



**HEALTH ANNUAL STATEMENT  
FOR THE YEAR ENDING DECEMBER 31, 2007  
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

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  
(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)

**OFFICERS**

Name	Title	Name	Title
<u>David Donald Wolf</u>	<u>Interim CEO</u>	<u>John Anthony Picciotto</u>	<u>Corp.Secretary, Exec. VP &amp; Gen. Counsel</u>
<u>Jeanne Ann Kennedy</u>	<u>Corp. Treasurer &amp; VP</u>		

**OTHER OFFICERS**

<u>David Donald Wolf</u>	<u>Exec VP, Med Sysys, Corp Dev</u>	<u>Gregory Mark Chaney</u>	<u>Exec. VP &amp; CFO</u>
<u>Gregory Allen Devou</u>	<u>Exec VP, Chief Mktg Office</u>	<u>Leon Kaplan</u>	<u>Exec VP, Operations</u>
<u>Gwendolyn Denise Skillern</u>	<u>Sr.VP and General Auditor</u>	<u>Edward William O'Neil</u>	<u>Sr. VP, Chief Actuary</u>
<u>Michael John Felber</u>	<u>SVP, Sales</u>	<u>Livio Renato Broccolino</u>	<u>Deputy General Counsel</u>
<u>Sharon Jean Vecchioni</u>	<u>Exec VP, Chief of Staff</u>	<u>Rita Ann Costello</u>	<u>Sr. VP, Strategic Marketing</u>
<u>Joseph Gabriel Rampone</u>	<u>Sr. VP, Operations</u>	<u>Jon Paul Shematek</u>	<u>Interim SVP, Chief Medical Officer</u>
			<u>Interim SVP, Chief Information Officer</u>
<u>Maynard George McAlpin</u>	<u>Executive Director, NCA</u>	<u>Glenn Rothman</u>	<u>Officer</u>

**DIRECTORS OR TRUSTEES**

<u>Michel Llewellyn Daley</u>	<u>Elizabeth Lisboa-Farrow</u>	<u>Robert Marcellus Willis</u>	<u>Natalie Olivia Ludaway</u>
<u>James Wallace</u>	<u>Larry Donovan Bailey</u>	<u>Nathaniel Thomas Connally</u>	<u>Robert Lee Sloan</u>
<u>Linda Washington Cropp</u>	<u>Carlos Mario Rodriguez</u>	<u>Faye Ford Fields</u>	<u>Ralph John Rohner</u>

State of .....  
 County of .....

**ss**

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 .....	13,635,022	0	8,103,656	5,531,366	5,531,366	0
2. Medical furniture, equipment and fixtures .....						
3. Pharmaceuticals and surgical supplies .....						
4. Durable medical equipment .....						
5. Other property and equipment						
6. Total	13,635,022	0	8,103,656	5,531,366	5,531,366	0



ANNUAL STATEMENT FOR THE YEAR 2007 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 2007

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 Other
		2 Individual	3 Group							
<b>Total Members at end of:</b>										
1. Prior Year .....	484,947	9,275	78,382	1,591		8,640	331,260			55,799
2. First Quarter .....	478,149	9,253	82,635	1,562		7,736	338,897			38,066
3. Second Quarter .....	478,965	9,508	83,726	1,574		7,597	338,411			38,149
4. Third Quarter .....	483,400	10,120	86,405	1,601		7,580	338,710			38,984
5. Current Year	486,849	10,394	89,224	1,603		7,649	338,441			39,538
6. Current Year Member Months	5,775,629	116,231	1,020,928	18,976		91,679	4,064,443			463,372
<b>Total Member Ambulatory Encounters for Year:</b>										
7. Physician .....	5,272,755	100,760	980,219	48,439			4,143,251			86
8. Non-Physician .....	702,189	15,482	141,417	8,068			537,199			23
9. Total	5,974,944	116,242	1,121,636	56,507	0	0	4,680,450	0	0	109
10. Hospital Patient Days Incurred	299,437	3,799	32,100	8,005			255,520			13
11. Number of Inpatient Admissions	17,100	787	8,200	1,130			6,980			3
12. Health Premiums Written (b).....	1,690,875,049	29,485,731	311,279,385	3,895,646		12,930,101	1,326,978,986			6,305,200
13. Life Premiums Direct .....	0									
14. Property/Casualty Premiums Written.....	0									
15. Health Premiums Earned.....	1,792,818,853	32,380,192	311,279,385	3,895,646		12,930,101	1,426,028,329			6,305,200
16. Property/Casualty Premiums Earned.....	0									
17. Amount Paid for Provision of Health Care Services .....	1,641,373,044	26,938,135	248,613,383	2,777,873		8,993,917	1,351,031,724			3,018,012
18. Amount Incurred for Provision of Health Care Services	1,663,437,499	26,693,961	249,441,323	2,770,473		9,133,689	1,373,601,042			1,797,011

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

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes of fees \$ \_\_\_\_\_

30.DC



ANNUAL STATEMENT FOR THE YEAR 2007 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 2007

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 Other
		2 Individual	3 Group							
<b>Total Members at end of:</b>										
1. Prior Year .....	216,933	9,726	134,017	2,229		5,827				65,134
2. First Quarter .....	229,458	10,719	142,776	2,162		5,560				68,241
3. Second Quarter .....	234,796	11,642	147,509	2,099		5,326				68,220
4. Third Quarter .....	238,915	12,859	152,101	2,079		5,034				66,842
5. Current Year	242,211	12,178	156,098	1,985		4,930				67,020
6. Current Year Member Months	2,839,953	138,957	1,775,793	25,221		85,787				814,195
<b>Total Member Ambulatory Encounters for Year:</b>										
7. Physician .....	554,472	22,452	525,164	6,856						
8. Non-Physician .....	91,221	2,773	87,403	1,045						
9. Total	645,693	25,225	612,567	7,901	0	0	0	0	0	0
10. Hospital Patient Days Incurred	20,137	859	18,298	980						
11. Number of Inpatient Admissions	5,225	194	4,858	173						
12. Health Premiums Written (b).....	631,314,306	31,832,875	545,725,059	5,316,394		38,297,667				10,142,311
13. Life Premiums Direct .....	0									
14. Property/Casualty Premiums Written.....	0									
15. Health Premiums Earned.....	631,314,306	31,832,875	545,725,059	5,316,394		38,297,667				10,142,311
16. Property/Casualty Premiums Earned.....	0									
17. Amount Paid for Provision of Health Care Services .....	508,269,461	22,427,536	453,581,430	3,631,367		26,041,864				2,587,264
18. Amount Incurred for Provision of Health Care Services	518,531,491	22,424,672	463,072,403	3,442,131		26,987,322				2,604,963

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

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes of fees \$ \_\_\_\_\_

30.MD



ANNUAL STATEMENT FOR THE YEAR 2007 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 2007

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 Other
		2 Individual	3 Group							
<b>Total Members at end of:</b>										
1. Prior Year .....	108,270	18,451	78,229	2,487		4,452				4,651
2. First Quarter .....	110,165	19,129	79,558	2,455		4,510				4,513
3. Second Quarter .....	112,933	19,577	81,831	2,462		4,531				4,532
4. Third Quarter .....	115,168	19,899	83,616	2,480		4,585				4,588
5. Current Year	117,745	19,370	87,012	2,433		4,122				4,808
6. Current Year Member Months	1,356,928	232,000	986,950	29,533		53,279				55,166
<b>Total Member Ambulatory Encounters for Year:</b>										
7. Physician .....	719,014	127,803	553,600	37,611						
8. Non-Physician .....	112,245	19,465	85,515	7,265						
9. Total	831,259	147,268	639,115	44,876	0	0	0	0	0	0
10. Hospital Patient Days Incurred	28,261	4,760	18,248	5,253						
11. Number of Inpatient Admissions	6,239	943	4,543	753						
12. Health Premiums Written (b).....	384,792,858	57,088,715	310,550,865	6,043,686		9,683,347				1,426,245
13. Life Premiums Direct .....	0									
14. Property/Casualty Premiums Written.....	0									
15. Health Premiums Earned.....	384,792,858	57,088,715	310,550,865	6,043,686		9,683,347				1,426,245
16. Property/Casualty Premiums Earned.....	0									
17. Amount Paid for Provision of Health Care Services .....	319,594,728	48,317,729	259,134,206	4,591,032		7,173,987				377,774
18. Amount Incurred for Provision of Health Care Services	320,314,860	47,569,267	260,554,994	4,503,868		7,298,756				387,975

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

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes of fees \$ \_\_\_\_\_

30.VA



ANNUAL STATEMENT FOR THE YEAR 2007 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 2007

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 Other
		2 Individual	3 Group							
<b>Total Members at end of:</b>										
1. Prior Year .....	810,150	37,452	290,628	6,307	0	18,919	331,260	0	0	125,584
2 First Quarter .....	817,772	39,101	304,969	6,179	0	17,806	338,897	0	0	110,820
3 Second Quarter .....	826,694	40,727	313,066	6,135	0	17,454	338,411	0	0	110,901
4 Third Quarter .....	837,483	42,878	322,122	6,160	0	17,199	338,710	0	0	110,414
5 Current Year .....	846,805	41,942	332,334	6,021	0	16,701	338,441	0	0	111,366
6 Current Year Member Months	9,972,510	487,188	3,783,671	73,730	0	230,745	4,064,443	0	0	1,332,733
<b>Total Member Ambulatory Encounters for Year:</b>										
7. Physician .....	6,546,241	251,015	2,058,983	92,906	0	0	4,143,251	0	0	86
8. Non-Physician .....	905,655	37,720	314,335	16,378	0	0	537,199	0	0	23
9. Total .....	7,451,896	288,735	2,373,318	109,284	0	0	4,680,450	0	0	109
10. Hospital Patient Days Incurred	347,835	9,418	68,646	14,238	0	0	255,520	0	0	13
11. Number of Inpatient Admissions	28,564	1,924	17,601	2,056	0	0	6,980	0	0	3
12. Health Premiums Written (b).....	2,706,982,213	118,407,321	1,167,555,309	15,255,726	0	60,911,115	1,326,978,986	0	0	17,873,756
13. Life Premiums Direct .....	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
15. Health Premiums Earned.....	2,808,926,017	121,301,782	1,167,555,309	15,255,726	0	60,911,115	1,426,028,329	0	0	17,873,756
16. Property/Casualty Premiums Earned.....	0	0	0	0	0	0	0	0	0	0
17. Amount Paid for Provision of Health Care Services .....	2,469,237,233	97,683,400	961,329,019	11,000,272	0	42,209,768	1,351,031,724	0	0	5,983,050
18. Amount Incurred for Provision of Health Care Services	2,502,283,850	96,687,900	973,068,720	10,716,472	0	43,419,767	1,373,601,042	0	0	4,789,949

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

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes of fees \$ 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 8 .....	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 10 .....	0
5. Total profit (loss) on sales, Part 3, Column 15 .....	0
6. Increase (decrease) by foreign exchange adjustment:	
6.1 Totals, Part 1, Column 12 .....	0
6.2 Totals, Part 3, Column 9 .....	0
7. Amounts received on sales, Part 3, Column 12 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 .....	166,667
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 .....	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 .....	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 2007 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)
<b>1. U.S. Governments, Schedules D &amp; DA (Group 1)</b>											
1.1 Class 1	21,106,204	70,464,773	57,379,478	3,340,079	29,115,121	181,405,655	23.7	167,852,032	24.4	181,405,654	
1.2 Class 2						0	0.0	0	0.0		
1.3 Class 3						0	0.0	0	0.0		
1.4 Class 4						0	0.0	0	0.0		
1.5 Class 5						0	0.0	0	0.0		
1.6 Class 6						0	0.0	0	0.0		
1.7 Totals	21,106,204	70,464,773	57,379,478	3,340,079	29,115,121	181,405,655	23.7	167,852,032	24.4	181,405,654	0
<b>2. All Other Governments, Schedules D &amp; DA (Group 2)</b>											
2.1 Class 1						0	0.0	0	0.0		
2.2 Class 2						0	0.0	0	0.0		
2.3 Class 3						0	0.0	0	0.0		
2.4 Class 4						0	0.0	0	0.0		
2.5 Class 5						0	0.0	0	0.0		
2.6 Class 6						0	0.0	0	0.0		
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>3. States, Territories and Possessions etc., Guaranteed, Schedules D &amp; DA (Group 3)</b>											
3.1 Class 1						0	0.0	0	0.0		
3.2 Class 2						0	0.0	0	0.0		
3.3 Class 3						0	0.0	0	0.0		
3.4 Class 4						0	0.0	0	0.0		
3.5 Class 5						0	0.0	0	0.0		
3.6 Class 6						0	0.0	0	0.0		
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D &amp; DA (Group 4)</b>											
4.1 Class 1						0	0.0	0	0.0		
4.2 Class 2						0	0.0	0	0.0		
4.3 Class 3						0	0.0	0	0.0		
4.4 Class 4						0	0.0	0	0.0		
4.5 Class 5						0	0.0	0	0.0		
4.6 Class 6						0	0.0	0	0.0		
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>5. Special Revenue &amp; Special Assessment Obligations etc., Non-Guaranteed, Schedules D &amp; DA (Group 5)</b>											
5.1 Class 1	29,313,636	75,486,310	55,625,810	27,230,370	6,600,922	194,257,048	25.3	147,350,619	21.4	194,257,047	
5.2 Class 2						0	0.0	0	0.0		
5.3 Class 3						0	0.0	0	0.0		
5.4 Class 4						0	0.0	0	0.0		
5.5 Class 5						0	0.0	0	0.0		
5.6 Class 6						0	0.0	0	0.0		
5.7 Totals	29,313,636	75,486,310	55,625,810	27,230,370	6,600,922	194,257,048	25.3	147,350,619	21.4	194,257,047	0

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**ANNUAL STATEMENT FOR THE YEAR 2007 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)
<b>6. Public Utilities (Unaffiliated), Schedules D &amp; DA (Group 6)</b>											
6.1 Class 1 .....						.0	.0.0	.0	.0.0		
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	0	0.0	0	0
<b>7. Industrial &amp; Miscellaneous (Unaffiliated), Schedules D &amp; DA (Group 7)</b>											
7.1 Class 1 .....	87,644,210	89,189,927	58,631,949	42,090,692	34,976,957	312,533,735	40.8	294,857,441	42.9	310,184,163	2,349,572
7.2 Class 2 .....	1,678,477	9,047,733	34,205,638	12,482,688	20,678,287	78,092,823	10.2	76,559,187	11.1	76,593,866	1,498,957
7.3 Class 3 .....		168,684				168,684	0.0	977,958	0.1	168,684	
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	89,322,687	98,406,344	92,837,587	54,573,380	55,655,244	390,795,242	51.0	372,394,586	54.2	386,946,713	3,848,529
<b>8. Credit Tenant Loans, Schedules D &amp; DA (Group 8)</b>											
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
<b>9. Parent, Subsidiaries and Affiliates, Schedules D &amp; DA (Group 9)</b>											
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 2007 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)
<b>10. Total Bonds Current Year</b>											
10.1 Class 1	138,064,050	235,141,010	171,637,237	72,661,141	70,693,000	688,196,438	89.8	XXX	XXX	685,846,864	2,349,572
10.2 Class 2	1,678,477	9,047,733	34,205,638	12,482,688	20,678,287	78,092,823	10.2	XXX	XXX	76,593,866	1,498,957
10.3 Class 3	.0	168,684	.0	.0	.0	168,684	0.0	XXX	XXX	168,684	.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	139,742,527	244,357,427	205,842,875	85,143,829	91,371,287	766,457,945	100.0	XXX	XXX	762,609,414	3,848,529
10.8 Line 10.7 as a % of Col. 6	18.2	31.9	26.9	11.1	11.9	100.0	XXX	XXX	XXX	99.5	0.5
<b>11. Total Bonds Prior Year</b>											
11.1 Class 1	122,707,024	212,966,474	130,711,759	82,227,530	61,447,305	XXX	XXX	610,060,092	88.7	607,948,836	2,111,255
11.2 Class 2	1,388,061	6,976,321	27,019,960	22,835,058	18,339,787	XXX	XXX	76,559,187	11.1	75,060,343	1,498,844
11.3 Class 3	977,958	.0	.0	.0	.0	XXX	XXX	977,958	0.1	977,958	.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	125,073,043	219,942,795	157,731,719	105,062,588	79,787,092	XXX	XXX	687,597,237	100.0	683,987,137	3,610,099
11.8 Line 11.7 as a % of Col. 8	18.2	32.0	22.9	15.3	11.6	XXX	XXX	100.0	XXX	99.5	0.5
<b>12. Total Publicly Traded Bonds</b>											
12.1 Class 1	138,064,049	235,141,011	171,637,236	72,661,140	68,343,428	685,846,864	89.5	607,948,837	88.4	685,846,864	XXX
12.2 Class 2	1,678,477	9,047,733	32,706,681	12,482,688	20,678,287	76,593,866	10.0	75,060,343	10.9	76,593,866	XXX
12.3 Class 3		168,684				168,684	0.0	977,958	0.1	168,684	XXX
12.4 Class 4						.0	0.0	.0	0.0	.0	XXX
12.5 Class 5						.0	0.0	.0	0.0	.0	XXX
12.6 Class 6						.0	0.0	.0	0.0	.0	XXX
12.7 Totals	139,742,526	244,357,428	204,343,917	85,143,828	89,021,715	762,609,414	99.5	683,987,138	99.5	762,609,414	XXX
12.8 Line 12.7 as a % of Col. 6	18.3	32.0	26.8	11.2	11.7	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	31.9	26.7	11.1	11.6	99.5	XXX	XXX	XXX	99.5	XXX
<b>13. Total Privately Placed Bonds</b>											
13.1 Class 1					2,349,572	2,349,572	0.3	2,111,255	0.3	XXX	2,349,572
13.2 Class 2			1,498,957			1,498,957	0.2	1,498,844	0.2	XXX	1,498,957
13.3 Class 3						.0	0.0	.0	0.0	XXX	.0
13.4 Class 4						.0	0.0	.0	0.0	XXX	.0
13.5 Class 5						.0	0.0	.0	0.0	XXX	.0
13.6 Class 6						.0	0.0	.0	0.0	XXX	.0
13.7 Totals	.0	.0	1,498,957	.0	2,349,572	3,848,529	0.5	3,610,099	0.5	XXX	3,848,529
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	38.9	0.0	61.1	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 \$ 3,848,529 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 2007 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
<b>1. U.S. Governments, Schedules D &amp; DA (Group 1)</b>											
1.1 Issuer Obligations	21,106,204	70,464,773	57,379,478	3,340,079	29,115,121	181,405,655	23.7	167,672,206	24.4	181,405,654	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	179,826	0.0		
1.7 Totals	21,106,204	70,464,773	57,379,478	3,340,079	29,115,121	181,405,655	23.7	167,852,032	24.4	181,405,654	0
<b>2. All Other Governments, Schedules D &amp; DA (Group 2)</b>											
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
<b>3. States, Territories, and Possessions Guaranteed, Schedules D &amp; DA (Group 3)</b>											
3.1 Issuer Obligations						0	0.0	0	0.0		
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	0	0.0	0	0
<b>4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D &amp; DA (Group 4)</b>											
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
<b>5. Special Revenue &amp; Special Assessment Obligations etc., Non-Guaranteed, Schedules D &amp; DA (Group 5)</b>											
5.1 Issuer Obligations			1,310,873		2,836,924	4,147,797	0.5	1,309,895	0.2	4,147,797	
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	23,268,130	58,324,942	30,333,298	15,392,110	3,026,997	130,345,477	17.0	124,999,510	18.2	130,345,477	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
5.3 Defined	6,045,506	17,161,368	23,981,639	11,838,260	737,001	59,763,774	7.8	21,041,213	3.1	59,763,773	
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	29,313,636	75,486,310	55,625,810	27,230,370	6,600,922	194,257,048	25.3	147,350,618	21.4	194,257,047	0

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**ANNUAL STATEMENT FOR THE YEAR 2007 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
<b>6. Public Utilities (Unaffiliated), Schedules D &amp; DA (Group 6)</b>											
6.1 Issuer Obligations .....						0	0.0	0	0.0		
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	0	0.0	0	0
<b>7. Industrial &amp; Miscellaneous (Unaffiliated), Schedules D &amp; DA (Group 7)</b>											
7.1 Issuer Obligations .....	81,534,229	53,604,785	74,643,148	39,689,390	46,535,867	296,007,419	38.6	238,826,236	34.7	292,158,889	3,848,529
7.2 Single Class Mortgage-Backed/Asset-Based Securities .....						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
7.3 Defined .....	5,977,247	34,898,287	15,846,910	13,138,905	6,139,154	76,000,503	9.9	113,790,765	16.5	76,000,503	
7.4 Other .....						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
7.5 Defined .....	1,243,277	4,241,376	1,517,901	319,399	2,930,223	10,252,176	1.3	11,404,922	1.7	10,252,176	
7.6 Other .....	567,934	5,661,896	829,628	1,425,686	50,000	8,535,144	1.1	8,372,661	1.2	8,535,145	
7.7 Totals	89,322,687	98,406,344	92,837,587	54,573,380	55,655,244	390,795,242	51.0	372,394,584	54.2	386,946,713	3,848,529
<b>8. Credit Tenant Loans, Schedules D &amp; DA (Group 8)</b>											
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
<b>9. Parents, Subsidiaries and Affiliates, Schedules D &amp; DA (Group 9)</b>											
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 2007 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
<b>10. Total Bonds Current Year</b>											
10.1 Issuer Obligations	102,640,433	124,069,558	133,333,499	43,029,469	78,487,912	481,560,871	62.8	XXX	XXX	477,712,340	3,848,529
10.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	23,268,130	58,324,942	30,333,298	15,392,110	3,026,997	130,345,477	17.0	XXX	XXX	130,345,477	0
10.3 Defined	12,022,753	52,059,655	39,828,549	24,977,165	6,876,155	135,764,277	17.7	XXX	XXX	135,764,276	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	1,243,277	4,241,376	1,517,901	319,399	2,930,223	10,252,176	1.3	XXX	XXX	10,252,176	0
10.6 Other	567,934	5,661,896	829,628	1,425,686	50,000	8,535,144	1.1	XXX	XXX	8,535,145	0
10.7 Totals	139,742,527	244,357,427	205,842,875	85,143,829	91,371,287	766,457,945	100.0	XXX	XXX	762,609,414	3,848,529
10.8 Line 10.7 as a % of Col. 6	18.2	31.9	26.9	11.1	11.9	100.0	XXX	XXX	XXX	99.5	0.5
<b>11. Total Bonds Prior Year</b>											
11.1 Issuer Obligations	85,556,044	117,887,926	90,706,039	62,289,440	51,368,888	XXX	XXX	407,808,337	59.3	404,198,239	3,610,099
11.2 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	XXX	XXX	125,179,336	18.2	125,179,335	0
11.3 Defined	14,097,046	36,585,055	34,059,398	27,405,363	22,685,116	XXX	XXX	134,831,978	19.6	134,831,979	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	526,372	4,339,310	2,504,812	405,726	3,628,702	XXX	XXX	11,404,922	1.7	11,404,922	0
11.6 Other	2,496,090	5,516,172	185,884	159,365	15,150	XXX	XXX	8,372,661	1.2	8,372,662	0
11.7 Totals	125,073,042	219,942,795	157,731,718	105,062,588	79,787,091	XXX	XXX	687,597,234	100.0	683,987,137	3,610,099
11.8 Line 11.7 as a % of Col. 8	18.2	32.0	22.9	15.3	11.6	XXX	XXX	100.0	XXX	99.5	0.5
<b>12. Total Publicly Traded Bonds</b>											
12.1 Issuer Obligations	102,640,433	124,069,559	131,834,541	43,029,468	76,138,340	477,712,341	62.3	404,198,239	58.8	477,712,341	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	23,268,130	58,324,942	30,333,298	15,392,110	3,026,997	130,345,477	17.0	125,179,335	18.2	130,345,477	XXX
12.3 Defined	12,022,752	52,059,655	39,828,549	24,977,165	6,876,155	135,764,276	17.7	134,831,980	19.6	135,764,276	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	1,243,277	4,241,376	1,517,901	319,399	2,930,223	10,252,176	1.3	11,404,922	1.7	10,252,176	XXX
12.6 Other	567,934	5,661,896	829,628	1,425,686	50,000	8,535,144	1.1	8,372,661	1.2	8,535,144	XXX
12.7 Totals	139,742,526	244,357,428	204,343,917	85,143,828	89,021,715	762,609,414	99.5	683,987,137	99.5	762,609,414	XXX
12.8 Line 12.7 as a % of Col. 6	18.3	32.0	26.8	11.2	11.7	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	31.9	26.7	11.1	11.6	99.5	XXX	XXX	XXX	99.5	XXX
<b>13. Total Privately Placed Bonds</b>											
13.1 Issuer Obligations			1,498,957		2,349,572	3,848,529	0.5	3,610,099	0.5	XXX	3,848,529
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	1,498,957	0	2,349,572	3,848,529	0.5	3,610,099	0.5	XXX	3,848,529
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	38.9	0.0	61.1	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 2007 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 .....	50,662,532	50,662,532	0	0	0
2. Cost of short-term investments acquired .....	231,639,814	231,639,814			
3. Increase (decrease) by adjustment .....	0				
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 .....	196,300,708	196,300,708			
7. Book/adjusted carrying value, current year .....	86,001,638	86,001,638	0	0	0
8. Total valuation allowance .....	0				
9. Subtotal (Lines 7 plus 8) .....	86,001,638	86,001,638	0	0	0
10. Total nonadmitted amounts .....	0				
11. Statement value (Lines 9 minus 10) .....	86,001,638	86,001,638	0	0	0
12. Income collected during year .....	4,419,355	4,419,355			
13. Income earned during year .....	4,191,553	4,191,553			

(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 2007 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	.01/01/2007	CapitalCare, Inc.	3928 Pender Drive Suite 100, Fairfax, Va.	LRSL/G/A	4,000					
60113	52-1962376	.01/01/2006	FirstCare, Inc.	10455 Mill Run Circle, Owings Mills, MD.	QA/I/A	6,089,621			600,863		
96202	52-1358219	.01/01/2007	BlueChoice, Inc.	840 First Street NE, Washington, DC.	LRSL/G/A	10,000					
0199999 - Total - Affiliates						6,103,621			600,863		
0399999 Totals						6,103,621			600,863		

Schedule S - Part 2

**NONE**

Schedule S - Part 3 - Section 2

**NONE**

Schedule S - Part 4

**NONE**

Schedule S - Part 5

**NONE**

**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)
<b>ASSETS (Page 2, Col. 3)</b>			
1. Cash and invested assets (Line 10) .....	963,352,434		963,352,434
2. Accident and health premiums due and unpaid (Line 13).....	228,002,511		228,002,511
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).....	508,189,360		508,189,360
6. Total assets (Line 26)	1,699,544,305	0	1,699,544,305
<b>LIABILITIES, CAPITAL AND SURPLUS (Page 3)</b>			
7. Claims unpaid (Line 1).....	298,340,241	0	298,340,241
8. Accrued medical incentive pool and bonus payments (Line 2).....	0		0
9. Premiums received in advance (Line 8).....	64,973,791		64,973,791
10. Funds held under reinsurance treaties with authorized and unauthorized insurers (Line 17).....	0		0
11. Reinsurance in unauthorized companies (Line 18).....	0		0
12. All other liabilities (Balance).....	582,671,351		582,671,351
13. Total liabilities (Line 22).....	945,985,383	0	945,985,383
14. Total capital and surplus (Line 31).....	753,558,921	XXX	753,558,921
15. Total liabilities, capital and surplus (Line 32)	1,699,544,304	0	1,699,544,304
<b>NET CREDIT FOR CEDED REINSURANCE</b>			
16. Claims unpaid.....	0		
17. Accrued medical incentive pool.....	0		
18. Premiums received in advance .....	0		
19. Reinsurance recoverable on paid losses .....	0		
20. Other ceded reinsurance recoverables .....	0		
21. Total ceded reinsurance recoverables .....	0		
22. Premiums receivable .....	0		
23. Funds held under reinsurance treaties with authorized and unauthorized reinsurers .....	0		
24. Unauthorized reinsurance .....	0		
25. Other ceded reinsurance payables/offsets .....	0		
26. Total ceded reinsurance payables/offsets .....	0		
27. Total net credit for ceded reinsurance	0		

ANNUAL STATEMENT FOR THE YEAR 2007 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				4,759		4,759
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				4,610		4,610
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				8,623		8,623
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	17,992	0	17,992

**ANNUAL STATEMENT FOR THE YEAR 2007 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					179,958				179,958	
53007	53-0078070	Group Hospitalization & Medical Services, Inc					(32,129,701)	(467,863)			(32,597,564)	(96,714)
47058	52-1385894	CareFirst of Maryland, Inc					205,282,560	(808,437)			204,474,123	(480,170)
00000	52-1635265	CFS Health Group					(1,561)				(1,561)	
60113	52-1962376	First Care, Inc					(5,462,943)	1,130,336			(4,332,607)	576,884
00000	52-1187907	Willse & Associates					(1,247,682)				(1,247,682)	
11227	52-2362725	CapitalCare, Inc					(144,434)	170,964			26,530	
96202	52-1358219	CareFirst BlueChoice, Inc					(135,863,784)	(25,000)			(135,888,784)	
00000	52-1330940	National Capital Administrative Services, Inc					(556,073)				(556,073)	
00000	52-1118153	National Capital Insurance Agency, Inc					(1,183,921)				(1,183,921)	
00000	20-1907367	Service Benefit Plan Admin Services Corp					(28,872,419)				(28,872,419)	
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 confidential Risk-based Capital Report be filed with the NAIC by March 1? .....YES.....
- 4. Will the confidential 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? .....NO.....
- 13. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1? .....YES.....

**APRIL FILING**

- 14. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC 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.
- 15.
- 16.

**BAR CODE:**

10.   
5 3 0 0 7 2 0 0 7 2 0 5 0 0 0 0 0 0

11.   
5 3 0 0 7 2 0 0 7 2 0 7 0 0 0 0 0 0

12.   
5 3 0 0 7 2 0 0 7 4 2 0 0 0 0 0 0 0

15.   
5 3 0 0 7 2 0 0 7 2 1 1 5 9 0 0 0 0

16.   
5 3 0 0 7 2 0 0 7 2 1 3 0 0 0 0 0 0

**OVERFLOW PAGE FOR WRITE-INS**

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. Miscellaneous expenses.....	0	(22,752,390)	3,522,674	0	(19,229,716)
2505. Interest claims expenses.....	0	523,622	0	0	523,622
2506. Investment income return to retrospective groups.....	0	0	237,216	0	237,216
2507. ....					0
2508. ....					0
2509. ....					0
2597. Summary of remaining write-ins for Line 25 from Page 14	0	(22,228,768)	3,759,890	0	(18,468,878)



SUPPLEMENTAL EXHIBIT FOR THE YEAR 2007 OF THE Group Hospitalization and Medical Services, Inc.

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT

For The Year Ended December 31, 2007 (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 Christopher Ruff
Title Actuarial Assistant Telephone Number 410-998-7018

Table with 18 columns: 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, Policies Issued Through 2004 (Premiums Earned, Incurred Claims Amount, Percent of Premiums Earned, Number of Covered Lives), Policies Issued in 2005, 2006, 2007 (Premiums Earned, Incurred Claims Amount, Percent of Premiums Earned, Number of Covered Lives). Includes summary rows for 0199999 Total Experience on Individual Policies and 0299999 Total Experience on Group Policies.

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: Joseph Rampone 410-998-5370
4. Explain any policies identified above as policy type "O".

360.DC



**SUPPLEMENTAL EXHIBIT FOR THE YEAR 2007 OF THE Group Hospitalization and Medical Services, Inc.**

**MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT**

For The Year Ended December 31, 2007  
(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 Christopher Ruff .....  
 Title Actuarial Assistant ..... Telephone Number 410-998-7018

1	2	3	4	5	6	7	8	9	10	Policies Issued Through 2004				Policies Issued in 2005, 2006, 2007			
										11	12		14	15	16		18
											Incurring	Amount			Percent of Premiums Earned	Premiums Earned	
No	BlueCross BlueShield 65	P	No	0000000	01/01/1965		10/27/1993	06/30/1992	MD BCBS 65	2,361,097	1,422,552	60.2	1,030			0.0	
No	PR065-0790	P	No	0000000	08/24/1990		10/27/1993	06/30/1992	MD Protection 65	816,309	584,879	71.6	304			0.0	
Yes	Medigap Plan A (5/99) MD	A	No	0000000	06/24/1992		09/25/2000	12/31/1999	MD Supplement 65	81,984	70,055	85.4	42			0.0	
Yes	Medigap Plan C (5/99) MD	C	No	0000000	06/24/1992		09/25/2000	12/31/1999	MD Supplement 65	603,950	358,580	59.4	182			0.0	
Yes	Medigap Plan F (5/99) MD	F	No	0000000	06/24/1992		09/25/2000	12/31/1999	MD Supplement 65	1,453,054	1,006,068	69.2	426			0.0	
0199999 Total Experience on Individual Policies										5,316,394	3,442,134	64.7	1,984	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: Joseph Rampone 410-998-5370 .....
- Explain any policies identified above as policy type "O".  
 .....

360.MD



SUPPLEMENTAL EXHIBIT FOR THE YEAR 2007 OF THE Group Hospitalization and Medical Services, Inc.

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT

For The Year Ended December 31, 2007 (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 Christopher Ruff
Title Actuarial Assistant Telephone Number 410-998-7018

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: Joseph Rampone 410-998-5370
4. Explain any policies identified above as policy type "O".

360.VA



ANNUAL STATEMENT FOR THE YEAR 2007 OF THE Group Hospitalization and Medical Services, Inc.

**MEDICARE PART D COVERAGE SUPPLEMENT  
NET OF REINSURANCE**

For The Year Ended December 31, 2007  
(To Be Filed by March 1)

NAIC Group Code .....0380

NAIC Company Code .....53007

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected					
1.1 Standard Coverage					
1.11 With Reinsurance Coverage.....	6,047,147	XXX		XXX	6,047,147
1.12 Without Reinsurance Coverage.....		XXX		XXX	0
1.13 Risk-Corridor Payment Adjustments.....		XXX		XXX	0
1.2 Supplemental Benefits.....	42,474	XXX		XXX	42,474
2. Premiums Due and Uncollected-change					
2.1 Standard Coverage					
2.11 With Reinsurance Coverage.....		XXX		XXX	XXX
2.12 Without Reinsurance Coverage.....		XXX		XXX	XXX
2.2 Supplemental Benefits.....		XXX		XXX	XXX
3. Unearned Premium and Advance Premium-change					
3.1 Standard Coverage					
3.11 With Reinsurance Coverage.....		XXX		XXX	XXX
3.12 Without Reinsurance Coverage.....		XXX		XXX	XXX
3.2 Supplemental Benefits.....		XXX		XXX	XXX
4. Risk-Corridor Payment Adjustments-change					
4.1 Receivable.....		XXX		XXX	XXX
4.2 Payable.....		XXX		XXX	XXX
5. Earned Premiums					
5.1 Standard Coverage					
5.11 With Reinsurance Coverage.....	6,047,147	XXX		XXX	XXX
5.12 Without Reinsurance Coverage.....		XXX		XXX	XXX
5.13 Risk-Corridor Payment Adjustments.....		XXX		XXX	XXX
5.2 Supplemental Benefits.....	42,474	XXX		XXX	XXX
6. Total Premiums.....	6,089,621	XXX	0	XXX	6,089,621
7. Claims Paid					
7.1 Standard Coverage					
7.11 With Reinsurance Coverage.....	4,953,182	XXX		XXX	4,953,182
7.12 Without Reinsurance Coverage.....		XXX		XXX	0
7.2 Supplemental Benefits.....	101,388	XXX		XXX	101,388
8. Claim Reserves and Liabilities-change					
8.1 Standard Coverage					
8.11 With Reinsurance Coverage.....	(72,203)	XXX		XXX	XXX
8.12 Without Reinsurance Coverage.....		XXX		XXX	XXX
8.2 Supplemental Benefits.....	5,107	XXX		XXX	XXX
9. Health Care Receivables-change					
9.1 Standard Coverage					
9.11 With Reinsurance Coverage.....		XXX		XXX	XXX
9.12 Without Reinsurance Coverage.....		XXX		XXX	XXX
9.2 Supplemental Benefits.....		XXX		XXX	XXX
10. Claims Incurred					
10.1 Standard Coverage					
10.11 With Reinsurance Coverage.....	4,880,979	XXX	0	XXX	XXX
10.12 Without Reinsurance Coverage.....	0	XXX	0	XXX	XXX
10.2 Supplemental Benefits.....	106,495	XXX	0	XXX	XXX
11. Total Claims.....	4,987,474	XXX	0	XXX	5,054,571
12. Reinsurance Coverage and Low Income Cost Sharing					
12.1 Claims Paid – Net to Reimbursements Applied.....	XXX		XXX		0
12.2 Reimbursements Received but Not Applied-change.....	XXX		XXX		0
12.3 Reimbursements Receivable-change.....	XXX		XXX		XXX
12.4 Health Care Receivables-change.....	XXX		XXX		XXX
13. Aggregate Policy Reserves-change.....					XXX
14. Expenses Paid.....	1,511,623	XXX		XXX	1,511,623
15. Expenses Incurred.....	1,511,623	XXX		XXX	XXX
16. Underwriting Gain/Loss.....	(409,476)	XXX	0	XXX	XXX
17. Cash Flow Results.....	XXX	XXX	XXX	XXX	(476,572)

# ALPHABETICAL INDEX

([http://www.naic.org/committees\\_e\\_app\\_blanks.htm](http://www.naic.org/committees_e_app_blanks.htm))

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