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ANNUAL STATEMENT

For the Year Ending December 31, 2011

OF THE CONDITION AND AFFAIRS OF THE

DC CHARTERED HEALTH PLAN, INC.

NAIC Group Code 0000 (Current Period) , 0000 (Prior Period) NAIC Company Code 95748 Employer's ID Number 52-1492499

Organized under the Laws of District of Columbia , State of Domicile or Port of Entry District of Columbia

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health[ ] Property/Casualty[ ] Hospital, Medical & Dental Service or Indemnity[ ]
Dental Service Corporation[ ] Vision Service Corporation[ ] Health Maintenance Organization[X]
Other[ ] Is HMO Federally Qualified? Yes[ ] No[X] N/A[ ]

Incorporated/Organized 09/12/1986 Commenced Business 09/12/1986

Statutory Home Office 1025 15TH STREET NW (Street and Number) , WASHINGTON, DC 20005-2601 (City or Town, State and Zip Code)

Main Administrative Office 1025 15TH STREET NW (Street and Number)
WASHINGTON, DC 20005-2601 (City or Town, State and Zip Code) (202)408-4720 (Area Code) (Telephone Number)

Mail Address 1025 15TH STREET NW (Street and Number or P.O. Box) , WASHINGTON, DC 20005-2601 (City or Town, State and Zip Code)

Primary Location of Books and Records 1025 15TH STREET NW (Street and Number)
WASHINGTON, DC 20005-2601 (City or Town, State and Zip Code) (202)408-3973 (Area Code) (Telephone Number)

Internet Website Address www.chartered-health.com

Statutory Statement Contact MAYNARD GEORGE MCALPIN (Name) (202)408-3973 (Area Code)(Telephone Number)(Extension)
MMcalpin@chartered-health.com (E-Mail Address) (202)289-6642 (Fax Number)

OFFICERS

Name	Title
JEFFREY EARL THOMPSON	Chairman
MAYNARD GEORGE MCALPIN	President & CEO
JOE NEIL LOWRY	Chief Financial Officer

VICE PRESIDENT

PARMINDER SINGH SETHI, CIO #
KEITH ANTHONY MACCANNON, SVP, Health Plan Services, Marketing and Com. #
LAVDENA ADAMS ORR MD, CMO

DIRECTORS OR TRUSTEES

JEFFEREY EARL THOMPSON
MYRTLE ROSALIND GOMEZ
WILLIAM JEFFREY STRUDWICK
JOHNNIE BROOKS BOOKER
NICHOLAS GEORGE KAREMBALAS

State of District of Columbia
County of _____ ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures 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)
MAYNARD GEORGE MCALPIN		JOE NEIL LOWRY
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President and CEO	Secretary	Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this _____ day of _____ , 2012

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 _____

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	13,116,327		13,116,327	12,144,079
2.	Stocks (Schedule D)				
	2.1 Preferred stocks				
	2.2 Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
	3.1 First liens				
	3.2 Other than first liens				
4.	Real estate (Schedule A):				
	4.1 Properties occupied by the company (less $.....0 encumbrances)				
	4.2 Properties held for the production of income (less $.....0 encumbrances)				
	4.3 Properties held for sale (less $.....0 encumbrances)				
5.	Cash ($.....(1,907,024) Schedule E Part 1), cash equivalents ($.....20,862,173 Schedule E Part 2) and short-term investments ($.....0 Schedule DA)	18,955,149		18,955,149	28,805,282
6.	Contract loans (including $.....0 premium notes)				
7.	Derivatives (Schedule DB)				
8.	Other invested assets (Schedule BA)				
9.	Receivables for securities				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL)				
11.	Aggregate write-ins for invested assets				
12.	Subtotals, cash and invested assets (Lines 1 to 11)	32,071,476		32,071,476	40,949,360
13.	Title plants less $.....0 charged off (for Title insurers only)				
14.	Investment income due and accrued	284,351		284,351	155,428
15.	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection	7,517,682		7,517,682	7,859,616
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including $.....0 earned but unbilled premiums)				
	15.3 Accrued retrospective premiums				
16.	Reinsurance:				
	16.1 Amounts recoverable from reinsurers	273,685		273,685	157,939
	16.2 Funds held by or deposited with reinsured companies				
	16.3 Other amounts receivable under reinsurance contracts				
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon	4,059,917		4,059,917	4,329,303
18.2	Net deferred tax asset				2,601,280
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software	384,261		384,261	75,401
21.	Furniture and equipment, including health care delivery assets ($.....0)	162,917	162,917		
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates	300,000	300,000		3,059
24.	Health care ($.....3,066,962) and other amounts receivable	4,082,543	1,015,582	3,066,962	3,365,781
25.	Aggregate write-ins for other than invested assets	3,914,775	3,914,775		158,516
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	53,051,608	5,393,274	47,658,334	59,655,685
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	Total (Lines 26 and 27)	53,051,608	5,393,274	47,658,334	59,655,685
DETAILS OF WRITE-INS					
1101.					
1102.					
1103.					
1198.	Summary of remaining write-ins for Line 11 from overflow page				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.	LEASEHOLD IMPROVEMENT	316,225	316,225		
2502.	PREPAIDS AND DEPOSITS	1,286,879	1,286,879		0
2503.	GOODWILL	2,014,601	2,014,601		0
2598.	Summary of remaining write-ins for Line 25 from overflow page	297,069	297,069		158,516
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	3,914,775	3,914,775		158,516

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less $.....253,925 reinsurance ceded)	37,996,075		37,996,075	31,432,098
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	707,565		707,565	954,072
4.	Aggregate health policy reserves, including the liability of $.....0 for medical loss ratio rebate per the Public Health Service Act				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	6,685,153		6,685,153	6,008,370
10.1	Current federal and foreign income tax payable and interest thereon (including $.....0 on realized capital gains (losses))				960,716
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others	122,176		122,176	121,700
13.	Remittances and items not allocated				
14.	Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	426,986		426,986	2,015,240
16.	Derivatives				
17.	Payable for securities				
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)				
20.	Reinsurance in unauthorized companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans				3,110
23.	Aggregate write-ins for other liabilities (including $.....0 current)	278,438		278,438	715,731
24.	TOTAL Liabilities (Lines 1 to 23)	46,216,394		46,216,394	42,211,038
25.	Aggregate write-ins for special surplus funds	X X X	X X X		
26.	Common capital stock	X X X	X X X	100	100
27.	Preferred capital stock	X X X	X X X		
28.	Gross paid in and contributed surplus	X X X	X X X	4,690,419	4,690,419
29.	Surplus notes	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
31.	Unassigned funds (surplus)	X X X	X X X	(3,248,579)	12,754,128
32.	Less treasury stock, at cost:				
	32.1 .....0 shares common (value included in Line 26 $.....0)	X X X	X X X		
	32.2 .....0 shares preferred (value included in Line 27 $.....0)	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	1,441,940	17,444,647
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	47,658,334	59,655,685
DETAILS OF WRITE-INS					
2301.	UNCLAIMED CHECKS	183,928		183,928	205,748
2302.	Amount due to DCHF				415,473
2303.	District Income Tax Payable	94,510		94,510	94,510
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	278,438		278,438	715,731
2501.		X X X	X X X		
2502.		X X X	X X X		
2503.		X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.		X X X	X X X		
3002.		X X X	X X X		
3003.		X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 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	1,325,230	1,216,493
2.	Net premium income (including $.....0 non-health premium income)	X X X	355,498,611	296,733,067
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of $.....0 medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X		
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	TOTAL Revenues (Lines 2 to 7)	X X X	355,498,611	296,733,067
Hospital and Medical:				
9.	Hospital/medical benefits		150,034,571	88,708,045
10.	Other professional services		78,259,757	102,925,522
11.	Outside referrals			
12.	Emergency room and out-of-area		66,604,970	46,536,764
13.	Prescription drugs		44,419,690	26,868,021
14.	Aggregate write-ins for other hospital and medical		2,115,329	1,627,116
15.	Incentive pool, withhold adjustments and bonus amounts			
16.	Subtotal (Lines 9 to 15)		341,434,318	266,665,468
Less:				
17.	Net reinsurance recoveries		757,997	806,081
18.	TOTAL Hospital and Medical (Lines 16 minus 17)		340,676,321	265,859,387
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including $.....7,184,994 cost containment expenses		16,600,631	8,028,360
21.	General administrative expenses		21,365,340	21,443,322
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)		378,642,292	295,331,068
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(23,143,681)	1,401,998
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		432,338	766,821
26.	Net realized capital gains (losses) less capital gains tax of $.....0			
27.	Net investment gains (losses) (Lines 25 plus 26)		432,338	766,821
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....347,035) (amount charged off $.....0)]		(1,027,504)	
29.	Aggregate write-ins for other income or expenses		7,815,547	
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(15,923,300)	2,168,820
31.	Federal and foreign income taxes incurred	X X X	(960,716)	960,716
32.	Net income (loss) (Lines 30 minus 31)	X X X	(14,962,584)	1,208,104
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		
0701.		X X X		
0702.		X X X		
0703.		X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	OTHER MEDICAL CLAIMS - DME		2,115,329	1,627,116
1402.				
1403.				
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		2,115,329	1,627,116
2901.	Dental Settlement with DCHF		7,500,000	
2902.	Claim Adjudication Services		201,832	
2903.	Sublease Income		23,757	
2998.	Summary of remaining write-ins for Line 29 from overflow page		89,958	
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)		7,815,547	

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year	2 Prior Year
	CAPITAL & SURPLUS ACCOUNT		
33.	Capital and surplus prior reporting year	17,444,647	13,759,685
34.	Net income or (loss) from Line 32	(14,962,584)	1,208,104
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (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	(3,319,807)	1,277,711
39.	Change in nonadmitted assets	2,280,823	835,936
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
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	0	0
	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	(1,140)	363,211
48.	Net change in capital and surplus (Lines 34 to 47)	(16,002,707)	3,684,962
49.	Capital and surplus end of reporting year (Line 33 plus 48)	1,441,940	17,444,647
DETAILS OF WRITE-INS			
4701.	CORRECTION OF PRIOR PERIOD ACCOUNTING ERROR	(1,140)	(102,734)
4702.	CHANGE IN CAPITAL ASSETS & FIXED ASSET DEPRECIATION		35
4703.	ADJUSTMENT FOR DTA		465,910
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	(1,140)	363,211

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	355,160,063	293,239,520
2.	Net investment income	303,415	641,803
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	355,463,478	293,881,324
5.	Benefit and loss related payments	334,228,089	259,727,335
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	31,309,493	30,896,920
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	(269,386)	
10.	Total (Lines 5 through 9)	365,268,196	290,624,255
11.	Net cash from operations (Line 4 minus Line 10)	(9,804,717)	3,257,068
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	4,417,752	
	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)	4,417,752	
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	5,390,000	12,144,079
	13.2 Stocks		
	13.3 Mortgage loans		
	13.4 Real estate		
	13.5 Other invested assets		
	13.6 Miscellaneous applications		
	13.7 Total investments acquired (Lines 13.1 to 13.6)	5,390,000	12,144,079
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(972,248)	(12,144,079)
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock	0	0
	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)	926,833	8,870,878
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	926,833	8,870,878
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(9,850,132)	(16,132)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	28,805,282	28,821,414
	19.2 End of year (Line 18 plus Line 19.1)	18,955,149	28,805,282

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1 Total	2 Comprehensive (Hospital & 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 Health	10 Other Non-Health
1.	Net premium income	355,498,611	26,924,402						328,574,209		
2.	Change in unearned premium reserves and reserve for rate credit										
3.	Fee-for-service (net of $.....0 medical expenses)										XXX
4.	Risk revenue										XXX
5.	Aggregate write-ins for other health care related revenues										XXX
6.	Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7.	TOTAL Revenues (Lines 1 to 6)	355,498,611	26,924,402						328,574,209		
8.	Hospital/medical benefits	150,034,571	8,892,134						141,142,437		XXX
9.	Other professional services	78,259,757	11,785,850						66,473,907		XXX
10.	Outside referrals										XXX
11.	Emergency room and out-of-area	66,604,970	2,091,801						64,513,170		XXX
12.	Prescription drugs	44,419,690	285,589						44,134,101		XXX
13.	Aggregate write-ins for other hospital and medical	2,115,329	450,952						1,664,377		XXX
14.	Incentive pool, withhold adjustments and bonus amounts										XXX
15.	Subtotal (Lines 8 to 14)	341,434,318	23,506,325						317,927,992		XXX
16.	Net reinsurance recoveries	757,997							757,997		XXX
17.	TOTAL Hospital and Medical (Lines 15 minus 16)	340,676,321	23,506,325						317,169,995		XXX
18.	Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19.	Claims adjustment expenses including $.....7,184,994 cost containment expenses	16,600,631	1,977,863						14,622,768		
20.	General administrative expenses	21,365,340	2,545,549						18,819,791		
21.	Increase in reserves for accident and health contracts										XXX
22.	Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23.	TOTAL Underwriting Deductions (Lines 17 to 22)	378,642,292	28,029,737						350,612,555		
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	(23,143,681)	(1,105,335)						(22,038,345)		
DETAILS OF WRITE-INS											
0501.											XXX
0502.											XXX
0503.											XXX
0598.	Summary of remaining write-ins for Line 5 from overflow page										XXX
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										XXX
0601.			XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.			XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.			XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698.	Summary of remaining write-ins for Line 6 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301.	OTHER MEDICAL CLAIMS - DME	2,115,329	450,952						1,664,377		XXX
1302.											XXX
1303.											XXX
1398.	Summary of remaining write-ins for Line 13 from overflow page										XXX
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	2,115,329	450,952						1,664,377		XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical)	26,924,402			26,924,402
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan				
6.	Title XVIII - Medicare				
7.	Title XIX - Medicaid	330,004,861		1,430,652	328,574,209
8.	Other health				
9.	Health subtotal (Lines 1 through 8)	356,929,263		1,430,652	355,498,611
10.	Life				
11.	Property/casualty				
12.	TOTALS (Lines 9 to 11)	356,929,263		1,430,652	355,498,611

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital & 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	333,705,921	24,138,623						309,567,298		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	388,326							388,326		
1.4 Net	333,317,595	24,138,623						309,178,972		
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	38,250,000	1,975,293						36,274,707		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded	253,925							253,925		
3.4 Net	37,996,075	1,975,293						36,020,782		
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. Net healthcare receivables (a)	(910,495)							(910,495)		
7. Amounts recoverable from reinsurers December 31, current year	273,685							273,685		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	31,432,098	2,607,591						28,824,507		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	31,432,098	2,607,591						28,824,507		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year	157,939							157,939		
12. Incurred benefits:										
12.1 Direct	341,434,318	23,506,325						317,927,992		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	757,997							757,997		
12.4 Net	340,676,321	23,506,325						317,169,995		
13. Incurred medical incentive pools and bonuses										

(a) Excludes $.....750,000 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Hospital & 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. Reported in Process of Adjustment:										
1.1 Direct	17,580,768	958,419						16,622,349		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	253,925							253,925		
1.4 Net	17,326,843	958,419						16,368,424		
2. Incurred but Unreported:										
2.1 Direct	20,669,233	1,016,874						19,652,359		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	20,669,233	1,016,874						19,652,359		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	38,250,000	1,975,293						36,274,707		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded	253,925							253,925		
4.4 Net	37,996,075	1,975,293						36,020,782		

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)	2,112,053	22,026,570		1,975,293	2,112,053	2,607,591
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid	31,811,470	277,251,756		36,020,782	31,811,470	28,824,507
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	33,923,523	299,278,326		37,996,075	33,923,523	31,432,098
10.	Healthcare receivables (a)				3,332,543		4,243,038
11.	Other non-health						
12.	Medical incentive pool and bonus amounts						
13.	TOTALS (Lines 9 - 10 + 11 + 12)	33,923,523	299,278,326		34,663,532	33,923,523	27,189,060

(a) Excludes $.....750,000 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

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

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	17,075	16,846	16,846	16,846	16,846
2. 2007	118,169	133,967	133,967	133,967	133,967
3. 2008	XXX	135,127	158,691	158,503	158,434
4. 2009	XXX	XXX	186,911	216,775	221,058
5. 2010	XXX	XXX	XXX	230,729	281,775
6. 2011	XXX	XXX	XXX	XXX	300,233

Section B - Incurred Health Claims

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 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	17,127	16,847	16,847	16,847	16,846
2. 2007	138,300	133,993	133,967	133,967	133,967
3. 2008	XXX	156,355	158,691	158,503	158,434
4. 2009	XXX	XXX	211,634	216,775	221,058
5. 2010	XXX	XXX	XXX	262,161	281,775
6. 2011	XXX	XXX	XXX	XXX	338,229

12 Total

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2007	165,104	133,967	4,776	3.565	138,743	84.034			138,743	84.034
2. 2008	180,992	158,434	7,311	4.614	165,745	91.576			165,745	91.576
3. 2009	229,536	221,058	19,129	8.653	240,187	104.640			240,187	104.640
4. 2010	296,733	281,775	5,744	2.038	287,519	96.895			287,519	96.895
5. 2011	355,617	300,233	697	0.232	300,930	84.622	37,996	707	339,633	95.505

UNDERWRITING AND INVESTMENT EXHIBIT

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

Hospital and Medical

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	5,859	5,626	5,626	5,626	5,626
2. 2007	37,068	42,559	42,559	42,559	42,559
3. 2008	XXX	34,169	37,099	36,819	36,750
4. 2009	XXX	XXX	34,308	37,809	39,990
5. 2010	XXX	XXX	XXX	34,082	55,418
6. 2011	XXX	XXX	XXX	XXX	21,336

Section B - Incurred Health Claims

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 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	5,859	5,626	5,626	5,626	5,626
2. 2007	43,689	42,562	42,559	42,559	42,559
3. 2008	XXX	39,074	37,099	36,819	36,750
4. 2009	XXX	XXX	38,340	37,809	39,990
5. 2010	XXX	XXX	XXX	36,690	55,418
6. 2011	XXX	XXX	XXX	XXX	23,311

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2007	59,080	42,559	1,482	3.482	44,041	74.545			44,041	74.545
2. 2008	51,043	36,750	1,758	4.783	38,508	75.443			38,508	75.443
3. 2009	46,883	39,990	4,435	11.090	44,425	94.757			44,425	94.757
4. 2010	41,739	55,418	1,124	2.029	56,542	135.466			56,542	135.466
5. 2011	26,946	21,336			21,336	79.182	1,975	37	23,348	86.649

UNDERWRITING AND INVESTMENT EXHIBIT

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

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	11,216	11,220	11,220	11,220	11,220
2. 2007	81,101	91,408	91,408	91,408	91,408
3. 2008	XXX	100,958	121,592	121,684	121,684
4. 2009	XXX	XXX	152,603	178,966	181,068
5. 2010	XXX	XXX	XXX	196,647	226,357
6. 2011	XXX	XXX	XXX	XXX	278,897

Section B - Incurred Health Claims

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 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	11,268	11,221	11,221	11,221	11,220
2. 2007	94,611	91,431	91,408	91,408	91,408
3. 2008	XXX	117,281	121,592	121,684	121,684
4. 2009	XXX	XXX	173,294	178,966	181,068
5. 2010	XXX	XXX	XXX	225,471	226,357
6. 2011	XXX	XXX	XXX	XXX	314,918

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2007	106,024	91,408	3,294	3.604	94,702	89.321			94,702	89.321
2. 2008	129,949	121,684	5,553	4.563	127,237	97.913			127,237	97.913
3. 2009	182,653	181,068	14,694	8.115	195,762	107.177			195,762	107.177
4. 2010	254,994	226,357	4,620	2.041	230,977	90.581			230,977	90.581
5. 2011	328,671	278,897	697	0.250	279,594	85.068	36,021	670	316,285	96.231

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

		Claim Adjustment Expenses		3	4	5
		1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent ($.....0 for occupancy of own building)	226,812	297,228	716,646		1,240,686
2.	Salaries, wages and other benefits	4,385,517	5,413,599	4,662,377		14,461,493
3.	Commissions (less $.....0 ceded plus $.....0 assumed)					
4.	Legal fees and expenses			1,248,078		1,248,078
5.	Certifications and accreditation fees	22,449		4,028		26,478
6.	Auditing, actuarial and other consulting services	1,774,537	123,070	2,383,847		4,281,453
7.	Traveling expenses	109,136	2,039	115,059		226,234
8.	Marketing and advertising	62,920		228,572		291,492
9.	Postage, express and telephone	18,135	803	419,478		438,417
10.	Printing and office supplies	35,414	8,482	564,065		607,961
11.	Occupancy, depreciation and amortization			1,970,599		1,970,599
12.	Equipment			14,041		14,041
13.	Cost or depreciation of EDP equipment and software					
14.	Outsourced services including EDP, claims, and other services	20,719	3,283,876	126,436		3,431,031
15.	Boards, bureaus and association fees	5,899	6,651	112,460		125,009
16.	Insurance, except on real estate	(681)	(681)	543,032		541,671
17.	Collection and bank service charges				96,053	96,053
18.	Group service and administration fees					
19.	Reimbursements by uninsured plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses					
22.	Real estate taxes					
23.	Taxes, licenses and fees:					
	23.1 State and local insurance taxes					
	23.2 State premium taxes			7,166,385		7,166,385
	23.3 Regulator authority licenses and fees	156,109	212,613	429,665		798,388
	23.4 Payroll taxes	368,029	67,956	576,783		1,012,768
	23.5 Other (excluding federal income and real estate taxes)			64,250		64,250
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses			19,538		19,538
26.	TOTAL Expenses Incurred (Lines 1 to 25)	7,184,994	9,415,638	21,365,340	96,053	(a) 38,062,024
27.	Less expenses unpaid December 31, current year		707,565	6,685,153		7,392,718
28.	Add expenses unpaid December 31, prior year		954,072	6,008,370		6,962,442
29.	Amounts receivable relating to uninsured plans, prior year					
30.	Amounts receivable relating to uninsured plans, current year					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	7,184,994	9,662,145	20,688,557	96,053	37,631,749
DETAILS OF WRITE-INS						
2501.	INTEREST EXPENSE			19,538		19,538
2502.						
2503.						
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)			19,538		19,538

(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) 177,644	302,944
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) 207,094	207,485
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	14,731	17,961
10.	Total gross investment income	399,468	528,391
11.	Investment expenses		(g) 96,053
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)		96,053
17.	Net Investment income (Line 10 minus Line 16)		432,338
DETAILS OF WRITE-INS			
0901.	Interest from Note REC.	14,731	17,961
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)	14,731	17,961
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

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

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 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					
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, cash equivalents and 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)					

N O N E

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)			
2.	Stocks (Schedule D):			
	2.1 Preferred stocks			
	2.2 Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
	3.1 First liens			
	3.2 Other than first liens			
4.	Real estate (Schedule A):			
	4.1 Properties occupied by the company			
	4.2 Properties held for the production of income			
	4.3 Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Derivatives (Schedule DB)			
8.	Other invested assets (Schedule BA)			
9.	Receivables for securities			
10.	Securities lending reinvested collateral assets (Schedule DL)			
11.	Aggregate write-ins for invested assets			
12.	Subtotals, cash and invested assets (Lines 1 to 11)			
13.	Title plants (for Title insurers only)			
14.	Invested income due and accrued			
15.	Premium and considerations:			
	15.1 Uncollected premiums and agents' balances in the course of collection			
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
	15.3 Accrued retrospective premiums			
16.	Reinsurance:			
	16.1 Amounts recoverable from reinsurers			
	16.2 Funds held by or deposited with reinsured companies			
	16.3 Other amounts receivable under reinsurance contracts			
17.	Amounts receivable relating to uninsured plans			
18.1	Current federal and foreign income tax recoverable and interest thereon			
18.2	Net deferred tax asset		718,527	718,527
19.	Guaranty funds receivable or on deposit			
20.	Electronic data processing equipment and software		338,431	338,431
21.	Furniture and equipment, including health care delivery assets	162,917	152,769	(10,149)
22.	Net adjustment in assets and liabilities due to foreign exchange rates			
23.	Receivables from parent, subsidiaries and affiliates	300,000	1,761,891	1,461,891
24.	Health care and other amounts receivable	1,015,582	1,310,914	295,332
25.	Aggregate write-ins for other than invested assets	3,914,775	3,391,566	(523,209)
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	5,393,274	7,674,097	2,280,823
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28.	Total (Lines 26 and 27)	5,393,274	7,674,097	2,280,823
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198.	Summary of remaining write-ins for Line 11 from overflow page			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501.	LEASEHOLD IMPROVEMENT	316,225	414,249	98,024
2502.	PREPAIDS AND DEPOSITS	1,286,879	1,098,975	(187,904)
2503.	GOODWILL	2,014,601	2,014,601	
2598.	Summary of remaining write-ins for Line 25 from overflow page	297,069	(136,260)	(433,329)
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	3,914,775	3,391,566	(523,209)

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	110,184	110,597	109,938	110,582	110,550	1,325,230
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	110,184	110,597	109,938	110,582	110,550	1,325,230
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

DC Chartered Health Plan, Inc. - Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial Statements of DC Chartered Health Plan (Chartered) are presented on the basis of accounting practices prescribed or permitted by the District of Columbia Department of Insurance, Securities and Banking (DISB). The DISB recognizes only statutory accounting practices prescribed or permitted by the District of Columbia (District) for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the District of Columbia Insurance Code. The DISB has adopted the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* as a component of prescribed or permitted practices for the District. The DISB has the right to permit specific practices that deviate from prescribed practices. There is no deviation from the NAIC *Accounting Practices and Procedures Manual*.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the District of Columbia Department of Insurance, Securities and Banking is shown below:

		State of Domicile	2011	2010
1.	Net Income DC state basis	DC	($14,962,584)	$1,208,103
2.	State Prescribed Practices (Income)	DC	$0	$0
3.	State Permitted Practices (Income)	DC	$0	$0
4.	Net Income, NAIC SAP	DC	($14,962,584)	$1,208,103
5.	Statutory Surplus DC basis	DC	$1,441,940	$17,444,611
6.	State Prescribed Practices (Surplus):	DC	$0	$0
7.	State Permitted Practices (Surplus):	DC	$0	$0
8.	Statutory Surplus, NAIC SAP	DC	$1,441,940	$17,444,611

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

The preparation of the financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policies

Chartered writes only Medicaid contracts primarily through a contract with the District of Columbia Department of Health (DOH). Medicaid premiums from the DOH are due monthly and are recognized as revenue during the period in which Chartered is obligated to provide service to members.

In addition, the Company uses the following accounting policies:

(1) Short-term investments - None

(2) Bonds not backed by other loans are stated at amortized cost using the scientific interest method.

(3) Common Stocks are stated at market.

(4) Preferred stocks - None.

(5) Mortgage loans on real estate - None.

Notes to Financial Statements

(6) Loan-backed securities - None.

(7) Investments in subsidiaries, controlled or affiliated investments - None.

(8) Investments in joint ventures, partnerships and limited liability companies - None

(9) Derivatives instruments - None.

(10) Chartered does not carry a premium deficiency reserve and consequently does not utilize anticipated investment income as a factor in calculating a premium deficiency reserve.

(11) Medical and hospital costs are accrued based on claims received but unpaid and an estimate for claims incurred but not yet received (IBNR). These estimates are projected through an actuarial model, which calculates the outstanding liability based on payment trends and membership. Chartered uses actuarially sound methodologies developed by its actuarial consultants, Ingenix, to calculate its medical liability. Claims and claims adjustment expenses are expensed as incurred. The Company establishes an unpaid claims liability for claims in the process of review and for claims incurred but not reported. The liability for claims incurred but not reported is actuarially estimated based on the most current historical claims experience, changes in number of members and participants and estimates of health care trend (cost, utilization and intensity of services) changes. Estimates for claims incurred but not reported are continually reviewed and revised as changes in these factors occur and revisions are reflected in the current year's statements of revenue and expenses.

(12) Chartered has not modified its capitalization policy from the prior period.

(13) Pharmacy rebate receivables are estimated based on the most currently available data from the Company's claims processing systems and from data provided by the Company's pharmaceutical benefit manager, Caremark.

2. Accounting Changes and Corrections of Errors

A. Material Changes and Corrections of Errors

None.

3. Business Combinations and Goodwill

None.

4. Discontinued Operations

None.

5. Investments

A. Mortgage Loans – None.

B. Debt Restructuring – None.

C. Reverse Mortgages – None.

D. Loan-Backed Securities – None.

E. Repurchase Agreements – None.

F. Real Estate – None.

Notes to Financial Statements

G. Low Income Housing Tax Credits – None.

6. Joint Ventures, Partnerships and Limited Liability Companies

A. Chartered has no investments in joint ventures, partnerships, or limited liability companies.

B. None.

7. Investment Income

A. Due and accrued income is excluded from surplus on the following bases:

All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.

B. No investment income was excluded from the financial statements.

8. Derivative Instruments

None

9. Income Taxes

A.

(1) The components of the net deferred tax assets at December 31 are as follows

	12/31/2011			12/31/2010			Change		
	-1 Ordinary	-2 Capital	-3 Total	-4 Ordinary	-5 Capital	-6 Total	-7 Ordinary	-8 Capital	-9 Change
a) Gross Deferred Tax Assets	$ 8,278,768	$0	$ 8,278,768	$3,319,808	$0	$3,319,808	$4,958,960	$0	$4,958,960
b) Statutory Valuation Allow	($ 8,278,768)	$0	($ 8,278,768)	$0	$0	$0	($ 8,278,7688	$0	($ 8,278,768
c) Adjusted Gross Def Tax Assets	$0	$0	$0	$3,319,808	$0	$3,319,808	($3,319,808)	$0	($3,319,808)
d) Deferred Tax Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0
e) Subtotal (Net Deferred Tax Assets)	$0	$0	$0	$3,319,808	$0	$3,319,808	($3,319,80)	$0	($3,319,80)
f) Net Deferred Tax Assets Nonadmitted	$0	$0	$0	$718,528	$0	$718,528	($718,528)	$0	($718,528
g) Net admitted Deferred Tax Assets	$0	$0	$0	$2,601,280	$0	$2,601,280	($2,601,280)	$0	($2,601,280

(2) The Company did not admit DTA's pursuant to paragraph 10 of SSAP No. 10R, Income Taxes Revised, A Temporary Replacement of SSAP No. 10. The Company's current period election does not differ from the prior reporting period.

(3) None.

Notes to Financial Statements

Admission Calculation Components

	12/31/2011			12/31/2010			Change		
	-1 Ordinary	-2 Capital	-3 Total	-4 Ordinary	-5 Capital	-6 Total	-7 Ordinary	-8 Capital	-9 Change
a) SSAP No. 10R, Paragraph 10.a	$0	$0	$0	$0	$0	$0	$0	$0	$0
b) SSAP No. 10R, Paragraph 10.b (the lesser of paragraph 10.b.i & 10.b.ii below)	$0	$0	$0	$0	$0	$0	$0	$0	$0
c) SSAP No. 10R, Paragraph 10.b.i	$0	$0	$0	$0	$0	$0	$0	$0	$0
d) SSAP No. 10R, Paragraph 10.b.ii	$0	$0	$0	$0	$0	$0	$0	$0	$0
e) SSAP No. 10R, Paragraph 10.c	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
f) Total (4a + 4b + 4e)	$0	$0	$0	$0	$0	$0	$0	$0	$0

	12/31/2011			12/31/2010			Change		
	-1 Ordinary	-2 Capital	-3 Total	-4 Ordinary	-5 Capital	-6 Total	-7 Ordinary	-8 Capital	-9 Change
g) SSAP No. 10R, Paragraph 10.e.i	$0	$0	$0	$0	$0	$0	$0	$0	$0
h) SSAP No. 10R, Paragraph 10.e.i i(the lesser of paragraph 10.e.ii.a & 10.e.ii.b below)	$0	$0	$0	$0	$0	$0	$0	$0	$0
i) SSAP No. 10R, Paragraph 10.e.ii.a	$0	$0	$0	$0	$0	$0	$0	$0	$0
j) SSAP No. 10R, Paragraph 10.e.ii.b	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
k) SSAP No. 10R, Paragraph 10.e.iii	$0	$0	$0	$0	$0	$0	$0	$0	$0
l) Total (4g + 4h +4k)	$0	$0	$0	$0	$0	$0	$0	$0	$0
m) Total Adjusted Capital	xxx	xxx	$0	xxx	xxx	$0	xxx	xxx	$0
n) Authorized Control Level	xxx	xxx	$0	xxx	xxx	$0	xxx	xxx	$0

Used on SSAP 10R, Paragraph 10.d

	12/31/2011			12/31/2010			Change		
	-1 Ordinary	-2 Capital	-3 Total	-4 Ordinary	-5 Capital	-6 Total	-7 Ordinary	-8 Capital	-9 Change
m) Total Adjusted Capital	xxx	xxx	$1,441,940	xxx	xxx	$$17,444,611	xxx	xxx	$(16,002,671
n) Authorized Control Level	xxx	xxx	$13,950,377	xxx	xxx	$10,894,674	xxx	xxx	$3,055,70

(5) SSAP No. 10R, Paragraphs 10.a, 10.b and 10.c

	12/31/2011			12/31/2010			Change		
	-1 Ordinary	-2 Capital	-3 Total	-4 Ordinary	-5 Capital	-6 Total	-7 Ordinary	-8 Capital	-9 Change
a) Admitted Deferred Tax Assets	$0	$0	$0	$2,601,280	$0	$2,601,280	($2,601,280)	$0	($2,601,280)
b) Admitted Assets	$47,658,334	xxx	$47,658,334	xxx	xxx	$59,655,684	xxx	xxx	$(11,997,350)
c) Adjusted Statutory Surplus	xxx	xxx	$1,441,940	xxx	xxx	$17,444,611	xxx	xxx	$(16,002,671)
d) Total Adjusted Capital From DTA's	xxx	xxx	$0	xxx	xxx	$1,277,712	xxx	xxx	($1,277,712)

Increases due to SSAP No. 10R, Paragraph 10.e

	12/31/2011	12/31/2010	Change

Notes to Financial Statements

	-1 Ordinary	-2 Capital	-3 Total	-4 Ordinary	-5 Capital	-6 Total	-7 Ordinary	-8 Capital	-9 Change
e) Admitted Deferred Tax Assets	$0	$0	$0	$1,277,712	$0	$1,277,712	($1,277,712)	$0	($1,277,712)
f) Admitted Assets	$47,658,334	$0	$47,658,334	$59,655,684	$0	$59,655,684	$(11,997,350)	$0	$(11,997,350)
g) Statutory Surplus	$1,441,940	$0	$1,441,940	$17,444,611	$0	$17,444,611	$(16,002,671	$0	$(16,002,671

(6) None.

B. There are no deferred tax liabilities that are not recognized for amounts described in SSAP No. 10, Income Taxes.

C. The provisions for incurred taxes on earnings for the years ended December 31 are:

	2011	2010
Federal	$(960,716)	$960,716
Federal and foreign income tax taxes incurred	$(960,716)	$960,716

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities for the years ended December 31 are:

	2011	2010
Deferred Tax Asset:		
Accounts receivable principally related to allowance for doubtful accounts	$0	$0
Compensated absences, principally related to accrual for financial reporting purposes	$16,473	$14,025
Amortization of membership list	$41,429	$52,477
Straight line lease expense	$74,520	$89,910
Depreciation	$411,182	$467,250
Nonadmitted assets	$7,735,165	$2,696,145
Total deferred tax assets	$8,278,768	$3,319,807
Valuation Allowance	($8,278,768)	$0
Non admitted deferred tax asset	$0	($718,527)
Admitted deferred tax asset	$0	$2,601,280
Deferred tax liabilities:	$0	$0
Net admitted deferred tax asset	$0	$2,601,280

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of non-admitted assets as the Change in Non-Admitted Asset is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement).

	2011	2010	Change
Total deferred tax assets	$0	$3,319,807	($3,319,807)
Total deferred tax liabilities	$0	$0	$0
Net deferred tax asset (liability)	$0	$3,319,807	($3,319,807)
Tax effect of unrealized gains (losses)			$0

Notes to Financial Statements

Change in net deferred income tax			($3,319,807)

D. There is no significant difference in the provision for federal income taxes from that which would be obtained by applying the statutory federal income tax rate to income before income taxes.

E. None.

F. Chartered's is included in a consolidated federal income tax return with its parent company DC Healthcare Systems, Inc. The Company has a written agreement, approved by the Company's Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each entity that is a party to the consolidation.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. – C. Chartered is a wholly owned subsidiary of DC Healthcare Systems, Inc (DCHSI). All outstanding shares of Chartered are owned by the parent company, DCHSI, a holding company domiciled in the District of Columbia. Chartered holds no assets or shares of stock of DCHSI.

DCHSI provides certain items to Chartered under an Administrative Services Agreement, further discussed below in F.

D. Chartered reported the following amounts due from or to related parties originating from activities in the normal course of business for the years ended December 31. Chartered bills all related party entities for any and all amounts owed to the Company excluding amounts due under the Inter-Company Tax Agreement Memorandum of Understanding at the end of each quarter. Billed amounts are due within 60 days of the billed date. Chartered bills the parent company, DCHSI, for any and all inter-company tax receivables resulting from the Inter-Company Tax Agreement Memorandum of Understanding on a semi-annual basis as of June 30 and December 31 of each year. DCHSI remits payment to the Company on these billed amounts within 60 days of the billed date. Any amounts not settled within these dates are nonadmitted.

		Gross Receivable	
Name	Relationship	2011	2010
DC HealthCare Systems, Inc.	Parent	$ 300,000.00	$ 3,059.00
		$300,000	$3,059

E. None.

F. None

Office Lease Agreement

On August 8, 2003, Chartered entered into a lease agreement for office space at 1025 15th Street NW, Washington, DC to house its headquarters in a building owned by DC Healthcare Systems. The lease is a triple

Notes to Financial Statements

net lease for approximately 32,660 square feet of space at $25 per square foot. It has a term of 10 years at an annual payment rate of $816,500, plus a 2.5% annual increase on the base rent. The lease commences July 1, 2004.

G. Chartered is a wholly owned subsidiary of DCHSI. RapidTrans and the Health Center are affiliated Companies.

H. The Company had no ownership in any upstream intermediate entities or ultimate parent companies owned.

I. Investment in SCA: None

J. Investment in impaired SCA: Not Applicable

K. Investment in Foreign Insurance Subsidiary – None

L. Investments in Downstream Noninsurance Holding Company - None

11. Debt

A -B. Chartered has no capital note obligations.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Chartered adopted a 401(k) plan for its employees in April 2000. Employees are eligible to participate in the Plan if they are at least 21 years of age and have worked 90 days or longer at Chartered. Employees may contribute a certain percentage of eligible salary on a pre-tax basis. In 2004, Chartered decided to offer its employees a matching contribution up to 12% of each employee 401K 2004 annual contribution.

A. Defined Benefit Plan	None.
B. Defined Contribution Plan	$2,177,174
C. Multi-employer Plans	None
D. Consolidated/Holding Company Plans	None
E. Post-employment benefits and compensated absences	None
F. Impact of Medicare Modernization Act of Postretirement Benefits	Not Applicable

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

(1) Chartered has 1,000 shares of common stock issued and outstanding at December 31, 2010 with a par value of $0.10 each.

(2) Chartered has not issued any preferred stock.

(3) Chartered has no dividend restrictions other than imposed by statute.

(4) DCCHP did not declare or pay dividend during 2011.

(5) None.

(6) There are no restrictions placed on Chartered's surplus.

(7) None

(8) Chartered has no stock held for special purposes.

Notes to Financial Statements

(9) Chartered had no changes in the balance of special surplus funds from the prior year.

(10) Unassigned funds (surplus) were increased as follows:

i. Unrealized gains and losses: None

(11) Chartered did and does have any surplus notes issued or outstanding as of December 31, 2011.

(12) No quasi-reorganizations have taken place as of December 31, 2011.

(13) No quasi-reorganizations have taken place as of December 31, 2011.

14. Contingencies

A. Contingent Commitments

In the third quarter of 2008, Chartered executed a co-guarantor agreement with its parent company, DCHSI wherein the Chartered guaranteed a $13,333,567 long term Bank Loan Payable (Loan). Chartered, DCHSI, and Cardinal Bank, an operating unit of Cardinal Financial Corporation, (NASDAQ: CFNL) executed an agreement under which Chartered serves as a co-guarantor on the loan and to collateralize the loan with specific securities currently held by Chartered.

The Loan originated from the settlement and dispute resolution agreement for contractual disputes with the Office of Attorney General for the District of Columbia, which required DCHSI to pay $13,333,567. DCHSI financed the settlement payment through a $13,138,558 long term Bank Loan Payable. Payments of interest only on the outstanding principal balance are due monthly through November 10, 2012, thereafter, payments of principal and interest will continue monthly through November 10, 2018, based on a 25 year amortization schedule. Interest is calculated at an annual fixed rate of 5.65% for the first five years, thereafter adjusting to a rate equal to the Federal Home Loan Bank 5 year Rate plus 1.50%. Chartered and the owner of DCHSI are co-guarantors of the loan.

Pursuant to the Loan, Chartered is required to pledge investments in the amount of $13,333,567 as collateral for the Loan. In the event that DCHSI defaults on or is not able to meet its obligations under the provisions of the Loan, the owner of DCHSI has executed an Indemnification Agreement to irrevocably and unconditionally hold Chartered harmless and indemnify Chartered for any monies that Chartered is or may be obligated to pay under the guaranty agreement and pledge and security agreement, including but not limited to any liquidation of the pledged collateral.

Management concluded that the $13,333,567 pledged investment is an admitted asset under Statement of Statutory Accounting Principles 91R, Accounting for Servicing of Financial Assets and Extinguishment of Liabilities (SSAP 91R), paragraph No. 14, Secured Borrowings and Collateral, and Interpretation 01-31, Assets Pledged as Collateral (INT-01-31). Management communicated with the Department of Insurance, Securities and Banking of the District of Columbia which determined that the pledged investments, referred to above, should be classified as admitted assets. Accordingly, the $13,333,567 of pledged investments is included as certificates of deposit, pledged in the accompanying statements of admitted assets, liabilities, and capital and surplus at December 31, 2008.

Effective April 12, 2012 Cardinal Bank, an operating unit of Cardinal Financial Corporation executed a Modification Agreement to a certain “Pledge, Assignment and Security Agreement dated October 10, 2008. The Modification Agreement is between DC Healthcare Systems, Inc.; Jeffrey E. Thompson and DC Chartered

Notes to Financial Statements

Health Plan, Inc wherein on the effective date, the Lender, Cardinal Bank, "releases and discharges DC Chartered Health from its obligation under the Guaranty".

The Modification Agreement releases Chartered as a guarantor on a loan between Cardinal Bank and the parent holding company DCHSI. This issue relates directly to new accounting guidance that requires a reporting entity to book a liability for any guarantees made on behalf of a parent entity. As this release was granted prior to the filing of the Statutory Statement it is treated as a Type I Subsequent Event and no liability was reported on the Company's Statutory Statement in accordance with SSAP No. 9 – Subsequent Events.

In addition to the Settlement Agreement, DCHSI, Chartered, and the owner of DCHSI entered into a Letter Agreement (Agreement) with the District of Columbia that requires DCHSI, Chartered, and the owner of DCHSI to make contributions to the District of Columbia Department of Health's Immunization Program and several other not-for-profit organizations, including the District of Columbia Public Education Fund, of approximately $1,050,000 each year for a period of five years beginning January 1, 2009. Under the Agreement, these contributions will be made subject to the following conditions being met:

(1) The funds received by the various organizations from the previous year were used for the purposes outlined in the Agreement,

(2) The submission of a report that demonstrates that the funds were expended in compliance with the Agreement, and

(3) Chartered and DCHSI are able to maintain "normal operations" during that year.

Therefore, if the District fails to use the funds provided as required, the District is unable to account for related expenditures, or either Chartered or DCHSI suffer adverse financial circumstances, the commitments become void or are subject to renegotiation. Management believes that there is more than a remote likelihood that the above mentioned conditions will not be met as of December 31, 2010, and accordingly has not accrued a liability. Chartered will record the expense in the period in which the payments are made.

B. – E. – None

15. Leases

A. Lessee Operating Lease

(1) Chartered is obligated under several non-cancelable operating leases for office space and office equipment. Total rent expense was $1,239,438 and $1,150,414 and for the years ended December 31, 2011 and 2010, respectively.

(2) At January 1 2011, the minimum aggregate rental commitments are as follows:

2012	1,580,842
2013	1,251,284
2014	761,189
2015	258,878
2016	177,330
2017	0
2018	0
Thereafter	-0-

The Company is not involved in any material sales-leaseback transactions

B. Lessor Leases Not Applicable

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

Notes to Financial Statements

None

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

None.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans - None

B. The Company had no ASC or Uninsured Governmental Plans

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

None.

20. Fair Value Measurements

The carrying amounts reported in statutory statements of admitted assets, liabilities, and capital and surplus for cash and short-term investments, premiums receivable, reinsurance receivable, investment income due and accrued, healthcare and other receivables, pledged investments, account payable and accrued expenses, and healthcare cost payable approximate fair value based on the short maturity of those items.

21. Other Items

A. Extraordinary Items – None
B. Troubled Debt Restructuring: Debtors – None
C. Other Disclosures – None
D. Disclose the nature of any portion of the balance that is reasonably possible to be uncollectible for assets covered by SSAP No. 6, Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers, SSAP No. 47, Uninsured Plans, or SSAP No. 66, retrospectively Rated Contracts. – None
E. Business Interruption Insurance Recoveries – None
F. State Transferable Tax Credits – None
G. Subprime-Mortgaged-Related Risk Exposure – None
H. Retained Assets - None

22. Events Subsequent -None

Type I– Recognized Subsequent Events:

Subsequent events have been considered through 04/12/2012 for the statutory statement issued December 31, 2011.

Effective April 12, 2012 Cardinal Bank, an operating unit of Cardinal Financial Corporation executed a Modification Agreement to a certain "Pledge, Assignment and Security Agreement dated October 10, 2008. The Modification Agreement is between DC Healthcare Systems, Inc.; Jeffrey E. Thompson and DC Chartered Health Plan, Inc wherein on the effective date, the Lender, Cardinal Bank, "releases and discharges DC Chartered Health from its obligation under the Guaranty".

The Modification Agreement releases Chartered as a guarantor on a loan between Cardinal Bank and the parent holding company DCHSI. This issue relates directly to new accounting guidance that requires a reporting

Notes to Financial Statements

entity to book a liability for any guarantees made on behalf of a parent entity. As this release was granted prior to the filing of the Statutory Statement it is treated as a Type I Subsequent Event and no liability was reported on the Company's Statutory Statement in accordance with SSAP No. 9 – Subsequent Events.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes ( ) No (x)

(2) Have any policies issued by the company been reinsured with a company chartered in a country other that the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes ( ) No (x)

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( ) No (x)

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured polices?

Yes ( ) No (x)

Section 3 – Ceded Reinsurance Report – Part B – None.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

NONE

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2010 were $31,432,098 for unpaid claims and $954,072 for unpaid claims adjustment expenses. As of December 31, 2011, $33,923,523 and $954,072 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Therefore there has been a $2,491,425 unfavorable prior year development since December 31, 2010 to December 31, 2011. There are no additional reserves remaining for prior years due to the short-term nature of the Company's Medicaid line of business.

The unfavorable development is generally the result of excessive claims for the District's Medicaid and Alliance Dental Benefits Program. Ongoing discussions with the District Department of Health Care Finance are currently underway to establish higher reimbursement rates for such claims.

26. Intercompany Pooling Arrangements

None.

27. Structured Settlements

Notes to Financial Statements

Not applicable for Health entities.

28. Health Care Receivables

A. Pharmacy Rebate Receivable:

The Company recorded $1M of pharmacy rebate receivables from its Pharmacy Benefit Manager, Caremark. The entire amount was admitted per guidance in SSAP No. 84 – Certain Health Care Receivables and Receivables Under Government Insured Plans.

B. Risk Sharing Receivables

None.

29. Participating Policies

None.

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserve: $0
2. Date of most recent evaluation of this liability: 04/12/2012
3. Was anticipated investment income utilized in the calculation: Yes X No

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31. Anticipated Salvage and Subrogation

Chartered's subrogation recoveries have historically been immaterial, as a result of the population served. Plan members are almost entirely TANF recipients eligible only for Medicaid health coverage. Recoveries typically result from non-routine healthcare matters, such as auto accidents. During the years ended December 31, 2011 and 2010, Chartered recorded the following subrogation recoveries as reductions in medical costs:

Line of Business	2011	2010
Medicaid	$0	$0
Commercial	$0	$0
Total	$0	$0

Chartered reduces its loss reserves for anticipated subrogation recoveries.

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[X] No[ ]

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[X] No[ ] N/A[ ]

1.3 State Regulating? Dist. of Columbia

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[ ] No[X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2007

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). 12/31/2008

3.4 By what department or departments?
DISTRICT OF COLUMBIA DEPARTMENT OF INSURANCE AND SECURITIES REGULATION

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[X] No[ ] N/A[ ]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[ ] N/A[ ]

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? Yes[ ] No[X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[ ] No[X]

7.2 If yes,

7.21 State the percentage of foreign control 0.000%

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

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

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

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

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

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
		Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG, 1660 INTERNATIONAL DRIVE, MCLEAN, VA

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[ ] No[X]

10.2 If response to 10.1 is "yes," provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes[ ] No[X]

10.4 If response to 10.3 is "yes," provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[ ] N/A[ ]

10.6 If the answer to 10.5 is "NO" or "N/A" please explain:

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
INGENIX CONSULTING, 12125 TECHNOLOGY DRIVE, EDEN PRAIRIE, MN

GENERAL INTERROGATORIES (Continued)

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes[ ] No[X]
12.11 Name of real estate holding company
12.12 Number of parcels involved 0
12.13 Total book/adjusted carrying value $ 0
12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
13.2 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]
13.3 Have there been any changes made to any of the trust indentures during the year? Yes[ ] No[ ] N/A[X]
13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes[ ] No[ ] N/A[X]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes[X] No[ ]
a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.
14.11 If the response to 14.1 is no, please explain:
14.2 Has the code of ethics for senior managers been amended? Yes[ ] No[X]
14.21 If the response to 14.2 is yes, provide information related to amendment(s).
14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[ ] No[X]
14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes[ ] No[X]
15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001				

BOARD OF DIRECTORS

16. 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[X] No[ ]

17. 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[ ]

18. 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 that is in conflict or is likely to conflict with the official duties of such person? Yes[X] No[ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes[ ] No[X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
20.11 To directors or other officers $ 0
20.12 To stockholders not officers $ 0
20.13 Trustees, supreme or grand (Fraternal only) $ 0
20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
20.21 To directors or other officers $ 0
20.22 To stockholders not officers $ 0
20.23 Trustees, supreme or grand (Fraternal only) $ 0

21.1 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]
21.2 If yes, state the amount thereof at December 31 of the current year:
21.21 Rented from others $ 0
21.22 Borrowed from others $ 0
21.23 Leased from others $ 0
21.24 Other $ 0

22.1 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]
22.2 If answer is yes:
22.21 Amount paid as losses or risk adjustment $ 0
22.22 Amount paid as expenses $ 0
22.23 Other amounts paid $ 0

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[X] No[ ]
23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 1

INVESTMENT

24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3) Yes[X] No[ ]
24.2 If no, give full and complete information, relating thereto:
24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 17 where this information is also provided)
24.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes[ ] No[ ] N/A[X]
24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. $ 0
24.6 If answer to 24.4 is no, report amount of collateral for other programs. $ 0
24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes[ ] No[ ] N/A[X]
24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes[ ] No[ ] N/A[X]
24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes[ ] No[ ] N/A[X]

GENERAL INTERROGATORIES (Continued)

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3). Yes[X] No[ ]

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21	Subject to repurchase agreements	$ 0
25.22	Subject to reverse repurchase agreements	$ 0
25.23	Subject to dollar repurchase agreements	$ 0
25.24	Subject to reverse dollar repurchase agreements	$ 0
25.25	Pledged as collateral	$ 13,953,379
25.26	Placed under option agreements	$ 0
25.27	Letter stock or securities restricted as to sale	$ 0
25.28	On deposit with state or other regulatory body	$ 317,000
25.29	Other	$ 0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[ ] No[X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[ ] No[ ] N/A[X]
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[ ] No[X]

27.2 If yes, state the amount thereof at December 31 of the current year. $ 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No[ ]

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

1 Name of Custodian(s)	2 Custodian's Address
CARDINAL BANK	8270 GREENSBORO DR. STE 500, MCLEAN, VA 22102
URBAN TRUST BANK	1350 I St. NW , WASHINGTON, DC 20005

28.02 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)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes[ ] No[X]

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

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

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

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

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])? Yes[ ] No[X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 Total		

29.3 For each mutual fund listed in the table above, complete the following schedule:

GENERAL INTERROGATORIES (Continued)

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

		1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	13,116,327	13,116,327	
30.2	Preferred stocks			
30.3	Totals	13,116,327	13,116,327	

30.4 Describe the sources or methods utilized in determining the fair values
All Bonds are CD's that are carried at purchased price plus accured interest, if any.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes[ ] No[X]
31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes[ ] No[ ] N/A[X]
31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[ ]
32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? $ 0
33.2 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

34.1 Amount of payments for legal expenses, if any? $ 1,248,078
34.2 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
EPSTEIN BECKER & GREEN, P.C.	1,050,638

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? $ 0
35.2 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: $ 0
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $ 0
1.31 Reason for excluding:
1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. $ 0
1.5 Indicate total incurred claims on all Medicare Supplement insurance. $ 0
1.6 Individual policies - Most current three years:
1.61 Total premium earned $ 0
1.62 Total incurred claims $ 0
1.63 Number of covered lives 0
All years prior to most current three years:
1.64 Total premium earned $ 0
1.65 Total incurred claims $ 0
1.66 Number of covered lives 0
1.7 Group policies - Most current three years:
1.71 Total premium earned $ 0
1.72 Total incurred claims $ 0
1.73 Number of covered lives 0
All years prior to most current three years:
1.74 Total premium earned $ 0
1.75 Total incurred claims $ 0
1.76 Number of covered lives 0

2. Health Test

		1 Current Year	2 Prior Year
2.1	Premium Numerator	355,498,611	296,733,067
2.2	Premium Denominator	355,498,611	296,733,067
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	37,996,075	31,432,098
2.5	Reserve Denominator	37,996,075	31,432,098
2.6	Reserve Ratio (2.4 / 2.5)	1.000	1.000

3.1 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]
3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes[X] No[ ]
4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes[ ] No[X] N/A[ ]

5.1 Does the reporting entity have stop-loss reinsurance? Yes[X] No[ ]
5.2 If no, explain:
5.3 Maximum retained risk (see instructions):
5.31 Comprehensive Medical $ 650,000
5.32 Medical Only $ 0
5.33 Medicare Supplement $ 0
5.34 Dental & Vision $ 0
5.35 Other Limited Benefit Plan $ 0
5.36 Other $ 0

6. 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:
PROVIDERS' AGREEMENT CONTAINS HOLD HARMLESS CLAUSE. DC CHARTERED HEALTH PLAN HAS ACQUIRED INSOLVENCY PROTECTION AS PART OF THE STOP LOSS INSURANCE COVERAGE

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes[X] No[ ]
7.2 If no, give details:

8. Provide the following information regarding participating providers:
8.1 Number of providers at start of reporting year 4,395
8.2 Number of providers at end of reporting year 4,579

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes[ ] No[X]
9.2 If yes, direct premium earned:
9.21 Business with rate guarantees between 15-36 months 0
9.22 Business with rate guarantees over 36 months 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes[ ] No[X]
10.2 If yes:
10.21 Maximum amount payable bonuses $ 0
10.22 Amount actually paid for year bonuses $ 0
10.23 Maximum amount payable withholds $ 0
10.24 Amount actually paid for year withholds $ 0

11.1 Is the reporting entity organized as:
11.12 A Medical Group/Staff Model, Yes[ ] No[X]
11.13 An Individual Practice Association (IPA), or, Yes[ ] No[X]
11.14 A Mixed Model (combination of above)? Yes[ ] No[X]
11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes[X] No[ ]
11.3 If yes, show the name of the state requiring such net worth.
DISTRICT OF COLUMBIA
11.4 If yes, show the amount required. $ 7,109,972
11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes[ ] No[X]
11.6 If the amount is calculated, show the calculation.
Greater of $1,000,000.00 or 2% of 2011 Revenue of $355,498,611 x .02= $ 7,109,972

12. List service areas in which the reporting entity is licensed to operate:

1 Name of Service Area
DISTRICT OF COLUMBIA

13.1 Do you act as a custodian for health savings accounts? Yes[ ] No[X]
13.2 If yes, please provide the amount of custodial funds held as of the reporting date: $ 0
13.3 Do you act as an administrator for health savings accounts? Yes[ ] No[X]
13.4 If yes, please provide the balance of the funds administered as of the reporting date: $ 0

FIVE-YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	47,658,334	59,655,685	41,461,571	44,409,522	44,505,463
2. TOTAL Liabilities (Page 3, Line 24)	46,216,394	42,211,038	27,701,886	24,685,162	22,885,701
3. Statutory surplus	7,109,972	5,892,563	4,590,724	3,619,841	3,302,074
4. TOTAL Capital and Surplus (Page 3, Line 33)	1,441,940	17,444,647	13,759,685	19,724,361	21,619,762
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	355,498,611	296,733,067	229,536,215	180,992,061	165,103,707
6. TOTAL Medical and Hospital Expenses (Line 18)	340,676,321	265,859,387	214,573,261	151,767,551	135,902,539
7. Claims adjustment expenses (Line 20)	16,600,631	8,028,360	6,903,631	4,729,811	5,016,191
8. TOTAL Administrative Expenses (Line 21)	21,365,340	21,443,322	18,047,136	19,269,063	18,170,487
9. Net underwriting gain (loss) (Line 24)	(23,143,681)	1,401,998	(9,987,812)	5,225,636	6,014,489
10. Net investment gain (loss) (Line 27)	432,338	766,821	1,081,313	1,330,369	2,153,488
11. TOTAL Other Income (Lines 28 plus 29)	6,788,043		154,829		176,672
12. Net income or (loss) (Line 32)	(14,962,584)	1,208,104	(5,469,949)	4,193,095	5,464,239
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(9,804,717)	3,257,068	2,172,282	6,328,608	5,352,291
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	1,441,940	17,444,647	13,759,685	19,724,361	21,619,762
15. Authorized control level risk-based capital	13,950,377	10,894,674	9,053,105	6,279,783	5,544,578
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	110,550	110,184	88,407	80,923	63,309
17. TOTAL Members Months (Column 6, Line 7)	1,325,230	1,216,493	1,025,122	846,705	743,648
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	95.8	89.6	93.5	83.9	82.3
20. Cost containment expenses	2.0	2.3	2.3	1.9	2.4
21. Other claims adjustment expenses	2.6	0.4	0.7	0.7	0.6
22. TOTAL Underwriting Deductions (Line 23)	106.5	99.5	104.4	97.1	96.4
23. TOTAL Underwriting Gain (Loss) (Line 24)	(6.5)	0.5	(4.4)	2.9	3.6
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	33,923,523	29,619,354	23,563,824	15,593,835	17,126,968
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	27,189,060	21,730,893	21,254,320	20,181,467	19,695,242
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[ ] No[ ] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

ALLOCATED BY STATES AND TERRITORIES

State, Etc.	1 Active Status	Direct Business Only 2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit - Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	L	26,924,402		330,004,861				356,929,263	
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	N								
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Marianas Islands (MP)	N								
57. Canada (CN)	N								
58. Aggregate other alien (OT)	XXX								
59. Subtotal	XXX	26,924,402		330,004,861				356,929,263	
60. Reporting entity contributions for Employee Benefit Plans	XXX								
61. TOTAL (Direct Business)	(a) 1	26,924,402		330,004,861				356,929,263	
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX								

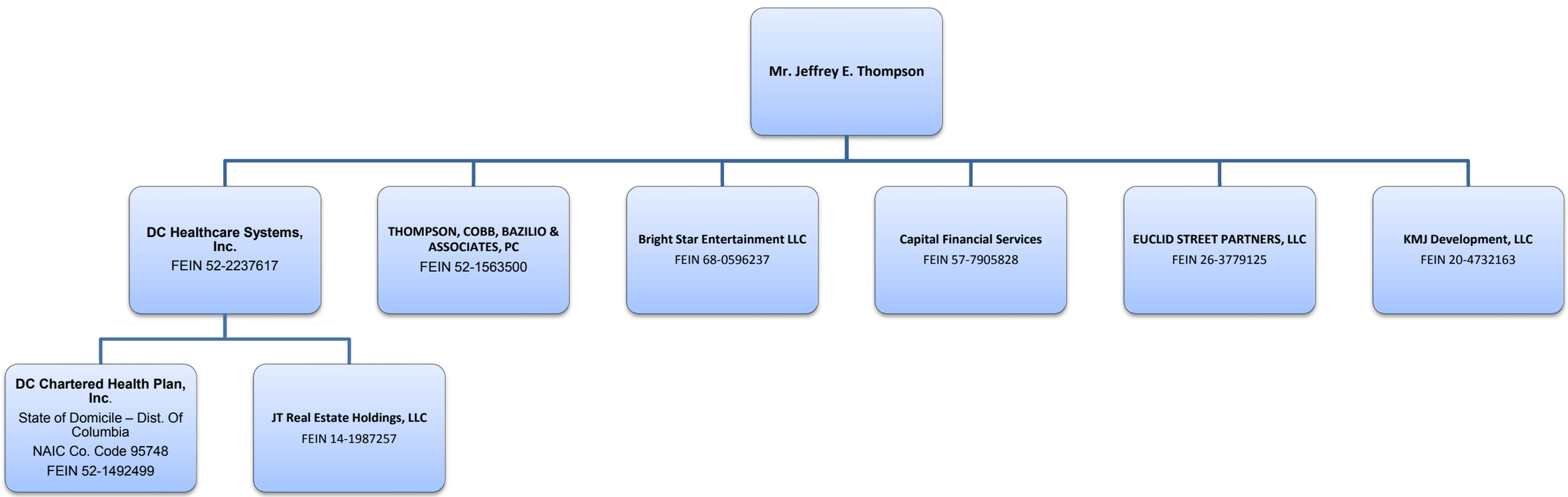
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



INDEX TO HEALTH ANNUAL STATEMENT

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