1,282,948
2. Salaries, wages and other benefits	2,313,405	2,842,616		5,156,021
3. Commissions (less \$..... ceded plus \$..... assumed)		2,271,004		2,271,004
4. Legal fees and expenses		22,366		22,366
5. Certifications and accreditation fees				
6. Auditing, actuarial and other consulting services	445,745	1,879,812		2,325,557
7. Traveling expenses	6,357	125,799		132,156
8. Marketing and advertising	171	53,871		54,042
9. Postage, express and telephone	376,280	1,559,275		1,935,555
10. Printing and office supplies	118,898	986,083		1,104,981
11. Occupancy, depreciation and amortization		(180,938)		(180,938)
12. Equipment	7,512	813,031		820,543
13. Cost or depreciation of EDP equipment and software				
14. Outsourced services including EDP, claims, and other services	224,774	1,496,129		1,720,903
15. Boards, bureaus and association fees				
16. Insurance, except on real estate		568,969		568,969
17. Collection and bank service charges		183,069		183,069
18. Group service and administration fees				
19. Reimbursements by uninsured accident and health plans	(2,048,624)	(8,376,906)		(10,425,530)
20. Reimbursements from fiscal intermediaries				
21. Real estate expenses				
22. Real estate taxes				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes				
23.2 State premium taxes		419,163		419,163
23.3 Regulator authority licenses and fees				
23.4 Payroll taxes	169,124	1,042,953		1,212,077
23.5 Other (excluding federal income and real estate taxes)	1,515	189,929		191,444
24. Investment expenses not included elsewhere				
25. Aggregate write-ins for expenses	133,969	940,374		1,074,343
26. Total expenses incurred (Lines 1 to 25)	1,939,202	7,929,471		(a) 9,868,673
27. Add expenses unpaid December 31, prior year	158,674	1,033,059		1,191,733
28. Less expenses unpaid December 31, current year	158,674	565,282		723,956
29. Amounts receivable relating to uninsured accident and health plans, prior year				
30. Amounts receivable relating to uninsured accident and health plans, current year				
31. Total expenses paid (Lines 26 plus 27 minus 28 minus 29 plus 30)	1,939,202	8,397,248		10,336,450
DETAILS OF WRITE-INS				
2501. Other Misc Expenses	133,969	290,374		424,343
2502. Network Rental Fees		650,000		650,000
2503. 0				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above)	133,969	940,374		1,074,343

(a) Includes management fees of \$.....11,493,743 to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) .....	.....
1.1 Bonds exempt from U.S. tax	(a) .....	.....
1.2 Other bonds (unaffiliated)	(a) .....	.....
1.3 Bonds of affiliates	(a) .....	.....
2.1 Preferred stocks (unaffiliated)	(b) .....	.....
2.11 Preferred stocks of affiliates	(b) .....	.....
2.2 Common stocks (unaffiliated) .....	.....	.....
2.21 Common stocks of affiliates .....	.....	.....
3. Mortgage loans	(c) .....	.....
4. Real estate	(d) .....	.....
5. Contract loans .....	.....	.....
6. Cash/short-term investments	(e) 246,582	241,742
7. Derivative instruments	(f) .....	.....
8. Other invested assets .....	.....	.....
9. Aggregate write-ins for investment income .....	.....	.....
10. Total gross investment income	246,582	241,742
11. Investment expenses .....	.....	(g)
12. Investment taxes, licenses and fees, excluding federal income taxes .....	.....	(g)
13. Interest expense .....	.....	(h)
14. Depreciation on real estate and other invested assets .....	.....	(i)
15. Aggregate write-ins for deductions from investment income .....	.....	.....
16. Total deductions (Lines 11 through 15) .....	.....	.....
17. Net Investment income (Line 10 minus Line 16) .....	.....	241,742
DETAILS OF WRITE-INS		
0901 .....	.....	.....
0902 .....	.....	.....
0903 .....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501 .....	.....	.....
1502 .....	.....	.....
1503 .....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....

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

EXHIBIT OF CAPITAL GAINS (LOSSES)

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

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of items Page 2, Lines 10 to 13 and 15 to 20, Column 2	148,483	351,049	202,566
2. Other Nonadmitted Assets:			
2.1 Bills receivable			
2.2 Leasehold improvements			
2.3 Cash advanced to or in the hands of officers and agents			
2.4 Loans on personal security, endorsed or not			
2.5 Commuted commissions			
3. Total (Lines 2.1 to 2.5)			
4. Aggregate write-ins for other assets			
5. TOTAL (Line 1 plus Line 3 and Line 4)	148,483	351,049	202,566
DETAILS OF WRITE-INS			
0401			
0402			
0403			
0498. Summary of remaining write-ins for Line 4 from overflow page			
0499. TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above)			

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health Maintenance Organizations	23,089	18,465	17,969	17,514	16,014	212,082
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service	34,848	22,161	20,527	18,998	17,672	242,806
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	57,937	40,626	38,496	36,512	33,686	454,888
DETAILS OF WRITE-INS						
0601. 0						
0602						
0603						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statement

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities				
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA				
1.512 Issued by FNMA and FHLMC				
1.513 Privately issued				
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC				
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523 All other privately issued				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3 Property held for sale (\$..... including property acquired in satisfaction of debt)				
6. Policy loans				
7. Receivables for securities				
8. Cash and short-term investments	19,393,508	100.000	19,393,508	100.000
9. Other invested assets				
10. Total invested assets	19,393,508	100.000	19,393,508	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[] No[X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[] No[] N/A[X]
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[] No[X]
- 2.2 If yes, date of change:
 If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/1999.....
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
- 3.4 By what department or departments?
 Arkansas Insurance Department
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[] No[X]
- 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[] No[X]
- 4.22 renewals? Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

1 Nationality	2 Type of Entity
.....

GENERAL INTERROGATORIES (continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Rasco, Winter & Associates LLP 400 West Capital, Suite 2380 Little Rock, Arkansas 72201-3458
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Milliman USA One Pennsylvania Plaza, 38th Floor New York, New York 10119
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? Yes[] No[] N/A[X]
 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[] No[] N/A[X]
 10.3 Have there been any changes made to any of the trust indentures during the year? Yes[] No[] N/A[X]
 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes?

BOARD OF DIRECTORS

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

FINANCIAL

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

GENERAL INTERROGATORIES (continued)

INVESTMENT

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

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

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

Yes[] No[X]

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

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

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

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

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

\$

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

1 Name	2 Amount Paid
0	

24.1 Amount of payments for legal expenses, if any?

\$ 17,442

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

1 Name	2 Amount Paid
Wright, Lindsey and Jennings	17,442

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

\$

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

- | | |
|--|--------------------|
| 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? | Yes[] No[X] |
| 1.2 If yes, indicate premium earned on U.S. business only: | \$ |
| 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? | \$ |
| 1.31 Reason for excluding: | |
| 1.4 Indicate amount of premium earned attributable to Canadian and/or Other Alien not included in Item (1.2) above. | \$ |
| 1.5 Indicate total incurred claims on all Medicare Supplement insurance. | \$ |
| 1.6 Individual policies - Most current three years: | |
| 1.61 Total premium earned | \$ |
| 1.62 Total incurred claims | \$ |
| 1.63 Number of covered lives | \$ |
| All years prior to most current three years: | |
| 1.64 Total premium earned | \$ |
| 1.65 Total incurred claims | \$ |
| 1.66 Number of covered lives | \$ |
| 1.7 Group policies - Most current three years: | |
| 1.71 Total premium earned | \$ |
| 1.72 Total incurred claims | \$ |
| 1.73 Number of covered lives | \$ |
| All years prior to most current three years: | |
| 1.74 Total premium earned | \$ |
| 1.75 Total incurred claims | \$ |
| 1.76 Number of covered lives | \$ |
| 2.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? | Yes[] No[X] |
| 2.2 If yes, give particulars: | |
| 3.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency? | Yes[X] No[] |
| 3.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? | Yes[] No[X] |
| 4.1 Does the reporting entity have stop-loss reinsurance? | Yes[X] No[] |
| 4.2 If no, explain: | |
| 4.3 Maximum retained risk (see instructions): | |
| 4.31 Comprehensive Medical | \$ 125,000 |
| 4.32 Medical Only | \$ |
| 4.33 Medicare Supplement | \$ |
| 4.34 Dental | \$ |
| 4.35 Other Limited Benefit Plan | \$ |
| 4.36 Other | \$ |
| 5. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Provider contracts have hold harmless agreements and continuity of care provisions. | |
| 6.1 Does the reporting entity set up its claim liability for provider services on a service data base? | Yes[X] No[] |
| 6.2 If no, give details: | |
| 7. Provide the following information regarding participating providers: | |
| 7.1 Number of providers at start of reporting year | 3362 |
| 7.2 Number of providers at end of reporting year | 4133 |
| 8.1 Does the reporting entity have business subject to premium rate guarantees? | Yes[] No[X] |
| 8.2 If yes, direct premium earned: | |
| 8.21 Business with rate guarantees between 15-36 months | 0 |
| 8.22 Business with rate guarantees over 36 months | 0 |
| 9.1 Does the reporting entity have Bonus/Withhold Arrangements in its provider contracts? | Yes[X] No[] |
| 9.2 If yes: | |
| 9.21 Maximum amount payable bonuses | \$ |
| 9.22 Amount actually paid for year bonuses | \$ |
| 9.23 Maximum amount payable withholds | \$ 1,960,873 |
| 9.24 Amount actually paid for year withholds | \$ 1,960,873 |
| 10. List service areas in which reporting entity is licensed to operate: | |

1
Name of Service Area
.....

FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	21,397,654	21,508,830	15,266,885	17,202,739	10,204,628
2. Total liabilities (Page 3, Line 18)	16,906,554	19,178,286	13,174,322	15,350,100	9,105,994
3. Statutory surplus	3,367,163	2,994,278	2,075,929	1,330,581	.....
4. Total capital and surplus (Page 3, Line 26)	4,491,100	2,330,544	2,092,563	1,098,634	3,849,363
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	81,326,814	111,302,577	68,388,216	68,367,830	23,796,916
6. Total medical and hospital expenses (Line 17)	69,741,847	97,379,101	62,333,448	72,149,089	25,324,869
7. Total administrative expenses (Line 19)	7,929,471	10,149,822	13,041,410	13,401,865	8,541,109
8. Net underwriting gain (loss) (Line 22)	1,716,294	(1,137,428)	(6,323,086)	(10,383,615)	(5,652,683)
9. Net investment gain (loss) (Line 25)	241,704	561,658	782,263	139,926	.....
10. Total other income (Lines 26 plus 27) .....	.....	.....	99,244	.....	.....
11. Net income or (loss) (Line 30)	1,957,998	(575,770)	(5,441,579)	(10,243,689)	(5,652,683)
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	4,491,100	2,330,544	2,092,563	1,852,639	1,098,634
13. Authorized control level risk-based capital	3,367,163	4,277,541	2,949,696	2,075,929	1,330,581
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	33,686	67,118	51,312	49,896	33,033
15. Total members months (Column 6, Line 7)	454,888	802,632	596,004	566,688	214,735
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	85.8	87.5	91.1	103.0	104.0
18. Total underwriting deductions (Line 21)	97.9	101.0	109.2	123.0	140.0
19. Total underwriting gain (loss) (Line 22)	2.1	(1.0)	(9.2)	(15.0)	(24.0)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	14,957,326	10,046,511	12,104,799	7,200,921	802,949
21. Estimated liability of unpaid claims-[prior year (Line 11, Col. 6)] ..	15,812,396	11,233,079	13,143,776	7,707,638	741,186

FIVE-YEAR HISTORICAL DATA (Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	NONE				
26. Affiliated mortgage loans on real estate					
27. All other affiliated					
28. Total of above Lines 22 to 27					

35 Schedule A - Verification - NONE

35 Schedule B - Verification - NONE

35 Schedule BA - Verification - NONE

36 Schedule D - Summary by Country - NONE

36 Schedule D - Verification - NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	State, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed (Yes or No)	Direct Business Only			6 Federal Employees Health Benefits Program Premiums
				3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	
1.	Alabama	AL	No	No			
2.	Alaska	AK	No	No			
3.	Arizona	AZ	No	No			
4.	Arkansas	AR	No	Yes	82,212,460		
5.	California	CA	No	No			
6.	Colorado	CO	No	No			
7.	Connecticut	CT	No	No			
8.	Delaware	DE	No	No			
9.	District of Columbia	DC	No	No			
10.	Florida	FL	No	No			
11.	Georgia	GA	No	No			
12.	Hawaii	HI	No	No			
13.	Idaho	ID	No	No			
14.	Illinois	IL	No	No			
15.	Indiana	IN	No	No			
16.	Iowa	IA	No	No			
17.	Kansas	KS	No	No			
18.	Kentucky	KY	No	No			
19.	Louisiana	LA	No	No			
20.	Maine	ME	No	No			
21.	Maryland	MD	No	No			
22.	Massachusetts	MA	No	No			
23.	Michigan	MI	No	No			
24.	Minnesota	MN	No	No			
25.	Mississippi	MS	No	No			
26.	Missouri	MO	No	No			
27.	Montana	MT	No	No			
28.	Nebraska	NE	No	No			
29.	Nevada	NV	No	No			
30.	New Hampshire	NH	No	No			
31.	New Jersey	NJ	No	No			
32.	New Mexico	NM	No	No			
33.	New York	NY	No	No			
34.	North Carolina	NC	No	No			
35.	North Dakota	ND	No	No			
36.	Ohio	OH	No	No			
37.	Oklahoma	OK	No	No			
38.	Oregon	OR	No	No			
39.	Pennsylvania	PA	No	No			
40.	Rhode Island	RI	No	No			
41.	South Carolina	SC	No	No			
42.	South Dakota	SD	No	No			
43.	Tennessee	TN	No	No			
44.	Texas	TX	No	No			
45.	Utah	UT	No	No			
46.	Vermont	VT	No	No			
47.	Virginia	VA	No	No			
48.	Washington	WA	No	No			
49.	West Virginia	WV	No	No			
50.	Wisconsin	WI	No	No			
51.	Wyoming	WY	No	No			
52.	American Samoa	AS	No	No			
53.	Guam	GU	No	No			
54.	Puerto Rico	PR	No	No			
55.	U.S. Virgin Islands	VI	No	No			
56.	Canada	CN	No	No			
57.	Aggregate other alien	OT	X X X	X X X			
58.	TOTAL (Direct Business)	X X X	(a) 1		82,212,460		
DETAILS OF WRITE-INS							
5701							
5702							
5703							
5798.	Summary of remaining write-ins for Line 57 from overflow page						
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)						

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

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