



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2006
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
Organized under the Laws of District of Columbia, State of Domicile or Port of Entry District of Columbia
Country of Domicile United States
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/Organized 08/11/1939 Commenced Business 03/15/1934
Statutory Home Office 840 First Street NE, Washington, DC 20065
Main Administrative Office 10455 Mill Run Circle, Owings Mills, MD 21117
Mail Address 10455 Mill Run Circle, Owings Mills, MD 21117
Primary Location of Books and Records 10455 Mill Run Circle, Owings Mills, MD 21117
Internet Website Address www.carefirst.com
Statutory Statement Contact William Vincent Stack, 410-998-7011
Policyowner Relations Contact 840 First Street NE, Washington, DC 20065, 800-321-3497

OFFICERS

Table with 4 columns: Name, Title, Name, Title. Includes David Donald Wolf #, Interim CEO, John Anthony Picciotto, Corp. Secretary, Exec. VP & Gen. Counsel, Jeanne Ann Kennedy, Corp. Treasurer & VP.

OTHER OFFICERS

Table with 4 columns: Name, Title, Name, Title. Includes Jon Paul Shematek M.D. #, Interim SVP Medical Affairs, David Donald Wolf, Exec VP, Med Sys, 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

Table with 4 columns: Name, Title, Name, Title. Includes Michel Llewellyn Daley, Elizabeth Lisboa-Farrow, Robert Marcellus Willis Esq., Natalie Olivia Ludaway Esq., James Wallace, Larry Donovan Bailey, Faye Ford Fields #, Ralph John Rohner #, Nathaniel Thomas Connally M.D. #, Robert Lee Sloan #, Edmund Bertram Cronin Jr. #, Peter Nostrand #, Carlos Mario Rodriguez PH.D. #, Floretta Dukes McKenzie Ed.D.

State of ...
County of ...

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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.

David Donald Wolf #
Interim 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

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	13,522,829		6,447,612	7,075,217	7,075,217	0
2. Medical furniture, equipment and fixtures						
3. Pharmaceuticals and surgical supplies						
4. Durable medical equipment						
5. Other property and equipment						
6. Total	13,522,829	0	6,447,612	7,075,217	7,075,217	0



ANNUAL STATEMENT FOR THE YEAR 2006 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 2006									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	479,496	8,662	73,858	1,758		0	330,415			64,803				
2. First Quarter	489,550	8,712	75,865	1,715		9,225	332,818			61,215				
3. Second Quarter	487,202	9,099	75,624	1,699		8,600	331,429			60,751				
4. Third Quarter	488,923	9,306	77,003	1,688		8,590	331,317			61,019				
5. Current Year	484,947	9,275	78,382	1,591		8,640	331,260			55,799				
6. Current Year Member Months	5,789,979	107,766	906,879	19,219		105,224	3,984,667			666,224				
Total Member Ambulatory Encounters for Year:														
7. Physician	4,587,932	90,601	850,116	52,389			3,594,826							
8. Non-Physician	643,751	14,526	121,980	8,453			498,792							
9. Total	5,231,683	105,127	972,096	60,842	0	0	4,093,618	0	0	0	0	0	0	
10. Hospital Patient Days Incurred	283,268	3,666	29,572	7,823			242,207							
11. Number of Inpatient Admissions	15,444	768	7,338	1,216			6,122							
12. Health Premiums Written	1,617,459,438	27,537,278	272,988,154	4,036,928		11,558,382	1,295,757,388			5,423,230		4,877	153,201	
13. Life Premiums Direct	0									0				
14. Property/Casualty Premiums Written	0									0				
15. Health Premiums Earned	1,612,672,862	27,537,278	268,201,578	4,036,928		11,558,382	1,295,757,388			5,423,230		4,877	153,201	
16. Property/Casualty Premiums Earned	0									0				
17. Amount Paid for Provision of Health Care Services	1,480,470,211	23,982,147	218,428,983	2,532,911		8,802,726	1,224,137,414			2,578,241		3,101	4,688	
18. Amount Incurred for Provision of Health Care Services	1,490,308,712	24,887,614	220,080,819	2,577,168		8,734,859	1,231,447,414			2,578,241		6,909	(4,312)	

(a) For health business: number of persons insured under PPO managed care products _____ and number of persons under indemnity only products _____

30.DC



ANNUAL STATEMENT FOR THE YEAR 2006 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 2006									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	176,346	5,493	105,622	2,449		0				62,782				
2. First Quarter	184,707	5,931	106,352	2,358		11,917				58,149				
3. Second Quarter	177,845	6,881	113,406	2,277		4,493				50,788				
4. Third Quarter	195,836	8,005	124,091	2,199		5,443				56,098				
5. Current Year	216,930	9,723	134,017	2,229		5,827				65,134				
6. Current Year Member Months	2,361,818	92,170	1,400,425	28,545		77,676				763,002				
Total Member Ambulatory Encounters for Year:														
7. Physician	405,199	8,856	387,997	8,346										
8. Non-Physician	66,883	1,509	64,210	1,164										
9. Total	472,082	10,365	452,207	9,510	0	0	0	0	0	0	0	0	0	
10. Hospital Patient Days Incurred	16,460	429	14,658	1,373										
11. Number of Inpatient Admissions	4,170	102	3,854	214										
12. Health Premiums Written	496,440,116	23,320,628	428,742,653	5,685,097		30,542,514				8,145,561		3,663		
13. Life Premiums Direct	0													
14. Property/Casualty Premiums Written	0													
15. Health Premiums Earned	496,440,116	23,320,628	428,742,653	5,685,097		30,542,514				8,145,561		3,663		
16. Property/Casualty Premiums Earned	0													
17. Amount Paid for Provision of Health Care Services	401,553,674	18,567,140	351,813,260	3,948,000		22,447,417				4,770,911		599	6,347	
18. Amount Incurred for Provision of Health Care Services	406,547,014	19,310,137	356,524,007	4,010,284		21,919,370				4,770,911		5,958	6,347	

(a) For health business: number of persons insured under PPO managed care products _____ and number of persons under indemnity only products _____

30.MD



ANNUAL STATEMENT FOR THE YEAR 2006 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 2006

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	101,077	16,820	72,939	2,509		0				8,809			
2. First Quarter	103,057	16,902	72,812	2,507		5,410				5,426			
3. Second Quarter	105,233	17,594	75,096	2,503		4,604				5,436			
4. Third Quarter	108,445	18,113	76,106	2,494		4,548				7,184			
5. Current Year	108,270	18,451	78,229	2,487		4,452				4,651			
6. Current Year Member Months	1,247,872	209,327	910,127	29,973		56,971				41,474			
Total Member Ambulatory Encounters for Year:													
7. Physician	649,584	114,020	496,177	39,387									
8. Non-Physician	98,381	17,394	73,757	7,230									
9. Total	747,965	131,414	569,934	46,617	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	25,219	4,368	15,187	5,664									
11. Number of Inpatient Admissions	5,741	906	3,993	842									
12. Health Premiums Written	342,619,427	52,540,165	274,884,095	5,449,907		8,724,470				1,011,804		8,986	
13. Life Premiums Direct	0												
14. Property/Casualty Premiums Written	0												
15. Health Premiums Earned	342,619,427	52,540,165	274,884,095	5,449,907		8,724,470				1,011,804		8,986	
16. Property/Casualty Premiums Earned	0												
17. Amount Paid for Provision of Health Care Services	276,829,403	43,601,134	220,956,759	5,024,713		6,888,774				355,382		(5,458)	8,099
18. Amount Incurred for Provision of Health Care Services	276,534,584	44,682,170	219,441,477	5,201,972		6,835,689				355,382		9,795	8,099

(a) For health business: number of persons insured under PPO managed care products _____ and number of persons under indemnity only products _____

30.VA



ANNUAL STATEMENT FOR THE YEAR 2006 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 2006									NAIC Company Code		53007	
				1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
				Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:																
1. Prior Year	756,919	30,975	252,419	6,716	0	0	330,415	0	0	136,394	0	0	0	0	0	0
2. First Quarter	777,314	31,545	255,029	6,580	0	26,552	332,818	0	0	124,790	0	0	0	0	0	0
3. Second Quarter	770,280	33,574	264,126	6,479	0	17,697	331,429	0	0	116,975	0	0	0	0	0	0
4. Third Quarter	793,204	35,424	277,200	6,381	0	18,581	331,317	0	0	124,301	0	0	0	0	0	0
5. Current Year	810,147	37,449	290,628	6,307	0	18,919	331,260	0	0	125,584	0	0	0	0	0	0
6. Current Year Member Months	9,399,669	409,263	3,217,431	77,737	0	239,871	3,984,667	0	0	1,470,700	0	0	0	0	0	0
Total Member Ambulatory Encounters for Year:																
7. Physician	5,642,715	213,477	1,734,290	100,122	0	0	3,594,826	0	0	0	0	0	0	0	0	0
8. Non-Physician	809,015	33,429	259,947	16,847	0	0	498,792	0	0	0	0	0	0	0	0	0
9. Total	6,451,730	246,906	1,994,237	116,969	0	0	4,093,618	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	324,947	8,463	59,417	14,860	0	0	242,207	0	0	0	0	0	0	0	0	0
11. Number of Inpatient Admissions	25,355	1,776	15,185	2,272	0	0	6,122	0	0	0	0	0	0	0	0	0
12. Health Premiums Written	2,456,518,981	103,398,071	976,614,902	15,171,932	0	50,825,366	1,295,757,388	0	0	14,580,595	0	0	17,526	153,201	0	0
13. Life Premiums Direct	0	0	0	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	0	0	0
15. Health Premiums Earned	2,451,732,405	103,398,071	971,828,326	15,171,932	0	50,825,366	1,295,757,388	0	0	14,580,595	0	0	17,526	153,201	0	0
16. Property/Casualty Premiums Earned	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17. Amount Paid for Provision of Health Care Services	2,158,853,288	86,150,421	791,199,002	11,505,624	0	38,138,917	1,224,137,414	0	0	7,704,534	0	0	(1,758)	19,134	0	0
18. Amount Incurred for Provision of Health Care Services	2,173,390,310	88,879,921	796,046,303	11,789,424	0	37,489,918	1,231,447,414	0	0	7,704,534	0	0	22,662	10,134	0	0

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons under indemnity only products 0

30.GT

SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

1. Book/adjusted carrying value, December 31, prior year.....	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 credit to 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

Mortgage Loans

1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31, 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

Long-Term Invested Assets

1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	168,794
2. Cost of acquisitions during year:	
2.1 Actual cost at time of acquisitions	0
2.2 Additional investment made after acquisitions	0
3. Accrual of discount	0
4. Increase (decrease) by adjustment	(2,127)
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	166,667
10. Total valuation allowance	0
11. Subtotal (Lines 9 plus 10)	166,667
12. Total nonadmitted amounts	166,667
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 2006 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)	38,128,385	83,819,787	26,788,903	10,955,378	8,159,579	167,852,032	24.4	165,526,137	27.5	167,852,031	
1.1 Class 1											
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 Totals	38,128,385	83,819,787	26,788,903	10,955,378	8,159,579	167,852,032	24.4	165,526,137	27.5	167,852,031	0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Class 1											
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
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											
3.2 Class 2								3,019,981	0.5		
3.3 Class 3											
3.4 Class 4											
3.5 Class 5											
3.6 Class 6											
3.7 Totals	0	0	0	0	0	0	0.0	3,019,981	0.5	0	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Class 1											
4.2 Class 2											
4.3 Class 3											
4.4 Class 4											
4.5 Class 5											
4.6 Class 6											
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)	25,536,563	64,062,952	38,157,416	17,201,448	2,392,240	147,350,619	21.4	169,029,862	28.1	147,350,619	
5.1 Class 1											
5.2 Class 2											
5.3 Class 3											
5.4 Class 4											
5.5 Class 5											
5.6 Class 6											
5.7 Totals	25,536,563	64,062,952	38,157,416	17,201,448	2,392,240	147,350,619	21.4	169,029,862	28.1	147,350,619	0

ANNUAL STATEMENT FOR THE YEAR 2006 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	0.0	1,000,467	0.2		
6.2 Class 2 .....						.0	0.0	.0	0.0		
6.3 Class 3 .....						.0	0.0	.0	0.0		
6.4 Class 4 .....						.0	0.0	.0	0.0		
6.5 Class 5 .....						.0	0.0	.0	0.0		
6.6 Class 6						0	0.0	0	0.0		
6.7 Totals	0	0	0	0	0	0	0.0	1,000,467	0.2	0	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Class 1	59,042,076	65,083,735	65,765,440	54,070,704	50,895,486	294,857,441	42.9	191,038,366	31.7	292,746,186	2,111,255
7.2 Class 2	1,388,061	6,976,321	27,019,960	22,835,058	18,339,787	76,559,187	11.1	62,545,884	10.4	75,060,343	1,498,844
7.3 Class 3	977,958					977,958	0.1	10,096,714	1.7	977,958	
7.4 Class 4 .....						.0	0.0	.0	0.0		
7.5 Class 5 .....						.0	0.0	.0	0.0		
7.6 Class 6						0	0.0	0	0.0		
7.7 Totals	61,408,095	72,060,056	92,785,400	76,905,762	69,235,273	372,394,586	54.2	263,680,964	43.8	368,784,487	3,610,099
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Class 1 .....						.0	0.0	.0	0.0		
8.2 Class 2 .....						.0	0.0	.0	0.0		
8.3 Class 3 .....						.0	0.0	.0	0.0		
8.4 Class 4 .....						.0	0.0	.0	0.0		
8.5 Class 5 .....						.0	0.0	.0	0.0		
8.6 Class 6						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		
9.2 Class 2 .....						.0	0.0	.0	0.0		
9.3 Class 3 .....						.0	0.0	.0	0.0		
9.4 Class 4 .....						.0	0.0	.0	0.0		
9.5 Class 5 .....						.0	0.0	.0	0.0		
9.6 Class 6						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 2006 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	122,707,024	212,966,474	130,711,759	82,227,530	61,447,305	610,060,092	88.7	XXX	XXX	607,948,836	2,111,255
10.2 Class 2	1,388,061	6,976,321	27,019,960	22,835,058	18,339,787	76,559,187	11.1	XXX	XXX	75,060,343	1,498,844
10.3 Class 3	977,958	.0	.0	.0	.0	977,958	0.1	XXX	XXX	977,958	.0
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	125,073,043	219,942,795	157,731,719	105,062,588	79,787,092	687,597,237	100.0	XXX	XXX	683,987,137	3,610,099
10.8 Line 10.7 as a % of Col. 6	18.2	32.0	22.9	15.3	11.6	100.0	XXX	XXX	XXX	99.5	0.5
11. Total Bonds Prior Year											
11.1 Class 1	169,465,988	193,842,879	83,711,096	40,935,530	41,659,320	XXX	XXX	529,614,813	87.9	527,387,490	2,227,324
11.2 Class 2	499,856	5,093,456	19,660,625	14,984,591	22,307,356	XXX	XXX	62,545,884	10.4	61,047,146	1,498,738
11.3 Class 3	.0	2,633,420	6,737,839	.0	725,455	XXX	XXX	10,096,714	1.7	10,096,714	.0
11.4 Class 4	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.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	.0	XXX	XXX	.0	0.0	.0	.0
11.7 Totals	169,965,844	201,569,755	110,109,560	55,920,121	64,692,131	XXX	XXX	602,257,411	100.0	598,531,350	3,726,062
11.8 Line 11.7 as a % of Col. 8	28.2	33.5	18.3	9.3	10.7	XXX	XXX	100.0	XXX	99.4	0.6
12. Total Publicly Traded Bonds											
12.1 Class 1	122,707,024	212,966,474	130,711,758	82,227,530	59,336,051	607,948,837	88.4	527,387,488	87.6	607,948,837	XXX
12.2 Class 2	1,388,061	6,976,321	25,521,116	22,835,058	18,339,787	75,060,343	10.9	61,047,146	10.1	75,060,343	XXX
12.3 Class 3	977,958	.0	.0	.0	.0	977,958	0.1	10,096,714	1.7	977,958	XXX
12.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.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	.0	0.0	.0	XXX
12.7 Totals	125,073,043	219,942,795	156,232,874	105,062,588	77,675,838	683,987,138	99.5	598,531,348	99.4	683,987,138	XXX
12.8 Line 12.7 as a % of Col. 6	18.3	32.2	22.8	15.4	11.4	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	18.2	32.0	22.7	15.3	11.3	99.5	XXX	XXX	XXX	99.5	XXX
13. Total Privately Placed Bonds											
13.1 Class 1	.0	.0	.0	.0	2,111,255	2,111,255	0.3	2,227,324	0.4	XXX	2,111,255
13.2 Class 2	.0	.0	1,498,844	.0	.0	1,498,844	0.2	1,498,738	0.3	XXX	1,498,844
13.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
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	1,498,844	.0	2,111,255	3,610,099	0.5	3,726,062	0.6	XXX	3,610,099
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	41.5	0.0	58.5	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	0.2	0.0	0.3	0.5	XXX	XXX	XXX	XXX	0.5

(a) Includes \$ 3,610,099 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
 (b) Includes \$ current year, \$ prior year of bonds with Z designations and \$, current year, \$ 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 \$ current year, \$ prior year of bonds with 5* designations and \$, current year, \$ 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 2006 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	38,081,911	83,722,499	26,755,725	10,952,492	8,159,579	167,672,206	24.4	160,166,375	26.6	167,672,206	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities	46,474	97,288	33,178	2,886		179,826	0.0	5,359,762	0.9	179,825	
1.7 Totals	38,128,385	83,819,787	26,788,903	10,955,378	8,159,579	167,852,032	24.4	165,526,137	27.5	167,852,031	0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Issuer Obligations						0	0.0	0	0.0		
2.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES						0	0.0	0	0.0		
2.3 Defined						0	0.0	0	0.0		
2.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES						0	0.0	0	0.0		
2.5 Defined						0	0.0	0	0.0		
2.6 Other						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	3,019,981	0.5		
3.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES						0	0.0	0	0.0		
3.3 Defined						0	0.0	0	0.0		
3.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES						0	0.0	0	0.0		
3.5 Defined						0	0.0	0	0.0		
3.6 Other						0	0.0	0	0.0		
3.7 Totals	0	0	0	0	0	0	0.0	3,019,981	0.5	0	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		
4.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES						0	0.0	0	0.0		
4.3 Defined						0	0.0	0	0.0		
4.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES						0	0.0	0	0.0		
4.5 Defined						0	0.0	0	0.0		
4.6 Other						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			1,309,895			1,309,895	0.2	3,672,094	0.6	1,309,895	
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	22,351,016	55,517,044	30,242,407	14,799,808	2,089,235	124,999,510	18.2	147,280,479	24.4	124,999,510	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
5.3 Defined	3,185,547	8,545,908	6,605,113	2,401,640	303,005	21,041,213	3.1	18,077,288	3.0	21,041,213	
5.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES						0	0.0	0	0.0		
5.5 Defined						0	0.0	0	0.0		
5.6 Other						0	0.0	0	0.0		
5.7 Totals	25,536,563	64,062,952	38,157,415	17,201,448	2,392,240	147,350,618	21.4	169,029,862	28.1	147,350,618	0

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ANNUAL STATEMENT FOR THE YEAR 2006 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	0.0	1,000,467	0.2		
6.2 Single Class Mortgage-Backed/Asset-Based Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
6.3 Defined						0	0.0	0	0.0		
6.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
6.5 Defined						0	0.0	0	0.0		
6.6 Other						0	0.0	0	0.0		
6.7 Totals	0	0	0	0	0	0	0.0	1,000,467	0.2	0	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations	47,474,133	34,165,427	62,640,419	51,336,948	43,209,309	238,826,236	34.7	236,062,385	39.2	235,216,138	3,610,099
7.2 Single Class Mortgage-Backed/Asset-Based Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
7.3 Defined	10,911,499	28,039,147	27,454,285	25,003,723	22,382,111	113,790,765	16.5	3,115,211	0.5	113,790,766	
7.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
7.5 Defined	526,372	4,339,310	2,504,812	405,726	3,628,702	11,404,922	1.7	23,903,368	4.0	11,404,922	
7.6 Other	2,496,090	5,516,172	185,884	159,365	15,150	8,372,661	1.2	600,000	0.1	8,372,662	
7.7 Totals	61,408,094	72,060,056	92,785,400	76,905,762	69,235,272	372,394,584	54.2	263,680,964	43.8	368,784,488	3,610,099
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations						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		
9.2 Single Class Mortgage-Backed/Asset-Based Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
9.3 Defined						0	0.0	0	0.0		
9.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
9.5 Defined						0	0.0	0	0.0		
9.6 Other						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 2006 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	85,556,044	117,887,926	90,706,039	62,289,440	51,368,888	407,808,337	59.3	XXX	XXX	404,198,239	3,610,099
10.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	22,397,490	55,614,332	30,275,585	14,802,694	2,089,235	125,179,336	18.2	XXX	XXX	125,179,335	0
10.3 Defined	14,097,046	36,585,055	34,059,398	27,405,363	22,685,116	134,831,978	19.6	XXX	XXX	134,831,979	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	526,372	4,339,310	2,504,812	405,726	3,628,702	11,404,922	1.7	XXX	XXX	11,404,922	0
10.6 Other	2,496,090	5,516,172	185,884	159,365	15,150	8,372,661	1.2	XXX	XXX	8,372,662	0
10.7 Totals	125,073,042	219,942,795	157,731,718	105,062,588	79,787,091	687,597,234	100.0	XXX	XXX	683,987,137	3,610,099
10.8 Line 10.7 as a % of Col. 6	18.2	32.0	22.9	15.3	11.6	100.0	XXX	XXX	XXX	99.5	0.5
11. Total Bonds Prior Year											
11.1 Issuer Obligations	126,843,565	106,864,604	74,627,090	44,646,809	50,939,233	XXX	XXX	403,921,301	67.1	400,195,241	3,726,062
11.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	36,956,296	76,640,948	29,415,864	8,728,216	898,917	XXX	XXX	152,640,241	25.3	152,640,240	0
11.3 Defined	4,554,824	9,832,648	4,226,019	1,618,880	960,128	XXX	XXX	21,192,499	3.5	21,192,499	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	1,611,160	8,231,554	1,840,586	566,030	11,654,039	XXX	XXX	23,903,369	4.0	23,903,368	0
11.6 Other	0	0	0	360,185	239,815	XXX	XXX	600,000	0.1	600,000	0
11.7 Totals	169,965,845	201,569,754	110,109,559	55,920,120	64,692,132	XXX	XXX	602,257,410	100.0	598,531,348	3,726,062
11.8 Line 11.7 as a % of Col. 8	28.2	33.5	18.3	9.3	10.7	XXX	XXX	100.0	XXX	99.4	0.6
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	85,556,044	117,887,926	89,207,195	62,289,440	49,257,634	404,198,239	58.8	400,195,241	66.5	404,198,239	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	22,397,490	55,614,332	30,275,585	14,802,693	2,089,235	125,179,335	18.2	152,640,239	25.3	125,179,335	XXX
12.3 Defined	14,097,046	36,585,056	34,059,398	27,405,364	22,685,116	134,831,980	19.6	21,192,499	3.5	134,831,980	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	526,372	4,339,310	2,504,812	405,726	3,628,702	11,404,922	1.7	23,903,369	4.0	11,404,922	XXX
12.6 Other	2,496,090	5,516,172	185,884	159,365	15,150	8,372,661	1.2	600,000	0.1	8,372,661	XXX
12.7 Totals	125,073,042	219,942,796	156,232,874	105,062,588	77,675,837	683,987,137	99.5	598,531,348	99.4	683,987,137	XXX
12.8 Line 12.7 as a % of Col. 6	18.3	32.2	22.8	15.4	11.4	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	18.2	32.0	22.7	15.3	11.3	99.5	XXX	XXX	XXX	99.5	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations			1,498,844		2,111,255	3,610,099	0.5	3,726,062	0.6	XXX	3,610,099
13.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES						0	0.0	0	0.0	XXX	0
13.3 Defined						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	XXX	0
13.5 Defined						0	0.0	0	0.0	XXX	0
13.6 Other						0	0.0	0	0.0	XXX	0
13.7 Totals	0	0	1,498,844	0	2,111,255	3,610,099	0.5	3,726,062	0.6	XXX	3,610,099
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	41.5	0.0	58.5	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	0.2	0.0	0.3	0.5	XXX	XXX	XXX	XXX	0.5

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ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE DA - PART 2 - VERIFICATION BETWEEN YEARS

Short-Term Investments

	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	100,993,267	100,993,267	0	0	0
2. Cost of short-term investments acquired	332,337,484	332,337,484			
3. Increase (decrease) by adjustment	827	827			
4. Increase (decrease) by foreign exchange adjustment	0				
5. Total profit (loss) on disposal of short-term investments	0				
6. Consideration received on disposal of short-term investments	382,669,046	382,669,046			
7. Book/adjusted carrying value, current year	50,662,532	50,662,532	0	0	0
8. Total valuation allowance	0				
9. Subtotal (Lines 7 plus 8)	50,662,532	50,662,532	0	0	0
10. Total nonadmitted amounts	0				
11. Statement value (Lines 9 minus 10)	50,662,532	50,662,532	0	0	0
12. Income collected during year	3,498,264	3,498,264			
13. Income earned during year	3,685,366	3,685,366			

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

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 2006 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE S - PART 1 - SECTION 2

Reinsurance Assumed 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	Capital Care, Inc.	3928 Pender Drive Suite 100, Fairfax, Va	SSL/1/A	9,998					
60113	52-1962376	01/01/2006	FirstCare, Inc.	10455 Mill Run Circle, Owings Mills, Md	QA/1/A	4,788,976			444,536		
0199999 - Total - Affiliates						4,798,974			444,536		
0399999 Totals						4,798,974			444,536		

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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 2006	2 2005	3 2004	4 2003	5 2002
A. OPERATIONS ITEMS					
1. Premiums.....	0	0	0	293	95
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
5. Total hospital and medical expenses.....		0	0	0	0
B. BALANCE SHEET ITEMS					
6. Premiums receivable.....		0	0	0	0
7. Claims payable.....		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
10. Commissions and reinsurance expense allowances unpaid.....		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)	911,613,002		911,613,002
2. Accident and health premiums due and unpaid (Line 13).....	675,983,206		675,983,206
3. Amounts recoverable from reinsurers (Line 14.1).....	0		0
4. Net credit for ceded reinsurance.....	XXX	0	0
5. All other admitted assets (Balance).....	103,032,164		103,032,164
6. Total assets (Line 26)	1,690,628,372	0	1,690,628,372
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1).....	265,360,719	0	265,360,719
8. Accrued medical incentive pool and bonus payments (Line 2).....	0		0
9. Premiums received in advance (Line 8).....	538,405,295		538,405,295
10. Reinsurance in unauthorized companies (Line 18).....	0		0
11. All other liabilities (Balance).....	223,855,952		223,855,952
12. Total liabilities (Line 22).....	1,027,621,966	0	1,027,621,966
13. Total capital and surplus (Line 31).....	663,006,406	XXX	663,006,406
14. Total liabilities, capital and surplus (Line 32)	1,690,628,372	0	1,690,628,372
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 payables/offsets	0		
25. Total net credit for ceded reinsurance	0		

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Group Hospitalization and Medical Services, Inc.

**SCHEDULE T – PART 2
INTERSTATE COMPACT – EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

States, Etc.		Direct Business Only					Totals
		1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	
1. Alabama	AL						.0
2. Alaska	AK						.0
3. Arizona	AZ						.0
4. Arkansas	AR						.0
5. California	CA						.0
6. Colorado	CO						.0
7. Connecticut	CT						.0
8. Delaware	DE						.0
9. District of Columbia	DC				4,877		4,877
10. Florida	FL						.0
11. Georgia	GA						.0
12. Hawaii	HI						.0
13. Idaho	ID						.0
14. Illinois	IL						.0
15. Indiana	IN						.0
16. Iowa	IA						.0
17. Kansas	KS						.0
18. Kentucky	KY						.0
19. Louisiana	LA						.0
20. Maine	ME						.0
21. Maryland	MD				3,663		3,663
22. Massachusetts	MA						.0
23. Michigan	MI						.0
24. Minnesota	MN						.0
25. Mississippi	MS						.0
26. Missouri	MO						.0
27. Montana	MT						.0
28. Nebraska	NE						.0
29. Nevada	NV						.0
30. New Hampshire	NH						.0
31. New Jersey	NJ						.0
32. New Mexico	NM						.0
33. New York	NY						.0
34. North Carolina	NC						.0
35. North Dakota	ND						.0
36. Ohio	OH						.0
37. Oklahoma	OK						.0
38. Oregon	OR						.0
39. Pennsylvania	PA						.0
40. Rhode Island	RI						.0
41. South Carolina	SC						.0
42. South Dakota	SD						.0
43. Tennessee	TN						.0
44. Texas	TX						.0
45. Utah	UT						.0
46. Vermont	VT						.0
47. Virginia	VA				8,986		8,986
48. Washington	WA						.0
49. West Virginia	WV						.0
50. Wisconsin	WI						.0
51. Wyoming	WY						.0
52. American Samoa	AS						.0
53. Guam	GU						.0
54. Puerto Rico	PR						.0
55. U.S. Virgin Islands	VI						.0
56. Northern Mariana Islands	MP						.0
57. Canada	CN						.0
58. Aggregate Other Alien	OT						.0
59. Totals		0	0	0	17,526	0	17,526

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Group Hospitalization and Medical Services, Inc.

**SCHEDULE Y
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					205,000				205,000	
53007	53-0078070	Group Hospitalization & Medical Services, Inc					(26,696,246)	(592,627)			(27,288,873)	(170,226)
47058	52-1385894	CareFirst of Maryland, Inc					177,189,041	(4,720,571)			172,468,470	(915,639)
00000	52-1635265	CFS Health Group					(10,070)				(10,070)	
60113	52-1962376	First Care, Inc					(5,244,319)	5,338,194			93,875	1,085,865
00000	52-1187907	Willse & Associates					(559,389)				(559,389)	
00000	56-1641773	The Michelson Group, Inc. DBA NCAS					1,692				1,692	
11227	52-2362725	CapitalCare, Inc					(373,828)	(24,996)			(398,824)	
96202	52-1358219	CareFirst BlueChoice, Inc					(118,436,963)				(118,436,963)	
00000	52-1330940	National Capital Administrative Services, Inc					(343,009)				(343,009)	
00000	52-1118153	National Capital Insurance Agency, Inc					(1,165,454)				(1,165,454)	
00000	20-1907367	Service Benefit Plan Admin Services Corp					(26,385,863)				(26,385,863)	
52007	52-2055391	The Dental Network, Inc					1,819,408				1,819,408	
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 statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of **WAIVED** 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

Responses

- | | |
|--|---------------|
| 1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1? |YES..... |
| 2. Will an actuarial opinion be filed by March 1? |YES..... |
| 3. Will the Risk-based Capital Report be filed with the NAIC by March 1? |YES..... |
| 4. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1? |YES..... |

APRIL FILING

- | | |
|--|---------------|
| 5. Will Management's Discussion and Analysis be filed by April 1? |YES..... |
| 6. Will the Supplemental Investment Risks Interrogatories be filed by April 1? |YES..... |
| 7. Will the Accident and Health Policy Experience Exhibit be filed by April 1? |YES..... |

JUNE FILING

- | | |
|---|---------------|
| 8. Will an audited financial report be filed by June 1? |YES..... |
|---|---------------|

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

MARCH FILING

- | | |
|---|---------------------------|
| 9. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? |YES..... |
| 10. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC? |NO..... |
| 11. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC? |NO..... |
| 12. Will the Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1? |SEE EXPLANATION..... |
| 13. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1? |NO..... |

APRIL FILING

- | | |
|---|---------------|
| 14. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile by April 1? |YES..... |
| 15. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC? |NO..... |
| 16. Will the Supplemental Property/Casualty Insurance Expense Exhibit due April 1 be filed with any state that requires it, and, if so, the NAIC? |NO..... |

EXPLANATION:

- 10.
- 11.
- 12. Not Applicable
- 13.
- 15.
- 16.

BAR CODE:

10.	
11.	
13.	
15.	
16.	

OVERFLOW PAGE FOR WRITE-INS

M005 Additional Aggregate Lines for Page 05 Line 47.

*REVEX2 - Capital and Surplus Account

	1 Current Year	2 Prior Year
4704. Miscellaneous.....		(4,512)
4797. Summary of remaining write-ins for Line 47 from Page 05	0	(4,512)

M014 Additional Aggregate Lines for Page 14 Line 25.

*EXEXP - Underwriting and Investment Exhibit - Part 3

	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	3 General Administrative Expenses	4 Investment Expenses	5 Total
2504. Network Access Reimbursement/Direct Reimb.....		0	(22,913,250)		(22,913,250)
2505. Interest Claims Expens/Misc Expe.....	601	685,146	3,822,178		4,507,925
2506. Change in Unearned Premium Reserve.....			(5,336,582)		(5,336,582)
2507.					0
2508.					0
2509.					0
2597. Summary of remaining write-ins for Line 25 from Page 14	601	685,146	(24,427,654)	0	(23,741,907)



SUPPLEMENTAL EXHIBIT FOR THE YEAR 2006 OF THE Group Hospitalization and Medical Services, Inc.

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT

For The Year Ended December 31, 2006 (To Be Filed by March 1)

FOR THE STATE OF District of Columbia

NAIC Group Code 0380 NAIC Company Code 53007
Address (City, State and Zip Code) Owings Mills, Maryland 21117
Person Completing This Exhibit John Wilhelm
Title Actuarial Analyst Telephone Number 410-998-4662

Table with 18 columns: 1-10 (Compliance, Policy Form, Standardized Medicare Supplement Benefit Plan, Medicare Select, Plan Characteristics, Date Approved, Date Approval Withdrawn, Date Last Amended, Date Closed, Policy Marketing Trade Name), 11 (Premiums Earned), 12-13 (Incurred Claims Amount, Percent of Premiums Earned), 14 (Number of Covered Lives), 15 (Premiums Earned), 16-17 (Incurred Claims Amount, Percent of Premiums Earned), 18 (Number of Covered Lives). Rows include individual policies and summary rows for 0199999 and 0299999.

GENERAL INTERROGATORIES

- 1. If response in Column 1 is no, give complete and full details: Product predates OBRA.
2. 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
3. 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
4. Explain any policies identified above as policy type "O".

360.DC



SUPPLEMENTAL EXHIBIT FOR THE YEAR 2006 OF THE Group Hospitalization and Medical Services, Inc.

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT

For The Year Ended December 31, 2006
(To Be Filed by March 1)

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 John Wilhelm
 Title Actuarial Analyst Telephone Number 410-998-4662

1	2	3	4	5	6	7	8	9	10	Policies Issued Through 2003				Policies Issued in 2004, 2005, 2006			
										11	Incurred Claims		14	15	Incurred Claims		18
											12	13			16	17	
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	BlueCross BlueShield 65	P	No	0000000	01/01/1965		10/27/1993	06/30/1992	MD BCBS 65	2,601,343	1,673,784	64.3	1,178	0	0	0.0	
No	PR065-0790	P	No	0000000	08/24/1990		10/27/1993	06/30/1992	MD Protection 65	835,207	609,749	73.0	326	0	0	0.0	
Yes	Medigap Plan A (5/00) MD	A	No	0000000	06/24/1992		09/25/2000	12/31/1999	MD Supplement 65	88,762	91,082	102.6	60	0	0	0.0	
Yes	Medigap Plan C (5/99) MD	C	No	0000000	06/24/1992		09/25/2000	12/31/1999	MD Supplement 65	657,753	543,026	82.6	203	0	0	0.0	
Yes	Medigap Plan F (5/99) MD	F	No	0000000	06/24/1992		09/25/2000	12/31/1999	MD Supplement 65	1,502,031	1,092,643	72.7	461	0	0	0.0	
0199999 Total Experience on Individual Policies										5,685,096	4,010,284	70.5	2,228	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:
 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 2006 OF THE Group Hospitalization and Medical Services, Inc.

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT

For The Year Ended December 31, 2006
(To Be Filed by March 1)

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 John Wilhelm
 Title Actuarial Analyst Telephone Number 410-998-4662

1	2	3	4	5	6	7	8	9	10	Policies Issued Through 2003				Policies Issued in 2004, 2005, 2006			
										11	Incurred Claims		14	15	Incurred Claims		18
											12	13			16	17	
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	Blue Cross BlueShield 65	P	No	0000000	01/01/1965			07/31/1992	VA BCBS 65	1,075,330	1,342,153	124.8	718			0.0	
No	PR065-0790	P	No	0000000	07/01/1990			07/31/1992	VA Protection 65	349,990	390,733	111.6	189			0.0	
Yes	Medigap Pla A VA (5/99)	A	No	0230560	07/30/1992		10/12/2000		VA Supplement 65	299,476	569,050	190.0	92	138,046	461,762	334.5	42
Yes	Medigap Pla C VA (5/99)	C	No	0230560	07/30/1992		10/12/2000		VA Supplement 65	628,110	445,335	70.9	146	101,654	134,167	132.0	30
Yes	Medigap Pla F VA (5/99)	F	No	0230500	07/30/1992		10/12/2000		VA Supplement 65	1,512,228	682,132	45.1	353	91,172	121,815	133.6	23
Yes	Medigap UW Plan C(1/01)VA	C	No	0234000	12/29/2000				VA Supplement 65	107,391	72,570	67.6	74	41,610	57,434	138.0	31
Yes	Medigap UW Plan F(1/01)VA	F	No	0234060	12/29/2000				VA Supplement 65	686,063	390,971	57.0	485	418,837	533,850	127.5	305
0199999 Total Experience on Individual Policies										4,658,588	3,892,944	83.6	2,057	791,319	1,309,028	165.4	431
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.
 - Address: 10455 Mill Run Circle Owings Mills, MD 21117
 - 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).
 - Address:
 - Contact Person and Phone Number: Joe Rampone 410-998-5370
- Explain any policies identified above as policy type "O".
.....

360.VA

EXHIBIT 7 - DEPOSIT TYPE CONTRACTS

	1 Total	2 Guaranteed Interest Contracts	3 Annuities Certain	4 Supplemental Contracts	5 Dividend Accumulations or Refunds	6 Premium and Other Deposit Funds
1. Balance at the beginning of the year before reinsurance .....	.0					
2. Deposits received during the year .....	.0					
3. Investment earnings credited to the account .....	.0					
4. Other net change in reserves .....	.0					
5. Fees and other charges assessed .....	.0					
6. Surrender charges .....	.0					
7. Net surrender or withdrawal payments .....	.0					
8. Other net transfers to or (from) Separate Accounts .....	.0					
9. Balance at the end of current year before reinsurance (Lines 1+2+3+4-5-6-7-8) .....	.0	.0	.0	.0	.0	.0
10. Reinsurance balance at the beginning of the year .....	.0					
11. Net change in reinsurance assumed .....	.0					
12. Net change in reinsurance ceded .....	.0					
13. Reinsurance balance at the end of the year (Lines 10+11-12) .....	.0	.0	.0	.0	.0	.0
14. Net balance at the end of current year after reinsurance (Lines 9 + 13)	0	0	0	0	0	0

