ANNUAL STATEMENT

OF THE

FIRST MEDICAL HEALTH PLAN, INC.

Of

GUAYNABO

in the state of PR

to the Office of the Insurance Commissioner of the State of Puerto Rico

For the Year Ended
December 31, 2009

2009

HEALTH

LIC. URIEL G. CANDELAS AGOSTO
ABOGADO Y ACTUARIO
SUITE 530, E. POL 497, LA CUMBRE, R.P, P.R. 00926
TEL./FAX 761-1005

March 30, 2009

STATEMENT OF ACTUARIAL OPINION

FROM: URIEL G. CANDELAS AGOSTO, ACTUARY

I, Uriel G. Candelas Agosto, Actuary, under the Insurance Laws of Puerto Rico, have been appointed by FIRST MEDICAL HEALTH PLAN,Inc to render this Actuarial Opinion with regard to Loss Reserves and Losses Incurred but Unreported for FIRST MEDICAL HEALTH PLAN,Inc.for the year ended on December 31, 2009. The following reserves have been determined:

(1) Unpaid Losses.

(2) Losses Incurred but not Reported (IBNR).

Based on statements from management and my independent confirmation using claims and losses experience submitted, in my opinion, the amounts to be carried in the Annual Statement on account of the items identified above,

(a) Are computed in accordance with accepted Loss reserving standards and are fairly stated in accordance with sound actuarial principles;

(b) are based on factors relevant to policy provisions;

(c) meet the requirements of the Laws of Puerto Rico; and

(d) make good and sufficient provision for all unpaid loss and loss expense obligations and for Losses Incurred but Unreported specified in said actuarial study, of the organization under the terms of its contracts and agreements.

(d) are logical and computed loss reserving standards and are fairly stated in accordance with sound actuarial principles.

I fully relied upon the information, statements and results submitted by First Medical Health Plan FINANCIAL MANAGEMENT and reviewed by Mr. Néstor Centeno,CPA. I carried out a separate confirmation of the amounts herewith presented.

Said reserves are the following:

TOTAL CLAIMS PAYABLE REPORTED AND UNREPORTED FOR CALENDAR YEAR 2009.----$89,397,451.

URIEL G. CANDELAS AG0870

ACTUARY

FIRST MEDICAL HEALTH PLAN, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
YEAR ENDED DECEMBER 31, 2009

The following analysis of the financial condition and results of operations of the Company should be read in conjunction with the Financial Statements included in this Annual Statement.

Company Background

The Company is a corporation organized in February 1977 under the laws of the Commonwealth of Puerto Rico. The Corporation is authorized to provide, with profit motive, services related with health care as approved by the Office of the Insurance Commissioner of Puerto Rico.

There has been a significant increase in revenue over the past five years. Premium revenues are derived mainly from the Central Government Municipalities and Government agencies, which comprises approximately 70% of total revenues. It is one of the largest providers of health care services to public employees in Puerto Rico.

During the last part of 2005, the Company commenced marketing and selling its Medicare Advantage products to the elderly population.

Results of Operations

The following table summarizes the results of operations:

	2009	2008
Operating revenue	$ 519,312,746	$ 491,165,586
Health care costs	471,106,848	461,874,015
Gross profit	48,205,898	29,291,571
Selling, general & administrative	46,585,343	44,583,917
Operating income	1,620,555	(15,247,346)
Other income and expenses	460	1,180,303
Income Before Taxes	1,621,015	(14,067,043)
Provision for Income Tax	639,615	--------
Net Income (Loss)	$ 981,400	($14,067,043)

Revenue

Reductions of options in health plan to public employees have occurred as a direct result of the closing of smaller and weaker HMO's. The Company has been able to keep low premiums, which has been an incentive to the market. It has also expanded its services to the private sector.

On the Medicare Advantage line of business, the revenue has shown a significant increase as a result of administration efforts to improve operations and identifying the Hierarchical Condition Category as required by the Centers of Medicare and Medicaid Services (CMS). This improvement has resulted in an optimal reimbursement for the Medicare Advantage line of business.

FIRST MEDICAL HEALTH PLAN, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Medical Costs

Health care costs include claims payments and other costs incurred to provide health insurance costs to its members, as well as estimates of future payments for medical costs provided prior to the balance sheet date. The estimate of future medical claims and other medical expense payments are made on methods and assumptions based on claims payment submission patterns, medical cost inflation, historical and future developments such as new diseases development, coverage changes, terminal illness cases, increase in use of health care services, new government mandated benefits or other regulatory changes and other relevant factors. Company's costs consist of services provided by hospitals, clinics, pharmacies, eye care, physicians, and laboratories among others. Total health care costs amounted to $471,106,848 which represents a 93% utilization ratio. The category of major impact was in pharmacy costs where costs increased at an unprecedented rate.

Selling, General and Administrative

The Company is related to International Medical Card, Inc. (IMC) which is a corporation engaged in processing claims and payments to health care providers contracted by the Company. First Medical Health Plan, Inc. pays an administrative fee to IMC for its services based on monthly membership.

The Company has grown over the past years. During 2009, the Company continued exercising control over its general and administrative expenses reducing salaries, professional services, advertising and administrative costs paid to IMC and pharmacy
services.

The Company continues to invest significantly in the Medicare market. Investments have been made in new technology, personnel, consultants, etc. to meet the requirements of the Medicare Advantage Programs. These investments have impacted the selling, general and administrative category.

Income before Taxes

The Company had an Income before taxes of $1,621,016 which compares favorably with a loss in 2008.

Income Tax

First Medical has net operating loss carryforward available to offset future business income as follows:

Arising In	Expiring In	Amount
2006	2013	$ 3,176,828
2007	2014	$16,037,859
2008	2015	$14,092,152

Net Income

The Company realized a profit during 2009 versus an operating loss during 2008. This was the result of administrative and cost controls improvements made during 2009.

FIRST MEDICAL HEALTH PLAN, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Financial Condition

The Company is fairly liquid with $26,776,082 in cash and cash equivalents and $64,816,908 in accounts receivables trade. Non-admitted assets amounted to $15,233,000 mainly composed of premiums receivables and certain fixed assets not allowed for statutory purposes.

Primary sources of cash for the Company are from premiums collected and investment income. It has various saving certificates in bank accounts. Among these, $600,000 is
pledged with the Puerto Rico Office of the Insurance Commissioner in accordance with the Insurance Code.

Accounts receivable is composed mainly of government agencies and municipalities. Receivables are in line with prior year.

Claims payable and claims reserve cover for increase in volume, additional benefits and coverage, medical and drugs costs increases, terminal illness exposure, inflation and other factors. The major components of general expenses due or accrued are unpaid network administrative fees, advertising, salaries and other general expenses.

CENTENO
Certified Public Accountants

Board of Directors
First Medical Health Plan, Inc.
San Juan, Puerto Rico

Independent Auditor's Report

We have audited the accompanying statutory statements of admitted assets, liabilities, capital and surplus of First Medical Health Plan, Inc. as of December 31, 2009 and 2008 and the related statements of revenues, expenses and changes in net worth, and statements of cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the admitted assets, liabilities, capital and surplus of First Medical Health Plan, Inc. at December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting practices prescribed by the Puerto Rico Office of the Insurance Commissioner.

CENTENO FIGUEROA & CO. CPA, PSC
CONTADORES PUBLICOS AUTORIZADOS DE PUERTO RICO
LIC. 224

Centeno Figueroa & Co. CPA PSC
Centeno Figueroa & Co. CPA, PSC

San Juan, Puerto Rico
March 31, 2010

101 San Patricio Ave., Suite 800, Guaynabo, P.R. 00968 | Tel. 787-706-3060 | Fax 787-706-3048 | www.centenofigueroa.com

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ANNUAL STATEMENT

For the Year Ended December 31, 2009

of the Condition and Affairs of the

FIRST MEDICAL HEALTH PLAN, INC.

NAIC Group Code.....0000, 0000 (Current Period) (Prior Period) NAIC Company Code..... 95722 Employer's ID Number..... 66-0537624

Organized under the Laws of PUERTO RICO State of Domicile or Port of Entry PUERTO RICO Country of Domicile US

Licensed as Business Type.....HEALTH MAINTENANCE ORGANIZATION Is HMO Federally Qualified? Yes [ ] No [X]

Incorporated/Organized..... February 1, 1977 Commenced Business..... March 27, 1977

Statutory Home Office	530 MARGINAL BUCHANAN..... GUAYNABO ..... PR ..... 00966 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	530 MARGINAL BUCHANAN..... GUAYNABO ..... PR ..... 00966 *(Street and Number) (City or Town, State and Zip Code)*	787-474-3999 *(Area Code) (Telephone Number)*
Mail Address	PO BOX 191580..... SAN JUAN ..... PR ..... 00919-1580 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	530 MARGINAL BUCHANAN..... GUAYNABO ..... PR ..... 00966 *(Street and Number) (City or Town, State and Zip Code)*	787-474-3999 *(Area Code) (Telephone Number)*
Internet Web Site Address	www.firstmedicalpr.com	
Statutory Statement Contact	JOSÉ A PAGÁN *(Name)*	787-474-3999 *(Area Code) (Telephone Number) (Extension)*
	j.pagan@firstmedicalpr.com *(E-Mail Address)*	*(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. FRANCISCO J ARTAU	PRESIDENT	2. CARMEN FELICIANO	SECRETARY
3. JUAN L DOMÍNGUEZ	TREASURER	4.	

OTHER

JOSÉ A PAGÁN — ADMINISTRATIVE VP

DIRECTORS OR TRUSTEES

FRANCISCO J ARTAU	CARMEN FELICIANO	EDUARDO ARTAU GÓMEZ	EDUARDO ARTAU FELICIANO
JOSÉ A PAGÁN	JUAN L DOMÍNGUEZ	MARCOS FELICIANO	SAMUEL SOSTRE
ÁNGEL MORALES			

State of..... PUERTO RICO
County of..... GUAYNABO

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.

(Signature)	(Signature)	(Signature)
FRANCISCO J ARTAU	CARMEN FELICIANO	JUAN L DOMÍNGUEZ
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
PRESIDENT	SECRETARY	TREASURER
(Title)	(Title)	(Title)

AFFIDAVIT 374 Carlos J. Fournier

Subscribed and sworn to before me This 26th day of March 2010

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

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

Sworn and suscribed by Francisco J. Artau, Carmen Feliciano and Juan L. Domínguez, of legal age, married, personally known to me and residents of Arecibo, San Juan and San Juan, respectively, and in their capacity as president, secretary and treasurer of First Medical Health Plan, Inc.

In Guaynabo, Puerto Rico March 26th, 2010

CARLOS JUAN FOURNIER PADILLA
PUERTO RICO
ABOGADO NOTARIO

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)			0	
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $.....0 encumbrances)	133,223		133,223	155,833
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....26,776,082, Sch. E-Part 1), cash equivalents ($.....0, Sch. E-Part 2) and short-term investments ($.....0, Sch. DA)	26,776,082		26,776,082	23,641,514
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets (Schedule BA)			0	
8. Receivables for securities			0	
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	26,909,305	0	26,909,305	23,797,347
11. Title plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued			0	
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection	70,864,388	6,047,480	64,816,908	60,866,422
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	
14.2 Funds held by or deposited with reinsured companies			0	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon			0	
16.2 Net deferred tax asset	5,613,988	5,613,988	0	
17. Guaranty funds receivable or on deposit			0	
18. Electronic data processing equipment and software	151,064	42,005	109,059	221,201
19. Furniture and equipment, including health care delivery assets ($.....0)	575,430	575,430	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates	95,332	95,332	0	
22. Health care ($.....0) and other amounts receivable			0	
23. Aggregate write-ins for other than invested assets	10,764,182	2,858,765	7,905,417	5,870,877
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	114,973,689	15,233,000	99,740,689	90,755,847
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	114,973,689	15,233,000	99,740,689	90,755,847

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Accounts Receivable - Other	7,905,417		7,905,417	5,870,877
2302. Deposits	38,498	38,498	0	
2303. Vehicles	316,155	316,155	0	
2398. Summary of remaining write-ins for Line 23 from overflow page	2,504,112	2,504,112	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	10,764,182	2,858,765	7,905,417	5,870,877

LIABILITIES, CAPITAL AND SURPLUS

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $.....0 reinsurance ceded)		89,397,451	89,397,451	94,601,070
2. Accrued medical incentive pool and bonus amounts			0	
3. Unpaid claims adjustment expenses			0	
4. Aggregate health policy reserves			0	
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance			0	
9. General expenses due or accrued		5,759,932	5,759,932	5,229,275
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized capital gains (losses))			0	
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others			0	
13. Remittances and items not allocated			0	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates			0	
16. Payable for securities			0	
17. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
18. Reinsurance in unauthorized companies			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	
20. Liability for amounts held under uninsured plans			0	
21. Aggregate write-ins for other liabilities (including $.....0 current)	0	981,961	981,961	1,017,529
22. Total liabilities (Lines 1 to 21)	0	96,139,344	96,139,344	100,847,874
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	1,875	1,875
25. Preferred capital stock	XXX	XXX		
26. Gross paid in and contributed surplus	XXX	XXX	2,960,400	2,960,400
27. Surplus notes	XXX	XXX	20,738,860	7,358,725
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	(20,099,790)	(20,413,027)
30. Less treasury stock at cost:				
30.1 .....0.000 shares common (value included in Line 24 $.....0)	XXX	XXX		
30.2 .....0.000 shares preferred (value included in Line 25 $.....0)	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	3,601,345	(10,092,027)
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	99,740,689	90,755,847

DETAILS OF WRITE-INS

2101. Restricted Fund Reserve		600,000	600,000	600,000
2102. Leases Payable		381,961	381,961	417,529
2103.			0	
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	981,961	981,961	1,017,529
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1. Member months	XXX	4,143,125	4,293,559
2. Net premium income (including $.....0 non-health premium income)	XXX	519,312,747	491,165,586
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of $.....0 medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	519,312,747	491,165,586
Hospital and Medical:			
9. Hospital/medical benefits	240,264,492	240,264,492	235,555,748
10. Other professional services	70,666,027	70,666,027	69,281,102
11. Outside referrals			
12. Emergency room and out-of-area	4,711,068	4,711,068	4,618,740
13. Prescription drugs			
14. Aggregate write-ins for other hospital and medical	155,465,260	155,465,260	152,418,425
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)	471,106,847	471,106,847	461,874,015
Less:			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)	471,106,847	471,106,847	461,874,015
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....0 cost containment expenses			
21. General administrative expenses	46,585,345	46,585,345	44,538,917
22. Increase in reserves for life and accident and health contracts including $.....0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	517,692,192	517,692,192	506,412,932
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	1,620,555	(15,247,346)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)			
26. Net realized capital gains or (losses) less capital gains tax of $.....0			
27. Net investment gains or (losses) (Lines 25 plus 26)	0	0	0
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
29. Aggregate write-ins for other income or expenses	461	461	1,180,303
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	1,621,016	(14,067,043)
31. Federal and foreign income taxes incurred	XXX	639,616	
32. Net income (loss) (Lines 30 minus 31)	XXX	981,400	(14,067,043)

DETAILS OF WRITE-INS

0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401. Inpatient	155,465,260	155,465,260	152,418,425
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	155,465,260	155,465,260	152,418,425
2901. Interest Income	299,619	299,619	539,759
2902. Other Income	346	346	880,846
2903. Interest Expense	(302,702)	(302,702)	(240,302)
2998. Summary of remaining write-ins for Line 29 from overflow page	3,198	3,198	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	461	461	1,180,303

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	(10,092,027)	(4,946,755)
34. Net income or (loss) from Line 32	981,400	(14,067,043)
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains and (losses) less capital gains tax of $.....0		
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(668,163)	(936,954)
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes	13,380,135	7,358,725
43. Cumulative effect of changes in accounting principles		
44. Capital changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		2,500,000
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	13,693,372	(5,145,272)
49. Capital and surplus end of reporting period (Line 33 plus 48)	3,601,345	(10,092,027)

DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	512,290,521	475,919,563
2. Net investment income		
3. Miscellaneous income	299,965	1,420,606
4. Total (Lines 1 through 3)	512,590,486	477,340,169
5. Benefit and loss related payments		
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	521,596,364	484,298,966
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)		(4,876,829)
10. Total (Lines 5 through 9)	521,596,364	479,422,137
11. Net cash from operations (Line 4 minus Line 10)	(9,005,878)	(2,081,968)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	0	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	1,320,512	607,193
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,320,512	607,193
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	(1,320,512)	(607,193)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	13,380,135	7,175,162
16.2 Capital and paid in surplus, less treasury stock		2,500,000
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	80,823	
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	13,460,958	9,675,162
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	3,134,568	6,986,001
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	23,641,514	16,655,513
19.2 End of year (Line 18 plus Line 19.1)	26,776,082	23,641,514

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		

ANALYSIS OF OPERATION BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plans	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	519,312,747	432,500,396					86,812,351			
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of $.....0 medical expenses)	0									
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	519,312,747	432,500,396	0	0	0	0	86,812,351	0	0	0
8. Hospital/medical benefits	240,264,492	204,480,510					35,783,982			XXX
9. Other professional services	70,666,027	60,141,326					10,524,701			XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	4,711,068	4,009,422					701,646			XXX
12. Prescription drugs	0									XXX
13. Aggregate write-ins for other hospital and medical	155,465,260	132,310,918	0	0	0	0	23,154,342	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0									XXX
15. Subtotal (Lines 8 to 14)	471,106,847	400,942,176	0	0	0	0	70,164,671	0	0	XXX
16. Net reinsurance recoveries	0									XXX
17. Total hospital and medical (Lines 15 minus 16)	471,106,847	400,942,176	0	0	0	0	70,164,671	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $.....0 cost containment expenses	0									
20. General administrative expenses	46,585,345	37,985,112					8,600,233			
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserve for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	517,692,192	438,927,288	0	0	0	0	78,764,904	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	1,620,555	(6,426,892)	0	0	0	0	8,047,447	0	0	0

DETAILS OF WRITE-INS

0501.	0									XXX
0502.	0									XXX
0503.	0									XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Total (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Total (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Inpatient	155,465,260	132,310,918					23,154,342			XXX
1302.	0									XXX
1303.	0									XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Total (Lines 1301 thru 1303 plus 1398) (Line 13 above)	155,465,260	132,310,918	0	0	0	0	23,154,342	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	432,500,397			432,500,397
2. Medicare supplement				0
3. Dental only				0
4. Vision only				0
5. Federal employees health benefits plan				0
6. Title XVIII - Medicare	88,812,351			88,812,351
7. Title XIX - Medicaid				0
8. Other health				0
9. Health subtotal (Lines 1 through 8)	521,312,748	0	0	521,312,748
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	521,312,748	0	0	521,312,748

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	476,310,466	402,008,591					74,301,875			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	476,310,466	402,008,591	0	0	0	0	74,301,875	0	0	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	89,397,451	80,587,191					8,810,260			
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	89,397,451	80,587,191	0	0	0	0	8,810,260	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0									
6. Net healthcare receivables (a)	0									
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	94,601,070	81,653,607					12,947,463			
8.2 Reinsurance assumed	0									
8.3 Reinsurance ceded	0									
8.4 Net	94,601,070	81,653,607	0	0	0	0	12,947,463	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0									
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0									
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred benefits:										
12.1 Direct	471,106,847	400,942,175	0	0	0	0	70,164,672	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	471,106,847	400,942,175	0	0	0	0	70,164,672	0	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

(a) Excludes $.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Medical and Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct	63,703,941	59,664,739					4,039,202			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	63,703,941	59,664,739	0	0	0	0	4,039,202	0	0	0
2. Incurred but unreported:										
2.1 Direct	25,693,507	20,922,449					4,771,058			
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	25,693,507	20,922,449	0	0	0	0	4,771,058	0	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct	0									
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct	89,397,448	80,587,188	0	0	0	0	8,810,260	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	89,397,448	80,587,188	0	0	0	0	8,810,260	0	0	0

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 (hospital and medical)	80,500,240	321,508,351	283,053	80,587,191	80,783,293	81,653,607
2. Medicare supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan					0	
6. Title XVIII - Medicare	17,168,086	57,133,789		8,810,260	17,168,086	12,947,463
7. Title XIX - Medicaid					0	
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	97,668,326	378,642,140	283,053	89,397,451	97,951,379	94,601,070
10. Healthcare receivables (a)					0	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts					0	
13. Totals (Lines 9 - 10 + 11 + 12)	97,668,326	378,642,140	283,053	89,397,451	97,951,379	94,601,070

(a) Excludes $.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2005				0.0	0	0.0			0	0.0
2. 2006				0.0	0	0.0			0	0.0
3. 2007				0.0	0	0.0			0	0.0
4. 2008				0.0	0	0.0			0	0.0
5. 2009				0.0	0	0.0	89,397		89,397	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2005				0.0	0	0.0			0	0.0
2. 2006				0.0	0	0.0			0	0.0
3. 2007				0.0	0	0.0			0	0.0
4. 2008				0.0	0	0.0			0	0.0
5. 2009				0.0	0	0.0	89,397		89,397	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2005				0.0	0	0.0			0	0.0
2. 2006				0.0	0	0.0			0	0.0
3. 2007				0.0	0	0.0			0	0.0
4. 2008				0.0	0	0.0			0	0.0
5. 2009				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - DENTAL ONLY

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2005				0.0	0	0.0			0	0.0
2. 2006				0.0	0	0.0			0	0.0
3. 2007				0.0	0	0.0			0	0.0
4. 2008				0.0	0	0.0			0	0.0
5. 2009				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - VISION ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - VISION ONLY

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - VISION ONLY

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2005				0.0	0	0.0			0	0.0
2. 2006				0.0	0	0.0			0	0.0
3. 2007				0.0	0	0.0			0	0.0
4. 2008				0.0	0	0.0			0	0.0
5. 2009				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2005				0.0	0	0.0			0	0.0
2. 2006				0.0	0	0.0			0	0.0
3. 2007				0.0	0	0.0			0	0.0
4. 2008				0.0	0	0.0			0	0.0
5. 2009				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2005				0.0	0	0.0			0	0.0
2. 2006				0.0	0	0.0			0	0.0
3. 2007				0.0	0	0.0			0	0.0
4. 2008				0.0	0	0.0			0	0.0
5. 2009				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2005				0.0	0	0.0			0	0.0
2. 2006				0.0	0	0.0			0	0.0
3. 2007				0.0	0	0.0			0	0.0
4. 2008				0.0	0	0.0			0	0.0
5. 2009				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX				
4. 2007	XXX	XXX			
5. 2008	XXX	XXX	XXX		
6. 2009	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2005				0.0	0	0.0			0	0.0
2. 2006				0.0	0	0.0			0	0.0
3. 2007				0.0	0	0.0			0	0.0
4. 2008				0.0	0	0.0			0	0.0
5. 2009				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
POLICY RESERVE									
1. Unearned premium reserves	0								
2. Additional policy reserves (a)	0								
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including $.....0) for investment income	0								
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	0	0	0	0	0	0	0	0	0
7. Reinsurance ceded	0								
8. Totals (net) (Page 3, Line 4)	0	0	0	0	0	0	0	0	0
CLAIM RESERVE									
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	0								
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0								
14. Totals (net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.	0								
0502.	0								
0503.	0								
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.	0								
1102.	0								
1103.	0								
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes $.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses 1 Cost Containment Expenses	Claim Adjustment Expenses 2 Other Claim Adjustment Expenses	3 General Administrative Expenses	4 Investment Expenses	5 Total
1. Rent ($.....0 for occupancy of own building)			1,724,932		1,724,932
2. Salaries, wages and other benefits			10,623,579		10,623,579
3. Commissions (less $.....0 ceded plus $.....0 assumed)			5,954,701		5,954,701
4. Legal fees and expenses			199,248		199,248
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services			3,785,799		3,785,799
7. Traveling expenses			24,678		24,678
8. Marketing and advertising			2,661,182		2,661,182
9. Postage, express and telephone			1,739,521		1,739,521
10. Printing and office supplies			244,206		244,206
11. Occupancy, depreciation and amortization			1,442,430		1,442,430
12. Equipment			62,960		62,960
13. Cost or depreciation of EDP equipment and software					0
14. Outsourced services including EDP, claims, and other services			928,052		928,052
15. Boards, bureaus and association fees					0
16. Insurance, except on real estate			401,940		401,940
17. Collection and bank service charges			386,201		386,201
18. Group service and administration fees			9,813,296		9,813,296
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			116,619		116,619
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees					0
23.4 Payroll taxes			973,231		973,231
23.5 Other (excluding federal income and real estate taxes)			271,458		271,458
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	0	0	5,231,312	0	5,231,312
26. Total expenses incurred (Lines 1 to 25)	0	0	46,585,345	0	(a) 46,585,345
27. Less expenses unpaid December 31, current year			5,759,932		5,759,932
28. Add expenses unpaid December 31, prior year					0
29. Amounts receivable relating to uninsured plans, prior year					0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	0	40,825,413	0	40,825,413

DETAILS OF WRITE-INS

2501. Auto expense			197,044		197,044
2502. Donations			59,030		59,030
2503. Customer Parking			135,594		135,594
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	4,839,644	0	4,839,644
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above)	0	0	5,231,312	0	5,231,312

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

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a)	
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, cash equivalents and short-term investments	(e)	
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	0	0
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) 0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		0
17.	Net investment income (Line 10 minus Line 16)		0

DETAILS OF WRITE-INS

0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above)		0

(a) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(b) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued dividends on purchases.
(c) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(d) Includes $.....0 for company's occupancy of its own buildings; and excludes $.....0 interest on encumbrances.
(e) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(f) Includes $.....0 accrual of discount less $.....0 amortization of premium.
(g) Includes $.....0 investment expenses and $.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
(h) Includes $.....0 interest on surplus notes and $.....0 interest on capital notes.
(i) Includes $.....0 depreciation on real estate and $.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. government bonds			0		
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)			0		
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)			0		
2.21	Common stocks of affiliates			0		
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0		
7.	Derivative instruments			0		
8.	Other invested assets			0		
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	0	0	0	0	0

DETAILS OF WRITE-INS

0901.				0		
0902.				0		
0903.				0		
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Other invested assets (Schedule BA)			0
8. Receivables for securities			0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only)			0
12. Investment income due and accrued			0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	6,047,480	5,012,170	(1,035,310)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
13.3 Accrued retrospective premiums			0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			0
14.2 Funds held by or deposited with reinsured companies			0
14.3 Other amounts receivable under reinsurance contracts			0
15. Amounts receivable relating to uninsured plans			0
16.1 Current federal and foreign income tax recoverable and interest thereon			0
16.2 Net deferred tax asset	5,613,988	6,253,604	639,616
17. Guaranty funds receivable or on deposit			0
18. Electronic data processing equipment and software	42,005	22,020	(19,985)
19. Furniture and equipment, including health care delivery assets	575,430	671,705	96,275
20. Net adjustment in assets and liabilities due to foreign exchange rates			0
21. Receivables from parent, subsidiaries and affiliates	95,332	92,912	(2,420)
22. Health care and other amounts receivable			0
23. Aggregate write-ins for other than invested assets	2,858,765	2,512,426	(346,339)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	15,233,000	14,564,837	(668,163)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. TOTALS (Lines 24 and 25)	15,233,000	14,564,837	(668,163)

DETAILS OF WRITE-INS

0901.			0
0902.			0
0903.			0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0
2301. Deposits	38,498	33,266	(5,232)
2302. Vehicles	316,155	348,768	32,613
2303. Leasehold Improvements	1,504,586	1,364,078	(140,508)
2398. Summary of remaining write-ins for Line 23 from overflow page	999,526	766,314	(233,212)
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	2,858,765	2,512,426	(346,339)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

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	362,740	331,375	327,281	367,482	355,615	4,143,125
2. Provider service organizations						
3. Preferred provider organizations						
4. Point of service						
5. Indemnity only						
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	362,740	331,375	327,281	367,482	355,615	4,143,125

DETAILS OF WRITE-INS

0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
A&H Premiums Due and Unpaid						
0299998. Premiums due and unpaid not individually listed	34,161,408	5,037,672	2,662,167	29,003,141	6,047,480	64,816,908
0299999. Total group	34,161,408	5,037,672	2,662,167	29,003,141	6,047,480	64,816,908
0599999. Accident and health premiums due and unpaid (Page 2, Line 13)	34,161,408	5,037,672	2,662,167	29,003,141	6,047,480	64,816,908

EXHIBIT 3 - HEALTH CARE RECEIVABLES

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted

EXHIBIT 4 - 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)						
0299999. Aggregate accounts not individually listed - uncovered	18,804,194	16,429,664	13,841,174	7,381,292	7,247,620	63,703,944
0499999. Subtotals	18,804,194	16,429,664	13,841,174	7,381,292	7,247,620	63,703,944
0599999. Unreported claim and other claim reserves						25,693,507
0799999. Total claims unpaid						89,397,451

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5	6	Admitted	
						7	8
Name of Affiliate	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Current	Non-Current

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current

EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total Payment	3 Total Members Covered	4 Column 3 as a % of Total Members	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups	3,718,234	0.8			3,718,234	
2. Intermediaries	2,113,407	0.4			2,113,407	
3. All other providers	0	0.0				
4. Total capitation payments	5,831,641	1.2	0		5,831,641	0
Other Payments:						
5. Fee-for-service	0	0.0	XXX	XXX		
6. Contractual fee payments	465,275,206	98.8	XXX	XXX	465,275,206	
7. Bonus/withhold arrangements - fee-for-service	0	0.0	XXX	XXX		
8. Bonus/withhold arrangements - contractual fee payments	0	0.0	XXX	XXX		
9. Non-contingent salaries	0	0.0	XXX	XXX		
10. Aggregate cost arrangements	0	0.0	XXX	XXX		
11. All other payments	0	0.0	XXX	XXX		
12. Total other payments	465,275,206	98.8	XXX	XXX	465,275,206	0
13. Total (Line 4 plus Line 12)	471,106,847	100.0	XXX	XXX	471,106,847	0

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC

EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

Description	1 Cost	2 Improvements	3 Accumulated Depreciation	4 Book Value Less Encumbrances	5 Assets Not Admitted	6 Net Admitted Assets
1. Administrative furniture and equipment						0
2. Medical furniture, equipment and fixtures						0
3. Pharmaceuticals and surgical supplies						0
4. Durable medical equipment						0
5. Other property and equipment						0
6. Total	0	0	0	0	0	0

First Medical Health Plan, Inc.
Notes to Statutory Financial Statements
December 31, 2009 and 2008

Note 1 - Summary of Significant Accounting Policies

Organization

First Medical Health Plan, Inc. is a corporation organized in 1977 under the laws of the Commonwealth of Puerto Rico. The corporation is authorized to provide, with profit motive, services related with health care services in the Commonwealth of Puerto Rico. The Company is subject to the regulations of the Commissioner of Insurance of the Commonwealth of Puerto Rico. Hospitalization and health benefits are provided to subscribers through contracts with hospitals, physicians, dentists, laboratories, and other organizations. A substantial portion of the Company's business activity is with government employees which are contracted annually.

In conformity with the Insurance Code of the Commonwealth of Puerto Rico, the corporation is required to pledge with the Insurance Commissioner guarantees, the purpose of which is to protect to the subscribers of the plan and to health care providers of insolvency by the corporation.

Basis of Presentation

The accompanying financial statements and supporting schedules have been completed in accordance with the NAIC Accounting Practices and Procedures Manual and the accounting practices prescribed by the Office of the Insurance Commissioner of Puerto Rico, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Company has adopted the National Association of Insurance Commissioners' statutory accounting practices (NAIC SAP), as the basis of its statutory accounting practices, as long as they do not contradict the provisions of the Puerto Rico Insurance Code or Circular Letters issued by the Commissioner of Insurance.

The Commissioner of Insurance has the right to permit other specific practices that may deviate from prescribed practices. Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners (NAIC) including its codification initiative contained in its accounting practices and procedures manual, as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Commissioner of Insurance has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. However, differences adopted by the Commissioner of Insurance do not have a significant effect on the net income and statutory capital and surplus of the Company.

Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these statutory financial statements in conformity with the accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico. Actual results could differ from those estimates.

Claims payable include estimated amounts to be paid to providers based on past experience and statistical data. The estimates of future medical claims incurred but not reported and other expense payments are developed using actuarial methods and assumptions based upon claims receipt patterns, payment patterns, medical costs inflation, historical developments and other relevant factors. The above liabilities are necessarily based on estimates and, while management believes that the amounts are adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in the period determined.