



HEALTH ANNUAL STATEMENT

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

Aetna Health Inc. (a Maine corporation)

NAIC Group Code **0001** **0001** NAIC Company Code **95517** Employer's ID Number **01-0504252**
(Current Period) (Prior Period)

Organized under the Laws of **Maine**

State of Domicile or Port of Entry **Maine**

Country of Domicile **United States**

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

Date Incorporated or Organized **October 3, 1995** Date Commenced Business **April 10, 1996**

Statutory Home Office **One Monument Square, 4th Floor** **Portland** **ME** **04101**
(Street and Number) (City, State and Zip Code)

Main Administrative Office **980 Jolly Road, P.O. Box 1109**
(Street and Number)

..... **Blue Bell** **PA** **19422** **800-872-3862**
(City, State and Zip Code) (Area Code) (Telephone Number)

Mail Address **980 Jolly Road, U11S, P.O. Box 1109** **Blue Bell** **PA** **19422**
(Street and Number or P. O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records **980 Jolly Road, P.O. Box 1109**
(Street and Number)

..... **Blue Bell** **PA** **19422** **800-872-3862**
(City, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address **www.aetna.com**

Statutory Statement Contact **James David Weiss** **215-775-6508**
(Name) (Area Code) (Telephone Number) (Extension)

..... **Aetna.HMOReporting@aetna.com** **215-775-6790**
(E-mail Address) (Fax Number)

Policyowner Relations Contact ... **Plan Sponsor Services, 151 Farmington Avenue, Hartford, CT 06156** **800-247-5472**
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

OFFICERS

Charles Alan Peck, M.D., President
William Calvin Baskin III, Vice President and Secretary
James David Weiss, Contoller

OTHER Emanuel Francis Germano, Principal Financial Officer
Gordon William Grundy, M.D., Senior Medical Director
Russell Page Smith, Treasurer
Gregory Stephen Martino, Vice President
Kevin James Casey, Senior Investment Officer
Alicia Helene Bolton, Assistant Contoller

DIRECTORS OR TRUSTEES

Gordon William Grundy, M.D.

Charles Alan Peck, M.D.

Jane Snyder-Demaio

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 manuals except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)
Charles Alan Peck
President

(Signature)
William Calvin Baskin III
Vice President and Secretary@

(Signature)
James David Weiss
Contoller@@

State of..... Connecticut
County of..... Middlesex
Subscribed and sworn to before me this
day of _____ 2005

State of..... Connecticut
County of..... Hartford
@Subscribed and sworn to before me this
day of _____ 2005

State of..... Pennsylvania
County of..... Montgomery
@@Subscribed and sworn to before me this
day of _____ 2005

NOTARY PUBLIC (Seal)

NOTARY PUBLIC (Seal)

NOTARY PUBLIC (Seal)

- 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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	27,516,463	0	27,516,463	46,124,370
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	0	0	0	0
2.2 Common stocks.....	0	0	0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	0	0	0	0
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	0	0	0	0
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$.....0, Sch. E-Part 1), cash equivalents (\$.....12,252,614, Sch. E-Part 2) and short-term investments (\$.....13,893, Sch. DA).....	12,266,507	0	12,266,507	8,178,199
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Other invested assets (Schedule BA).....	0	0	0	0
8. Receivable for securities.....	0	0	0	0
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	39,782,970	0	39,782,970	54,302,569
11. Investment income due and accrued.....	289,844	0	289,844	446,961
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in course of collection.....	1,503,962	792,282	711,680	1,459,787
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	0	0	0	0
12.3 Accrued retrospective premiums.....	0	0	0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers.....	0	0	0	0
13.2 Funds held by or deposited with reinsured companies.....	0	0	0	0
13.3 Other amounts receivable under reinsurance contracts.....	0	0	0	0
14. Amounts receivable relating to uninsured plans.....	0	0	0	0
15.1 Current federal and foreign income tax recoverable and interest thereon.....	277,064	0	277,064	480,984
15.2 Net deferred tax asset.....	5,901,049	4,803,037	1,098,012	975,618
16. Guaranty funds receivable or on deposit.....	0	0	0	0
17. Electronic data processing equipment and software.....	0	0	0	0
18. Furniture and equipment, including health care delivery assets (\$.....0).....	0	0	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
20. Receivables from parent, subsidiaries and affiliates.....	0	0	0	0
21. Health care (\$.....696,319) and other amounts receivable.....	696,319	0	696,319	611,652
22. Other assets nonadmitted.....	0	0	0	0
23. Aggregate write-ins for other than invested assets.....	47,444	0	47,444	112,000
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	48,498,652	5,595,319	42,903,333	58,389,571
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. TOTALS (Lines 24 and 25).....	48,498,652	5,595,319	42,903,333	58,389,571

DETAILS OF WRITE-INS

0901.....	0	0	0	0
0902.....	0	0	0	0
0903.....	0	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	0
2301. Current state income tax receivable.....	47,444	0	47,444	112,000
2302.....	0	0	0	0
2303.....	0	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	47,444	0	47,444	112,000

Statement as of December 31, 2004 of the **Aetna Health Inc. (a Maine corporation)**
LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	17,687,727	676,865	18,364,592	17,589,423
2. Accrued medical incentive pool and bonus amounts.....	0	0	0	0
3. Unpaid claims adjustment expenses.....	447,834	0	447,834	436,761
4. Aggregate health policy reserves.....	0	0	0	0
5. Aggregate life policy reserves.....	0	0	0	0
6. Property/casualty unearned premium reserve.....	0	0	0	0
7. Aggregate health claim reserves.....	846,086	0	846,086	834,117
8. Premiums received in advance.....	218,098	0	218,098	301,726
9. General expenses due or accrued.....	1,599	0	1,599	55,559
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....	0	0	0	0
10.2 Net deferred tax liability.....	0	0	0	0
11. Ceded reinsurance premiums payable.....	31,913	0	31,913	30,166
12. Amounts withheld or retained for the account of others.....	0	0	0	0
13. Remittances and items not allocated.....	0	0	0	0
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates.....	4,371,526	0	4,371,526	1,430,375
16. Payable for securities.....	0	0	0	5,040,916
17. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers).....	0	0	0	0
18. Reinsurance in unauthorized companies.....	0	0	0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0	0	0
20. Liability for amounts held under uninsured accident and health plans.....	0	0	0	0
21. Aggregate write-ins for other liabilities (including \$.....0 current).....	0	0	0	0
22. Total liabilities (Lines 1 to 21).....	23,604,783	676,865	24,281,648	25,719,043
23. Common capital stock.....	XXX	XXX	1,000,000	1,000,000
24. Preferred capital stock.....	XXX	XXX	0	0
25. Gross paid in and contributed surplus.....	XXX	XXX	21,800,000	43,500,000
26. Surplus notes.....	XXX	XXX	0	0
27. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
28. Unassigned funds (surplus).....	XXX	XXX	(4,178,315)	(11,829,472)
29. Less treasury stock at cost:				
29.1 ....0.000 shares common (value included in Line 23 \$.....0).....	XXX	XXX	0	0
29.2 ....0.000 shares preferred (value included in Line 24 \$.....0).....	XXX	XXX	0	0
30. Total capital and surplus (Lines 23 to 28 minus Line 29).....	XXX	XXX	18,621,685	32,670,528
31. Total liabilities, capital and surplus (Lines 22 and 30).....	XXX	XXX	42,903,333	58,389,571

DETAILS OF WRITE-INS

2101.	0	0	0	0
2102.	0	0	0	0
2103.	0	0	0	0
2198. Summary of remaining write-ins for Line 21 from overflow page.....	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above).....	0	0	0	0
2701.	XXX	XXX	0	0
2702.	XXX	XXX	0	0
2703.	XXX	XXX	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page.....	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX	566,630	491,955
2. Net premium income (including \$.....0 non-health premium income).....	XXX	172,588,439	149,329,210
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	0	0
4. Fee-for-service (net of \$.....0 medical expenses).....	XXX	0	0
5. Risk revenue.....	XXX	0	0
6. Aggregate write-ins for other health care related revenues.....	XXX	0	0
7. Aggregate write-ins for other non-health revenues.....	XXX	0	0
8. Total revenues (Lines 2 to 7).....	XXX	172,588,439	149,329,210
Hospital and Medical:			
9. Hospital/medical benefits.....	1,979,592	114,646,028	96,190,818
10. Other professional services.....	0	0	0
11. Outside referrals.....	2,579,849	2,579,849	2,482,909
12. Emergency room and out-of-area.....	232,596	5,814,901	4,418,228
13. Prescription drugs.....	0	17,498,938	14,759,302
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....	0	0	0
16. Subtotal (Lines 9 to 15).....	4,792,037	140,539,716	117,851,257
Less:			
17. Net reinsurance recoveries.....	0	0	0
18. Total hospital and medical (Lines 16 minus 17).....	4,792,037	140,539,716	117,851,257
19. Non-health claims.....	0	0	0
20. Claims adjustment expenses, including \$.....1,206,791 cost containment expenses.....	0	3,794,572	3,535,538
21. General administrative expenses.....	0	19,385,548	15,551,044
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....	0	0	0
23. Total underwriting deductions (Lines 18 through 22).....	4,792,037	163,719,836	136,937,839
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	8,868,603	12,391,371
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	0	1,832,213	1,494,379
26. Net realized capital gains or (losses).....	0	66,662	68,705
27. Net investment gains or (losses) (Lines 25 plus 26).....	0	1,898,875	1,563,084
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....	0	0	0
29. Aggregate write-ins for other income or expenses.....	0	0	0
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	10,767,478	13,954,455
31. Federal and foreign income taxes incurred.....	XXX	2,853,529	4,634,505
32. Net income (loss) (Lines 30 minus 31).....	XXX	7,913,949	9,319,950

DETAILS OF WRITE-INS

0601.	XXX	0	0
0602.	XXX	0	0
0603.	XXX	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	XXX	0	0
0701.	XXX	0	0
0702.	XXX	0	0
0703.	XXX	0	0
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	XXX	0	0
1401.	0	0	0
1402.	0	0	0
1403.	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	0	0	0
2901.	0	0	0
2902.	0	0	0
2903.	0	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	32,670,528	32,612,107
GAINS AND LOSSES TO CAPITAL & SURPLUS		
34. Net income or (loss) from Line 32.....	7,913,949	9,319,950
35. Change in valuation basis of aggregate policy and claim reserves.....	0	0
36. Net unrealized capital gains and losses.....	0	0
37. Change in net unrealized foreign exchange capital gain or (loss).....	0	0
38. Change in net deferred income tax.....	(778,385)	(696,915)
39. Change in nonadmitted assets.....	515,593	635,386
40. Change in unauthorized reinsurance.....	0	0
41. Change in treasury stock.....	0	0
42. Change in surplus notes.....	0	0
43. Cumulative effect of changes in accounting principles.....	0	0
44. Capital changes:		
44.1 Paid in.....	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....	0	0
45. Surplus adjustments:		
45.1 Paid in.....	(21,700,000)	(9,200,000)
45.2 Transferred to capital (Stock Dividend).....	0	0
45.3 Transferred from capital.....	0	0
46. Dividends to stockholders.....	0	0
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	(14,048,843)	58,421
49. Capital and surplus end of reporting period (Line 33 plus 48).....	18,621,685	32,670,528

DETAILS OF WRITE-INS

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

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	172,869,480	149,310,806
2. Net investment income.....	2,099,716	1,370,999
3. Miscellaneous income.....	(84,667)	0
4. Total (Lines 1 through 3).....	174,884,529	150,681,805
5. Benefit and loss related payments.....	139,752,578	114,140,906
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	23,223,007	19,079,424
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) \$.....0 net of tax on capital gains (losses).....	2,649,610	6,521,847
10. Total (Lines 5 through 9).....	165,625,195	139,742,177
11. Net cash from operations (Line 4 minus Line 10).....	9,259,334	10,939,628
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	33,110,451	36,590,162
12.2 Stocks.....	0	0
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(3)	(170)
12.7 Miscellaneous proceeds.....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	33,110,448	36,589,992
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	14,546,265	62,573,678
13.2 Stocks.....	0	0
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	5,040,916	5,164,477
13.7 Total investments acquired (Lines 13.1 to 13.6).....	19,587,181	67,738,155
14. Net increase (decrease) in policy loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14).....	13,523,267	(31,148,163)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	(21,700,000)	(9,200,000)
16.3 Borrowed funds received.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	3,005,707	(4,996,502)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(18,694,293)	(14,196,502)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17).....	4,088,308	(34,405,037)
19. Cash and short-term investments:		
19.1 Beginning of year.....	8,178,199	42,583,236
19.2 End of period (Line 18 plus Line 19.1).....	12,266,507	8,178,199
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical).....	172,985,080	0	396,641	172,588,439
2. Medicare supplement.....	0	0	0	0
3. Dental only.....	0	0	0	0
4. Vision only.....	0	0	0	0
5. Federal employees health benefits plan.....	0	0	0	0
6. Title XVIII - Medicare.....	0	0	0	0
7. Title XIX - Medicaid.....	0	0	0	0
8. Stop loss.....	0	0	0	0
9. Disability income.....	0	0	0	0
10. Long-term care.....	0	0	0	0
11. Other health.....	0	0	0	0
12. Health subtotal (Lines 1 through 11).....	172,985,080	0	396,641	172,588,439
13. Life.....	0	0	0	0
14. Property/casualty.....	0	0	0	0
15. Totals (Lines 12 to 14).....	172,985,080	0	396,641	172,588,439

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct.....	139,752,578	139,752,578	0	0	0	0	0	0	0	0	0	0	0
1.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
1.4 Net.....	139,752,578	139,752,578	0	0	0	0	0	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses.....	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct.....	18,364,592	18,364,592	0	0	0	0	0	0	0	0	0	0	0
3.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net.....	18,364,592	18,364,592	0	0	0	0	0	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct.....	846,086	846,086	0	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	846,086	846,086	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Amounts recoverable from reinsurers December 31, current year.....	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Claim liability December 31, prior year from Part 2A:													
7.1 Direct.....	17,589,423	17,589,423	0	0	0	0	0	0	0	0	0	0	0
7.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
7.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
7.4 Net.....	17,589,423	17,589,423	0	0	0	0	0	0	0	0	0	0	0
8. Claim reserve December 31, prior year from Part 2D:													
8.1 Direct.....	834,117	834,117	0	0	0	0	0	0	0	0	0	0	0
8.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net.....	834,117	834,117	0	0	0	0	0	0	0	0	0	0	0
9. Accrued medical incentive pools and bonuses, prior year.....	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Amounts recoverable from reinsurers December 31, prior year.....	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Incurred benefits:													
11.1 Direct.....	140,539,716	140,539,716	0	0	0	0	0	0	0	0	0	0	0
11.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
11.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
11.4 Net.....	140,539,716	140,539,716	0	0	0	0	0	0	0	0	0	0	0
12. Incurred medical incentive pools and bonuses.....	0	0	0	0	0	0	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in process of adjustment:													
1.1 Direct.....	1,407,753	1,407,753	0	0	0	0	0	0	0	0	0	0	0
1.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
1.4 Net.....	1,407,753	1,407,753	0	0	0	0	0	0	0	0	0	0	0
2. Incurred but unreported:													
2.1 Direct.....	16,956,839	16,956,839	0	0	0	0	0	0	0	0	0	0	0
2.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
2.4 Net.....	16,956,839	16,956,839	0	0	0	0	0	0	0	0	0	0	0
3. Amounts withheld from paid claims and capitations:													
3.1 Direct.....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net.....	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Totals:													
4.1 Direct.....	18,364,592	18,364,592	0	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	18,364,592	18,364,592	0	0	0	0	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical).....	17,236,188	122,516,390	811,381	18,399,297	18,047,569	18,423,540
2. Medicare supplement.....	0	0	0	0	0	0
3. Dental only.....	0	0	0	0	0	0
4. Vision only.....	0	0	0	0	0	0
5. Federal employees health benefits plan.....	0	0	0	0	0	0
6. Title XVIII - Medicare.....	0	0	0	0	0	0
7. Title XIX - Medicaid.....	0	0	0	0	0	0
8. Other health.....	0	0	0	0	0	0
9. Health subtotal (Lines 1 to 8).....	17,236,188	122,516,390	811,381	18,399,297	18,047,569	18,423,540
10. Other non-health.....	0	0	0	0	0	0
11. Medical incentive pools and bonus amounts.....	0	0	0	0	0	0
12. Totals (Lines 9 to 11).....	17,236,188	122,516,390	811,381	18,399,297	18,047,569	18,423,540

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior.....	143,328	143,500	143,483	143,491	143,491
2. 2000.....	126,980	151,119	151,893	151,839	155,728
3. 2001.....	.XXX	162,590	179,360	179,557	179,718
4. 2002.....	.XXX	.XXX	123,853	135,600	135,965
5. 2003.....	.XXX	.XXX	.XXX	102,243	115,064
6. 2004.....	.XXX	.XXX	.XXX	.XXX	122,516

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior.....	143,597	143,571	143,529	143,491	143,491
2. 2000.....	155,662	151,677	152,062	151,894	155,728
3. 2001.....	.XXX	187,070	180,128	179,749	179,800
4. 2002.....	.XXX	.XXX	137,585	136,061	136,131
5. 2003.....	.XXX	.XXX	.XXX	119,959	115,627
6. 2004.....	.XXX	.XXX	.XXX	.XXX	140,916

12.GT

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2000.....	150,212	155,728	770	0.5	156,498	104.2	0	0	156,498	104.2
2. 2001.....	194,086	179,718	5,325	3.0	185,043	95.3	82	2	185,127	95.4
3. 2002.....	164,454	135,965	3,955	2.9	139,920	85.1	167	4	140,091	85.2
4. 2003.....	149,329	115,064	3,491	3.0	118,555	79.4	563	14	119,132	79.8
5. 2004.....	172,588	122,516	3,269	2.7	125,785	72.9	18,399	428	144,612	83.8

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior.....	124,333	124,505	124,488	124,496	124,496
2. 2000.....	115,912	137,261	138,035	137,981	141,870
3. 2001.....	.XXX	162,590	179,360	179,557	179,718
4. 2002.....	.XXX	.XXX	123,853	135,600	135,965
5. 2003.....	.XXX	.XXX	.XXX	102,243	115,064
6. 2004.....	.XXX	.XXX	.XXX	.XXX	122,516

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior.....	124,557	124,576	124,534	124,496	124,496
2. 2000.....	142,698	137,819	138,204	138,036	141,870
3. 2001.....	.XXX	187,070	180,128	179,749	179,800
4. 2002.....	.XXX	.XXX	137,585	136,061	136,131
5. 2003.....	.XXX	.XXX	.XXX	119,959	115,627
6. 2004.....	.XXX	.XXX	.XXX	.XXX	140,916

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2000.....	139,594	141,870	770	0.5	142,640	102.2	0	0	142,640	102.2
2. 2001.....	194,086	179,718	5,325	3.0	185,043	95.3	82	2	185,127	95.4
3. 2002.....	164,454	135,965	3,955	2.9	139,920	85.1	167	4	140,091	85.2
4. 2003.....	149,329	115,064	3,491	3.0	118,555	79.4	563	14	119,132	79.8
5. 2004.....	172,588	122,516	3,269	2.7	125,785	72.9	18,399	428	144,612	83.8

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare Supp.
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Dental
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Dental
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Dental
NONE**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Vision
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Vision
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Vision
NONE**

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior.....	2,601	2,601	2,601	2,601	2,601
2. 2000.....	2,236	2,728	2,728	2,728	2,728
3. 2001.....	.XXX	.0	.0	.0	.0
4. 2002.....	.XXX	.XXX	.0	.0	.0
5. 2003.....	.XXX	.XXX	.XXX	.0	.0
6. 2004.....	.XXX	.XXX	.XXX	.XXX	.0

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

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior.....	2,605	2,601	2,601	2,601	2,601
2. 2000.....	2,724	2,728	2,728	2,728	2,728
3. 2001.....	.XXX	.0	.0	.0	.0
4. 2002.....	.XXX	.XXX	.0	.0	.0
5. 2003.....	.XXX	.XXX	.XXX	.0	.0
6. 2004.....	.XXX	.XXX	.XXX	.XXX	.0

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2000.....	2,546	2,728	.0	0.0	2,728	107.1	.0	.0	2,728	107.1
2. 2001.....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
3. 2002.....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
4. 2003.....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
5. 2004.....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0

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UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior.....	5,422	5,422	5,422	5,422	5,422
2. 2000.....	7,684	9,785	9,785	9,785	9,785
3. 2001.....	.XXX	.0	.0	.0	.0
4. 2002.....	.XXX	.XXX	.0	.0	.0
5. 2003.....	.XXX	.XXX	.XXX	.0	.0
6. 2004.....	.XXX	.XXX	.XXX	.XXX	.0

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior.....	5,432	5,422	5,422	5,422	5,422
2. 2000.....	8,965	9,785	9,785	9,785	9,785
3. 2001.....	.XXX	.0	.0	.0	.0
4. 2002.....	.XXX	.XXX	.0	.0	.0
5. 2003.....	.XXX	.XXX	.XXX	.0	.0
6. 2004.....	.XXX	.XXX	.XXX	.XXX	.0

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2000.....	7,697	9,785	.0	0.0	9,785	127.1	.0	.0	9,785	127.1
2. 2001.....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
3. 2002.....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
4. 2003.....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
5. 2004.....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0

12.XV

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior.....	10,972	10,972	10,972	10,972	10,972
2. 2000.....	1,148	1,345	1,345	1,345	1,345
3. 2001.....	.XXX	.0	.0	.0	.0
4. 2002.....	.XXX	.XXX	.0	.0	.0
5. 2003.....	.XXX	.XXX	.XXX	.0	.0
6. 2004.....	.XXX	.XXX	.XXX	.XXX	.0

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior.....	11,003	10,972	10,972	10,972	10,972
2. 2000.....	1,275	1,345	1,345	1,345	1,345
3. 2001.....	.XXX	.0	.0	.0	.0
4. 2002.....	.XXX	.XXX	.0	.0	.0
5. 2003.....	.XXX	.XXX	.XXX	.0	.0
6. 2004.....	.XXX	.XXX	.XXX	.XXX	.0

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2000.....	375	1,345	.0	0.0	1,345	358.7	.0	.0	1,345	358.7
2. 2001.....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
3. 2002.....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
4. 2003.....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
5. 2004.....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior.....	NONE	0	0	0	0
2. 2000.....	0	0	0	0	0
3. 2001.....	.XXX	0	0	0	0
4. 2002.....	.XXX	.XXX	0	0	0
5. 2003.....	.XXX	.XXX	.XXX	0	0
6. 2004.....	.XXX	.XXX	.XXX	.XXX	0

SECTION B - INCURRED HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior.....	NONE	0	0	0	0
2. 2000.....	0	0	0	0	0
3. 2001.....	.XXX	0	0	0	0
4. 2002.....	.XXX	.XXX	0	0	0
5. 2003.....	.XXX	.XXX	.XXX	0	0
6. 2004.....	.XXX	.XXX	.XXX	.XXX	0

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2000.....	0	0	0	0.0	0	0.0	0	0	0	0.0
2. 2001.....	0	0	0	0.0	0	0.0	0	0	0	0.0
3. 2002.....	0	0	0	0.0	0	0.0	0	0	0	0.0
4. 2003.....	0	0	0	0.0	0	0.0	0	0	0	0.0
5. 2004.....	0	0	0	0.0	0	0.0	0	0	0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves.....	0	0	0	0	0	0	0	0	0	0	0	0
2. Additional policy reserves (a).....	0	0	0	0	0	0	0	0	0	0	0	0
3. Reserve for future contingent benefits.....	0	0	0	0	0	0	0	0	0	0	0	0
4. Reserve for rate credits or experience rating refunds (including \$.....0) for investment income.....	0	0	0	0	0	0	0	0	0	0	0	0
5. Aggregate write-ins for other policy reserves.....	0	0	0	0	0	0	0	0	0	0	0	0
6. Totals (gross).....	0	0	0	0	0	0	0	0	0	0	0	0
7. Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0
8. Totals (net) (Page 3, Line 4).....	0	0	0	0	0	0	0	0	0	0	0	0
CLAIM RESERVE												
9. Present value of amounts not yet due on claims.....	0	0	0	0	0	0	0	0	0	0	0	0
10. Reserve for future contingent benefits.....	846,086	846,086	0	0	0	0	0	0	0	0	0	0
11. Aggregate write-ins for other claim reserves.....	0	0	0	0	0	0	0	0	0	0	0	0
12. Totals (gross).....	846,086	846,086	0	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0	0	0
14. Totals (net) (Page 3, Line 7).....	846,086	846,086	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
0501.	0	0	0	0	0	0	0	0	0	0	0	0
0502.	0	0	0	0	0	0	0	0	0	0	0	0
0503.	0	0	0	0	0	0	0	0	0	0	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	0	0	0	0	0	0	0	0	0	0
1101.	0	0	0	0	0	0	0	0	0	0	0	0
1102.	0	0	0	0	0	0	0	0	0	0	0	0
1103.	0	0	0	0	0	0	0	0	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT**PART 3 - ANALYSIS OF EXPENSES**

	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	3 General Administrative Expenses	4 Investment Expenses	5 Total
1. Rent (\$.....0 for occupancy of own building).....	0	155,577	586,529	0	742,106
2. Salaries, wages and other benefits.....	1,145,244	1,070,786	8,341,953	0	10,557,983
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....	0	0	3,755,509	0	3,755,509
4. Legal fees and expenses.....	24,136	17,604	165,652	0	207,392
5. Certifications and accreditation fees.....	0	0	0	0	0
6. Auditing, actuarial and other consulting services.....	0	3,795	18,694	0	22,489
7. Traveling expenses.....	0	72,097	265,224	0	337,321
8. Marketing and advertising.....	0	0	584,690	0	584,690
9. Postage, express and telephone.....	0	170,756	638,815	0	809,571
10. Printing and office supplies.....	0	45,535	179,346	0	224,881
11. Occupancy, depreciation and amortization.....	0	41,740	161,758	0	203,498
12. Equipment.....	0	75,891	283,918	0	359,809
13. Cost or depreciation of EDP equipment and software.....	0	132,810	496,856	0	629,666
14. Outsourced services including EDP, claims, and other services.....	27,756	473,127	1,882,884	0	2,383,767
15. Boards, bureaus and association fees.....	1,207	2,588	18,694	0	22,489
16. Insurance, except on real estate.....	6,034	115,392	440,776	0	562,202
17. Collection and bank service charges.....	0	11,384	33,592	0	44,976
18. Group service and administration fees.....	2,414	1,381	18,694	0	22,489
19. Reimbursements by uninsured accident and health plans.....	0	0	0	0	0
20. Reimbursements from fiscal intermediaries.....	0	0	0	0	0
21. Real estate expenses.....	0	37,946	141,959	0	179,905
22. Real estate taxes.....	0	7,589	14,899	0	22,488
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....	0	0	259,556	0	259,556
23.2 State premium taxes.....	0	0	0	0	0
23.3 Regulatory authority licenses and fees.....	0	0	70,948	0	70,948
23.4 Payroll taxes.....	0	140,399	534,243	0	674,642
23.5 Other (excluding federal income and real estate taxes).....	0	11,384	38,394	0	49,778
24. Investment expenses not included elsewhere.....	0	0	0	0	0
25. Aggregate write-ins for expenses.....	0	0	451,965	0	451,965
26. Total expenses incurred (Lines 1 to 25).....	1,206,791	2,587,781	19,385,548	0	(a).....23,180,120
27. Less expenses unpaid December 31, current year.....	142,425	305,409	1,599	0	449,433
28. Add expenses unpaid December 31, prior year.....	138,903	297,858	55,559	0	492,320
29. Amounts receivable relating to uninsured accident and health plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured accident and health plans, current year.....	0	0	0	0	0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	1,203,269	2,580,230	19,439,508	0	23,223,007

DETAILS OF WRITE-INS

2501. Pharmacy Rebate Fee.....	0	0	288,297	0	288,297
2502. Miscellaneous Expense.....	0	0	89,783	0	89,783
2503. Bad Debt Expense.....	0	0	73,532	0	73,532
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	353	0	353
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	0	451,965	0	451,965

(a) Includes management fees of \$.....22,488,080 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....727,632	.....577,713
1.1 Bonds exempt from U.S. tax.....	(a).....0	.....0
1.2 Other bonds (unaffiliated).....	(a).....1,145,365	.....1,138,167
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....0	.....0
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....0
2.21 Common stocks of affiliates.....	.....0	.....0
3. Mortgage loans.....	(c).....0	.....0
4. Real estate.....	(d).....0	.....0
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....77,928	.....77,928
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....0	.....0
9. Aggregate write-ins for investment income.....	.....38,405	.....38,405
10. Total gross investment income.....	.....1,989,330	.....1,832,213
11. Investment expenses.....		(g).....0
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....0
14. Depreciation on real estate and other invested assets.....		(i).....0
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....0
17. Net investment income (Line 10 minus Line 16).....		.....1,832,213

DETAILS OF WRITE-INS

0901. Intercompany Interest Income.....	.....38,245	.....38,245
0902. Miscellaneous Interest Income.....	.....160	.....160
0903. ....	.....0	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....38,405	.....38,405
1501. ....		.....0
1502. ....		.....0
1503. ....		.....0
1598. Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		.....0

- (a) Includes \$.....34,031 accrual of discount less \$.....144,419 amortization of premium and less \$.....18,255 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....75,891 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1. U.S. government bonds.....	.....129,808	.....0	.....0	.....129,808
1.1 Bonds exempt from U.S. tax.....	.....0	.....0	.....0	.....0
1.2 Other bonds (unaffiliated).....	.....(63,143)	.....0	.....0	.....(63,143)
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....0	.....0	.....0	.....0
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....0	.....0	.....0
2.21 Common stocks of affiliates.....	.....0	.....0	.....0	.....0
3. Mortgage loans.....	.....0	.....0	.....0	.....0
4. Real estate.....	.....0	.....0	.....0	.....0
5. Contract loans.....	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	.....(3)	.....0	.....0	.....(3)
7. Derivative instruments.....	.....0	.....0	.....0	.....0
8. Other invested assets.....	.....0	.....0	.....0	.....0
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....66,662	.....0	.....0	.....66,662

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	0	0	0
2.2 Common stocks.....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Sch. DA).....	0	0	0
6. Contract loans.....	0	0	0
7. Other invested assets (Schedule BA).....	0	0	0
8. Receivable for securities.....	0	0	0
9. Aggregate write-ins for invested assets.....	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	0	0	0
11. Investment income due and accrued.....	0	0	0
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in course of collection.....	792,282	407,097	(385,185)
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
12.3 Accrued retrospective premiums.....	0	0	0
13. Reinsurance:			
13.1 Amounts recoverable from reinsurers.....	0	0	0
13.2 Funds held by or deposited with reinsured companies.....	0	0	0
13.3 Other amounts receivable under reinsurance contracts.....	0	0	0
14. Amounts receivable relating to uninsured plans.....	0	0	0
15.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0
15.2 Net deferred tax asset.....	4,803,037	5,703,815	900,778
16. Guaranty funds receivable or on deposit.....	0	0	0
17. Electronic data processing equipment and software.....	0	0	0
18. Furniture and equipment, including health care delivery assets.....	0	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0
20. Receivable from parent, subsidiaries and affiliates.....	0	0	0
21. Health care and other amounts receivable.....	0	0	0
22. Other assets nonadmitted.....	0	0	0
23. Aggregate write-ins for other than invested assets.....	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	5,595,319	6,110,912	515,593
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. TOTALS (Lines 24 and 25).....	5,595,319	6,110,912	515,593

DETAILS OF WRITE-INS

0901.....	0	0	0
0902.....	0	0	0
0903.....	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0
2301.....	0	0	0
2302.....	0	0	0
2303.....	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....	39,804	44,019	44,187	43,572	42,413	523,322
2. Provider service organizations.....	0	0	0	0	0	0
3. Preferred provider organizations.....	0	0	0	0	0	0
4. Point of service.....	3,291	3,793	3,686	3,407	3,178	43,308
5. Indemnity only.....	0	0	0	0	0	0
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total.....	43,095	47,812	47,873	46,979	45,591	566,630

DETAILS OF WRITE-INS

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Accounting Practices

The accompanying financial statements of Aetna Health Inc. (a Maine corporation) (the Company), indirectly a wholly-owned subsidiary of Aetna Inc. (Aetna), have been prepared in conformity with accounting practices prescribed and permitted by the Maine Department of Professional and Financial Regulation, Bureau of Insurance. Such practices vary from accounting principles generally accepted in the United States of America (GAAP) principally in that certain assets reportable under GAAP are "non-admitted" and have been excluded from the accompanying statements of assets, liabilities, capital and surplus and charged directly to net worth, certain investments which would be carried at estimated fair value under GAAP are carried at amortized cost in the accompanying statements of assets, liabilities, capital and surplus, and changes in net deferred tax assets and liabilities are reflected as changes in surplus. Under GAAP, such deferred tax changes are reflected in operations.

The Maine Department of Professional and Financial Regulation, Bureau of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Maine for determining and reporting the financial condition and results of operations of an insurance company. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Maine.

The Company's net income (loss) and capital and surplus as stated on a NAIC SAP basis and on the basis of practices prescribed or permitted by the State of Maine are the same at December 31, 2004 and 2003.

Use of Estimates in the Preparation of the Financial Statements

The preparation of the financial statements in conformity with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates.

Significant Accounting Policies

The Company uses the following accounting principles:

Cash, cash equivalents and short-term investments

Cash and cash equivalents consist of all highly liquid instruments which mature within three months from the date of purchase. Short-term investments consist primarily of investments purchased with an original maturity of 91 days to one year. The carrying amounts of cash and cash equivalents and short-term investments reported in the accompanying statements of assets, liabilities, capital and surplus approximate fair value.

Bonds

Bonds, which include special deposits, are carried at amortized cost except for those bonds with a NAIC designation of 3 through 6 which are reported at the lower of amortized cost or fair value. Bond premiums and discounts are amortized using the effective interest method. Fair values of bonds are based on NAIC values. NAIC values are based on the unit prices published by the Securities Valuation Office (SVO) of the NAIC unless the SVO publishes the amortized cost as the unit price, in which case fair values are based on quoted market prices, where available. The cost of bonds sold is based on the specific identification method. Bonds include all investments whose maturity is greater than one year when purchased.

Declines deemed to be other-than-temporary impairments in the cost basis are recognized as realized capital losses.

Securities Lending

The Company loans certain securities from its portfolio to other institutions for short periods of time. Restricted use collateral, primarily cash, which is required at a rate of 102% of the market value of the loaned domestic securities, is deposited by the borrower with a lending agent, and retained and invested by the lending agent to generate additional income for the Company. The market value of the loaned securities is monitored on a daily basis, with additional collateral obtained or refunded as the market value of the loan securities fluctuates.

At December 31, 2004, the Company had loaned securities (which are reflected as bonds on the Statutory Statements of Admitted Assets) with a fair value of approximately \$2,480,000. The Company had no loaned securities at December 31, 2003.

NOTES TO FINANCIAL STATEMENTS

Premiums and amounts due and unpaid

Premium revenue for prepaid health care is recognized as income in the month in which the enrollees are entitled to health care services. Premiums collected in advance are reported as premiums received in advance.

Non-admitted amounts consist of all premiums receivable greater than 90 days due, with the exception of amounts due under government insured plans, which are admitted assets. In addition, for any customer in which the premiums receivable which are greater than 90 days due is more than a de minimus portion of the entire premiums receivable balance for that customer, the entire premiums receivable balance for that customer is non-admitted. Management also performs a specific review of accounts and based on the results of the review, consideration is given to non-admitting additional amounts. After the calculation of the non-admitted amounts, the Company evaluates the remaining admitted assets, including those due from government insured plans, and if it is probable that any additional amounts are uncollectible, those uncollectible amounts are written off and charged to revenue in the period the determination is made. Uncollectible amounts are generally written off and charged to revenue in the period in which the customer reconciliations are completed and agreed to by the customer (retroactivity) or when the account is determined to be uncollectible (bad debt).

Hospital and medical costs and claims adjustment expenses and related reserves

Hospital and medical costs consist principally of medical claims and capitation costs. Claims unpaid include estimates of payments to be made on claims reported as of the statements of assets, liabilities, capital and surplus date and estimates of health care services incurred but not reported to the Company as of the statements of assets, liabilities, capital and surplus date. Such estimates are developed using actuarial principles and assumptions which consider, among other things, contracted requirements, historical utilization trends and payment patterns, medical inflation, product mix, seasonality and other relevant factors. Changes in estimates are recorded in hospital and medical costs in current earnings in the period they are determined. Capitation costs represent monthly fees paid to participating physicians and other medical providers for providing continuing medical care.

The Company uses the triangulation method to estimate the required claims incurred but not reported reserves. The method of triangulation makes estimates of completion factors which are then applied to the total paid claims net of coordination of benefits to date for each incurral month. This provides an estimate of the total projected incurred claims and total amount outstanding or claims incurred but not reported (claims unpaid). Consideration is also given to changes in turnaround time and claim processing which may impact the completion factors.

Claims adjustment expenses represent costs incurred related to the claim settlement process such as costs to record, process and adjust claims. These expenses, which are included in the Company's management agreement described in Note 10, are calculated using a percentage of current hospital and medical costs, which is based on historical cost experience.

For the most current dates of service where there is insufficient paid claim data to rely solely on the completion factor method, the Company examines cost and utilization trends as well as environmental factors, plan changes, provider contracts, membership changes, and historical seasonal patterns to estimate the reserve required for these months.

Aggregate health policy reserves and related expenses

Premium deficiency reserves (PDR) are recognized when it is probable that the expected future medical costs, including maintenance costs, will exceed anticipated future premiums and reinsurance recoveries on existing contracts. Contracts are grouped in a manner consistent with the method of acquiring, servicing and measuring the profitability of such contracts. The Company considered anticipated investment income when calculating its premium deficiency reserves. There were no PDR balances at December 31, 2004 or 2003.

Aggregate health claim reserves

The reserve for future contingent benefits includes the estimated cost of services which will continue to be incurred after the statements of assets, liabilities, capital and surplus date if the Company is obligated to pay for such services in accordance with contract provisions or regulatory requirements. These balances are recorded in aggregate claim reserves on the statements of assets, liabilities, capital and surplus and are estimated using a percentage of current medical and hospital costs, which are based on historical cost experience.

Covered and uncovered expenses and related liabilities

Covered expenses and related liabilities represent costs for health care expenses for which a member is not responsible in the event of the insolvency of the Company. Uncovered expenses and related liabilities represent costs to the Company for health care services that are the obligation of the Company and for which a member may also be liable in the event of the Company's insolvency.

NOTES TO FINANCIAL STATEMENTS

Federal and State Income Taxes

In accordance with the written tax sharing agreement approved, the Company's current federal income tax provisions are generally computed as if the Company were filing a separate federal income tax return; current income tax benefits, including those resulting from net operating losses, are recognized to the extent realized in the consolidated return. Pursuant to this agreement, the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

Deferred income tax assets and liabilities (generally as defined in SFAS No. 109, *Accounting for Income Taxes* (GAAP)) represent the expected future tax consequences of temporary differences generated by statutory accounting. Deferred income tax assets and liabilities are computed by means of identifying temporary differences which are measured using a statements of assets, liabilities, capital and surplus approach whereby statutory and tax basis statements of assets, liabilities, capital and surplus are compared. Current income tax recoverables include all current income taxes, including interest, reasonably expected to be recovered in a subsequent accounting period.

Deferred income tax assets under NAIC SAP, are admitted in an amount equal to the sum of (1) previously paid federal income taxes which are expected to be recovered through loss carrybacks for existing temporary differences which reverse within a year and (2) the lesser of the amount of gross deferred tax assets expected to be realized within one year of the statements of assets, liabilities, capital and surplus date, or ten percent of statutory capital and surplus and (3) the amount of gross deferred tax assets, after the application of (1) and (2), that can be offset against existing gross deferred tax liabilities. NAIC SAP requires that deferred tax assets can only be admitted through loss carrybacks to the extent that the Company paid or was allocated taxes as a separate legal entity. In addition, deferred tax assets that the Company expects to realize within one year of the statements of assets, liabilities, capital and surplus date on a separate legal entity basis cannot be admitted if the Company projects a tax loss, even if the loss could offset taxable income of other members in the consolidated group.

Changes in deferred tax assets and deferred tax liabilities are recognized as a separate component of gains and losses in surplus ("Changes in net deferred tax assets") except to the extent allocated to changes in unrealized gains and losses. Changes in deferred tax assets and liabilities allocated to unrealized gains and losses are netted against the related changes in unrealized gains and losses and are reported as "Net unrealized capital gains and losses", also a separate component of gains and losses in surplus.

State income tax expense is recorded in general administrative expenses. For the year ended December 31, 2004 and 2003, the Company did not incur state income tax expense. At December 31, 2003, the Company reported \$112,000 as state income tax recoverable on the statements of assets, liabilities, capital and surplus.

Reclassifications

Certain reclassifications have been made to the 2003 financial statements to conform with the classifications used in 2004. Specifically, pharmacy rebates receivable have been reclassified out of receivable from parent, subsidiaries and affiliates and are presented as healthcare and other amounts receivable on the Assets page.

2. Accounting Changes and Corrections of Errors

The Company had no accounting changes or corrections of errors.

3. Business Combinations and Goodwill

The Company was not a part of any business combinations that involved the statutory purchase method, a statutory merger, or an impairment loss.

4. Discontinued Operations

The Company did not have discontinued operations.

5. Investments

The Company had no mortgage loans, debt restructuring, reverse mortgages, loan backed securities, repurchase agreements, or real estate.

6. Joint Ventures, Partnerships, and Limited Liability Companies

The Company had no joint ventures, partnerships, or limited liability companies that exceeded 10% of its admitted assets.

NOTES TO FINANCIAL STATEMENTS7. Investment Income

Investment income due and accrued with amounts that are over 90 days old was zero.

8. Derivative Instruments

The Company does not have derivative instruments.

9. Income Taxes

A. The components of the net deferred tax assets recognized in the Company's assets, liabilities, capital and surplus are as follows:

	December 31	
	2004	2003
Total of gross deferred tax assets	\$6,074,982	\$6,694,487
Total of deferred tax liabilities	(173,933)	(15,054)
Net deferred tax asset	5,901,049	6,679,433
Deferred tax asset nonadmitted	(4,803,037)	(5,703,815)
Net admitted deferred tax asset	\$1,098,012	\$975,618
(Increase) decrease in nonadmitted asset	\$900,778	-

B. There are no deferred tax liabilities that are not recognized.

C.1 The provisions for incurred taxes on earnings for the years ended December 31 are:

	2004	2003
Federal - current year	\$2,830,197	\$4,660,550
Federal income tax on net capital gains	23,332	24,047
Federal - prior year	-	(50,092)
Federal income taxes incurred	\$2,853,529	\$4,634,505

C.2 The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

	December 31	
	2004	2003
Deferred tax assets:		
Goodwill	\$5,621,874	\$6,283,271
Nonadmitted premium receivable	277,299	142,484
Allowance for billing adjustment	-	80,004
Other	175,809	188,728
Total deferred tax assets	6,074,982	6,694,487
Nonadmitted deferred tax assets (liabilities)	(4,803,037)	(5,703,815)
Admitted deferred tax assets	1,271,945	990,672
Deferred tax liabilities:		
Allowance for billing adjustment	151,718	-
Other	22,215	15,054
Total deferred tax liabilities	173,933	15,054
Net admitted deferred tax assets	\$1,098,012	\$975,618

The change in net deferred income taxes is comprised of the following

	December 31		Change
	2004	2003	
Total deferred tax assets	\$6,074,982	\$6,694,487	\$(619,505)
Total deferred tax liabilities	(173,933)	(15,054)	(158,879)
Net deferred tax asset	\$5,901,049	\$6,679,433	(778,384)
Tax effect of unrealized gains (losses)			-
Change in net deferred income tax			\$(778,384)

NOTES TO FINANCIAL STATEMENTS

D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	December 31, 2004	Effective Tax Rate
Provision computed as statutory rate	\$3,768,617	35.0%
Change in nonadmitted assets	(136,704)	(1.3)%
Total	<u>\$3,631,913</u>	<u>33.7%</u>
Federal and foreign income taxes incurred	\$2,853,529	26.5%
Change in net deferred income taxes	778,384	7.2%
Total statutory income taxes	<u>\$3,631,913</u>	<u>33.7%</u>

E.1 As of December 31, 2004, the Company has no net capital loss or net operating loss carryforwards for tax purposes.

E.2 The amount of Federal income taxes incurred that are available for recoupment in the event of future net losses are:

<u>Year</u>	<u>Amount</u>
2004	\$2,853,529
2003	\$4,684,599

F.1 As of December 31, 2004, the Company's Federal Income Tax Return is consolidated with the following entities:

Parent Company - Aetna Inc.	Aetna Health Inc. (Texas)
@Credentials Inc.	Aetna Health Inc. (Washington)
Aelan Inc.	Aetna Health Information Solutions, Inc. (FKA U.S. PatriotCare Inc.)
AET Health Care Plan of California, Inc.	Aetna Health Insurance Company of Connecticut - Through 4/1/04
AET Health Care Plan, Inc. (TX)	Aetna Health Insurance Company of New York
Aetna Criterion Communications, Inc.	Aetna Health of California Inc.
Aetna Dental Inc. (Delaware) - Through 7/1/04	Aetna Health of Illinois Inc.
Aetna Dental Inc. (New Jersey)	Aetna Health of the Carolinas Inc.
Aetna Dental Inc. (Pennsylvania) - Through 4/1/04	Aetna Integrated Informatics, Inc.
Aetna Dental Inc. (Texas)	Aetna IntelliHealth, Inc.
Aetna Dental Maintenance Organization, Inc.	Aetna Life & Casualty (Bermuda) Limited
Aetna Dental of California Inc.	Aetna Risk Indemnity Co. Limited
Aetna Health and Life Insurance Company	AUSHC Holdings, Inc. (Connecticut)
Aetna Health Inc. (Arizona)	Chickering Benefit Planning Insurance Agency
Aetna Health Inc. (Colorado)	Chickering Claims Administrators, Inc.
Aetna Health Inc. (Connecticut)	Cleveland Primary Care Associates, P.A., Inc. (Inactive no Fed. EIN)
Aetna Health Inc. (Delaware)	Corporate Health Insurance Company
Aetna Health Inc. (Florida)	Integrated Pharmacy Solutions
Aetna Health Inc. (Georgia)	Luettgens Limited
Aetna Health Inc. (Louisiana)	Managed Care Coordinators, Inc.
Aetna Health Inc. (Maine)	New York Life and Health Insurance Company - Through 1/31/04
Aetna Health Inc. (Maryland)	NYLCare Health Plans, Inc.
Aetna Health Inc. (Massachusetts)	NYLCare of New England, Inc.
Aetna Health Inc. (Michigan)	NYLCare of Texas, Inc.
Aetna Health Inc. (Missouri)	Provider Networks of America, Inc. (As of 12/29/04)
Aetna Health Inc. (New Hampshire)	SANUS of New York and New Jersey, Inc.
Aetna Health Inc. (New Jersey)	U.S. Health Aviation Corp. - Through 7/1/04
Aetna Health Inc. (New York)	U.S. Healthcare Properties, Inc.
Aetna Health Inc. (Ohio)	
Aetna Health Inc. (Oklahoma)	
Aetna Health Inc. (Pennsylvania)	
Aetna Health Inc. (Tennessee)	

F.2 As explained in Note 1, the Company participates in a tax sharing agreement with Aetna and Aetna's other subsidiaries.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries, and Affiliates

The Company has the following significant transactions with affiliates:

Effective January 1, 2003, Aetna Inc. assigned its responsibility for administering its administration service agreement with the Company to Aetna Health Management, LLC (AHM) (which AHM assumed). The Department of Insurance approved this assignment and assumption. Under this agreement, the Company remitted 12.5% of its earned premium revenue to AHM as a fee for certain administrative services, including accounting and processing of premiums and claims provided by AHM. Effective January 1, 2004, the Company and AHM terminated this agreement and entered into a new agreement under which the Company remits 13.0% of its earned commercial and Medicaid premium revenue plus 7.2% of its earned Medicare premium revenue to AHM as a fee, subject to an annual true-up mechanism as defined in the agreement. For these services, the Company was charged \$22,488,080 and \$18,709,172 in 2004 and 2003, respectively. The agreement also provides for interest on all intercompany balances. Interest earned on amounts due from affiliates was \$38,245 in 2004 and \$35,057 in 2003. Interest incurred on amounts due to affiliates was \$353 in 2004 and \$3,679 in 2003. At December 31, 2004 and 2003, the Company reported \$4,371,526 and \$1,430,375, respectively, as amounts due to AHM related to the administration service agreement. The terms of settlement require that these amounts be settled within 45 days after the end of the calendar quarter.

The Company entered into an agreement which enables it to receive manufacturers' pharmacy rebates from AHM. Effective January 1, 2004, the Company remits 10% of its earned pharmacy rebates to AHM as a fee. The Company earned pharmacy rebates of \$2,882,967 and \$2,315,748 which were recorded as a reduction of medical costs, in 2004 and 2003, respectively. The Company incurred pharmacy rebate fees, which were recorded as administrative expense, of \$288,297 in 2004. At December 31, 2004 and 2003, the Company reported \$696,319 and \$611,652, respectively, as amounts due from AHM related to the pharmacy rebate agreement. The terms of settlement require that these amounts be settled within 45 days after the end of the calendar quarter.

The Company entered into a specific excess loss reinsurance agreement with Corporate Health Insurance Company (CHI), a wholly-owned subsidiary of Aetna. The agreement provides for the Company to be reimbursed for 100% of eligible losses, as defined, paid on behalf of any insured during the policy period. Reimbursement is subject to a specific deductible of \$500,000. The policy period is defined as the twelve month period beginning on the effective date of the agreement. At December 31, 2004 and 2003, the Company reported \$31,913 and \$30,166, respectively, as ceded reinsurance premiums payable to CHI related to the reinsurance agreement.

The Company paid reinsurance premiums of \$396,641 and \$344,369 in 2004 and 2003, respectively. The Company did not realize any net reinsurance recoveries in 2004 or 2003.

The Company has a guarantor agreement with Aetna. The agreement provides that in the event of the Company's insolvency, Aetna will pay all expenses and claims incurred by the Company during insolvency pursuant to the obligation with employer groups and subscribers until the end of the subscription contract period for which premiums have been received.

As explained in Note 1, the Company participates in a tax sharing agreement with Aetna and Aetna's other subsidiaries. All federal income tax receivables/payables are due from/due to Aetna.

The Company paid \$21,700,000 and \$9,200,000 as a return of capital to its parent in 2004 and 2003, respectively. The company did not receive capital contributions in 2004 or 2003.

The Company was a wholly owned subsidiary of NYLCare Health Plans, Inc., whose ultimate parent is Aetna Inc. On December 31, 2003, NYLCare Health Plans, Inc. contributed all of the outstanding capital stock of Aetna Health Inc. (a Maine corporation) (NAIC 95517) (FEIN 01-0504252) to Aetna Health Holdings, LLC (FEIN 30-0123754). Following this transaction, the Company became a wholly-owned subsidiary of Aetna Health Holdings, LLC, whose ultimate parent is Aetna.

The Company does not hold any investments in any affiliate.

The Company does not own shares of any upstream intermediate or Aetna.

The Company has not made any guarantees for the benefit of an affiliate.

Amounts due to and due from affiliates shown on the accompanying statements of assets, liabilities, capital and surplus includes the Company's net receipts and disbursements processed by affiliates and administrative services transactions.

11. Debt

The Company has no debt.

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

The Company does not have a retirement plan, deferred compensation plan, or other postretirement benefit plan.

NOTES TO FINANCIAL STATEMENTS

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

The Company has 1,000,000 shares of common stock with \$1 stated value authorized, issued and outstanding.

The Company has no preferred stock outstanding.

Dividend Restrictions

Under the laws of the State of Maine, the Company shall not pay any extraordinary dividend or make any other extraordinary distribution until sixty days after the Commissioner has received notice of the declaration thereof and has not within such period disapproved such payment or the commissioner has approved such payment within such sixty day period. An extraordinary dividend or distribution includes any dividend or distribution that exceeds the greater of: ten percent of such insurer's surplus as regards policyholders as of December 31st of the preceding year; or the net gain from operations for the twelve month period ending December 31st of the preceding year.

The Company may make a non-extraordinary dividend with prior notification to the Maine Superintendent of Insurance within five business days following the declaration of any non-extraordinary dividend and at least ten days prior to the payment of any non-extraordinary dividend.

In addition, any dividend or distribution declared at any time within five years following any acquisition of control of a domestic insurer or by any person controlling that insurer is an extraordinary dividend if it has not been approved by a number of continuing directors equal to a majority of the continuing directors in office immediately preceding the acquisition of control.

The portion of the Company's profits that may be paid as ordinary dividends to stockholders is \$0.

There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

The Company is not holding stock for any special purposes.

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

a. Unrealized gains and losses:	\$0
b. Nonadmitted asset values:	\$5,595,319
c. Special account business:	\$0
d. Asset valuation reserves:	\$0
e. Provision for reinsurance:	\$0

The Company does not have special surplus funds, surplus notes, or quasi-reorganizations.

14. Contingencies

Aetna and its subsidiaries are involved in certain claims and legal actions arising, for the most part, in the ordinary course of business operations, concerning benefit plan coverage, medical malpractice and other litigation. If found liable in such actions, which are vigorously defended on several grounds, Aetna and its subsidiaries may bear financial responsibility. In addition, the Company's business practices are subject to review by various state insurance and health care regulatory authorities and federal regulatory authorities. Recently, there has been heightened review by these regulators of the managed health care industry's business practices, including utilization management, delegated arrangements and claim payment practices. The Company is regularly the subject of such reviews and several such reviews currently are pending, some of which may be resolved during 2005. These reviews may result in changes to or clarifications of the Company's business practices, and may result in fines, penalties or other sanctions. In the opinion of management, while the ultimate outcome of these actions and these regulatory proceedings cannot be determined at this time, after consideration of the defenses available to Aetna and its subsidiaries, applicable insurance coverage and any related reserves established, they are not expected to result in liability for amounts material to the financial condition of the Company.

In the ordinary course of business, the Company is involved in and is subject to claims, contractual disputes with providers and other uncertainties. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial condition or results of operations.

15. Leases

The Company has no material lease obligations at this time.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentration of Credit Risk

The Company does not have financial instruments with off-balance sheet risk or financial instruments with concentration of credit risk.

NOTES TO FINANCIAL STATEMENTS17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales

The Company had no transfers of receivables as sales.

B. Transfer and Servicing of Financial Assets

1. Not applicable.

2. The Company's loaned securities as of December 31, 2004 were as follows:

Cusip	Security Description	Par Value Shares	Collateral Held	Security Fair Value	Collateral %	Is Collateral Restricted?
912828CE8	United States Treasury Notes	2,500,000	2,531,250	2,479,860	102	Yes

3. Not applicable.

C. Wash Sales

Not applicable.

18. Gain or Loss to the HMO from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

The Company did not serve as an Administrative Services Only or as an Administrative Services Contract plan administrator for uninsured accident and health plans or the uninsured portion of partially insured plans.

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

The Company does not have direct premiums written through/produced by managing general agents or third party administrators.

20. September 11 Events

The Company has no contingent unpaid claims or no material losses related to September 11 events. The Company will continue to monitor the potential impact of these events and their aftermath, including the threat of terrorism, on its business, including their potential impact on claims in future periods.

21. Other ItemsA. Extraordinary Items

The Company does not have extraordinary items.

B. Troubled Debt Restructuring: Debtors

The Company does not have troubled debt restructuring.

C. Other DisclosuresMinimum Net Worth

Under the laws of the State of Maine, the Company is required to maintain a minimum net worth equal to the greater of (1) \$1,000,000; (2) 2% of the annual premium revenues as reported by the Company on its most recent annual financial statement filed with the Superintendent for the first \$150,000,000 of premium reported and 1% of the annual premium in excess of the first \$150,000,000 of premium reported; (3) an amount equal to the sum of three months of uncovered health care expenditures as reported on the financial statement covering the Company's immediately preceding fiscal year as filed with the superintendent; or (4) an amount equal to the sum of 8% of the annual health care expenditures, except those paid on a capitated basis as reported on the financial statement covering the Company's immediately preceding fiscal year as filed with the superintendent.

At December 31, 2004 and 2003, the Company's net worth exceeded all such requirements.

NOTES TO FINANCIAL STATEMENTS

The NAIC and the State of Maine adopted risk-based capital (RBC) standards for health organizations, including HMOs, that are designed to identify companies that may be under capitalized by comparing the company's adjusted net worth to its required net worth (RBC ratio). The RBC ratio is designed to reflect the risk profile of the company. Within certain ratio ranges, regulators have increasing authority to take action as the RBC ratio decreases. There are four levels of regulatory action, ranging from requiring insurers to submit a comprehensive plan to the state insurance commissioner to requiring the state insurance commissioner to place the insurer under regulatory control. At December 31, 2004 and 2003, the Company has net worth that exceeded the highest threshold specified by the RBC rules.

D. The Company does not have any receivable balances due from insurance agents or brokers, and it does not have uninsured plans or retrospectively rated contracts. Therefore, there are no balances for assets that would be reasonably possible to be uncollectible.

E. The Company had no business interruption insurance recoveries.

22. Events Subsequent

The Company does not have any material subsequent events.

23. Reinsurance

Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?
Yes () No (X)
If yes, give full details.
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?
Yes () No (X)
If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than nonpayment of premium or other similar credit?
Yes () No (X)
 - a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the HMO to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate.
\$ N/A
 - b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement?
\$ N/A
- (2) Does the HMO have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?
Yes () No (X)
If yes, give full details.

NOTES TO FINANCIAL STATEMENTS

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the insurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.
\$ (31,913).
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?
Yes () No (X)
If yes, what is the amount of reinsurance credit, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$ N/A.

The Company does not have uncollectible reinsurance or commutation of ceded reinsurance.

See Note 10 for reinsurance agreements with affiliated companies.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Company does not have retrospectively rated contracts or contracts subject to redetermination.

25. Change in Incurred Claims and Claims Adjustment Expense

The following schedule represents the changes in incurred claims and claims adjustment expense from the beginning of the year to the end of the year.

(amounts in thousands)	2004	2003
Balance, January 1	\$18,860	\$15,116
Incurred related to:		
Current year	144,612	123,492
Prior years	(277)	(2,106)
Total incurred	<u>144,335</u>	<u>121,386</u>
Paid related to:		
Current year	125,785	105,358
Prior years	17,751	12,284
Total paid	<u>143,536</u>	<u>117,642</u>
Balance, December 31	<u>\$19,659</u>	<u>\$18,860</u>

In 2004, reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years has decreased by \$0.3 million from \$18.9 million in 2003 to \$18.6 million in 2004 as a result of the payment of claims and claim adjustment expenses and the continued evaluation of unpaid claims and claim adjustment expenses. In 2003, reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years has decreased by \$2.1 million from \$15.1 million in 2002 to \$13.0 million in 2003 as a result of the payment of claims and claim adjustment expenses and the continued evaluation of unpaid claims and claim adjustment expenses. These decreases are generally the result of ongoing analysis of recent loss development trends. For 2004 and 2003, it is a result of the actual claim submission time for health care claims being shorter than the Company anticipated in determining health care costs payable at December 31 of the prior year. Original estimates are increased or decreased as additional information becomes known regarding individual claims. No additional premium or return premium has been accrued as a result of prior year effects.

Net coordination of benefits are implicit in the claims incurred but not reported calculation and can not be specifically identified.

26. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangements.

27. Structured Settlements

Not applicable to health entities.

NOTES TO FINANCIAL STATEMENTS28. Health Care ReceivablesPharmacy Rebates

The Company receives pharmacy rebates through an arrangement with an affiliated pharmaceutical benefits management company (PBM), AHM. AHM has contractual agreements with pharmaceutical companies for rebates, which cover the Company's membership as well as the membership of other Aetna affiliates. The Company receives from AHM those rebates related to the Company's membership. The Company estimates pharmaceutical rebates receivable based upon the historical payment trends, actual utilization and other variables. Estimated rebates are adjusted in a subsequent month's estimate to reflect actual billings after bills are rendered. Therefore, as presented below, pharmacy rebates as invoiced are assumed to be equal to estimated rebates. Actual rebates collected are applied to the collection periods below, using a first in first out methodology. The Company reports pharmaceutical rebates receivable as amounts due from affiliates. Pharmacy rebates over 90 days due are non-admitted.

The following table discloses the quarterly revenue and subsequent cash collections relating to the pharmacy rebates discussed in Note 10.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
12/31/2004	\$749,820	-	-	-	-
9/30/2004	\$719,841	\$773,342	\$773,342	-	-
6/30/2004	\$780,700	\$780,700	\$780,700	-	-
3/31/2004	\$632,606	\$632,606	\$584,719	\$47,887	-
12/31/2003	\$611,651	\$611,651	\$535,716	\$75,935	-
9/30/2003	\$560,158	\$560,158	\$560,158	-	-
6/30/2003	\$658,276	\$658,276	\$658,276	-	-
3/31/2003	\$485,663	\$485,663	\$485,663	-	-
12/31/2002	\$690,534	\$690,534	\$690,534	-	-
9/30/2002	\$736,563	\$736,563	\$736,563	-	-
6/30/2002	\$622,895	\$622,895	\$622,895	-	-
3/31/2002	\$636,562	\$636,562	\$577,155	\$59,407	-

Risk Sharing Receivables

The Company has no admitted risk sharing receivables.

29. Participating Policies

The Company has no participating policies.

30. Premium Deficiency Reserves

Premium deficiency reserves (PDR) are recognized when it is probable that the expected future medical costs, including maintenance costs, will exceed anticipated future premiums and reinsurance recoveries on existing contracts. Contracts are grouped in a manner consistent with the method of acquiring, servicing and measuring the profitability of such contracts. The Company considered anticipated investment income when calculating its premium deficiency reserves. The Company has no PDR as of December 31, 2004 and 2003.

31. Anticipated Salvage and Subrogation

See discussion of Hospital and medical costs and claims adjustment expenses and related reserves in Note 1.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	4,178,284	10.5	4,178,284	10.5
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	5,000,000	12.6	5,000,000	12.6
1.22 Issued by U.S. government sponsored agencies.....	0	0.0	0	0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....	0	0.0	0	0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	3,973,723	10.0	3,973,723	10.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	0	0.0	0	0.0
1.43 Revenue and assessment obligations.....	0	0.0	0	0.0
1.44 Industrial development and similar obligations.....	0	0.0	0	0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA.....	0	0.0	0	0.0
1.512 Issued or guaranteed by FNMA and FHLMC.....	11,381,577	28.6	11,381,577	28.6
1.513 All other.....	0	0.0	0	0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....	0	0.0	0	0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521.....	0	0.0	0	0.0
1.523 All other.....	0	0.0	0	0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	2,982,879	7.5	2,982,879	7.5
2.2 Unaffiliated foreign securities.....	0	0.0	0	0.0
2.3 Affiliated securities.....	0	0.0	0	0.0
3. Equity interests:				
3.1 Investments in mutual funds.....	0	0.0	0	0.0
3.2 Preferred stocks:				
3.21 Affiliated.....	0	0.0	0	0.0
3.22 Unaffiliated.....	0	0.0	0	0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....	0	0.0	0	0.0
3.32 Unaffiliated.....	0	0.0	0	0.0
3.4 Other equity securities:				
3.41 Affiliated.....	0	0.0	0	0.0
3.42 Unaffiliated.....	0	0.0	0	0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....	0	0.0	0	0.0
3.52 Unaffiliated.....	0	0.0	0	0.0
4. Mortgage loans:				
4.1 Construction and land development.....	0	0.0	0	0.0
4.2 Agricultural.....	0	0.0	0	0.0
4.3 Single family residential properties.....	0	0.0	0	0.0
4.4 Multifamily residential properties.....	0	0.0	0	0.0
4.5 Commercial loans.....	0	0.0	0	0.0
4.6 Mezzanine real estate loans.....	0	0.0	0	0.0
5. Real estate investments:				
5.1 Property occupied by company.....	0	0.0	0	0.0
5.2 Property held for production of income (includes \$.....0 of property acquired in satisfaction of debt).....	0	0.0	0	0.0
5.3 Property held for sale (\$.....0 including property acquired in satisfaction of debt).....	0	0.0	0	0.0
6. Policy loans.....	0	0.0	0	0.0
7. Receivables for securities.....	0	0.0	0	0.0
8. Cash, cash equivalents and short-term investments.....	12,266,507	30.8	12,266,507	30.8
9. Other invested assets.....	0	0.0	0	0.0
10. Total invested assets.....	39,782,970	100.0	39,782,970	100.0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State regulating? Maine
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: N/A
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2001
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/23/2003
- 3.4 By what department or departments? Maine Bureau of Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.
- | 1
Name of Entity | 2
NAIC Co. Code | 3
State of Domicile |
|---------------------|--------------------|------------------------|
| N/A | 00000 | |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No [X]
- 6.2 If yes, give full information:
N/A
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control.0.000 %
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)
- | 1
Nationality | 2
Type of Entity |
|------------------|---------------------|
| | N/A |
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
N/A
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator].
- | 1
Affiliate Name | 2
Location (City, State) | 3
FRB | 4
OCC | 5
OTS | 6
FDIC | 7
SEC |
|---------------------|-----------------------------|----------|----------|----------|-----------|----------|
| N/A | | | | | | |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP
One Financial Plaza, 755 Main Street, Hartford, CT 06103
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
James E. Gingrich, Jr.
980 Jolly Road, Blue Bell, PA 19422
11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
N/A
- 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 11.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

BOARD OF DIRECTORS

- 12. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes No
- 13. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes No
- 14. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person? Yes No

FINANCIAL

- 15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 - 15.11 To directors or other officers \$.....0
 - 15.12 To stockholders not officers \$.....0
 - 15.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 15.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
 - 15.21 To directors or other officers \$.....0
 - 15.22 To stockholders not officers \$.....0
 - 15.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 16.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes No
- 16.2 If yes, state the amount thereof at December 31 of the current year:
 - 16.21 Rented from others \$.....0
 - 16.22 Borrowed from others \$.....0
 - 16.23 Leased from others \$.....0
 - 16.24 Other \$.....0

Disclose in the Notes to Financial the nature of each obligation.
- 17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes No
- 17.2 If answer is yes:
 - 17.21 Amount paid as losses or risk adjustment \$.....0
 - 17.22 Amount paid as expenses \$.....48,150
 - 17.23 Other amounts paid \$.....0

INVESTMENT

- 18. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred.....	0	0	0	0	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Common.....	1,000,000.000	1,000,000.000	1.00	XXX	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
- 19.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E-Part 3-Special Deposits? Yes No
- 19.2 If no, give full and complete information relating thereto.
N/A
- 20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E-Part 3-Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1) Yes No
- 20.2 If yes, state the amount thereof at December 31 of the current year:
 - 20.21 Loaned to others \$.....0
 - 20.22 Subject to repurchase agreements \$.....0
 - 20.23 Subject to reverse repurchase agreements \$.....0
 - 20.24 Subject to dollar repurchase agreements \$.....0
 - 20.25 Subject to reverse dollar repurchase agreements \$.....0
 - 20.26 Pledged as collateral \$.....0
 - 20.27 Placed under option agreements \$.....0
 - 20.28 Letter stock or securities restricted as to sale \$.....0
 - 20.29 Other \$.....0
- 20.3 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
	N/A	0
- 21.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No
- 21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
If no, attach a description with this statement.
- 22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes No
- 22.2 If yes, state the amount thereof at December 31 of the current year: \$.....0
- 23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes No

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

1 Name of Custodian(s)	2 Custodian's Address
State Street Bank and Trust Company*	225 Franklin Street, Boston, MA 02110

23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
N/A		

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year? Yes [] No [X]

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
N/A			

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

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

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

24.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
	N/A	0
9999999. TOTAL		0

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

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation
N/A		0	

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
25.1 Bonds.....	27,530,356	27,902,892	372,536
25.2 Preferred stocks.....	0	0	0
25.3 Totals.....	27,530,356	27,902,892	372,536

25.4 Describe the sources or methods utilized in determining the fair values:

Long term bonds are based on NAIC prices if available. In the absence of NAIC prices, quoted market prices from broker/dealers are utilized.
Short term investments are carried at amortized cost which approximates fair value.

26.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

26.2 If no, list exceptions:

OTHER

27.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$.....0

27.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
N/A	0

28.1 Amount of payments for legal expenses, if any? \$.....0

28.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
N/A	0

29.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
N/A	0

*The Custodial Services Agreement between the Company and State Street Bank and Trust Company, dated as of March 1999, substantially complies with Part 1 - General, Section IV.H and was drafted to comply with the custody law and regulations of the Company's domiciliary state.

Statement as of December 31, 2004 of the **Aetna Health Inc. (a Maine corporation)**
GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
 1.2 If yes, indicate premium earned on U.S. business only \$.....0
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$.....0
 1.31 Reason for excluding

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$.....0
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$.....0
 1.6 Individual policies:
 Most current three years:
 1.61 Total premium earned \$.....0
 1.62 Total incurred claims \$.....0
 1.63 Number of covered lives0
 All years prior to most current three years:
 1.64 Total premium earned \$.....0
 1.65 Total incurred claims \$.....0
 1.66 Number of covered lives0
 1.7 Group policies:
 Most current three years:
 1.71 Total premium earned \$.....0
 1.72 Total incurred claims \$.....0
 1.73 Number of covered lives0
 All years prior to most current three years:
 1.74 Total premium earned \$.....0
 1.75 Total incurred claims \$.....0
 1.76 Number of covered lives0

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	172,588,439	149,329,210
2.2 Premium Denominator.....	172,588,439	149,329,210
2.3 Premium Ratio (2.1/2.2).....	100.0	100.0
2.4 Reserve Numerator.....	19,210,678	18,423,540
2.5 Reserve Denominator.....	19,210,678	18,423,540
2.6 Reserve Ratio (2.4/2.5).....	100.0	100.0

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No [X]
 3.2 If yes, give particulars:
 N/A

- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency? Yes [X] No []
 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No [X]
 5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No []
 5.2 If no, explain:

- 5.3 Maximum retained risk (see instructions):
 5.31 Comprehensive medical \$.....500,000
 5.32 Medical only \$.....0
 5.33 Medicare supplement \$.....0
 5.34 Dental \$.....0
 5.35 Other limited benefit plan \$.....0
 5.36 Other \$.....0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
 Provider contracts contain hold harmless and continuity of coverage provisions.
 In addition, the HMO maintains an insolvency protection agreement with an affiliate of the HMO.
 7.1 Does the reporting entity set up its claim liability for provider services on a service date base? Yes [X] No []
 7.2 If no, give details:
 N/A

8. Provide the following information regarding participating providers:
 8.1 Number of providers at start of reporting year2,504
 8.2 Number of providers at end of reporting year2,646
 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No [X]
 9.2 If yes, direct premium earned:
 9.21 Business with the rate guarantees between 15-36 months \$.....0
 9.22 Business with rate guarantees over 36 months \$.....0
 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus arrangements in its provider contracts? Yes [] No [X]
 10.2 If yes:
 10.21 Maximum amount payable bonuses \$.....0
 10.22 Amount actually paid for year bonuses \$.....0
 10.23 Maximum amount payable withholds \$.....0
 10.24 Amount actually paid for year withholds \$.....0
 11.1 Is the reporting entity organized as:
 11.12 A Medical Group/Staff Model, Yes [] No [X]

Statement as of December 31, 2004 of the **Aetna Health Inc. (a Maine corporation)**
GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

- 11.13 An Individual Practice Association (IPA), or Yes No
 11.14 A Mixed Model (combination of above)? Yes No
 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes No
 11.3 If yes, show the name of the state requiring such net worth. Maine
 11.4 If yes, show the amount required. \$.....11,774,472
 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes No
 11.6 If the amount is calculated, show the calculation:
See Notes to Financial Statements - Note 21, Other Items, C., Other Disclosures.

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

1 Name of Service Area
Androscoggin, Aroostook, Cumberland, Franklin,
Hancock, Kennebec, Knox, Lincoln, Oxford,
Penobscot, Piscataquis, Sagadahoc, Somerset,
Waldo, Washington, York

Statement as of December 31, 2004 of the **Aetna Health Inc. (a Maine corporation)**
FIVE-YEAR HISTORICAL DATA

	1 2004	2 2003	3 2002	4 2001	5 2000
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26).....	42,903,333	58,389,571	66,236,286	51,862,895	46,662,392
2. Total liabilities (Page 3, Line 22).....	24,281,648	25,719,043	33,624,179	28,923,073	32,562,156
3. Statutory surplus.....	11,774,472	9,997,554	11,057,830	15,089,188	0
4. Total capital and surplus (Page 3, Line 30).....	18,621,685	32,670,528	32,612,107	22,939,822	14,100,236
Income Statement Items (Page 4)					
5. Total revenues (Line 8).....	172,588,439	149,329,210	164,453,962	194,085,693	150,218,121
6. Total medical and hospital expenses (Line 18).....	140,539,716	117,851,257	130,985,039	183,338,040	157,729,539
7. Claims adjustment expenses (Line 20).....	3,794,572	3,535,538	3,929,687	5,500,141	3,508,194
8. Total administrative expenses (Line 21).....	19,385,548	15,551,044	16,925,092	19,535,372	15,922,437
9. Net underwriting gain (loss) (Line 24).....	8,868,603	12,391,371	12,614,144	(12,808,427)	(27,995,663)
10. Net investment gain (loss) (Line 27).....	1,898,875	1,563,084	1,832,805	3,314,545	1,648,591
11. Total other income (Lines 28 plus 29).....	0	0	0	0	0
12. Net income or (loss) (Line 32).....	7,913,949	9,319,950	9,600,158	(4,847,876)	(17,125,606)
Risk-Based Capital Analysis					
13. Total adjusted capital.....	18,621,685	32,670,528	32,612,107	22,939,822	14,100,236
14. Authorized control level risk-based capital.....	5,887,236	4,998,777	5,528,915	7,544,594	6,679,570
Enrollment (Exhibit 2)					
15. Total members at end of period (Column 5, Line 7).....	45,591	43,095	40,799	72,813	81,925
16. Total member months (Column 6, Line 7).....	566,630	491,955	632,504	949,534	849,905
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100					
17. Premiums earned (Lines 2 plus 3).....	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical (Line 18).....	81.4	78.9	79.6	94.5	105.0
19. Cost containment expenses.....	0.7	XXX	XXX	XXX	XXX
20. Other claims adjustment expenses.....	1.5	2.4	2.4	2.8	2.3
21. Total underwriting deductions (Line 23).....	94.9	91.7	92.3	106.6	118.6
22. Total underwriting gain (loss) (Line 24).....	5.1	8.3	7.7	(6.6)	(18.6)
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 12, Col. 5).....	18,047,569	12,605,815	18,509,692	24,939,993	17,577,908
24. Estimated liability of unpaid claims - [prior year (Line 12, Col. 6)]	18,423,540	14,713,189	25,109,388	28,951,674	15,657,206
Investments in Parent, Subsidiaries and Affiliates					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1).....	0	0	0	0	0
26. Affiliated preferred stocks (Sch D. Summary, Line 39, Col. 1).....	0	0	0	0	0
27. Affiliated common stocks (Sch D. Summary, Line 53, Col. 2).....	0	0	0	0	0
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11).....	0	0	0	0	0
29. Affiliated mortgage loans on real estate.....	0	0	0	0	0
30. All other affiliated.....	0	0	0	0	0
31. Total of above Lines 25 to 30.....	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States.....	9,178,284	9,231,570	9,134,102	9,250,000
	2. Canada.....	0	0	0	0
	3. Other Countries.....	0	0	0	0
	4. Totals.....	9,178,284	9,231,570	9,134,102	9,250,000
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	0	0	0	0
	6. Canada.....	3,973,723	4,210,280	3,955,500	4,000,000
	7. Other Countries.....	0	0	0	0
	8. Totals.....	3,973,723	4,210,280	3,955,500	4,000,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	0	0	0	0
	10. Canada.....	0	0	0	0
	11. Other Countries.....	0	0	0	0
	12. Totals.....	0	0	0	0
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	11,381,577	11,428,049	11,382,809	11,176,931
	14. Canada.....	0	0	0	0
	15. Other Countries.....	0	0	0	0
	16. Totals.....	11,381,577	11,428,049	11,382,809	11,176,931
Public Utilities (unaffiliated)	17. United States.....	0	0	0	0
	18. Canada.....	0	0	0	0
	19. Other Countries.....	0	0	0	0
	20. Totals.....	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	2,982,879	3,019,100	2,981,640	3,000,000
	22. Canada.....	0	0	0	0
	23. Other Countries.....	0	0	0	0
	24. Totals.....	2,982,879	3,019,100	2,981,640	3,000,000
Parent, Subsidiaries and Affiliates	25. Totals.....	0	0	0	0
	26. Total Bonds.....	27,516,463	27,888,999	27,454,051	27,426,931
PREFERRED STOCKS					
Public Utilities (Unaffiliated)	27. United States.....	0	0	0	0
	28. Canada.....	0	0	0	0
	29. Other Countries.....	0	0	0	0
	30. Totals.....	0	0	0	0
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....	0	0	0	0
	32. Canada.....	0	0	0	0
	33. Other Countries.....	0	0	0	0
	34. Totals.....	0	0	0	0
Industrial and Miscellaneous (Unaffiliated)	35. United States.....	0	0	0	0
	36. Canada.....	0	0	0	0
	37. Other Countries.....	0	0	0	0
	38. Totals.....	0	0	0	0
Parent, Subsidiaries and Affiliates	39. Totals.....	0	0	0	0
	40. Total Preferred Stocks.....	0	0	0	0
COMMON STOCKS					
Public Utilities (Unaffiliated)	41. United States.....	0	0	0	0
	42. Canada.....	0	0	0	0
	43. Other Countries.....	0	0	0	0
	44. Totals.....	0	0	0	0
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....	0	0	0	0
	46. Canada.....	0	0	0	0
	47. Other Countries.....	0	0	0	0
	48. Totals.....	0	0	0	0
Industrial and Miscellaneous (Unaffiliated)	49. United States.....	0	0	0	0
	50. Canada.....	0	0	0	0
	51. Other Countries.....	0	0	0	0
	52. Totals.....	0	0	0	0
Parent, Subsidiaries and Affiliates	53. Totals.....	0	0	0	0
	54. Total Common Stocks.....	0	0	0	0
	55. Total Stocks.....	0	0	0	0
	56. Total Bonds and Stocks.....	27,516,463	27,888,999	27,454,051	

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year.....	46,124,370	6. Foreign exchange adjustment:	
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	14,546,265	6.1 Column 15, Part 1.....	0
3. Increase (decrease) by adjustment:		6.2 Column 19, Part 2, Section 1.....	0
3.1 Columns 12 + 13 - 14, Part 1.....	24,634	6.3 Column 16, Part 2, Section 2.....	0
3.2 Column 18, Part 2, Section 1.....	0	6.4 Column 15, Part 4.....	0
3.3 Column 15, Part 2, Section 2.....	0	7. Book/adjusted carrying value at end of current period.....	27,516,463
3.4 Column 14, Part 4.....	(135,020)	8. Total valuation allowance.....	0
4. Total gain (loss), Column 19, Part 4.....	66,665	9. Subtotal (Lines 7 plus 8).....	27,516,463
5. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4.....	33,110,451	10. Total nonadmitted amounts.....	0
		11. Statement value of bonds and stocks, current period.....	27,516,463

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1 Guaranty Fund (YES or NO)	2 Is Insurer Licensed? (YES or NO)	Direct Business Only					
			3 Accident & Health Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums and Deposit-Type Contract Funds	8 Property/Casualty Premiums
1. Alabama.....AL	NO	NO	0	0	0	0	0	0
2. Alaska.....AK	NO	NO	0	0	0	0	0	0
3. Arizona.....AZ	NO	NO	0	0	0	0	0	0
4. Arkansas.....AR	NO	NO	0	0	0	0	0	0
5. California.....CA	NO	NO	0	0	0	0	0	0
6. Colorado.....CO	NO	NO	0	0	0	0	0	0
7. Connecticut.....CT	NO	NO	0	0	0	0	0	0
8. Delaware.....DE	NO	NO	0	0	0	0	0	0
9. District of Columbia.....DC	NO	NO	0	0	0	0	0	0
10. Florida.....FL	NO	NO	0	0	0	0	0	0
11. Georgia.....GA	NO	NO	0	0	0	0	0	0
12. Hawaii.....HI	NO	NO	0	0	0	0	0	0
13. Idaho.....ID	NO	NO	0	0	0	0	0	0
14. Illinois.....IL	NO	NO	0	0	0	0	0	0
15. Indiana.....IN	NO	NO	0	0	0	0	0	0
16. Iowa.....IA	NO	NO	0	0	0	0	0	0
17. Kansas.....KS	NO	NO	0	0	0	0	0	0
18. Kentucky.....KY	NO	NO	0	0	0	0	0	0
19. Louisiana.....LA	NO	NO	0	0	0	0	0	0
20. Maine.....ME	NO	YES	172,985,080	0	0	0	0	0
21. Maryland.....MD	NO	NO	0	0	0	0	0	0
22. Massachusetts.....MA	NO	NO	0	0	0	0	0	0
23. Michigan.....MI	NO	NO	0	0	0	0	0	0
24. Minnesota.....MN	NO	NO	0	0	0	0	0	0
25. Mississippi.....MS	NO	NO	0	0	0	0	0	0
26. Missouri.....MO	NO	NO	0	0	0	0	0	0
27. Montana.....MT	NO	NO	0	0	0	0	0	0
28. Nebraska.....NE	NO	NO	0	0	0	0	0	0
29. Nevada.....NV	NO	NO	0	0	0	0	0	0
30. New Hampshire.....NH	NO	NO	0	0	0	0	0	0
31. New Jersey.....NJ	NO	NO	0	0	0	0	0	0
32. New Mexico.....NM	NO	NO	0	0	0	0	0	0
33. New York.....NY	NO	NO	0	0	0	0	0	0
34. North Carolina.....NC	NO	NO	0	0	0	0	0	0
35. North Dakota.....ND	NO	NO	0	0	0	0	0	0
36. Ohio.....OH	NO	NO	0	0	0	0	0	0
37. Oklahoma.....OK	NO	NO	0	0	0	0	0	0
38. Oregon.....OR	NO	NO	0	0	0	0	0	0
39. Pennsylvania.....PA	NO	NO	0	0	0	0	0	0
40. Rhode Island.....RI	NO	NO	0	0	0	0	0	0
41. South Carolina.....SC	NO	NO	0	0	0	0	0	0
42. South Dakota.....SD	NO	NO	0	0	0	0	0	0
43. Tennessee.....TN	NO	NO	0	0	0	0	0	0
44. Texas.....TX	NO	NO	0	0	0	0	0	0
45. Utah.....UT	NO	NO	0	0	0	0	0	0
46. Vermont.....VT	NO	NO	0	0	0	0	0	0
47. Virginia.....VA	NO	NO	0	0	0	0	0	0
48. Washington.....WA	NO	NO	0	0	0	0	0	0
49. West Virginia.....WV	NO	NO	0	0	0	0	0	0
50. Wisconsin.....WI	NO	NO	0	0	0	0	0	0
51. Wyoming.....WY	NO	NO	0	0	0	0	0	0
52. American Samoa.....AS	NO	NO	0	0	0	0	0	0
53. Guam.....GU	NO	NO	0	0	0	0	0	0
54. Puerto Rico.....PR	NO	NO	0	0	0	0	0	0
55. U.S. Virgin Islands.....VI	NO	NO	0	0	0	0	0	0
56. Canada.....CN	NO	NO	0	0	0	0	0	0
57. Aggregate Other alien.....OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business).....	XXX	(a).....1	172,985,080	0	0	0	0	0

DETAILS OF WRITE-INS

5701.....	0	0	0	0	0	0	0
5702.....	0	0	0	0	0	0	0
5703.....	0	0	0	0	0	0	0
5798. Summary of remaining write-ins for line 57 from overflow page.....	0	0	0	0	0	0	0
5799. Total (Lines 5701 thru 5703 plus 5798) (Line 57 above).....	0	0	0	0	0	0	0

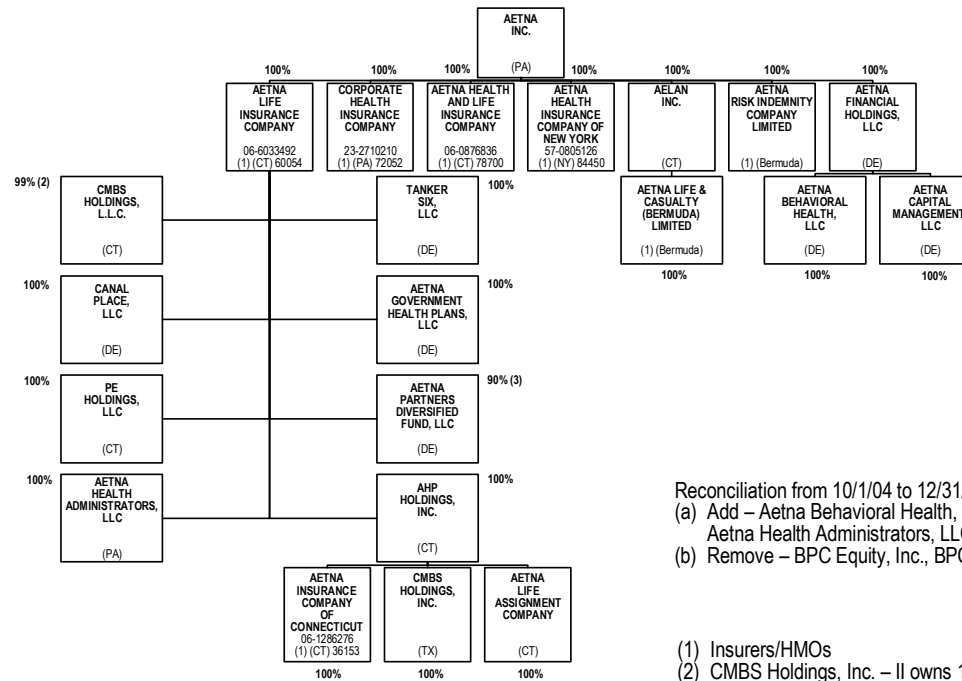
Explanation of basis of allocation by states, premiums by state, etc.

(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE
AETNA INC. AND ITS INSURANCE AFFILIATES



Reconciliation from 10/1/04 to 12/31/04:

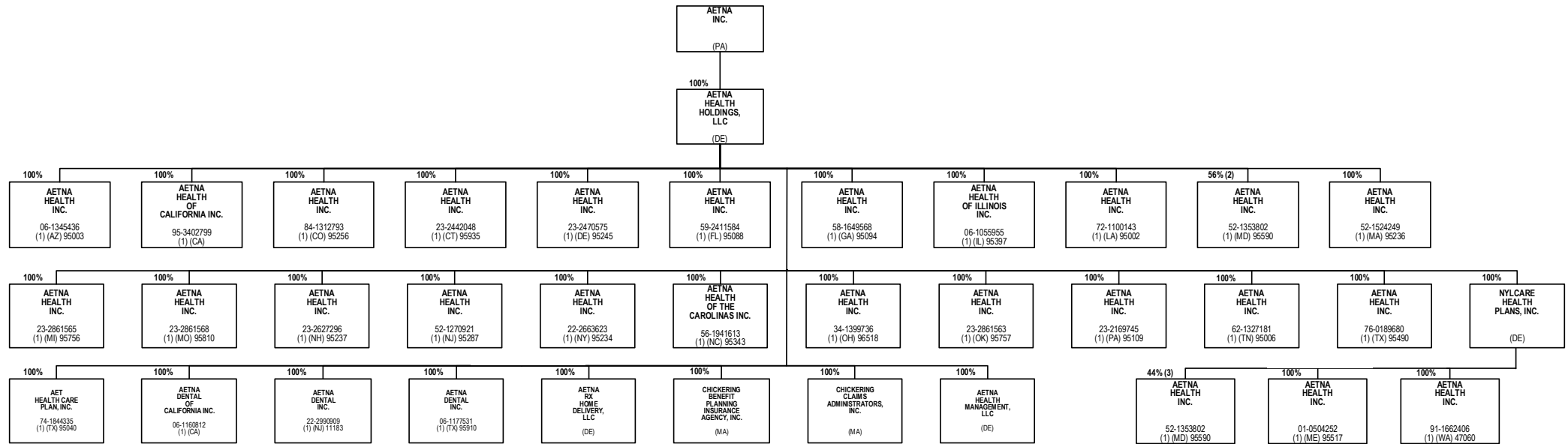
- (a) Add – Aetna Behavioral Health, LLC, Aetna Capital Management, LLC and Aetna Health Administrators, LLC.
- (b) Remove – BPC Equity, Inc., BPC Equity, LLC and Azalea Mall, LLC.

- (1) Insurers/HMOs
 - (2) CMBS Holdings, Inc. – It owns 1% of CMBS Holdings, L.L.C.
 - (3) Aetna Health and Life Insurance Company owns 10% of Aetna Partners Diversified Fund, LLC.
- Percentages are rounded to the nearest whole percent and are based on ownership of voting rights.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE
AETNA INC. AND ITS INSURANCE AFFILIATES



Reconciliation from 10/1/04 to 12/31/04:
(a) Remove – AET Health Care Plan of California, Inc.

(1) Insurers/HMOs
(2) NYLCare Health Plans, Inc. directly owns 44% of Aetna Health Inc. (MD).
(3) Aetna Health Holdings, LLC directly owns 56% of Aetna Health Inc. (MD).
Percentages are rounded to the nearest whole percent and are based on ownership of voting rights.