



HEALTH ANNUAL STATEMENT FOR THE YEAR ENDING DECEMBER 31, 2004 OF THE CONDITION AND AFFAIRS OF THE

Group Hospitalization and Medical Services, Inc.

NAIC Group Code 0380 0380 NAIC Company Code 53007 Employer's ID Number 53-0078070
(Current Period) (Prior Period)

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 [] Dental Service Corporation []
 Vision Service Corporation [] Other [] Health Maintenance Organization []
 Hospital, Medical & Dental Service or Indemnity [X] Is HMO, Federally Qualified? Yes [] No []

Incorporated 08/11/1939 Commenced Business 03/15/1934

Statutory Home Office 840 First Street NE, Washington, DC 20065
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 10455 Mill Run Circle
(Street and Number)
Owings Mills, MD 21117 410-581-3000
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 10455 Mill Run Circle, Owings Mills, MD 21117
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 10455 Mill Run Circle
(Street and Number)
Owings Mills, MD 21117 410-998-7011
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.carefirst.com

Statutory Statement Contact William Vincent Stack 410-998-7011
(Name) (Area Code) (Telephone Number) (Extension)
bill.stack@carefirst.com 410-998-6850
(E-mail Address) (FAX Number)

Policyowner Relations Contact 840 First Street NE
(Street and Number)
Washington, DC 20065 800-321-3497
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

Name	Title	Name	Title
William Lockwood Jews	President & CEO	John Anthony Picciotto	Corp. Secretary, Exec. VP & Gen. Counsel
Jeanne Ann Kennedy	Corp. Treasurer & VP		

OTHER OFFICERS

Eric Randolph Baugh M.D.	Sr. VP, Chief Medical Officer	David Donald Wolf	Exec VP, Med Sysys, Corp Dev
Gregory Mark Chaney	Exec. VP & CFO	Gregory Allen Devou	Exec VP, Chief Mktg Office
Leon Kaplan	Exec VP, Operations	Gwendolyn Denise Skillern	Sr. VP and General Auditor
Edward William O'Neil	Sr. VP, Chief Actuary	Michael John Felber	SVP, Sales
Livio Renato Broccolino Esq.	Deputy General Counsel	Sharon Jean Vecchioni	Exec VP, Chief of Staff
Rita Ann Costello	Sr. VP, Strategic Marketing	Joseph Gabriel Rampone	Sr. VP, Operations

DIRECTORS OR TRUSTEES

Father William James Byron S.J.	Michel Llewellyn Daley	Floretta Dukes McKenzie Ed.D.	Sister Carol Ann Keehan R.N.,M.S.
George Burch Wilkes III	Edward John Baran	Robert Marcellus Willis Esq.	

State of

ss

County of

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

William Lockwood Jews
President & CEO

John Anthony Picciotto
Corp. Secretary, Exec. VP & Gen. Counsel

Jeanne Ann Kennedy
Corp. Treasurer & VP

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

- 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 _____

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Group Hospitalization and Medical Services, Inc.

EXHIBIT 4 – CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0199999 Individually listed claims unpaid	0	0	0	0	0	0
0299999 Aggregate accounts not individually listed-uncovered						0
0399999 Aggregate accounts not individually listed-covered	2,385,282	6,329	1,499			2,393,110
0499999 Subtotals	2,385,282	6,329	1,499	0	0	2,393,110
0599999 Unreported claims and other claim reserves						228,155,035
0699999 Total amounts withheld						
0799999 Total claims unpaid						230,548,145
0899999 Accrued medical incentive pool and bonus amounts						0

EXHIBIT 8 – FURNITURE, EQUIPMENT AND SUPPLIES OWNED

Description	1 Cost	2 Improvements	3 Accumulated Depreciation	4 Book Value Less Encumbrances	5 Assets Not Admitted	6 Net Admitted Assets
1. Administrative furniture and equipment	16,237,204		5,263,775	10,973,429	10,973,429	
2. Medical furniture, equipment and fixtures						
3. Pharmaceuticals and surgical supplies						
4. Durable medical equipment						
5. Other property and equipment						
6. Total	16,237,204	0	5,263,775	10,973,429	10,973,429	0



ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Group Hospitalization and Medical Services, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION

Group Hospitalization and Medical Services, Inc.

2.

(LOCATION)

NAIC Group Code	0380	BUSINESS IN THE STATE OF District of Columbia		DURING THE YEAR 2004									NAIC Company Code	53007
	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Stop Loss	11 Disability Income	12 Long-Term Care	13 Other	
		2 Individual	3 Group											
Total Members at end of:														
1. Prior Year	489,136	8,362	68,910	1,920			346,843			63,101				
2. First Quarter	489,556	8,219	65,317	1,848			350,920			63,252				
3. Second Quarter	489,156	8,281	64,914	1,848			350,098			64,015				
4. Third Quarter	489,878	8,608	66,230	1,820			348,562			64,658				
5. Current Year	491,095	8,532	68,313	1,801			347,527			64,922				
6. Current Year Member Months	6,073,358	101,388	791,829	22,094			4,195,046			963,001				
Total Member Ambulatory Encounters for Year:														
7. Physician	4,152,434	61,640	509,813	23,859			3,557,122							
8. Non-Physician	504,463	6,665	44,200	3,774			449,824							
9. Total	4,656,897	68,305	554,013	27,633	0	0	4,006,946	0	0	0	0	0	0	
10. Hospital Patient Days Incurred	274,737	1,637	15,419	3,783			253,898							
11. Number of Inpatient Admissions	14,198	424	3,687	573			9,514							
12. Health Premiums Written	1,439,510,025	26,574,739	229,149,961	4,965,794		12,284,317	1,161,884,273			4,635,488			15,453	
13. Life Premiums Direct	0													
14. Property/Casualty Premiums Written	0													
15. Health Premiums Earned	1,439,694,314	26,574,739	229,334,250	4,965,794		12,284,317	1,161,884,273			4,635,488			15,453	
16. Property/Casualty Premiums Earned	0													
17. Amount Paid for Provision of Health Care Services	1,321,452,610	17,986,727	167,226,014	3,177,423		7,085,882	1,121,566,911			4,401,131			8,522	
18. Amount Incurred for Provision of Health Care Services	1,311,236,788	15,953,285	168,081,219	3,137,914		7,295,289	1,111,636,911			5,122,837			9,333	

(a) For health business: number of persons insured under PPO managed care products 415,270 and number of persons under indemnity only products 14,800

30.DC



ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Group Hospitalization and Medical Services, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION

Group Hospitalization and Medical Services, Inc.

2.

(LOCATION)

NAIC Group Code	0380	BUSINESS IN THE STATE OF Maryland		DURING THE YEAR 2004									NAIC Company Code	53007
	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Stop Loss	11 Disability Income	12 Long-Term Care	13 Other	
		2 Individual	3 Group											
Total Members at end of:														
1. Prior Year	125,765	5,516	90,332	3,199						26,718				
2. First Quarter	130,991	5,347	79,579	3,039						43,026				
3. Second Quarter	132,581	5,339	79,914	2,925						44,403				
4. Third Quarter	141,792	5,329	85,054	2,847						48,562				
5. Current Year	149,070	5,196	91,024	2,779						50,071				
6. Current Year Member Months	1,483,431	64,232	996,905	35,268						387,026				
Total Member Ambulatory Encounters for Year:														
7. Physician	1,101,612	48,430	1,008,773	44,409			0							
8. Non-Physician	91,015	3,973	83,631	3,411			0							
9. Total	1,192,627	52,403	1,092,404	47,820	0	0	0	0	0	0	0	0	0	
10. Hospital Patient Days Incurred	38,447	1,627	30,817	6,003			0							
11. Number of Inpatient Admissions	9,909	371	8,490	1,048			0							
12. Health Premiums Written	313,458,050	20,093,762	272,874,338	6,822,690		9,905,527				3,608,131			153,602	
13. Life Premiums Direct	0													
14. Property/Casualty Premiums Written	0													
15. Health Premiums Earned	313,677,503	20,093,762	273,093,791	6,822,690		9,905,527				3,608,131			153,602	
16. Property/Casualty Premiums Earned	0													
17. Amount Paid for Provision of Health Care Services	249,451,521	15,240,682	220,491,675	4,468,530		7,843,884	0			1,315,301			91,449	
18. Amount Incurred for Provision of Health Care Services	249,256,766	13,517,686	221,619,284	4,412,967		8,075,692	0			1,530,986			100,151	

(a) For health business: number of persons insured under PPO managed care products 126,054 and number of persons under indemnity only products 4,492

30.MD



ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Group Hospitalization and Medical Services, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION

Group Hospitalization and Medical Services, Inc.

2.

(LOCATION)

NAIC Group Code 0380

BUSINESS IN THE STATE OF Virginia

DURING THE YEAR 2004

NAIC Company Code 53007

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Stop Loss	11 Disability Income	12 Long-Term Care	13 Other
		2 Individual	3 Group										
Total Members at end of:													
1. Prior Year	96,020	17,515	66,134	2,596						9,775			
2. First Quarter	93,017	17,336	62,120	2,531						11,030			
3. Second Quarter	91,920	17,481	61,075	2,508						10,856			
4. Third Quarter	94,789	17,707	63,003	2,519						11,560			
5. Current Year	97,604	17,227	66,591	2,504						11,282			
6. Current Year Member Months	1,102,783	210,473	754,311	30,353						107,646			
Total Member Ambulatory Encounters for Year:													
7. Physician	704,033	134,876	531,402	37,755									
8. Non-Physician	59,568	11,236	44,054	4,278									
9. Total	763,601	146,112	575,456	42,033	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	25,226	3,747	15,705	5,774									
11. Number of Inpatient Admissions	5,855	914	4,104	837									
12. Health Premiums Written	278,857,014	51,698,785	212,093,991	6,399,093		7,496,362				1,158,989			9,794
13. Life Premiums Direct	0												
14. Property/Casualty Premiums Written	0												
15. Health Premiums Earned	279,027,586	51,698,785	212,264,563	6,399,093		7,496,362				1,158,989			9,794
16. Property/Casualty Premiums Earned	0												
17. Amount Paid for Provision of Health Care Services	212,917,331	38,332,339	164,610,774	4,417,281		5,170,014				381,806			5,117
18. Amount Incurred for Provision of Health Care Services	209,586,556	33,998,777	165,452,605	4,362,354		5,322,801				444,415			5,604

(a) For health business: number of persons insured under PPO managed care products 82,534 and number of persons under indemnity only products 2,941

30.VA



ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Group Hospitalization and Medical Services, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION

Group Hospitalization and Medical Services, Inc.

2.

(LOCATION)

NAIC Group Code	0380	BUSINESS IN THE STATE OF Consolidated		DURING THE YEAR 2004									NAIC Company Code	53007
	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Stop Loss	11 Disability Income	12 Long-Term Care	13 Other	
		2 Individual	3 Group											
Total Members at end of:														
1. Prior Year	710,921	31,393	225,376	7,715	0	0	346,843	0	0	99,594	0	0	0	
2. First Quarter	713,564	30,902	207,016	7,418	0	0	350,920	0	0	117,308	0	0	0	
3. Second Quarter	713,657	31,101	205,903	7,281	0	0	350,098	0	0	119,274	0	0	0	
4. Third Quarter	726,459	31,644	214,287	7,186	0	0	348,562	0	0	124,780	0	0	0	
5. Current Year	737,769	30,955	225,928	7,084	0	0	347,527	0	0	126,275	0	0	0	
6. Current Year Member Months	8,659,572	376,093	2,543,045	87,715	0	0	4,195,046	0	0	1,457,673	0	0	0	
Total Member Ambulatory Encounters for Year:														
7. Physician	5,958,079	244,946	2,049,988	106,023	0	0	3,557,122	0	0	0	0	0	0	
8. Non-Physician	655,046	21,874	171,885	11,463	0	0	449,824	0	0	0	0	0	0	
9. Total	6,613,125	266,820	2,221,873	117,486	0	0	4,006,946	0	0	0	0	0	0	
10. Hospital Patient Days Incurred	338,410	7,011	61,941	15,560	0	0	253,898	0	0	0	0	0	0	
11. Number of Inpatient Admissions	29,962	1,709	16,281	2,458	0	0	9,514	0	0	0	0	0	0	
12. Health Premiums Written	2,031,825,089	98,367,286	714,118,290	18,187,577	0	29,686,206	1,161,884,273	0	0	9,402,608	0	0	178,849	
13. Life Premiums Direct	0	0	0	0	0	0	0	0	0	0	0	0	0	
14. Property/Casualty Premiums Written	0	0	0	0	0	0	0	0	0	0	0	0	0	
15. Health Premiums Earned	2,032,399,403	98,367,286	714,692,604	18,187,577	0	29,686,206	1,161,884,273	0	0	9,402,608	0	0	178,849	
16. Property/Casualty Premiums Earned	0	0	0	0	0	0	0	0	0	0	0	0	0	
17. Amount Paid for Provision of Health Care Services	1,783,821,462	71,559,748	552,328,463	12,063,234	0	20,099,780	1,121,566,911	0	0	6,098,238	0	0	105,088	
18. Amount Incurred for Provision of Health Care Services	1,770,080,110	63,469,748	555,153,108	11,913,235	0	20,693,782	1,111,636,911	0	0	7,098,238	0	0	115,088	

(a) For health business: number of persons insured under PPO managed care products 623,858 and number of persons under indemnity only products 22,233

30.GT

SCHEDULE A - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value, December 31, prior year (prior year statement).....	0
2. Increase (decrease) by adjustment:	
2.1 Totals, Part 1, Column 11	0
2.2 Totals, Part 3, Column 7	0
3. Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9)	0
4. Cost of additions and permanent improvements:	
4.1 Totals, Part 1, Column 14.....	0
4.2 Totals, Part 3, Column 9	0
5. Total profit (loss) on sales, Part 3, Column 14	0
6. Increase (decrease) by foreign exchange adjustment:	
6.1 Totals, Part 1, Column 12.....	0
6.2 Totals, Part 3, Column 8	0
7. Amounts received on sales, Part 3, Column 11 and Part 1, Column 13	0
8. Book/adjusted carrying value at end of current period	0
9. Total valuation allowance	0
10. Subtotal (Lines 8 plus 9)	0
11. Total nonadmitted amounts	0
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	0

NONE

SCHEDULE B - VERIFICATION BETWEEN YEARS

1. Book value/recorded investment excluding accrued interest of mortgages owned, December 31 of prior year	0
2. Amount loaned during year:	
2.1 Actual cost at time of acquisitions	0
2.2 Additional investment made after acquisitions	0
3. Accrual of discount and mortgage interest points and commitment fees	0
4. Increase (decrease) by adjustment	0
5. Total profit (loss) on sale	0
6. Amounts paid on account or in full during the year	0
7. Amortization of premium	0
8. Increase (decrease) by foreign exchange adjustment	0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0
10. Total valuation allowance	0
11. Subtotal (Lines 9 plus 10)	0
12. Total nonadmitted amounts	0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column).....	0

NONE

SCHEDULE BA - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	0
2. Cost of acquisitions during year:	
2.1 Actual cost at time of acquisitions	168,794
2.2 Additional investment made after acquisitions	168,794
3. Accrual of discount	0
4. Increase (decrease) by adjustment	0
5. Total profit (loss) on sale	0
6. Amounts paid on account or in full during the year	0
7. Amortization of premium	0
8. Increase (decrease) by foreign exchange adjustment	0
9. Book/adjusted carrying value of long-term invested assets at end of current period	168,794
10. Total valuation allowance	0
11. Subtotal (Lines 9 plus 10)	168,794
12. Total nonadmitted amounts	168,794
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3).....	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Class 1	72,104,003	83,889,564	12,641,066	5,782,056	2,308,674	176,725,363	31.0	95,102,650	19.2	176,725,363	0
1.2 Class 2	0	0	0	0	0	0	0.0	0	0.0	0	0
1.3 Class 3	0	0	0	0	0	0	0.0	0	0.0	0	0
1.4 Class 4	0	0	0	0	0	0	0.0	0	0.0	0	0
1.5 Class 5	0	0	0	0	0	0	0.0	0	0.0	0	0
1.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
1.7 Totals	72,104,003	83,889,564	12,641,066	5,782,056	2,308,674	176,725,363	31.0	95,102,650	19.2	176,725,363	0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Class 1	0	0	0	0	0	0	0.0	0	0.0	0	0
2.2 Class 2	0	0	0	0	0	0	0.0	0	0.0	0	0
2.3 Class 3	0	0	0	0	0	0	0.0	0	0.0	0	0
2.4 Class 4	0	0	0	0	0	0	0.0	0	0.0	0	0
2.5 Class 5	0	0	0	0	0	0	0.0	0	0.0	0	0
2.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1 Class 1	0	0	0	0	198,727	198,727	0.0	348,375	0.1	198,727	0
3.2 Class 2	0	0	0	0	0	0	0.0	0	0.0	0	0
3.3 Class 3	0	0	0	0	0	0	0.0	0	0.0	0	0
3.4 Class 4	0	0	0	0	0	0	0.0	0	0.0	0	0
3.5 Class 5	0	0	0	0	0	0	0.0	0	0.0	0	0
3.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
3.7 Totals	0	0	0	0	198,727	198,727	0.0	348,375	0.1	198,727	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Class 1	0	0	0	0	0	0	0.0	0	0.0	0	0
4.2 Class 2	0	0	0	0	0	0	0.0	0	0.0	0	0
4.3 Class 3	0	0	0	0	0	0	0.0	0	0.0	0	0
4.4 Class 4	0	0	0	0	0	0	0.0	0	0.0	0	0
4.5 Class 5	0	0	0	0	0	0	0.0	0	0.0	0	0
4.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Class 1	30,115,398	54,830,880	21,853,834	15,197,903	11,897,175	133,895,190	23.5	143,910,689	29.1	133,895,191	0
5.2 Class 2	0	0	0	0	0	0	0.0	0	0.0	0	0
5.3 Class 3	0	0	0	0	0	0	0.0	0	0.0	0	0
5.4 Class 4	0	0	0	0	0	0	0.0	0	0.0	0	0
5.5 Class 5	0	0	0	0	0	0	0.0	0	0.0	0	0
5.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
5.7 Totals	30,115,398	54,830,880	21,853,834	15,197,903	11,897,175	133,895,190	23.5	143,910,689	29.1	133,895,191	0

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ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Class 1	.0	1,006,016	.0	.0	.0	1,006,016	0.2	1,011,234	0.2	1,006,016	.0
6.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
6.7 Totals	0	1,006,016	0	0	0	1,006,016	0.2	1,011,234	0.2	1,006,016	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Class 1	68,683,895	37,151,291	35,652,794	17,007,584	19,050,017	177,545,581	31.1	166,706,226	33.7	177,545,581	.0
7.2 Class 2	2,006,122	5,995,207	31,022,454	16,817,949	17,324,018	73,165,750	12.8	83,358,359	16.8	71,667,113	1,498,637
7.3 Class 3	.0	911,989	3,476,881	526,838	3,090,456	8,006,164	1.4	3,006,531	0.6	5,639,762	2,366,401
7.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	883,807	0.2	.0	.0
7.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	427,500	0.1	.0	.0
7.7 Totals	70,690,017	44,058,487	70,152,129	34,352,371	39,464,491	258,717,495	45.3	254,382,423	51.4	254,852,456	3,865,038
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	170,903,296	176,877,751	70,147,694	37,987,543	33,454,593	489,370,877	85.8	XXX	XXX	489,370,878	.0
10.2 Class 2	2,006,122	5,995,207	31,022,454	16,817,949	17,324,018	73,165,750	12.8	XXX	XXX	71,667,113	1,498,637
10.3 Class 3	.0	911,989	3,476,881	526,838	3,090,456	8,006,164	1.4	XXX	XXX	5,639,762	2,366,401
10.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.7 Totals	172,909,418	183,784,947	104,647,029	55,332,330	53,869,067	570,542,791	100.0	XXX	XXX	566,677,753	3,865,038
10.8 Line 10.7 as a % of Col. 6	30.3	32.2	18.3	9.7	9.4	100.0	XXX	XXX	XXX	99.3	0.7
11. Total Bonds Prior Year											
11.1 Class 1	77,897,848	149,634,503	102,010,291	49,514,277	28,022,255	XXX	XXX	407,079,174	82.3	405,836,114	1,243,060
11.2 Class 2	2,819,943	12,021,645	30,807,914	20,434,636	17,274,221	XXX	XXX	83,358,359	16.8	79,840,866	3,517,493
11.3 Class 3	.0	2,479,693	.0	526,838	.0	XXX	XXX	3,006,531	0.6	3,006,531	.0
11.4 Class 4	.0	883,807	.0	.0	.0	XXX	XXX	883,807	0.2	883,807	.0
11.5 Class 5	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.6 Class 6	.0	.0	.0	.0	427,500	XXX	XXX	427,500	0.1	427,500	.0
11.7 Totals	80,717,791	165,019,648	132,818,205	70,475,751	45,723,976	XXX	XXX	494,755,371	100.0	489,994,818	4,760,553
11.8 Line 11.7 as a % of Col. 8	16.3	33.4	26.8	14.2	9.2	XXX	XXX	100.0	XXX	99.0	1.0
12. Total Publicly Traded Bonds											
12.1 Class 1	170,903,295	176,877,753	70,147,694	37,987,543	33,454,593	489,370,878	85.8	405,836,116	82.0	489,370,878	XXX
12.2 Class 2	2,006,122	5,995,207	31,022,454	15,319,312	17,324,018	71,667,113	12.6	79,840,866	16.1	71,667,113	XXX
12.3 Class 3	.0	911,989	3,476,881	526,838	724,054	5,639,762	1.0	3,006,531	0.6	5,639,762	XXX
12.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	883,807	0.2	.0	XXX
12.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	427,500	0.1	.0	XXX
12.7 Totals	172,909,417	183,784,949	104,647,029	53,833,693	51,502,665	566,677,753	99.3	489,994,820	99.0	566,677,753	XXX
12.8 Line 12.7 as a % of Col. 6	30.5	32.4	18.5	9.5	9.1	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	30.3	32.2	18.3	9.4	9.0	99.3	XXX	XXX	XXX	99.3	XXX
13. Total Privately Placed Bonds											
13.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	1,243,060	0.3	XXX	.0
13.2 Class 2	.0	.0	.0	1,498,637	.0	1,498,637	0.3	3,517,493	0.7	XXX	1,498,637
13.3 Class 3	.0	.0	.0	.0	2,366,401	2,366,401	0.4	.0	0.0	XXX	2,366,401
13.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.7 Totals	.0	.0	.0	1,498,637	2,366,401	3,865,038	0.7	4,760,553	1.0	XXX	3,865,038
13.8 Line 13.7 as a % of Col. 6	.0	.0	.0	38.8	61.2	100.0	XXX	XXX	XXX	XXX	100.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.3	0.4	0.7	XXX	XXX	XXX	XXX	0.7

(a) Includes \$ 3,865,038 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
 (b) Includes \$.0 current year, \$.0 prior year of bonds with Z designations and \$.0 prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
 (c) Includes \$.0 current year, \$.0 prior year of bonds with 5* designations and \$.0 current year, \$.0 prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

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ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Issuer Obligations	70,234,439	79,670,951	10,552,236	4,599,739	2,125,881	167,183,246	29.3	87,658,347	17.7	167,183,246	.0
1.2 Single Class Mortgage-Backed/Asset-Backed Securities	1,869,564	4,218,611	2,088,830	1,182,317	182,792	9,542,114	1.7	7,444,303	1.5	9,542,115	0
1.7 Totals	72,104,003	83,889,562	12,641,066	5,782,056	2,308,673	176,725,360	31.0	95,102,650	19.2	176,725,361	0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Issuer Obligations	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.2 Single Class Mortgage-Backed/Asset-Backed Securities	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.3 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.4 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.5 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.6 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3. States, Territories, and Possessions Guaranteed, Schedules D & DA (Group 3)											
3.1 Issuer Obligations	.0	.0	.0	.0	198,727	198,727	0.0	348,375	0.1	198,727	.0
3.2 Single Class Mortgage-Backed/Asset-Backed Securities	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.3 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.4 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.5 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.6 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.7 Totals	.0	.0	.0	.0	198,727	198,727	0.0	348,375	0.1	198,727	.0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Issuer Obligations	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.2 Single Class Mortgage-Backed/Asset-Backed Securities	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.3 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.4 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.5 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.6 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Issuer Obligations	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	26,197,056	47,507,466	20,876,317	14,154,672	11,258,008	119,993,519	21.0	110,266,057	22.3	119,993,519	.0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.3 Defined	3,918,342	7,323,415	977,516	1,043,230	639,167	13,901,670	2.4	30,252,402	6.1	13,901,671	.0
5.4 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.5 Defined	.0	.0	.0	.0	.0	.0	0.0	3,392,230	0.7	.0	.0
5.6 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.7 Totals	30,115,398	54,830,881	21,853,833	15,197,902	11,897,175	133,895,189	23.5	143,910,689	29.1	133,895,190	0

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ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations	0	1,006,016	0	0	0	1,006,016	0.2	1,011,234	0.2	1,006,016	0
6.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
6.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
6.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
6.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
6.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
6.7 Totals	0	1,006,016	0	0	0	1,006,016	0.2	1,011,234	0.2	1,006,016	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations	67,821,706	37,921,161	68,380,889	34,283,769	38,374,242	246,781,767	43.3	250,251,699	50.6	242,916,729	3,865,038
7.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
7.3 Defined	1,147,862	393,286	0	0	0	1,541,148	0.3	0	0.0	1,541,148	0
7.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
7.5 Defined	1,720,449	5,744,040	1,771,240	68,602	1,090,249	10,394,580	1.8	916,979	0.2	10,394,579	0
7.6 Other	0	0	0	0	0	0	0.0	3,213,745	0.6	0	0
7.7 Totals	70,690,017	44,058,487	70,152,129	34,352,371	39,464,491	258,717,495	45.3	254,382,423	51.4	254,852,456	3,865,038
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parents, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
9.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
9.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
9.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
9.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
9.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total From Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	138,056,145	118,598,128	78,933,125	38,883,508	40,698,850	415,169,756	72.8	XXX	XXX	411,304,718	3,865,038
10.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	28,066,620	51,726,077	22,965,147	15,336,989	11,440,800	129,535,633	22.7	XXX	XXX	129,535,634	0
10.3 Defined	5,066,204	7,716,701	977,516	1,043,230	639,167	15,442,818	2.7	XXX	XXX	15,442,819	0
10.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.5 Defined	1,720,449	5,744,040	1,771,240	68,602	1,090,249	10,394,580	1.8	XXX	XXX	10,394,579	0
10.6 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.7 Totals	172,909,418	183,784,946	104,647,028	55,332,329	53,869,066	570,542,787	100.0	XXX	XXX	566,677,750	3,865,038
10.8 Line 10.7 as a % of Col. 6	30.3	32.2	18.3	9.7	9.4	100.0	XXX	XXX	XXX	99.3	0.7
11. Total Bonds Prior Year											
11.1 Issuer Obligations	49,230,496	98,805,649	97,903,161	52,942,488	40,387,861	XXX	XXX	339,269,655	68.6	334,509,102	4,760,553
11.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	20,148,285	50,348,888	27,612,090	15,292,033	4,309,064	XXX	XXX	117,710,360	23.8	117,710,362	0
11.3 Defined	10,029,689	11,445,878	6,122,376	1,627,409	1,027,050	XXX	XXX	30,252,402	6.1	30,252,402	0
11.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.5 Defined	631,316	1,883,494	1,180,578	613,821	0	XXX	XXX	4,309,209	0.9	4,309,208	0
11.6 Other	678,006	2,535,739	0	0	0	XXX	XXX	3,213,745	0.6	3,213,745	0
11.7 Totals	80,717,792	165,019,648	132,818,205	70,475,751	45,723,975	XXX	XXX	494,755,371	100.0	489,994,819	4,760,553
11.8 Line 11.7 as a % of Col. 8	16.3	33.4	26.8	14.2	9.2	XXX	XXX	100.0	XXX	99.0	1.0
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	138,056,144	118,598,130	78,933,125	37,384,871	38,332,449	411,304,719	72.1	334,509,102	67.6	411,304,719	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	28,066,620	51,726,077	22,965,147	15,336,990	11,440,800	129,535,634	22.7	117,710,362	23.8	129,535,634	XXX
12.3 Defined	5,066,205	7,716,701	977,516	1,043,230	639,167	15,442,819	2.7	30,252,402	6.1	15,442,819	XXX
12.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.5 Defined	1,720,449	5,744,040	1,771,240	68,602	1,090,249	10,394,580	1.8	4,309,209	0.9	10,394,580	XXX
12.6 Other	0	0	0	0	0	0	0.0	3,213,745	0.6	0	XXX
12.7 Totals	172,909,418	183,784,948	104,647,028	53,833,693	51,502,665	566,677,752	99.3	489,994,820	99.0	566,677,752	XXX
12.8 Line 12.7 as a % of Col. 6	30.5	32.4	18.5	9.5	9.1	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	30.3	32.2	18.3	9.4	9.0	99.3	XXX	XXX	XXX	99.3	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations	0	0	0	1,498,637	2,366,401	3,865,038	0.7	4,760,553	1.0	XXX	3,865,038
13.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.3 Defined	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.5 Defined	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.6 Other	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.7 Totals	0	0	0	1,498,637	2,366,401	3,865,038	0.7	4,760,553	1.0	XXX	3,865,038
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	38.8	61.2	100.0	XXX	XXX	XXX	XXX	100.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.3	0.4	0.7	XXX	XXX	XXX	XXX	0.7

SCHEDULE DA - PART 2

Verification of SHORT-TERM INVESTMENTS Between Years

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets(a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, prior year	33,076,144	33,076,144	0	0	0
2. Cost of short-term investments acquired	272,281,209	272,281,209	0	0	0
3. Increase (decrease) by adjustment	(53,376)	(53,376)	0	0	0
4. Increase (decrease) by foreign exchange adjustment	0	0	0	0	0
5. Total profit (loss) on disposal of short-term investments	(4,047)	(4,047)	0	0	0
6. Consideration received on disposal of short-term investments	177,527,854	177,527,854	0	0	0
7. Book/adjusted carrying value, current year	127,772,076	127,772,076	0	0	0
8. Total valuation allowance	0	0	0	0	0
9. Subtotal (Lines 7 plus 8)	127,772,076	127,772,076	0	0	0
10. Total nonadmitted amounts	0	0	0	0	0
11. Statement value (Lines 9 minus 10)	127,772,076	127,772,076	0	0	0
12. Income collected during year	961,010	961,010	0	0	0
13. Income earned during year	777,910	777,910	0	0	0

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment: +0

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Schedule DB - Part A - VBY

NONE

Schedule DB - Part B - VBY

NONE

Schedule DB - Part C - VBY

NONE

Schedule DB - Part D - VBY

NONE

Schedule DB - Part E - VBY

NONE

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE S - PART 1 - SECTION 2

Reinsurance Assumed for Accident and Health Insurance Listed by Reinsured Company as of December 31, Current Year

1	2	3	4	5	6	7	8	9	10	11	12
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsured	Location	Type of Reinsurance Assumed	Premiums	Unearned Premiums	Reserve Liability Other Than for Unearned Premiums	Reinsurance Payable on Paid and Unpaid Losses	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
11227	52-2362725	07/01/2003	CapitalCare	3928 Pender Drive Suite 100 Fairfax, Va. 22030	SSL/A	574,314					
0199999 - Total Affiliates						574,314					
0399999 Totals						574,314					

Schedule S - Part 2

NONE

Schedule S - Part 3 - Section 2

NONE

Schedule S - Part 4

NONE

Schedule S-Part 5
Five-Year Exhibit of Reinsurance Ceded Business
(000 Omitted)

	1 2004	2 2003	3 2002	4 2001	5 2000
A. OPERATIONS ITEMS					
1. Premiums.....	0	293	95	407	385
2. Title XVIII-Medicare.....	0	0	0	0	0
3. Title XIX-Medicaid.....	0	0	0	0	0
4. Commissions and reinsurance expense allowance.....	0	0	0	0	0
5. Total hospital and medical expenses.....	0	0	0	0	0
B. BALANCE SHEET ITEMS					
6. Premiums receivable.....	0	0	0	96	120
7. Claims payable.....	0	0	0	0	0
8. Reinsurance recoverable on paid losses.....	0	0	0	0	0
9. Experience rating refunds due or unpaid.....	0	0	0	0	0
10. Commissions and reinsurance expense allowances unpaid.....	0	0	0	0	0
11. Unauthorized reinsurance offset.....	0	0	0	0	0
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F).....	0	0	0	0	0
13. Letters of credit (L).....	0	0	0	0	0
14. Trust agreements (T).....	0	0	0	0	0
15. Other (O).....	0	0	0	0	0

SCHEDULE S-PART 6

Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1	2	3
	As Reported (net of ceded)	Restatement Adjustments	Restated (gross of ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 10)	705,839,273		705,839,273
2. Accident and health premiums due and unpaid (Line 12).....	622,414,633		622,414,633
3. Amounts recoverable from reinsurers (Line 13.1).....	0		0
4. Net credit for ceded reinsurance.....	XXX	0	0
5. All other admitted assets (Balance).....	90,420,584		90,420,584
6. Total assets (Line 26)	1,418,674,490	0	1,418,674,490
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1).....	230,548,145	0	230,548,145
8. Accrued medical incentive pool and bonus payments (Line 2).....	0		0
9. Premiums received in advance (Line 8).....	486,556,405		486,556,405
10. Reinsurance in unauthorized companies (Line 18).....	0		0
11. All other liabilities (Balance).....	200,555,475		200,555,475
12. Total liabilities (Line 22).....	917,660,025	0	917,660,025
13. Total capital and surplus (Line 30).....	501,014,465	XXX	501,014,465
14. Total liabilities, capital and surplus (Line 31)	1,418,674,490	0	1,418,674,490
NET CREDIT FOR CEDED REINSURANCE			
15. Claims unpaid.....	0		
16. Accrued medical incentive pool.....	0		
17. Premiums received in advance	0		
18. Reinsurance recoverable on paid losses	0		
19. Other ceded reinsurance recoverables	0		
20. Total ceded reinsurance recoverables	0		
21. Premiums receivable	0		
22. Unauthorized reinsurance	0		
23. Other ceded reinsurance payables/offsets	0		
24. Total ceded reinsurance payable/offsets	0		
25. Total net credit for ceded reinsurance	0		

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE Y (continued)
PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/(Liability)
47021	52-2069215	CareFirst, Inc		500,000			162,017				662,017	
53007	53-0078070	Group Hospitalization & Medical Services, Inc		(166,667)			(46,401,586)	161,746			(46,406,507)	
47058	52-1385894	CareFirst of Maryland, Inc		(83,125,363)			146,732,641	242,618		30,000,000	93,849,896	
	52-1635265	CFS Health Group					358,571			(9,000,000)	(8,641,429)	
95574	52-1226606	DeImarva Health Plan, Inc		(5,000,000)			(201,123)				(5,201,123)	
	52-0999133	Patuxent Medical Group		82,151,310			7,447,162				89,598,472	
60113	52-1962376	First Care, Inc					(76,739)				(76,739)	
	52-1187907	Willse & Associates					(192,951)				(192,951)	
	56-1641773	The Michelson Group, Inc. DBA NCAS					95,433				95,433	
	52-1589363	Potomac Physicians, PA of MD									0	
11227	52-2362725	CapitalCare, Inc					(622,769)	(404,364)			(1,027,133)	
96202	52-1358219	CareFirst BlueChoice, Inc		5,000,000			(101,668,289)			(21,000,000)	(117,668,289)	
	52-1330940	National Capital Administrative Services, Inc					(555,680)				(555,680)	
	52-1118153	National Capital Insurance Agency, Inc					(766,440)				(766,440)	
53287	51-0020405	BlueCross BlueShield of Delaware, Inc					(4,893,362)				(4,893,362)	
	51-0383213	NCIA Insurance Agency, Inc					171,212				171,212	
	51-0293417	The Gateway Group, LTD					127,572				127,572	
52007	52-2055391	The Dental Network, Inc		640,720			297,194				937,914	
	52-1840919	TDN Administrative Services, Inc					(12,863)				(12,863)	
9999999 Control Totals			0	0	0	0	0	0	XXX	0	0	0

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SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

MARCH FILING

- 1. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?..... YES [X] NO []
- 2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?..... YES [X] NO []
- 3. Will an actuarial certification be filed by March 1?..... YES [X] NO []
- 4. Will the Risk-based Capital Report be filed with the NAIC by March 1?..... YES [X] NO []
- 5. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?..... YES [X] NO []
- 6. Will the Life Supplement be filed the state of domicile and the NAIC by March 1? YES [] NO [X]
- 7. Will the Property/Casualty Supplement be filed the state of domicile and the NAIC by March 1?..... YES [] NO [X]

APRIL FILING

- 8. Will Management's Discussion and Analysis be filed by April 1?..... YES [X] NO []
- 9. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile by April 1?..... YES [X] NO []
- 10. Will the Investment Risks Interrogatories be filed by April 1? YES [X] NO []

JUNE FILING

- 11. Will an audited financial report be filed by June 1 with the state of domicile? YES [X] NO []

EXPLANATIONS:

- 6. Not applicable.
- 7. Not applicable.

BAR CODE:



OVERFLOW PAGE FOR WRITE-INS

M014 Additional Aggregate Lines for Page 14 Line 25.

*EXEXP

2504.	Network Access Reimbursement/Direct Reimb.....			(20,190,142)		(20,190,142)
2505.	Interest Claims Expens/Misc Expe.....		271,829			271,829
2506.					0
2507.					0
2508.					0
2509.					0
2597.	Summary of remaining write-ins for Line 25 from Page 14	0	271,829	(20,190,142)	0	(19,918,313)



SUPPLEMENTAL EXHIBIT FOR THE YEAR 2004 OF THE Group Hospitalization and Medical Services, Inc.

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT

FOR THE STATE OF District of Columbia

NAIC Group Code 0380 NAIC Company Code 53007
 Address (City, State and Zip Code) Washington, DC 20065
 Person Completing This Exhibit Jeffrey L. Howard
 Title Manager, Actuarial Services Telephone Number 410-998-7415

1	2	3	4	5	6	7	8	9	10	Policies Issued Through 2001				Policies Issued in 2002, 2003, 2004			
										11	12		14	15	16		18
											Incurred Claims	Percent of Premiums Earned			Number of Covered Lives	Premiums Earned	
Compliance with OBRA	Policy Form Number	Standardized Medicare Supplement Benefit Plan	Medicare Select	Plan Characteristics	Date Approved	Date Approval Withdrawn	Date Last Amended	Date Closed	Policy Marketing Trade Name	Premiums Earned	Amount	Percent of Premiums Earned	Number of Covered Lives	Premiums Earned	Amount	Percent of Premiums Earned	Number of Covered Lives
No	BCBS 65	P	No	0000000	01/01/1965		11/06/1992	07/31/1192	DC BCBS 65	1,952,356	1,002,396	51.3	676			0.0	
Yes	PR065-0790	P	No	0000000	07/01/1990		11/06/1992	07/31/1992	DC Protection 65	575,667	306,994	53.3	167			0.0	
Yes	Medigap Plan A DC	A	No	0230500	12/11/1992		10/25/2000		DC Supplement 65	192,121	294,759	153.4	45	88,508	172,524	194.9	31
Yes	Medigap Plan C DC	C	No	0230500	12/11/1992		10/25/2000		DC Supplement 65	411,308	301,452	73.3	102	76,137	106,938	140.5	21
Yes	Medigap Plan F DC	F	No	0230500	12/11/1992		10/25/2000		DC Supplement 65	1,006,778	571,156	56.7	317	128,407	96,716	75.3	51
Yes	Medigap UW Plan C DC	C	No	0234000	10/25/2000				DC Supplement 65	23,296	3,834	16.5	25	65,087	50,133	77.0	39
Yes	Medigap UW Plan F DC	F	No	0234000	10/25/2000				DC Supplement 65	165,774	29,509	17.8	141	280,354	201,502	71.9	186
0199999 Total Experience on Individual Policies										4,327,300	2,510,100	58.0	1,473	638,493	627,813	98.3	328
0299999 Total Experience on Group Policies										0	0	0.0	0	0	0	0.0	0

GENERAL INTERROGATORIES

- If response in Column 1 is no, give complete and full details:
 Product predates OBRA
- Claims address and contact person provided to the Secretary of Health and Human Services as required by 42 U.S.C. 1395ss(c)(3)(E) for this state.
 2.1 Address: 10455 Mill Run Circle Owings Mills, MD 21117
 2.2 Contact Person and Phone Number: Booker T Carter 410-998-5725
- Billing address and contact person for user fees established under 41 U.S.C. 1395u(h)(3)(B).
 3.1 Address: 10455 Mill Run Circle Owings Mills, MD 21117
 3.2 Contact Person and Phone Number: Joe Rampone 410-998-5370
- Explain any policies identified above as policy type "O".

360.DC



SUPPLEMENTAL EXHIBIT FOR THE YEAR 2004 OF THE Group Hospitalization and Medical Services, Inc.

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT

FOR THE STATE OF Maryland

NAIC Group Code 0380 NAIC Company Code 53007
 Address (City, State and Zip Code) Owings Mills, Maryland 21117
 Person Completing This Exhibit Jeffrey L Howard
 Title Manager, Actuarial Services Telephone Number 410-998-7415

1	2	3	4	5	6	7	8	9	10	Policies Issued Through 2001				Policies Issued in 2002, 2003, 2004			
										11	12		14	15	16		18
											Amount	Percent of Premiums Earned			Number of Covered Lives	Premiums Earned	
No.....	BCBS 65.....	P.....	No.....	1000000.....	.01/01/1965.....		.10/27/1993.....	.06/30/1992.....	MD BCBS 65 MD Protection 65 MD Supplement 65 MD BCBS 65	3,484,183	2,209,053	63.4	1,518			0.0	
Yes.....	PR065-0790.....	P.....	No.....	0000000.....	.08/24/1990.....		.10/27/1993.....	.06/30/1992.....	MD Protection 65	1,032,473	608,118	58.9	402			0.0	
Yes.....	Medigap Plan A MD.....	A.....	No.....	0000000.....	.06/24/1992.....		.09/25/2000.....	.12/31/1999.....	MD Supplement 65	100,856	157,612	156.3	60			0.0	
Yes.....	Medigap Plan C MD.....	C.....	No.....	0000000.....	.06/24/1992.....		.09/25/2000.....	.12/31/1999.....	MD Supplement 65	709,454	437,956	61.7	263			0.0	
Yes.....	Medigap Plan F MD.....	F.....	No.....	0000000.....	.06/24/1992.....		.09/25/2000.....	.12/31/1999.....	MD Supplement 65	1,495,725	1,000,229	66.9	536			0.0	
0199999 Total Experience on Individual Policies										6,822,691	4,412,968	64.7	2,779	0	0	0.0	0
0299999 Total Experience on Group Policies										0	0	0.0	0	0	0	0.0	0

GENERAL INTERROGATORIES

- If response in Column 1 is no, give complete and full details:
 Product predates OBRA.....
- Claims address and contact person provided to the Secretary of Health and Human Services as required by 42 U.S.C. 1395ss(c)(3)(E) for this state.
 2.1 Address: 10455 Mill Run Circle Owings Mills, MD 21117
 2.2 Contact Person and Phone Number: Booker T Carter 410-998-5725
- Billing address and contact person for user fees established under 41 U.S.C. 1395u(h)(3)(B).
 3.1 Address: 10455 Mill Run Circle Owings Mills, MD 21117
 3.2 Contact Person and Phone Number: Joe Rampone 410-998-5370
- Explain any policies identified above as policy type "O".

360.MD



SUPPLEMENTAL EXHIBIT FOR THE YEAR 2004 OF THE Group Hospitalization and Medical Services, Inc.

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT

FOR THE STATE OF Virginia

NAIC Group Code 0380 NAIC Company Code 53007
 Address (City, State and Zip Code) Owings Mills, Maryland 21117
 Person Completing This Exhibit Jeffrey L Howard
 Title Manager, Actuarial Services Telephone Number 410-998-7415

1 Compliance with OBRA	2 Policy Form Number	3 Standardized Medicare Supplement Benefit Plan	4 Medicare Select	5 Plan Characteristics	6 Date Approved	7 Date Approval Withdrawn	8 Date Last Amended	9 Date Closed	10 Policy Marketing Trade Name	Policies Issued Through 2001				Policies Issued in 2002, 2003, 2004				
										11 Premiums Earned	12 Incurred Claims		14 Number of Covered Lives	15 Premiums Earned	16 Incurred Claims		18 Number of Covered Lives	
											12 Amount	13 Percent of Premiums Earned			16 Amount	17 Percent of Premiums Earned		
No	BCBS 65	P	No	0000000	01/01/1965			07/31/1992	VA BCBS 65	2,352,430	1,588,638	67.5	.961				0.0	
Yes	PR065-0790	P	No	0000000	07/01/1990			07/31/1992	A Protection 65 VA Supplement 65	654,276	344,814	52.7	227				0.0	
Yes	Medigap Plan A VA	A	No	0230560	07/30/1992	10/12/2000	10/12/2000		VA Supplement 65	236,320	350,089	148.1	.71	133,938	295,053	220.3	.47	
Yes	Medigap Plan C VA	C	No	0230560	07/30/1992	10/12/2000	10/12/2000		VA Supplement 65	541,249	357,240	66.0	.145	129,814	137,551	106.0	.28	
Yes	Medigap Plan F VA	F	No	0230500	07/30/1992	10/12/2000	10/12/2000		VA Supplement 65	1,468,629	810,481	55.2	.405	110,033	73,997	67.2	.37	
Yes	Medigap UW Plan C VA	C	No	0234000	12/29/2000				VA Supplement 65	36,223	4,431	12.2	.18	82,888	88,264	106.5	.60	
Yes	Medigap UW Plan F VA	F	No	0234000	12/29/2000				VA Supplement 65	249,053	25,668	10.3	.223	404,240	286,128	70.8	.283	
0199999 Total Experience on Individual Policies										5,538,180	3,481,361	62.9	2,050	860,913	880,993	102.3	455	
0299999 Total Experience on Group Policies										0	0	0.0	0	0	0	0.0	0	

GENERAL INTERROGATORIES

- If response in Column 1 is no, give complete and full details:
 Product predates OBRA.....
- Claims address and contact person provided to the Secretary of Health and Human Services as required by 42 U.S.C. 1395ss(c)(3)(E) for this state.
 2.1 Address: 10455 Mill Run Circle Owings Mills, MD 21117.....
 2.2 Contact Person and Phone Number: Booker T Carter 410-998-5725.....
- Billing address and contact person for user fees established under 41 U.S.C. 1395u(h)(3)(B).
 3.1 Address:
 3.2 Contact Person and Phone Number: Joe Rampone 410-998-5370.....
- Explain any policies identified above as policy type "O".

360.VA