



# HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2008

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]

Incorporated/Organized ..... **October 3, 1995**

Commenced Business ..... **April 10, 1996**

Statutory Home Office ..... **175 Running Hill Road, Suite 301**  
(Street and Number)

**South Portland ME 04106-3220**  
(City, State and Zip Code)

Main Administrative Office ..... **980 Jolly Road**  
(Street and Number)

..... **Blue Bell PA 19422-1904** ..... **800-872-3862**  
(City, State and Zip Code) (Area Code) (Telephone Number)

Mail Address ..... **980 Jolly Road, U11S**  
(Street and Number or P. O. Box)

**Blue Bell PA 19422-1904**  
(City, State and Zip Code)

Primary Location of Books and Records ..... **980 Jolly Road**  
(Street and Number)

..... **Blue Bell PA 19422-1904** ..... **800-872-3862**  
(City, State and Zip Code) (Area Code) (Telephone Number)

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

Statutory Statement Contact ..... **Alicia Helene Bolton**  
(Name)

**215-775-6508**  
(Area Code) (Telephone Number) (Extension)

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

### OFFICERS

**Michael Wayne Hudson, President**  
**Edward Chung-I Lee, Vice President and Secretary**  
**Alicia Helene Bolton, Principal Financial Officer and Controller**

**OTHER**  
**Elaine Rose Cofrancesco, Treasurer**  
**Gregory Stephen Martino, Vice President**  
**Kevin James Casey, Senior Investment Officer**  
**Dawn Marie Schoen, Assistant Controller**

### DIRECTORS OR TRUSTEES

**Michael Edward Morris**

**Margaret Ann Spann**

**David Andrew Swords**

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)  
**Michael Wayne Hudson**  
President

\_\_\_\_\_  
(Signature)  
**Edward Chung-I Lee**  
Vice President and Secretary@

\_\_\_\_\_  
(Signature)  
**Alicia Helene Bolton**  
Principal Financial Officer and Controller@@

State of..... Connecticut  
County of..... Middlesex  
Subscribed and sworn to before me this  
\_\_\_\_ day of \_\_\_\_\_ 2009

State of..... Connecticut  
County of..... Hartford  
@Subscribed and sworn to before me this  
\_\_\_\_ day of \_\_\_\_\_ 2009

State of..... Pennsylvania  
County of..... Montgomery  
@@Subscribed and sworn to before me this  
\_\_\_\_ day of \_\_\_\_\_ February 2009

\_\_\_\_\_  
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 .....

Statement as of December 31, 2008 of the **Aetna Health Inc. (a Maine corporation)**

**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).....	28,181,793	0	28,181,793	34,380,358
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 (\$.....12,701,917, Sch. E-Part 2) and short-term investments (\$.....11,981, Sch. DA).....	12,713,898	0	12,713,898	7,472,951
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Other invested assets (Schedule BA).....	0	0	0	0
8. Receivables 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).....	40,895,691	0	40,895,691	41,853,309
11. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
12. Investment income due and accrued.....	367,894	0	367,894	418,272
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	1,284,645	149,674	1,134,971	1,447,968
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	0	0	0	0
13.3 Accrued retrospective premiums.....	0	0	0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	0	0	0	66,504
14.2 Funds held by or deposited with reinsured companies.....	0	0	0	0
14.3 Other amounts receivable under reinsurance contracts.....	0	0	0	0
15. Amounts receivable relating to uninsured plans.....	0	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon.....	2,992,054	0	2,992,054	0
16.2 Net deferred tax asset.....	3,726,812	2,450,065	1,276,747	1,515,821
17. Guaranty funds receivable or on deposit.....	0	0	0	0
18. Electronic data processing equipment and software.....	0	0	0	0
19. Furniture and equipment, including health care delivery assets (\$.....0).....	0	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
21. Receivables from parent, subsidiaries and affiliates.....	0	0	0	150,391
22. Health care (\$.....181,193) and other amounts receivable.....	181,193	0	181,193	208,931
23. Aggregate write-ins for other than invested assets.....	35,571	0	35,571	480,632
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	49,483,860	2,599,739	46,884,121	46,141,828
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. TOTALS (Lines 24 and 25).....	49,483,860	2,599,739	46,884,121	46,141,828

**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. Medicare Part D Catastrophic Coverage Receivable.....	25,989	0	25,989	0
2302. Medicare Part D Low Income Cost Share Receivable.....	9,582	0	9,582	0
2303. Current State Income Tax Receivable.....	0	0	0	480,632
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).....	35,571	0	35,571	480,632

**Statement as of December 31, 2008 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).....	12,647,482	230,569	12,878,051	14,079,779
2. Accrued medical incentive pool and bonus amounts.....	0	0	0	0
3. Unpaid claims adjustment expenses.....	249,122	0	249,122	279,470
4. Aggregate health policy reserves.....	651,096	0	651,096	144,730
5. Aggregate life policy reserves.....	0	0	0	0
6. Property/casualty unearned premium reserve.....	0	0	0	0
7. Aggregate health claim reserves.....	210,678	0	210,678	360,400
8. Premiums received in advance.....	0	0	0	0
9. General expenses due or accrued.....	15,507	0	15,507	0
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....	0	0	0	748,250
10.2 Net deferred tax liability.....	0	0	0	0
11. Ceded reinsurance premiums payable.....	0	0	0	24,203
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.....	2,928,761	0	2,928,761	0
16. Payable for securities.....	0	0	0	0
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 plans.....	0	0	0	0
21. Aggregate write-ins for other liabilities (including \$.....0 current).....	9,400,000	0	9,400,000	0
22. Total liabilities (Lines 1 to 21).....	26,102,646	230,569	26,333,215	15,636,832
23. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	0
24. Common capital stock.....	XXX	XXX	1,000,000	1,000,000
25. Preferred capital stock.....	XXX	XXX	0	0
26. Gross paid in and contributed surplus.....	XXX	XXX	9,700,000	9,700,000
27. Surplus notes.....	XXX	XXX	0	0
28. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
29. Unassigned funds (surplus).....	XXX	XXX	9,850,906	19,804,996
30. Less treasury stock at cost:				
30.1 .....0.000 shares common (value included in Line 24 \$.....0).....	XXX	XXX	0	0
30.2 .....0.000 shares preferred (value included in Line 25 \$.....0).....	XXX	XXX	0	0
31. Total capital and surplus (Lines 23 to 29 minus Line 30).....	XXX	XXX	20,550,906	30,504,996
32. Total liabilities, capital and surplus (Lines 22 and 31).....	XXX	XXX	46,884,121	46,141,828

**DETAILS OF WRITE-INS**

2101. Dividend Payable.....	9,400,000	0	9,400,000	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).....	9,400,000	0	9,400,000	0
2301. ....	XXX	XXX	0	0
2302. ....	XXX	XXX	0	0
2303. ....	XXX	XXX	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	XXX	XXX	0	0
2801. ....	XXX	XXX	0	0
2802. ....	XXX	XXX	0	0
2803. ....	XXX	XXX	0	0
2898. Summary of remaining write-ins for Line 28 from overflow page.....	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above).....	XXX	XXX	0	0

**Statement as of December 31, 2008 of the Aetna Health Inc. (a Maine corporation)**  
**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX	392,279	446,621
2. Net premium income (including \$.....0 non-health premium income).....	XXX	152,271,311	159,046,046
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	46,459	42,725
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	152,317,770	159,088,771
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits.....	962,322	104,010,051	108,532,309
10. Other professional services.....	0	0	0
11. Outside referrals.....	1,129,596	1,129,596	1,125,018
12. Emergency room and out-of-area.....	138,256	6,912,797	7,474,782
13. Prescription drugs.....	0	16,171,330	16,243,459
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).....	2,230,174	128,223,774	133,375,568
<b>Less:</b>			
17. Net reinsurance recoveries.....	0	232,111	247,599
18. Total hospital and medical (Lines 16 minus 17).....	2,230,174	127,991,663	133,127,969
19. Non-health claims (net).....	0	0	0
20. Claims adjustment expenses, including \$.....959,580 cost containment expenses.....	0	2,564,475	2,800,886
21. General administrative expenses.....	0	16,479,229	14,778,460
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....	0	552,825	(79,602)
23. Total underwriting deductions (Lines 18 through 22).....	2,230,174	147,588,192	150,627,713
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	4,729,578	8,461,058
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	0	2,331,384	2,232,768
26. Net realized capital gains or (losses) less capital gains tax of \$.....80,742.....	0	(910,129)	(546,440)
27. Net investment gains or (losses) (Lines 25 plus 26).....	0	1,421,255	1,686,328
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) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	6,150,833	10,147,386
31. Federal and foreign income taxes incurred.....	XXX	(2,189,778)	3,668,315
32. Net income (loss) (Lines 30 minus 31).....	XXX	8,340,611	6,479,071

**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 as of December 31, 2008 of the **Aetna Health Inc. (a Maine corporation)**  
**STATEMENT OF REVENUE AND EXPENSES (Continued)**

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	30,504,996	27,218,445
34. Net income or (loss) from Line 32.....	8,340,611	6,479,071
35. Change in valuation basis of aggregate policy and claim reserves.....	0	0
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....0.....	0	0
37. Change in net unrealized foreign exchange capital gain or (loss).....	0	0
38. Change in net deferred income tax.....	(530,482)	(173,150)
39. Change in nonadmitted assets.....	248,366	1,380,630
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.....	0	0
45.2 Transferred to capital (Stock Dividend).....	0	0
45.3 Transferred from capital.....	0	0
46. Dividends to stockholders.....	(18,400,000)	(4,400,000)
47. Aggregate write-ins for gains or (losses) in surplus.....	387,415	0
48. Net change in capital and surplus (Lines 34 to 47).....	(9,954,090)	3,286,551
49. Capital and surplus end of reporting period (Line 33 plus 48).....	20,550,906	30,504,996

**DETAILS OF WRITE-INS**

4701. Correction of Error - Current Federal Taxes.....	387,415	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).....	387,415	0

Statement as of December 31, 2008 of the **Aetna Health Inc. (a Maine corporation)**

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	152,517,063	159,529,452
2. Net investment income.....	2,086,246	2,151,599
3. Miscellaneous income.....	0	0
4. Total (Lines 1 through 3).....	154,603,309	161,681,051
5. Benefit and loss related payments.....	129,248,871	134,372,036
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	19,058,545	17,619,822
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	1,243,853	4,528,778
10. Total (Lines 5 through 9).....	149,551,269	156,520,636
11. Net cash from operations (Line 4 minus Line 10).....	5,052,040	5,160,415
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	8,753,912	926,216
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.....	0	133
12.7 Miscellaneous proceeds.....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	8,753,912	926,349
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	3,089,218	2,962,851
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.....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	3,089,218	2,962,851
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	5,664,694	(2,036,502)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	9,000,000	4,400,000
16.6 Other cash provided (applied).....	3,524,213	(1,103,966)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(5,475,787)	(5,503,966)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	5,240,947	(2,380,053)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	7,472,951	9,853,004
19.2 End of year (Line 18 plus Line 19.1).....	12,713,898	7,472,951
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).....	148,521,653	.0	.0	148,521,653
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.....	3,749,658	.0	.0	3,749,658
7. Title XIX - Medicaid.....	0	.0	.0	0
8. Other health.....	0	.0	.0	0
9. Health subtotal (Lines 1 through 8).....	152,271,311	.0	.0	152,271,311
10. Life.....	0	.0	.0	0
11. Property/casualty.....	0	.0	.0	0
12. Totals (Lines 9 to 11).....	152,271,311	.0	.0	152,271,311

Statement as of December 31, 2008 of the Aetna Health Inc. (a Maine corporation)

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - CLAIMS INCURRED DURING THE YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct.....	129,547,486	127,124,401	.0	.0	.0	.0	2,423,085	.0	.0	.0
1.2 Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.3 Reinsurance ceded.....	298,615	298,615	.0	.0	.0	.0	.0	.0	.0	.0
1.4 Net.....	129,248,871	126,825,786	.0	.0	.0	.0	2,423,085	.0	.0	.0
2. Paid medical incentive pools and bonuses.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	12,878,051	12,354,368	.0	.0	.0	.0	523,683	.0	.0	.0
3.2 Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3 Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4 Net.....	12,878,051	12,354,368	.0	.0	.0	.0	523,683	.0	.0	.0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	210,678	210,678	.0	.0	.0	.0	.0	.0	.0	.0
4.2 Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3 Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.4 Net.....	210,678	210,678	.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
6. Net healthcare receivables (a).....	(27,738)	(33,989)	.0	.0	.0	.0	6,251	.0	.0	.0
7. Amounts recoverable from reinsurers December 31, current year.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	14,079,779	14,079,779	.0	.0	.0	.0	.0	.0	.0	.0
8.2 Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.3 Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8.4 Net.....	14,079,779	14,079,779	.0	.0	.0	.0	.0	.0	.0	.0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct.....	360,400	360,400	.0	.0	.0	.0	.0	.0	.0	.0
9.2 Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.3 Reinsurance ceded.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.4 Net.....	360,400	360,400	.0	.0	.0	.0	.0	.0	.0	.0
10. Accrued medical incentive pools and bonuses, prior year.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
11. Amounts recoverable from reinsurers December 31, prior year.....	66,504	66,504	.0	.0	.0	.0	.0	.0	.0	.0
12. Incurred benefits:										
12.1 Direct.....	128,223,774	125,283,257	.0	.0	.0	.0	2,940,517	.0	.0	.0
12.2 Reinsurance assumed.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12.3 Reinsurance ceded.....	232,111	232,111	.0	.0	.0	.0	.0	.0	.0	.0
12.4 Net.....	127,991,663	125,051,146	.0	.0	.0	.0	2,940,517	.0	.0	.0
13. Incurred medical incentive pools and bonuses.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0

(a) Excludes \$.0 loans or advances to providers not yet expensed.

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	1,733,759	1,699,021	0	0	0	0	34,738	0	0	0
1.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
1.4 Net.....	1,733,759	1,699,021	0	0	0	0	34,738	0	0	0
2. Incurred but unreported:										
2.1 Direct.....	11,144,292	10,655,347	0	0	0	0	488,945	0	0	0
2.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
2.4 Net.....	11,144,292	10,655,347	0	0	0	0	488,945	0	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	0	0	0	0	0	0	0	0	0	0
3.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
3.4 Net.....	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct.....	12,878,051	12,354,368	0	0	0	0	523,683	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	0	0	0	0	0	0	0	0	0	0
4.4 Net.....	12,878,051	12,354,368	0	0	0	0	523,683	0	0	0

Statement as of December 31, 2008 of the **Aetna Health Inc. (a Maine corporation)**

**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).....	12,180,304	114,711,986	557,131	12,007,915	12,737,435	14,440,179
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	2,423,085	0	523,683	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).....	12,180,304	117,135,071	557,131	12,531,598	12,737,435	14,440,179
10. Healthcare receivables (a).....	0	181,193	0	0	0	208,931
11. Other non-health.....	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts.....	0	0	0	0	0	0
13. Totals (Lines 9 - 10 + 11 + 12).....	12,180,304	116,953,878	557,131	12,531,598	12,737,435	14,231,248

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

**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 2004	2 2005	3 2006	4 2007	5 2008
1. Prior.....	17,236	17,292	17,366	17,371	17,371
2. 2004.....	122,516	133,755	133,724	133,770	133,773
3. 2005.....	.XXX	123,075	136,759	136,687	136,688
4. 2006.....	.XXX	.XXX	127,282	143,807	143,710
5. 2007.....	.XXX	.XXX	.XXX	117,857	130,130
6. 2008.....	.XXX	.XXX	.XXX	.XXX	116,954

**SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior.....	18,047	17,483	17,464	17,371	17,371
2. 2004.....	140,916	134,115	133,957	133,883	133,773
3. 2005.....	.XXX	137,959	137,160	136,890	136,763
4. 2006.....	.XXX	.XXX	142,449	144,106	143,831
5. 2007.....	.XXX	.XXX	.XXX	131,682	130,491
6. 2008.....	.XXX	.XXX	.XXX	.XXX	129,486

**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. 2004.....	172,588	133,773	3,543	2.6	137,316	79.6	0	0	137,316	79.6
2. 2005.....	174,775	136,688	3,179	2.3	139,867	80.0	.75	1	139,943	80.1
3. 2006.....	175,272	143,710	3,168	2.2	146,878	83.8	121	3	147,002	83.9
4. 2007.....	159,089	130,130	2,747	2.1	132,877	83.5	361	3	133,241	83.8
5. 2008.....	152,318	116,954	2,351	2.0	119,305	78.3	12,532	242	132,079	86.7

12.GT

Statement as of December 31, 2008 of the **Aetna Health Inc. (a Maine corporation)**

**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 2004	2 2005	3 2006	4 2007	5 2008
1. Prior.....	17,236	17,292	17,366	17,371	17,371
2. 2004.....	122,516	133,755	133,724	133,770	133,773
3. 2005.....	.XXX	123,075	136,759	136,687	136,688
4. 2006.....	.XXX	.XXX	127,282	143,807	143,710
5. 2007.....	.XXX	.XXX	.XXX	117,857	130,130
6. 2008.....	.XXX	.XXX	.XXX	.XXX	114,537

**SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior.....	18,047	17,483	17,464	17,371	17,371
2. 2004.....	140,916	134,115	133,957	133,883	133,773
3. 2005.....	.XXX	137,959	137,160	136,890	136,763
4. 2006.....	.XXX	.XXX	142,449	144,106	143,831
5. 2007.....	.XXX	.XXX	.XXX	131,682	130,491
6. 2008.....	.XXX	.XXX	.XXX	.XXX	126,545

**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. 2004.....	172,588	133,773	3,543	2.6	137,316	79.6	0	0	137,316	79.6
2. 2005.....	174,775	136,688	3,179	2.3	139,867	80.0	75	1	139,943	80.1
3. 2006.....	175,272	143,710	3,168	2.2	146,878	83.8	121	3	147,002	83.9
4. 2007.....	159,089	130,130	2,747	2.1	132,877	83.5	361	3	133,241	83.8
5. 2008.....	148,568	114,537	2,300	2.0	116,837	78.6	12,008	231	129,076	86.9

12.HM

**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**

**U & I Ex.-Pt.2C-Sn A-Paid Claims-Fed Emp Health  
NONE**

**U & I Ex.-Pt.2C-Sn B-Incurred Claims-Fed Emp Health  
NONE**

**U & I Ex.-Pt.2C-Sn C-Expense Ratio-Fed Emp Health  
NONE**

Statement as of December 31, 2008 of the **Aetna Health Inc. (a Maine corporation)**

**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 2004	2 2005	3 2006	4 2007	5 2008
1. Prior.....	0	0	0	0	0
2. 2004.....	0	0	0	0	0
3. 2005.....	.XXX	0	0	0	0
4. 2006.....	.XXX	.XXX	0	0	0
5. 2007.....	.XXX	.XXX	.XXX	0	0
6. 2008.....	.XXX	.XXX	.XXX	.XXX	2,417

**SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior.....	0	0	0	0	0
2. 2004.....	0	0	0	0	0
3. 2005.....	.XXX	0	0	0	0
4. 2006.....	.XXX	.XXX	0	0	0
5. 2007.....	.XXX	.XXX	.XXX	0	0
6. 2008.....	.XXX	.XXX	.XXX	.XXX	2,941

**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. 2004.....	0	0	0	0.0	0	0.0	0	0	0	0.0
2. 2005.....	0	0	0	0.0	0	0.0	0	0	0	0.0
3. 2006.....	0	0	0	0.0	0	0.0	0	0	0	0.0
4. 2007.....	0	0	0	0.0	0	0.0	0	0	0	0.0
5. 2008.....	3,750	2,417	51	2.1	2,468	65.8	524	11	3,003	80.1

12.XV

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

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

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

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

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

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

Statement as of December 31, 2008 of the **Aetna Health Inc. (a Maine corporation)**

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
<b>POLICY RESERVE</b>									
1. Unearned premium reserves.....	77,873	77,873	0	0	0	0	0	0	0
2. Additional policy reserves (a).....	573,223	573,223	0	0	0	0	0	0	0
3. Reserve for future contingent benefits.....	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
5. Aggregate write-ins for other policy reserves.....	0	0	0	0	0	0	0	0	0
6. Totals (gross).....	651,096	651,096	0	0	0	0	0	0	0
7. Reinsurance ceded.....	0	0	0	0	0	0	0	0	0
8. Totals (net) (Page 3, Line 4).....	651,096	651,096	0	0	0	0	0	0	0
<b>CLAIM RESERVE</b>									
9. Present value of amounts not yet due on claims.....	0	0	0	0	0	0	0	0	0
10. Reserve for future contingent benefits.....	210,678	210,678	0	0	0	0	0	0	0
11. Aggregate write-ins for other claim reserves.....	0	0	0	0	0	0	0	0	0
12. Totals (gross).....	210,678	210,678	0	0	0	0	0	0	0
13. Reinsurance ceded.....	0	0	0	0	0	0	0	0	0
14. Totals (net) (Page 3, Line 7).....	210,678	210,678	0	0	0	0	0	0	0
<b>DETAILS OF WRITE-INS</b>									
0501. ....	0	0	0	0	0	0	0	0	0
0502. ....	0	0	0	0	0	0	0	0	0
0503. ....	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
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	0	0	0	0	0	0	0
1101. ....	0	0	0	0	0	0	0	0	0
1102. ....	0	0	0	0	0	0	0	0	0
1103. ....	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
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0	0	0	0	0	0

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(a) Includes \$.....573,223 premium deficiency reserve.

Statement as of December 31, 2008 of the **Aetna Health Inc. (a Maine corporation)**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - ANALYSIS OF EXPENSES**

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building).....	0	38,467	157,989	765	197,221
2. Salaries, wages and other benefits.....	948,064	354,687	5,257,775	24,993	6,585,519
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....	0	0	4,500,222	0	4,500,222
4. Legal fees and expenses.....	2,879	58,669	242,081	1,167	304,796
5. Certifications and accreditation fees.....	0	0	0	0	0
6. Auditing, actuarial and other consulting services.....	0	215,416	878,264	0	1,093,680
7. Traveling expenses.....	0	38,467	158,029	724	197,220
8. Marketing and advertising.....	0	0	430,300	0	430,300
9. Postage, express and telephone.....	0	89,757	357,523	1,730	449,010
10. Printing and office supplies.....	0	41,032	173,957	805	215,794
11. Occupancy, depreciation and amortization.....	0	0	1,462	0	1,462
12. Equipment.....	0	89,757	356,782	1,690	448,229
13. Cost or depreciation of EDP equipment and software.....	0	161,562	645,251	0	806,813
14. Outsourced services including EDP, claims, and other services.....	2,879	281,778	1,144,244	5,433	1,434,334
15. Boards, bureaus and association fees.....	960	1,605	15,324	40	17,929
16. Insurance, except on real estate.....	3,838	70,531	302,143	0	376,512
17. Collection and bank service charges.....	0	7,693	28,004	161	35,858
18. Group service and administration fees.....	0	0	0	0	0
19. Reimbursements by uninsured plans.....	0	0	0	0	0
20. Reimbursements from fiscal intermediaries.....	0	0	0	0	0
21. Real estate expenses.....	0	46,161	186,033	885	233,079
22. Real estate taxes.....	0	5,129	30,729	0	35,858
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....	0	0	880,515	0	880,515
23.2 State premium taxes.....	0	0	0	0	0
23.3 Regulator authority licenses and fees.....	0	0	53,477	0	53,477
23.4 Payroll taxes.....	0	94,886	387,351	1,851	484,088
23.5 Other (excluding federal income and real estate taxes).....	0	5,129	38,443	0	43,572
24. Investment expenses not included elsewhere.....	0	0	0	0	0
25. Aggregate write-ins for expenses.....	960	4,169	253,331	0	258,460
26. Total expenses incurred (Lines 1 to 25).....	959,580	1,604,895	16,479,229	40,244	(a).....19,083,948
27. Less expenses unpaid December 31, current year.....	93,217	155,905	15,507	0	264,629
28. Add expenses unpaid December 31, prior year.....	96,059	183,411	0	0	279,470
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year.....	0	0	0	0	0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	962,422	1,632,401	16,463,722	40,244	19,098,789

**DETAILS OF WRITE-INS**

2501. Pharmacy Rebate Fee.....	0	0	232,428	0	232,428
2502. Miscellaneous Expense.....	960	4,169	12,800	0	17,929
2503. Intercompany Interest Expense.....	0	0	8,103	0	8,103
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	960	4,169	253,331	0	258,460

(a) Includes management fees of \$.....17,929,171 to affiliates and \$.....0 to non-affiliates.

**Statement as of December 31, 2008 of the Aetna Health Inc. (a Maine corporation)**  
**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....874,288	.....870,224
1.1 Bonds exempt from U.S. tax.....	(a).....1,539	.....1,539
1.2 Other bonds (unaffiliated).....	(a).....1,053,263	.....1,006,989
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).....333,838	.....333,798
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....0	.....0
9. Aggregate write-ins for investment income.....	.....159,078	.....159,078
10. Total gross investment income.....	.....2,422,006	.....2,371,628
11. Investment expenses.....		(g).....38,393
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....1,851
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).....		.....40,244
17. Net investment income (Line 10 minus Line 16).....		.....2,331,384

**DETAILS OF WRITE-INS**

0901. Miscellaneous Income.....	.....112,198	.....112,198
0902. Intercompany Interest.....	.....46,880	.....46,880
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).....	.....159,078	.....159,078
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 \$.....310,121 accrual of discount less \$.....14,605 amortization of premium and less \$.....7,438 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 \$.....333,507 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....175,228	.....0	.....175,228	.....0	.....0
1.1 Bonds exempt from U.S. tax.....	.....0	.....0	.....0	.....0	.....0
1.2 Other bonds (unaffiliated).....	.....0	.....(1,004,615)	.....(1,004,615)	.....0	.....0
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....0	.....0	.....0	.....0	.....0
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....0	.....0	.....0	.....0
2.21 Common stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
3. Mortgage loans.....	.....0	.....0	.....0	.....0	.....0
4. Real estate.....	.....0	.....0	.....0	.....0	.....0
5. Contract loans.....	.....0	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	.....0	.....0	.....0	.....0	.....0
7. Derivative instruments.....	.....0	.....0	.....0	.....0	.....0
8. Other invested assets.....	.....0	.....0	.....0	.....0	.....0
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....175,228	.....(1,004,615)	.....(829,387)	.....0	.....0

**DETAILS OF WRITE-INS**

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

Statement as of December 31, 2008 of the Aetna Health Inc. (a Maine corporation)

**EXHIBIT OF NONADMITTED ASSETS**

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	.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 (Schedule DA).....	.0	.0	.0
6. Contract loans.....	.0	.0	.0
7. Other invested assets (Schedule BA).....	.0	.0	.0
8. Receivables 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. Title plants (for Title insurers only).....	.0	.0	.0
12. Investment income due and accrued.....	.0	.0	.0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection.....	149,674	106,632	(43,042)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	.0	.0	.0
13.3 Accrued retrospective premiums.....	.0	.0	.0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers.....	.0	.0	.0
14.2 Funds held by or deposited with reinsured companies.....	.0	.0	.0
14.3 Other amounts receivable under reinsurance contracts.....	.0	.0	.0
15. Amounts receivable relating to uninsured plans.....	.0	.0	.0
16.1 Current federal and foreign income tax recoverable and interest thereon.....	.0	.0	.0
16.2 Net deferred tax asset.....	2,450,065	2,741,473	291,408
17. Guaranty funds receivable or on deposit.....	.0	.0	.0
18. Electronic data processing equipment and software.....	.0	.0	.0
19. Furniture and equipment, including health care delivery assets.....	.0	.0	.0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	.0	.0	.0
21. Receivables from parent, subsidiaries and affiliates.....	.0	.0	.0
22. Health care and other amounts receivable.....	.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).....	2,599,739	2,848,105	248,366
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	.0	.0	.0
26. TOTALS (Lines 24 and 25).....	2,599,739	2,848,105	248,366

**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.....	30,948	29,521	28,887	28,034	25,822	342,732
2. Provider service organizations.....	0	0	0	0	0	0
3. Preferred provider organizations.....	0	0	0	0	0	0
4. Point of service.....	3,714	4,463	4,342	3,832	3,946	49,547
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.....	34,662	33,984	33,229	31,866	29,768	392,279

**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

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## NOTES TO FINANCIAL STATEMENTS

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1. Summary of significant accounting policies

Accounting practices

The accompanying statutory 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 or permitted by the Maine Department of Professional and Financial Regulation, Bureau of Insurance ("Maine Department") ("Maine Accounting Practices"). The Maine Department 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, which include accounting practices and procedures adopted by the National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures Manual* ("NAIC SAP"). The Company's net income 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 were the same as of and for the years December 31, 2008 and 2007.

The Maine Accounting Practices prescribed vary from U.S. generally accepted accounting principles ("GAAP"). The primary differences include:

- Certain assets, designated as nonadmitted assets (in part premium funds receivable which are recorded in accordance with Statements of Statutory Accounting Principles ("SSAP") No. 6, *Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers*) are not recorded as assets, but are charged to surplus. Thus, nonadmitting premium funds receivable eliminates the need for a separate allowance for doubtful accounts which is utilized under GAAP;
- Bonds are recorded at amortized cost except for those with an NAIC designation of 3 through 6, which are reported at the lower of amortized cost or fair value. Therefore, changes in unrealized gains and losses are not reflected in the financial statements. Under GAAP, bonds classified as available for sale are recorded at fair value, and related changes in unrealized gains and losses are recorded as a component of equity, net of deferred federal income taxes; and
- Deferred tax assets and liabilities are determined and admitted in accordance with SSAP No. 10, *Income Taxes*. Under GAAP, such assets and liabilities are determined under Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. Changes in net deferred tax assets and liabilities are reflected as changes in surplus. Under GAAP, such changes are reflected in net income.

Use of estimates in the preparation of the financial statements

The preparation of these financial statements in conformity with Maine Accounting Practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses. Actual results could differ from those estimates.

Significant accounting policies

The Company applies the following significant accounting policies:

Cash, cash equivalents and short-term investments

Cash and cash equivalents include all highly liquid instruments readily convertible to cash with a maturity of three months or less from the date of purchase. Short-term investments primarily consist of investments purchased with an original maturity of one year or less. The carrying amounts of cash and cash equivalents and short-term investments reported in the accompanying Statutory Statements of Assets approximate fair value.

Bonds

Bonds, which include special deposits, are carried at amortized cost except for those bonds with a an 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 scientific interest method. Fair values of bonds are determined based on quoted market prices, when available, market prices provided by a third party vendor (including matrix pricing) or dealer quotes. Bonds include all investments whose maturity is greater than one year when purchased.

The Company regularly reviews its portfolio of bonds to determine whether a decline in fair value below the cost basis is other-than-temporary. If a decline in fair value is considered other-than-temporary, the cost basis of the security is written-down, and the amount of the write-down is included on the Statutory Statements of Revenue and Expenses as a realized capital loss. Other-than-temporary impairments are recognized based on an analysis of whether the decline in fair value results from a change in the quality of the investment security itself. For unrealized losses deemed to be the result of market conditions (for example, increasing interest rates and volatility due to conditions in the overall market rather than specific credit quality concerns), the Company records an other-than-temporary impairment if it has the current intention to sell the investment before recovery of the cost of the investment at the financial statement date.

Securities lending

The Company engages in securities lending by lending certain debt securities from its investment portfolio to other institutions for short periods of time. The Company requires collateral from borrowers, primarily cash in the amount of at least 102% of the fair value of the loaned security. The fair value of the loaned securities are monitored on a daily basis, with additional collateral obtained or refunded as the fair value of the loan securities fluctuate. The collateral is retained and invested by a lending agent according to the Company's guidelines to generate additional investment income for the Company.

At December 31, 2008 and 2007, the Company had loaned securities (which were reflected as bonds on the Statutory Statements of Assets) with a fair value of approximately \$6,439,000 and \$11,677,000, respectively.

Premiums and amounts due and unpaid

Premium revenue for prepaid health care products are recognized as income in the month in which enrollees are entitled to health care services. Premiums collected before the effective period are reported as premiums received in advance. Premiums related to unexpired contractual coverage periods are reported as unearned premiums on the Statutory Statements of Liabilities, Capital and Surplus (refer to discussion of aggregate health policy reserves and related expenses below).

Nonadmitted amounts consist of all premiums due and unpaid greater than 90 days past due, with the exception of amounts due under government insured plans, which may be admitted assets under certain circumstances. In addition, for any customer for which the premiums due and unpaid are greater than 90 days past due is more than a de minimus portion of the entire balance of premiums due and unpaid for that customer, the entire balance of premiums due and unpaid for that customer is nonadmitted. Management also performs a specific review of accounts and based on the results of the review, additional amounts may be nonadmitted. 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 by the Company.

Pharmaceutical rebate receivables

The Company estimates pharmaceutical rebates receivable based upon the historical payment trends, actual utilization and other variables. Pharmaceutical rebates for a quarter are billed to the vendor within one month of the completion of the quarter with any adjustment to previously recorded amounts reflected at the time of billing. The Company reports pharmaceutical rebates receivable as health care receivables. Pharmacy rebates over 90 days past due are nonadmitted. All rebates are processed and settled with an affiliated entity.

Hospital and medical costs and claims adjustment expenses and related reserves

Hospital and medical costs consist principally of fee-for-service medical claims and capitation costs. Claims unpaid include the Company's estimate of payments to be made on claims reported but not yet paid and for health care services rendered to enrollees but not yet reported to the Company as of the Statutory Statements of Assets, Liabilities, Capital and Surplus date. Such estimates are developed using actuarial principles and assumptions which consider, among other things, historical and projected claim submission and processing patterns, medical cost trends, historical utilization of health care services, claim inventory levels, changes in membership and product mix, seasonality and other relevant factors. The Company reflects changes in estimates in hospital and medical costs in the Statutory Statements of Revenues and Expenses in the period they are determined. Capitation costs, which are recorded in hospital and medical expenses on the Statutory Statements of Revenue and Expenses, represent contractual monthly fees paid to participating physicians and other medical providers for providing medical care, regardless of the medical services provided to the enrollee.

The Company uses the triangulation method to estimate reserves for claims incurred but not reported. 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). For the most current dates of service where there is insufficient paid claim data to rely solely on the triangulation method, the Company examines cost and utilization trends as well as environmental factors, plan changes, provider contracts, changes in membership and/or benefits, and historical seasonal patterns to estimate the reserve required for these months.

Claims adjustment expenses represent the 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 with an affiliate described in Note 10, are calculated using a percentage of current hospital and medical costs, which is based on historical cost experience.

Aggregate health policy reserves and related expenses

Premium deficiency reserves ("PDR") are recognized when it is probable that the expected future hospital and medical costs, including maintenance costs, will exceed anticipated future premiums and reinsurance recoveries on existing contracts. Anticipated investment income is considered in the calculation of any PDR. For purposes of calculating a PDR, contracts are grouped in manner consistent with the method of acquiring, servicing and measuring the profitability of such contracts. The PDR balances of \$573,223 and \$20,398 were included in aggregate health policy reserves in the Statutory Statements of Liabilities, Capital and Surplus at December 31, 2008 and 2007, respectively.

Unearned premium reserves ("UEP") are recognized for premiums that are recorded by the Company that have not been earned as of the statement date. The UEP balances of \$77,873 and \$124,332 were included in aggregate health policy reserves in the Statutory Statements of Liabilities, Capital and Surplus at December 31, 2008 and 2007, respectively.

Aggregate health claim reserves

The reserve for future contingent benefits includes the estimated cost of services which will continue to be incurred after the Statutory Statements of 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 health claim reserves on the Statutory Statements of Liabilities, Capital and Surplus and are estimated using a percentage of current hospital and medical costs, which is based on the Company's 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.

Federal, state and premium taxes

In accordance with a written tax sharing agreement with an affiliate, 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 represent the expected future tax consequences of temporary differences generated in the application of Maine Accounting Practices. Deferred income tax assets and liabilities are computed by means of identifying temporary differences which are measured using a Statutory Statements of Assets, Liabilities, Capital and Surplus approach whereby the statutory and tax basis Statutory Statements of Assets, Liabilities, Capital and Surplus are compared. Current income tax recoverables include all current income taxes, and related interest reasonably expected to be recovered in a subsequent accounting period.

Deferred income tax assets 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 Statutory 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. In accordance with Maine Accounting Practices, 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 Statutory 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 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 on the Statutory Statements of Revenue and Expenses. For the years ended December 31, 2008 and 2007, the Company incurred state income tax expense of \$880,515 and \$256,812, respectively. . The Company's state income tax payable of \$15,506 at December 31, 2008 was included in general expenses due or accrued on the Statutory Statements of Liabilities, Capital and Surplus. At December 31, 2007, the Company reported \$480,632 as state income tax receivable, which was recorded as a write-in on the Statutory Statements of Assets

2. Accounting changes and corrections of errors

Under an administrative services agreement with an affiliate, administrative costs allocated to the Company each year are subject to an annual true-up mechanism. Under the agreement, this true-up is due to be settled with the affiliate by April 15<sup>th</sup> of the following contract year (which is January 1 to December 31 annually). Prior to the 2007 contract year, the true-up was not estimable by the Company or its affiliate until the quarter in which the true-up was settled with the affiliate. During 2007, based on experience acquired in prior years, improved insight and judgment, the Company and its affiliate have developed a process to estimate the contract year true-up by the end of the contract year. Therefore, in 2007, an estimated true-up of approximately \$1,714,800 for the 2007 contract year has been recorded at year end 2007 and will be subject to finalization in 2008. This true-up has been recorded as a change in estimate in 2007 and the net impact after taxes was an increase to net income and surplus in 2007 of approximately \$1,114,620. In April 2008, the Company and its affiliate settled in cash the final true-up amount for the 2007 contract year. It was not materially different than the Company's estimated true-up as recorded in 2007. Refer to Note 10 for additional discussion.

In 2008, the Company corrected a balance in its current federal income tax payable that was established in a prior period, but was unsubstantiated based upon further research. As a result, the Company's 2007 current federal income tax payable (Statutory Statement of Liabilities, Capital and Surplus page, Line 10.1, Column 3) and unassigned funds (Statutory Statement of Liabilities, Capital and Surplus page, Line 29, Column 3) were overstated by \$387,415. Line 4701 on the Statutory Statement of Revenue and Expenses (Continued) page has been adjusted to correct the error in the reporting of current federal income tax payable and unassigned funds.

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 in the years ending December 31, 2008 and 2007.

4. Discontinued operations

The Company did not have any discontinued operations in the years ending December 31, 2008 and 2007.

5. Investments

A. The Company did not have any mortgage loans at December 31, 2008 or 2007.

B. The Company did not have any debt restructuring in the years ending December 31, 2008 and 2007.

C. The Company did not have any reverse mortgages at December 31, 2008 or 2007.

D. Loan-Backed Securities

1. Not Applicable

2. Prepayment assumptions for single class and multi-class mortgage backed/asset backed securities were obtained from industry market sources.

3. The Company made no changes from the retrospective to the prospective adjustment methodology.

E. The Company did not have any repurchase agreements at December 31, 2008 or 2007.

F. The Company did not have any real estate at December 31, 2008 or 2007.

G. The Company did not have any low-income housing tax credits at December 31, 2008 or 2007.

6. Joint ventures, partnerships, and limited liability companies

The Company did not have any joint ventures, partnerships, or limited liability companies that exceeded 10% of its admitted assets at December 31, 2008 or 2007.

7. Investment income

There was no Investment income due and accrued with amounts that are over 90 days old at December 31, 2008 or 2007.

8. Derivative instruments

The Company did not have any derivative instruments at December 31, 2008 or 2007.

Statement as of December 31, 2008 of the **Aetna Health Inc. (a Maine corporation)**

9. Income taxes

A. The components of the net deferred tax assets recognized in the Company's Statements of Assets, Liabilities, Capital and Surplus at December 31, 2008 and 2007 were as follows:

	December 31	
	2008	2007
Gross deferred tax assets	\$3,822,390	\$4,560,060
Gross deferred tax liabilities	(95,578)	(302,766)
Net deferred tax asset	3,726,812	4,257,294
Less: Deferred tax asset nonadmitted	(2,450,065)	(2,741,473)
Net admitted deferred tax asset	\$1,276,747	\$1,515,821
Decrease in nonadmitted asset	\$291,408	-

B. There are no deferred tax liabilities that were not recognized at December 31, 2008 or 2007.

C.1 The provisions (benefit) for income taxes for the years ended December 31, 2008 and 2007 were as follows:

	2008	2007
Federal income tax on operations	\$(2,189,778)	\$3,668,315
Federal income tax benefit on net capital gains	80,742	(2,057)
Federal income taxes incurred	\$(2,109,036)	\$3,666,258

C.2 The tax effects of temporary differences that gave rise to deferred tax assets and liabilities at December 31, 2008 and 2007 were as follows:

	December 31	
	2008	2007
Deferred tax assets:		
Goodwill	\$2,976,287	\$3,637,683
Investments	499,137	189,917
Claims unpaid	88,501	679,255
Premiums received in advance	5,451	8,703
Uncollected premiums – nonadmitted	52,386	37,321
Premium deficiency reserve	200,628	7,139
Other	-	42
Gross deferred tax assets	3,822,390	4,560,060
Nonadmitted deferred tax assets	(2,450,065)	(2,741,473)
Admitted deferred tax assets	1,372,325	1,818,587
Deferred tax liabilities:		
Allowance for billing adjustment	6,654	247,864
Investments	88,924	54,902
Gross deferred tax liabilities	95,578	302,766
Net admitted deferred tax assets	\$1,276,747	\$1,515,821

During 2001, the Company was allocated tax goodwill in the amount of \$26,614,432 that was created upon the acquisition of the NYLCare health business. The unamortized balance of this tax goodwill is \$8,503,674 and \$10,393,380 at December 31, 2008 and 2007, respectively. For tax purposes this goodwill will be amortized in future periods.

The change in net deferred income taxes in 2008 was comprised of the following:

	December 31		
	2008	2007	Change
Gross deferred tax assets	\$3,822,390	\$4,560,060	\$(737,670)
Less: Gross deferred tax liabilities	(95,578)	(302,766)	207,188
Net deferred tax asset	\$3,726,812	\$4,257,294	(530,482)
Less: Tax effect of unrealized gains (losses)			-
Change in net deferred income tax			\$(530,482)

Statement as of December 31, 2008 of the **Aetna Health Inc. (a Maine corporation)**

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

	December 31, 2008	Effective tax rate	December 31, 2007	Effective tax rate
Provision computed as statutory rate	\$2,181,051	35.0%	\$3,550,865	35.0%
Permanent items, including				
Section 482 adjustment	(957,743)	(15.4)%	-	-
Change in nonadmitted assets and other	(15,067)	(0.2)%	288,543	2.8%
2006 IRS adjustment - Section 482 adjustment	(1,597,799)	(25.6)%	-	-
2007 true-up, including Section 482 adjustment	(1,188,997)	(19.1)%	-	-
<b>Total</b>	<b>\$(1,578,555)</b>	<b>(25.3)%</b>	<b>\$3,839,408</b>	<b>37.8%</b>
Federal and foreign income taxes incurred	\$(2,109,036)	(33.8)%	\$3,666,258	36.1%
Change in net deferred income taxes	530,482	8.5%	173,150	1.7%
<b>Total statutory income taxes</b>	<b>\$(1,578,554)</b>	<b>(25.3)%</b>	<b>\$3,839,408</b>	<b>37.8%</b>

Beginning with the 2007 tax year, the Company entered into the Compliance Assurance Process ("CAP") with the Internal Revenue Service ("IRS"). Under the CAP, the IRS undertakes audit procedures during the tax year and as the return is prepared for filing. The IRS has concluded its CAP audit of the 2007 tax return as well as all the prior years. We expect that the IRS will conclude its CAP audit of the 2008 tax year during 2009.

In 2008, the Company agreed with the IRS on an adjustment to its 2006 taxable income, pursuant to Section 482 of the Internal Revenue Code ("Section 482"). Furthermore, the Company is required to apply Section 482 in its determination of taxable income for 2007, 2008 and all future years. As a result, the Company applied Section 482 to its 2007 income tax return, which was filed in 2008. The tax effect of applying Section 482 to the Company's 2006 through 2008 taxable income has been reflected in the Company's 2008 tax provision.

E.1 At December 31, 2008, the Company had no net capital loss or net operating loss carryforwards for tax purposes.

E.2 The amount of Federal income taxes incurred that is available for recoupment in the event of future net losses is \$1,262,260 and \$1,311,959 for the years ended December 31, 2008 and 2007, respectively.

E.3 The Company did not report any deposits as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code as of December 31, 2008 and 2007.

F.1 At December 31, 2008, the Company's Federal Income Tax Return was consolidated with the following entities:

Aetna Inc. - Parent Company	Aetna Health of Illinois Inc.
@ Credentials Inc.	Aetna Health of the Carolinas Inc.
Active Health Management, Inc.	Aetna Insurance Company of Connecticut
AE Fourteen, Incorporated	Aetna Integrated Informatics, Inc.
Aelan Inc.	Aetna IntelliHealth, Inc.
AET Health Care Plan, Inc. (TX)	Aetna Life and Casualty (Bermuda) Limited
AET Health Care Plan of California, Inc.	Aetna Life Assignment Company
Aetna/AREA Corporation	Aetna Life Insurance Company
Aetna Better Health Inc. (Connecticut)	Aetna Risk Indemnity Company, Limited
Aetna Criterion Communications, Inc.	AHP Holdings, Inc.
Aetna Dental Inc. (New Jersey)	AUSHC Holdings, Inc.
Aetna Dental Inc. (Texas)	BPC Equity Inc.
Aetna Dental of California Inc.	Broadspire National Services, Inc.
Aetna Family Plans of Georgia Inc.	Chickering Benefit Planning Insurance Agency, Inc.
Aetna Family Plans of Pennsylvania Inc.	Chickering Claims Administrators, Inc.
Aetna Health and Life Insurance Company	Cofinity, Inc.
Aetna Health Inc. (Arizona)	Delaware Physicians Care, Incorporated
Aetna Health Inc. (Colorado)	Delaware Physicians Care - Medicare, Incorporated
Aetna Health Inc. (Connecticut)	Goodhealth Worldwide Administrators Inc.
Aetna Health Inc. (Delaware)	Health Cost Consultants, Inc.
Aetna Health Inc. (Florida)	Health Data & Management Solutions, Inc.

Statement as of December 31, 2008 of the **Aetna Health Inc. (a Maine corporation)**

Aetna Health Inc. (Georgia)	Integrated Pharmacy Solutions, Inc.
Aetna Health Inc. (Maine)	Luettgens Limited
Aetna Health Inc. (Maryland)	Managed Care Coordinators, Inc.
Aetna Health Inc. (Michigan)	Missouri Care, Incorporated
Aetna Health Inc. (Missouri)	NYLCare Health Plans, Inc.
Aetna Health Inc. (New Jersey)	SABH of Arizona, Incorporated
Aetna Health Inc. (New York)	Sanus of New York and New Jersey, Inc.
Aetna Health Inc. (Oklahoma)	Schaller Anderson Behavioral Health, Incorporated
Aetna Health Inc. (Pennsylvania)	Schaller Anderson Medical Administrators, Incorporated
Aetna Health Inc. (Tennessee)	Schaller Anderson of Delaware, Incorporated
Aetna Health Inc. (Texas)	Schaller Anderson, Incorporated
Aetna Health Inc. (Washington)	Sloan's Lake Management Corp.
Aetna Health Information Solutions, Inc.	Strategic Resource Company
Aetna Health Insurance Company	Trumbull Four, Inc.
Aetna Health Insurance Company of New York	Trumbull One, Inc.
Aetna Health of California Inc.	U.S. Healthcare Properties, Inc.

F.2 As explained in Note 1, the Company participates in a tax sharing agreement with its parent and affiliates.

10. Information concerning parent, subsidiaries, affiliates, and related parties

As of and for the years ending December 31, 2008 and 2007, the Company had the following significant transactions with affiliates:

The Company and Aetna Health Management, LLC ("AHM"), indirectly a wholly-owned subsidiary of Aetna, are parties to an administrative services agreement, under which AHM provides certain administrative services, including accounting and processing of premiums and claims. Under this agreement, the Company remits a percentage of its earned commercial, Medicaid and Medicare premium revenue, as applicable, to AHM as a fee, subject to an annual true-up mechanism as defined in the agreement. For these services, the Company was charged the following:

	2008	2007
Administrative service fee	\$17,808,653	\$20,658,414
Prior contract year true-up	-	(1,894,855)
Current year estimated accrued true-up (See Note 2)	120,518	(1,714,766)
<b>Total administrative service fee</b>	<b>\$17,929,171</b>	<b>\$17,048,793</b>

This agreement also provides for interest on all intercompany balances. Interest earned on amounts due from affiliates was \$46,880 in 2008 and \$19,781 in 2007. Interest incurred on amounts due to affiliates was \$8,103 in 2008 and \$27,254 in 2007. At December 31, 2008 and 2007, the Company reported \$(2,928,761) and \$150,391, respectively, as amounts due (to) from AHM related to this agreement. The terms of settlement require that these amounts be settled within 45 days after the end of the calendar quarter.

The Company is a party to an agreement which enables the Company to receive manufacturers' pharmacy rebates from AHM under which the Company remits 10% of its earned pharmaceutical rebates to AHM as a fee. The Company earned pharmaceutical rebates of \$2,324,284 and \$2,356,552, which were recorded as a reduction of hospital and medical costs, in 2008 and 2007, respectively. The Company incurred pharmaceutical rebate fees, which were recorded as administrative expense, of \$232,428 in 2008 and \$235,655 in 2007. At December 31, 2008 and 2007, the Company reported \$181,193 and \$208,931, respectively, as amounts due from AHM related to pharmaceutical rebates which were reflected in health care and other amounts receivable. The terms of settlement require that these amounts be settled within 45 days after the end of the calendar quarter.

The amounts reported on the Underwriting and Investment Exhibit, Part 3 represent the expenses incurred under the terms of the administrative agreement, allocated to the Company in accordance SSAP No. 70, "Allocation of Expenses". SSAP No. 70 states "shared expenses, including expenses under the terms of a management contract, shall be apportioned to the entities incurring the expense as if the expense had been paid solely by the incurring entity. The apportionment shall be completed based upon specific identification to the entity incurring the expense. Where specific identification is not feasible, apportionment shall be based upon pertinent factors or ratios." The Company allocates these expenses based upon a percentage calculated using actual general and administrative expenses incurred by AHM.

The Company has coverage for certain litigation exposures (\$10,000,000 per claim and in the aggregate including defense costs) through an affiliated captive insurance company.

The Company entered into an insolvency agreement with Aetna Health Insurance Company ("AHIC") (formerly Corporate Health Insurance Company), a wholly-owned subsidiary of Aetna, effective January 1, 2008. This agreement was approved by the Maine Bureau of Insurance. This agreement provides that in the event that the Company ceases operations or becomes insolvent, AHIC will continue to pay benefits for any

members confined as inpatients on the date of insolvency until their discharge. This agreement also provides that AHIC will continue benefits for any member until the end of the contract period for which premium has been paid, but for no longer than thirty-one days. AHIC will also make available to members, for a period of thirty-one days, replacement insurance policies.

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 were due from/due to Aetna.

The Company was a party to a specific excess loss reinsurance agreement with AHIC. This agreement provided for the Company to be reimbursed for 100% of eligible losses, as defined, paid on behalf of any insured during the policy period. Reimbursement was subject to a specific deductible of \$500,000. The policy period was defined as the twelve month period beginning on the effective date of this agreement. At December 31, 2007, the Company reported \$66,504 as amounts recoverable from AHIC related to this agreement. At December 31, 2007, the Company reported \$24,203 as ceded reinsurance premiums payable to AHIC related to this agreement. The Company paid reinsurance premiums of \$312,575 in 2007 and realized net reinsurance recoveries of \$232,111 and \$247,599 in 2008 and 2007, respectively. The Company received approval from the Maine Department of Professional and Financial Regulation, Bureau of Insurance to terminate this agreement effective December 31, 2007.

The Company has a guaranty agreement with Aetna. The agreement provides that the Company will maintain a minimum capital and surplus as required by law and any additional surplus the Superintendent of the Maine Bureau of Insurance may require so that the Company's surplus is reasonable in relation to its outstanding liabilities. The Company is obligated to maintain the minimum capital and surplus in funds and investments which are admitted assets. The Company will maintain this minimum capital and surplus so long as it has any obligations to enrollees.

At December 31, 2008 and 2007, the Company did not hold any investments in any affiliate did not own shares of any upstream intermediate or Aetna and did not make any guarantees for the benefit of an affiliate.

Amounts due to and due from affiliates shown on the accompanying Statutory Statements of Assets, Liabilities, Capital and Surplus include the Company's net receipts and disbursements processed by affiliates and management agreement transactions.

11. Debt

The Company did not have any debt at December 31, 2008 or 2007.

12. Retirement plans, deferred compensation postemployment benefits and compensated absences and other postretirement benefit plans

The Company did not have a retirement plan, deferred compensation plan, or other postretirement benefit plan at December 31, 2008 or 2007.

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 at December 31, 2008 and 2007.

The Company did not have any preferred stock outstanding at December 31, 2008 or 2007.

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. Ordinary dividends are ultimately limited to earned surplus.

The Company may make a non-extraordinary dividend with prior notification to the Maine Department of Professional and Financial Regulation, Bureau 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 Company paid \$9,000,000 as an extraordinary dividend to its parent on June 26, 2008. The Maine Department approved this distribution on June 12, 2008. The Company paid \$4,400,000 in ordinary dividends to its parent on May 15, 2007. The Company did not receive capital contributions in 2008 or 2007.

At December 31, 2008, the portion of the Company's profits that may be paid as ordinary dividends to stockholders is \$9.3 million.

There were no restrictions placed on the Company's surplus, including for whom the surplus was being held at December 31, 2008 or 2007, except as noted in Note 20.

The Company did not hold any stock for any special purposes at December 31, 2008 or 2007.

At December 31, 2008, there was no portion of unassigned funds (surplus) that was represented or reduced by unrealized gains and (losses).

The Company did not have any special surplus funds, surplus notes, or quasi-reorganizations at December 31, 2008 or 2007.

14. Contingencies

- A. The Company did not have any contingent commitments at December 31, 2008 or 2007.
- B. The Company did not have any contingent assessments at December 31, 2008 or 2007.
- C. The Company did not have any gain contingencies at December 31, 2008 or 2007.
- D. The Company did not have any claims related extra contractual obligation and bad faith losses stemming from lawsuits at December 31, 2008 or 2007.
- E. All other contingencies

Litigation and regulatory proceedings

Aetna and its subsidiaries, including the Company, are involved in numerous lawsuits arising, for the most part, in the ordinary course of their business operations, including employment litigation and claims of bad faith, medical malpractice, non-compliance with state and federal regulatory regimes, marketing misconduct, failure to timely or appropriately pay medical claims, investment activities, patent infringement and other intellectual property litigation and other litigation in their health care and group insurance businesses. Some of these other lawsuits are or are purported to be class actions. Aetna and its subsidiaries, including the Company, intend to defend these matters vigorously.

In addition, the current and past business practices of Aetna and its subsidiaries, including the Company, are subject to review by, and from time to time they receive subpoenas and other requests for information from, various state insurance and health care regulatory authorities and attorneys general and other state and federal authorities. There also continues to be heightened review by regulatory authorities of, and increased litigation regarding, the health care benefits industry's business and reporting practices, including utilization management, complaint and grievance processing, information privacy, provider network structure (including the use of performance-based networks), delegated arrangements and claim payment practices (including payments to out-of-network providers). As a leading national health care benefits organization, Aetna and its subsidiaries, including the Company, regularly are the subject of such reviews. These reviews may result, and have resulted, in changes to or clarifications of the business practices of Aetna and its subsidiaries, including the Company, as well as fines, penalties or other sanctions.

The Company is unable to predict at this time the ultimate outcome of these matters, and it is reasonably possible that their outcome could be material to the financial position and/or results of operations of the Company.

15. Leases

The Company did not have any material lease obligations at December 31, 2008 or 2007.

16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk

The Company did not have any financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk at December 31, 2008 or 2007.

17. Sale, transfer and servicing of financial assets and extinguishments of liabilities

- A. Transfers of receivables reported as sales

The Company did not have any transfers of receivables as sales for the years ending December 31, 2008 and 2007.

B. Transfer and servicing of financial assets

1. Not applicable.

2. The Company's loaned securities as of December 31, 2008 were as follows:

Cusip	Security description	Par value shares	Collateral held	Security fair value	Collateral %	Is collateral restricted?
683234RV2	Ontario Prov CDA	\$1,100,000	\$1,232,000	\$1,179,237	102	Yes
126650BD1	CVS Corp	455,000	475,150	456,564	102	Yes
912828DX5	United States Treasury Notes	468,000	499,290	489,261	102	Yes
912828CE8	United States Treasury Notes	984,000	1,019,670	992,283	102	Yes
912828HG8	United States Treasury Notes	3,000,000	3,409,576	3,321,445	102	Yes
Total Company		\$6,007,000	\$6,635,686	\$6,438,790		

3. Not applicable.

C. Wash sales

The Company did not have any wash sales for the years ending December 31, 2008 or 2007.

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 for the years ended December 31, 2008 and 2007.

19. Direct premium written/produced by managing general agents/third party administrators

The Company did not have any direct premiums written through/produced by managing general agents or third party administrators for the years ended December 31, 2008 and 2007.

20. Other items

A. Extraordinary items

The Company did not have any extraordinary items for the years ended December 31, 2008 and 2007.

B. Troubled debt restructuring: debtors

The Company did not have any troubled debt restructuring in the years ended December 31, 2008 and 2007.

C. Other disclosures

Minimum capital and surplus

Under the laws of the State of Maine, the Company is required to maintain a minimum capital and surplus 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, 2008 and 2007, the Company's capital and surplus exceeded all such requirements.

The NAIC and the State of Maine adopted risk-based capital ("RBC") standards for health organizations, including HMOs, that are designed to identify weakly capitalized by comparing each company's adjusted capital and surplus to its required capital and surplus (the "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, 2008 and 2007, the Company had capital and surplus that exceeded the highest threshold specified by the RBC rules.

D. The Company did not have any receivable balances due from insurance agents or brokers, and it does not have uninsured plans or retrospectively rated contracts at December 31, 2008 or 2007. Therefore, there were no balances for assets that would be reasonably possible to be uncollectible.

E. The Company did not have any business interruption insurance recoveries for the years ending December 31, 2008 or 2007.

F. The Company did not have any state transferable tax credits for the years ending December 31, 2008 and 2007.

G. The Company did not have any hybrid securities at December 31, 2008 or 2007.

H. Subprime Mortgage Related Risk Exposure

1. The Company defines its exposure to subprime mortgage related risk by looking at residential mortgage-backed securities ("RMBS"), including asset-backed securities ("ABS"). There are two broad classes of RMBS: a.) agency issued (for example, Government National Mortgage Association ("GNMA"), Federal National Mortgage Association ("FNMA") and Federal Home Loan Mortgage Corp ("FHLMC")) that carry agency guarantees and explicit or implicit guarantees by the U.S. Government, and b.) non-agency securities. ABS are subdivided by the underlying collateral (for example, auto, credit card, home equity loans, utilities and other). The Company's exposure to subprime/ALT-A mortgages is through investments in ABS whose underlying collateral is home equity loans. The Company has mitigated its risk exposure by purchasing securities whose underlying collateral is fixed-rate mortgages which are not subject to interest payment resets, in which the projected average life of the securities is very short (two to three years), and which have NAIC ratings of Class 1 at December 31, 2008 and 2007. The Company's exposure to unrealized losses is due to changes in asset values. Interest and principal payments have been received timely and given the Company's low exposure to subprime/ALT-A mortgage securities relative to its fixed income portfolio, the Company has sufficient liquidity to meet future cash flow requirements in the foreseeable future without selling these assets at distressed prices.

2. The Company had no direct subprime mortgage related risk exposure through written mortgages at December 31, 2008 and 2007.

3. Other investments with subprime exposure at December 31, 2008 and 2007 consisted of the following:

	December 31, 2008	December 31, 2007
Investment type	RMBS	RMBS
Actual cost	\$1,473,314	\$2,342,850
Book/adjusted carrying value	\$1,493,453	\$2,343,332
Fair value	\$785,767	\$2,326,800
Other-than-temporary impairment losses	\$1,004,614	None*

\*During the first quarter of 2008, the Company recorded an other-than-temporary impairment of \$663,000 due to the decline in the fair value of the Company's RMBS security above.

4. The Company had no underwriting exposure to subprime mortgage related risks through either Mortgage Guaranty or Financial Guaranty insurance coverages at December 31, 2008 and 2007 as it did not write these types of coverages.

21. Events subsequent

The Company paid \$9,400,000 as an extraordinary dividend to its parent on January 27, 2009. This Maine Department approved this distribution on December 31, 2008. This dividend payable is recorded in the write-in section of the Statutory Statements of Liabilities, Capital and Surplus.

22. Reinsurance

The Company did not have any reinsurance recoverables in dispute, reinsurance assumed, uncollectible reinsurance, commutation of ceded reinsurance, or retroactive reinsurance at December 31, 2008.

23. Retrospectively rated contracts and contracts subject to redetermination

Retrospectively rated contracts

Through annual contracts with Centers for Medicare and Medicaid Services ("CMS") beginning in 2008, the Company offers HMO plans for Medicare-eligible individuals through the Medicare Advantage program. Members typically receive enhanced benefits over standard Medicare fee-for-service coverage, including reduced cost-sharing for preventative care, vision and other non-Medicare services. Under this agreement the Company and CMS share in amounts above and below agreed upon target medical benefit ratios. Additionally, the Company was selected by CMS to be a provider of the Medicare Part D Prescription Drug Program ("PDP") beginning in 2008. All Medicare eligible individuals are eligible to participate in this voluntary prescription drug plan. Members typically receive coverage for certain prescription drugs, usually subject to a deductible, co-insurance and/or co-payment. The Company had net premiums written of \$3,749,658 related to these agreements for the year ending December 31, 2008, representing 2% of total premium revenue. Accrued retrospective premiums were recorded through premiums.

The Company recognizes premiums received from, or on behalf of, members or CMS and capitated fees as premium revenue ratably over the contract period. The Company expenses the cost of covered prescription drugs as incurred. Costs associated with low-income Medicare beneficiaries (deductible, coinsurance, etc.) and the catastrophic drug costs paid in advance by CMS are recorded as a liability and offset health care costs when incurred. For individual PDP coverage, the risk sharing arrangement provides a risk corridor whereby the target amount (what we received in premiums from members and CMS based on our annual bid amount less administrative expenses) is compared to our actual drug costs incurred during the contract year. Based on the risk corridor provision and PDP activity to date, an estimated risk sharing receivable or payable is recorded on a quarterly basis as an adjustment to premium revenue. The Company performs a reconciliation of the final risk sharing, low-income subsidy and catastrophic amounts after the end of the contract year. The resulting receivables and payables were not material to the Company at December 31, 2008.

The Company did not have any contracts subject to redetermination in 2008 or 2007.

24. Change in claims unpaid, unpaid claims adjustment expense, and aggregate health claim reserves

The following table shows the components of the change in claims unpaid, unpaid claims adjustment expense and aggregate health claim reserves for the years ending December 31, 2008 and 2007.

(amounts in thousands)	2008	2007
Balance, January 1	\$14,720	\$16,219
Health care receivable	(209)	(226)
Balance, January 1, net of health care receivable	<u>14,511</u>	<u>15,993</u>
Incurred related to:		
Current year	132,078	134,449
Prior years	(1,522)	1,480
Total incurred	<u>130,556</u>	<u>135,929</u>
Paid related to:		
Current year	119,486	120,567
Prior years	12,424	16,844
Total paid	<u>131,910</u>	<u>137,411</u>
Balance, December 31, net of health care receivable	13,157	14,511
Health care receivable	<u>181</u>	<u>209</u>
Balance, December 31	<u><u>\$13,338</u></u>	<u><u>\$14,720</u></u>

In 2008, reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years decreased by \$1.5 million from \$14.7 million in 2007 to \$13.2 million in 2008. In 2007, reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years increased by \$1.5 million from \$16.2 million in 2006 to \$17.7 million in 2007. The higher than anticipated health care cost trend rates observed in 2007 for claims incurred in 2006 were due to increasing costs for ambulatory surgical services and higher pharmacy trends. The lower than anticipated health care cost trend rates we observed in 2008 for claims incurred in 2007 were due to moderating inpatient, outpatient and primary care physician service trends. Historical health care cost trend rates are not necessarily representative of current trends. Therefore, the Company considers historical trend rates together with knowledge of recent events that may impact current trends when developing estimates of current trend rates. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. The Company excluded the impact of the change in health care receivables related to pharmacy rebates from the above roll-forward to conform to NAIC Annual Statement presentation.

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

25. Intercompany pooling arrangements

The Company did not have any intercompany pooling arrangements at December 31, 2008 or 2007.

26. Structured settlements

Not applicable to health entities.

27. Health care receivables

Pharmaceutical rebates

The Company receives pharmaceutical rebates through an agreement with 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 those rebates from AHM that relate to the Company's membership. The Company estimates pharmaceutical rebates receivable based upon the historical payment trends, actual utilization and other variables. Actual rebates collected are applied to the collection periods below, using a first in first out methodology. At December 31, 2008 and 2007, the Company had pharmaceutical rebates receivables of \$181,193 and \$208,931, respectively.

The following table discloses the quarterly revenue and subsequent cash collections relating to the pharmaceutical rebates.

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
12/31/2008	\$563,830	-	\$382,637 <sup>1</sup>	-	-
9/30/2008	\$637,866	\$605,576	\$605,576	-	-
6/30/2008	\$579,817	\$593,828	\$593,828	-	-
3/31/2008	\$542,770	\$590,160	\$590,160	-	-
12/31/2007	\$616,557	\$578,050	\$578,050	-	-
9/30/2007	\$564,361	\$554,506	\$554,506	-	-
6/30/2007	\$580,595	\$584,125	\$584,125	-	-
3/31/2007	\$595,039	\$594,400	\$594,400	-	-
12/31/2006	\$643,295	\$631,506	\$631,506	-	-
9/30/2006	\$576,010	\$606,516	\$606,516	-	-
6/30/2006	\$678,983	\$684,508	\$684,508	-	-
3/31/2006	\$657,749	\$685,694	\$685,694	-	-

<sup>1</sup> Represents a portion of the estimated rebates for the quarter ending December 31, 2008, which were paid by AHM to the Company prior to December 31, 2008 and invoicing in 2009.

Risk sharing receivables

The Company did not have any admitted risk sharing receivables at December 31, 2008 or 2007.

28. Participating policies

The Company did not have any participating policies at December 31, 2008 or 2007.

29. Premium deficiency reserves

The Company had PDR balances of \$573,223 and \$20,398 which were included in aggregate health policy reserves in the Statutory Statements of Liabilities, Capital and Surplus at December 31, 2008 and 2007, respectively.

30. Anticipated salvage and subrogation

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

**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

- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004
- 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). 08/24/2005

- 3.4 By what department or departments? Maine Bureau of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ X ] No [ ] N/A [ ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ X ] No [ ] N/A [ ]

- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [ ] No [ X ]
- 4.12 renewals? Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [ ] No [ X ]
- 4.22 renewals? Yes [ ] No [ X ]

- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [ X ]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Co. Code	3 State of Domicile
N/A		

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [ X ]
- 6.2 If yes, give full information: 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, .....0.000 %
- 7.21 State the percentage of foreign control
- 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 locations (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 an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? Peter K. Reilly, Valuation Actuary, Aetna Inc.; 980 Jolly Road, U12S; Blue Bell, PA 19422

- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [ X ]
- 11.11 Name of real estate holding company N/A

- 11.12 Number of parcels involved .....0
- 11.13 Total book/adjusted carrying value \$.....0

- 11.2 If yes, provide explanation. N/A

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:			
12.1	What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? N/A		
12.2	Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?	Yes [ ]	No [ ]
12.3	Have there been any changes made to any of the trust indentures during the year?	Yes [ ]	No [ ]
12.4	If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?	Yes [ ]	No [ ] N/A [X]
13.1	Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity; c. Compliance with applicable governmental laws, rules and regulations; d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and e. Accountability for adherence to the code.	Yes [X]	No [ ]
13.11	If the response to 13.1 is No, please explain: N/A		
13.2	Has the code of ethics for senior managers been amended?	Yes [ ]	No [X]
13.21	If the response to 13.2 is Yes, provide information related to amendment(s). N/A		
13.3	Have any provisions of the code of ethics been waived for any of the specified officers?	Yes [ ]	No [X]
13.31	If the response to 13.3 is yes, provide the nature of any waiver(s). N/A		

**BOARD OF DIRECTORS**

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

**FINANCIAL**

17.	Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?	Yes [ ]	No [X]
18.1	Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):		
18.11	To directors or other officers	\$.....	0
18.12	To stockholders not officers	\$.....	0
18.13	Trustees, supreme or grand (Fraternal only)	\$.....	0
18.2	Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):		
18.21	To directors or other officers	\$.....	0
18.22	To stockholders not officers	\$.....	0
18.23	Trustees, supreme or grand (Fraternal only)	\$.....	0
19.1	Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?	Yes [ ]	No [X]
19.2	If yes, state the amount thereof at December 31 of the current year:		
19.21	Rented from others	\$.....	0
19.22	Borrowed from others	\$.....	0
19.23	Leased from others	\$.....	0
19.24	Other	\$.....	0
20.1	Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?	Yes [X]	No [ ]
20.2	If answer is yes:		
20.21	Amount paid as losses or risk adjustment	\$.....	1,749,872
20.22	Amount paid as expenses	\$.....	53,147
20.23	Other amounts paid	\$.....	0
21.1	Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?	Yes [ ]	No [X]
21.2	If yes, indicate any amounts receivable from parent included in the Page 2 amount.	\$.....	0

**INVESTMENT**

22.1	Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 22.3)?	Yes [X]	No [ ]
22.2	If no, give full and complete information relating thereto. N/A		
22.3	For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 16 where this information is also provided). See Note 17.B.2 of the Notes to Financial Statements		
22.4	Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?	Yes [ ]	No [X]
22.5	If answer to 22.4 is yes, report amount of collateral.	\$.....	0
22.6	If answer to 22.4 is no, report amount of collateral.	\$.....	6,635,686
23.1	Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3)	Yes [X]	No [ ]

Statement as of December 31, 2008 of the **Aetna Health Inc. (a Maine corporation)**

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

- 23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Subject to repurchase agreements \$.....0
  - 23.22 Subject to reverse repurchase agreements \$.....0
  - 23.23 Subject to dollar repurchase agreements \$.....0
  - 23.24 Subject to reverse dollar repurchase agreements \$.....0
  - 23.25 Pledged as collateral \$.....0
  - 23.26 Placed under option agreements \$.....0
  - 23.27 Letter stock or securities restricted as to sale \$.....0
  - 23.28 On deposit with state or other regulatory body \$.....392,891
  - 23.29 Other \$.....0

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
N/A		

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]  
If no, attach a description with this statement.
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]
- 25.2 If yes, state the amount thereof at December 31 of the current year: \$.....0

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

26.01 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 St., Boston, MA 02110

26.02 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)
All agreements comply.		

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes [ ] No [X]

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

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

26.05 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		

27.1 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]

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
	None	
27.2999. TOTAL		0

27.3 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			

28. 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 (+)
28.1 Bonds.....	40,895,691	41,722,647	826,956
28.2 Preferred stocks.....			0
28.3 Totals.....	40,895,691	41,722,647	826,956

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

Fair values are determined based on quoted market prices when available, market prices provided by a third party vendor (including matrix pricing) or dealer quotes. Short-term investments are carried at amortized cost which approximates fair value.

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

29.2 If no, list exceptions:

N/A

**OTHER**

- 30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....9,378
- 30.2 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	

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

- 31.1 Amount of payments for legal expenses, if any? \$.....304,796
- 31.2 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	

- 32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....909
- 32.2 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	

**Statement as of December 31, 2008 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 lives .....0  
 All years prior to most current three years:  
 1.64 Total premium earned \$.....0  
 1.65 Total incurred claims \$.....0  
 1.66 Number of covered lives .....0  
 1.7 Group policies:  
 Most current three years:  
 1.71 Total premium earned \$.....0  
 1.72 Total incurred claims \$.....0  
 1.73 Number of covered lives .....0  
 All years prior to most current three years:  
 1.74 Total premium earned \$.....0  
 1.75 Total incurred claims \$.....0  
 1.76 Number of covered lives .....0

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	152,271,311	159,046,046
2.2 Premium Denominator.....	152,271,311	159,046,046
2.3 Premium Ratio (2.1/2.2).....	100.0	100.0
2.4 Reserve Numerator.....	13,739,825	14,584,909
2.5 Reserve Denominator.....	13,739,825	14,584,909
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, 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 dependents been filed with the appropriate regulatory agency? Yes [X] No [ ]  
 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [X]  
 5.1 Does the reporting entity have stop-loss reinsurance? Yes [ ] No [X]  
 5.2 If no, explain:  
 The Company does not have stop loss reinsurance.

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

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:  
 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 year .....6,193  
 8.2 Number of providers at end of reporting year .....6,660

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

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

**Statement as of December 31, 2008 of the Aetna Health Inc. (a Maine corporation)**  
**GENERAL INTERROGATORIES (continued)**

**PART 2 - HEALTH INTERROGATORIES**

- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes [ ] No [X]
- 11.13 An Individual Practice Association (IPA), or Yes [X] No [ ]
- 11.14 A Mixed Model (combination of above)? Yes [ ] No [X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [X] No [ ]
- 11.3 If yes, show the name of the state requiring such net worth. Maine
- 11.4 If yes, show the amount required. \$.....10,978,964
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ] No [X]
- 11.6 If the amount is calculated, show the calculation:  
See Notes to Financial Statements - Note 20, 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, 2008 of the Aetna Health Inc. (a Maine corporation)  
FIVE-YEAR HISTORICAL DATA**

	1 2008	2 2007	3 2006	4 2005	5 2004
<b>Balance Sheet Items (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 26).....	46,884,121	46,141,828	45,818,412	38,221,662	42,903,333
2. Total liabilities (Page 3, Line 22).....	26,333,215	15,636,832	18,599,967	17,146,469	24,281,648
3. Statutory surplus.....	10,978,964	11,227,848	11,964,200	10,988,698	11,774,472
4. Total capital and surplus (Page 3, Line 31).....	20,550,906	30,504,996	27,218,445	21,075,193	18,621,685
<b>Income Statement Items (Page 4)</b>					
5. Total revenues (Line 8).....	152,317,770	159,088,771	175,272,207	174,775,154	172,588,439
6. Total medical and hospital expenses (Line 18).....	127,991,663	133,127,969	141,734,918	131,290,789	140,539,716
7. Claims adjustment expenses (Line 20).....	2,564,475	2,800,886	3,137,544	3,021,556	3,794,572
8. Total administrative expenses (Line 21).....	16,479,229	14,778,460	23,811,642	20,639,514	19,385,548
9. Net underwriting gain (loss) (Line 24).....	4,729,578	8,461,058	6,588,103	19,723,295	8,868,603
10. Net investment gain (loss) (Line 27).....	1,421,255	1,686,328	1,824,600	1,552,071	1,898,875
11. Total other income (Lines 28 plus 29).....	0	0	0	0	0
12. Net income or (loss) (Line 32).....	8,340,611	6,479,071	6,282,501	14,518,280	7,913,949
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11).....	5,052,040	5,160,415	8,025,167	10,874,530	9,259,334
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital.....	20,550,906	30,504,996	27,218,445	21,075,193	18,621,685
15. Authorized control level risk-based capital.....	5,489,482	5,613,924	5,982,100	5,494,349	5,887,236
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7).....	29,768	34,662	43,128	45,609	45,591
17. Total member months (Column 6, Line 7).....	392,279	446,621	532,147	550,081	566,630
<b>Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100 .0</b>					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5).....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19).....	84.0	83.7	80.9	75.1	81.4
20. Cost containment expenses.....	0.6	0.6	0.6	0.6	0.7
21. Other claims adjustment expenses.....	1.1	1.2	1.2	1.2	1.5
22. Total underwriting deductions (Line 23).....	96.9	94.7	96.2	88.7	94.9
23. Total underwriting gain (loss) (Line 24).....	3.1	5.3	3.8	11.3	5.1
<b>Unpaid Claims Analysis (U&amp;I Exhibit, Part 2B)</b>					
24. Total claims incurred for prior years (Line 13 Col. 5).....	12,737,435	17,119,036	14,458,374	11,845,856	18,047,569
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	14,231,248	15,672,996	15,173,081	18,514,359	18,423,540
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 25, Col. 1).....	0	0	0	0	0
27. Affiliated preferred stocks (Sch D. Summary, Line 39, Col. 1).....	0	0	0	0	0
28. Affiliated common stocks (Sch D. Summary, Line 53, Col. 1).....	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....	0	0	0	0	0
30. Affiliated mortgage loans on real estate.....	0	0	0	0	0
31. All other affiliated.....	0	0	0	0	0
32. Total of above Lines 26 to 31.....	0	0	0	0	0

**Statement as of December 31, 2008 of the Aetna Health Inc. (a Maine corporation)**  
**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Allocated by States and Territories

State, Etc.	1 Active Status	Direct Business Only								
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts	
1. Alabama.....	AL	N	0	0	0	0	0	0	0	0
2. Alaska.....	AK	N	0	0	0	0	0	0	0	0
3. Arizona.....	AZ	N	0	0	0	0	0	0	0	0
4. Arkansas.....	AR	N	0	0	0	0	0	0	0	0
5. California.....	CA	N	0	0	0	0	0	0	0	0
6. Colorado.....	CO	N	0	0	0	0	0	0	0	0
7. Connecticut.....	CT	N	0	0	0	0	0	0	0	0
8. Delaware.....	DE	N	0	0	0	0	0	0	0	0
9. District of Columbia.....	DC	N	0	0	0	0	0	0	0	0
10. Florida.....	FL	N	0	0	0	0	0	0	0	0
11. Georgia.....	GA	N	0	0	0	0	0	0	0	0
12. Hawaii.....	HI	N	0	0	0	0	0	0	0	0
13. Idaho.....	ID	N	0	0	0	0	0	0	0	0
14. Illinois.....	IL	N	0	0	0	0	0	0	0	0
15. Indiana.....	IN	N	0	0	0	0	0	0	0	0
16. Iowa.....	IA	N	0	0	0	0	0	0	0	0
17. Kansas.....	KS	N	0	0	0	0	0	0	0	0
18. Kentucky.....	KY	N	0	0	0	0	0	0	0	0
19. Louisiana.....	LA	N	0	0	0	0	0	0	0	0
20. Maine.....	ME	L	148,521,653	3,749,658	0	0	0	152,271,311	0	0
21. Maryland.....	MD	N	0	0	0	0	0	0	0	0
22. Massachusetts.....	MA	N	0	0	0	0	0	0	0	0
23. Michigan.....	MI	N	0	0	0	0	0	0	0	0
24. Minnesota.....	MN	N	0	0	0	0	0	0	0	0
25. Mississippi.....	MS	N	0	0	0	0	0	0	0	0
26. Missouri.....	MO	N	0	0	0	0	0	0	0	0
27. Montana.....	MT	N	0	0	0	0	0	0	0	0
28. Nebraska.....	NE	N	0	0	0	0	0	0	0	0
29. Nevada.....	NV	N	0	0	0	0	0	0	0	0
30. New Hampshire.....	NH	N	0	0	0	0	0	0	0	0
31. New Jersey.....	NJ	N	0	0	0	0	0	0	0	0
32. New Mexico.....	NM	N	0	0	0	0	0	0	0	0
33. New York.....	NY	N	0	0	0	0	0	0	0	0
34. North Carolina.....	NC	N	0	0	0	0	0	0	0	0
35. North Dakota.....	ND	N	0	0	0	0	0	0	0	0
36. Ohio.....	OH	N	0	0	0	0	0	0	0	0
37. Oklahoma.....	OK	N	0	0	0	0	0	0	0	0
38. Oregon.....	OR	N	0	0	0	0	0	0	0	0
39. Pennsylvania.....	PA	N	0	0	0	0	0	0	0	0
40. Rhode Island.....	RI	N	0	0	0	0	0	0	0	0
41. South Carolina.....	SC	N	0	0	0	0	0	0	0	0
42. South Dakota.....	SD	N	0	0	0	0	0	0	0	0
43. Tennessee.....	TN	N	0	0	0	0	0	0	0	0
44. Texas.....	TX	N	0	0	0	0	0	0	0	0
45. Utah.....	UT	N	0	0	0	0	0	0	0	0
46. Vermont.....	VT	N	0	0	0	0	0	0	0	0
47. Virginia.....	VA	N	0	0	0	0	0	0	0	0
48. Washington.....	WA	N	0	0	0	0	0	0	0	0
49. West Virginia.....	WV	N	0	0	0	0	0	0	0	0
50. Wisconsin.....	WI	N	0	0	0	0	0	0	0	0
51. Wyoming.....	WY	N	0	0	0	0	0	0	0	0
52. American Samoa.....	AS	N	0	0	0	0	0	0	0	0
53. Guam.....	GU	N	0	0	0	0	0	0	0	0
54. Puerto Rico.....	PR	N	0	0	0	0	0	0	0	0
55. U.S. Virgin Islands.....	VI	N	0	0	0	0	0	0	0	0
56. Northern Mariana Islands.....	MP	N	0	0	0	0	0	0	0	0
57. Canada.....	CN	N	0	0	0	0	0	0	0	0
58. Aggregate Other alien.....	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal.....	XXX		148,521,653	3,749,658	0	0	0	152,271,311	0	0
60. Reporting entity contributions for Employee Benefit Plans.....	XXX		0	0	0	0	0	0	0	0
61. Total (Direct Business).....	(a).....1		148,521,653	3,749,658	0	0	0	152,271,311	0	0

**DETAILS OF WRITE-INS**

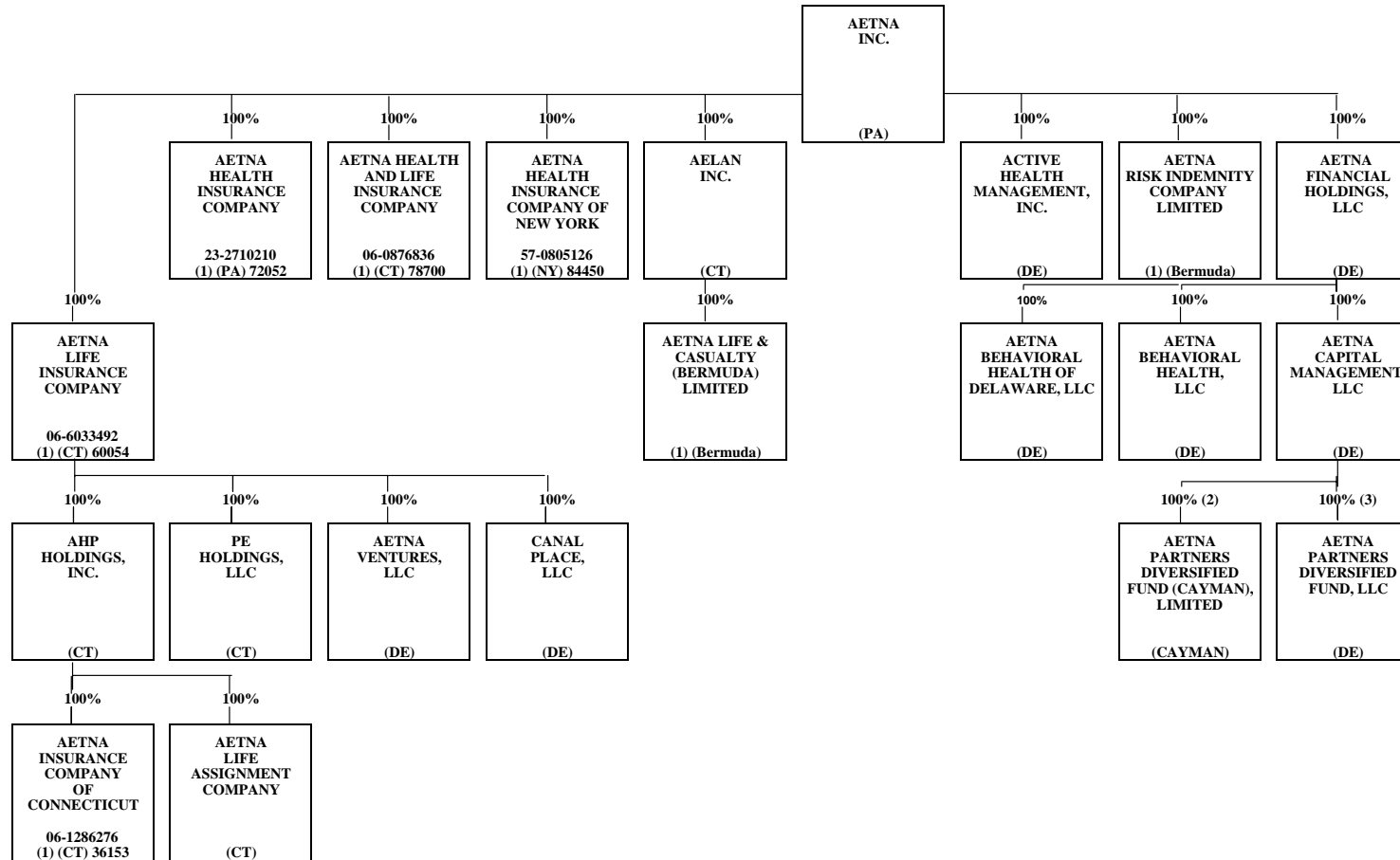
5801.....	0	0	0	0	0	0	0	0	0
5802.....	0	0	0	0	0	0	0	0	0
5803.....	0	0	0	0	0	0	0	0	0
5898. Summary of remaining write-ins for line 58.....	0	0	0	0	0	0	0	0	0
5899. Total (Lines 5801 thru 5803 + 5898) (Line 58 above).....	0	0	0	0	0	0	0	0	0

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

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

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP**

**PART 1 - ORGANIZATIONAL CHART**



Reconciliation from 01/01/08 to 12/31/08:

- (a) Remove - Tanker Six, LLC
- (b) Add - Aetna Behavioral Health of Delaware, LLC (DE)
- (c) The name of Corporate Health Insurance Company was changed to Aetna Health Insurance Company.

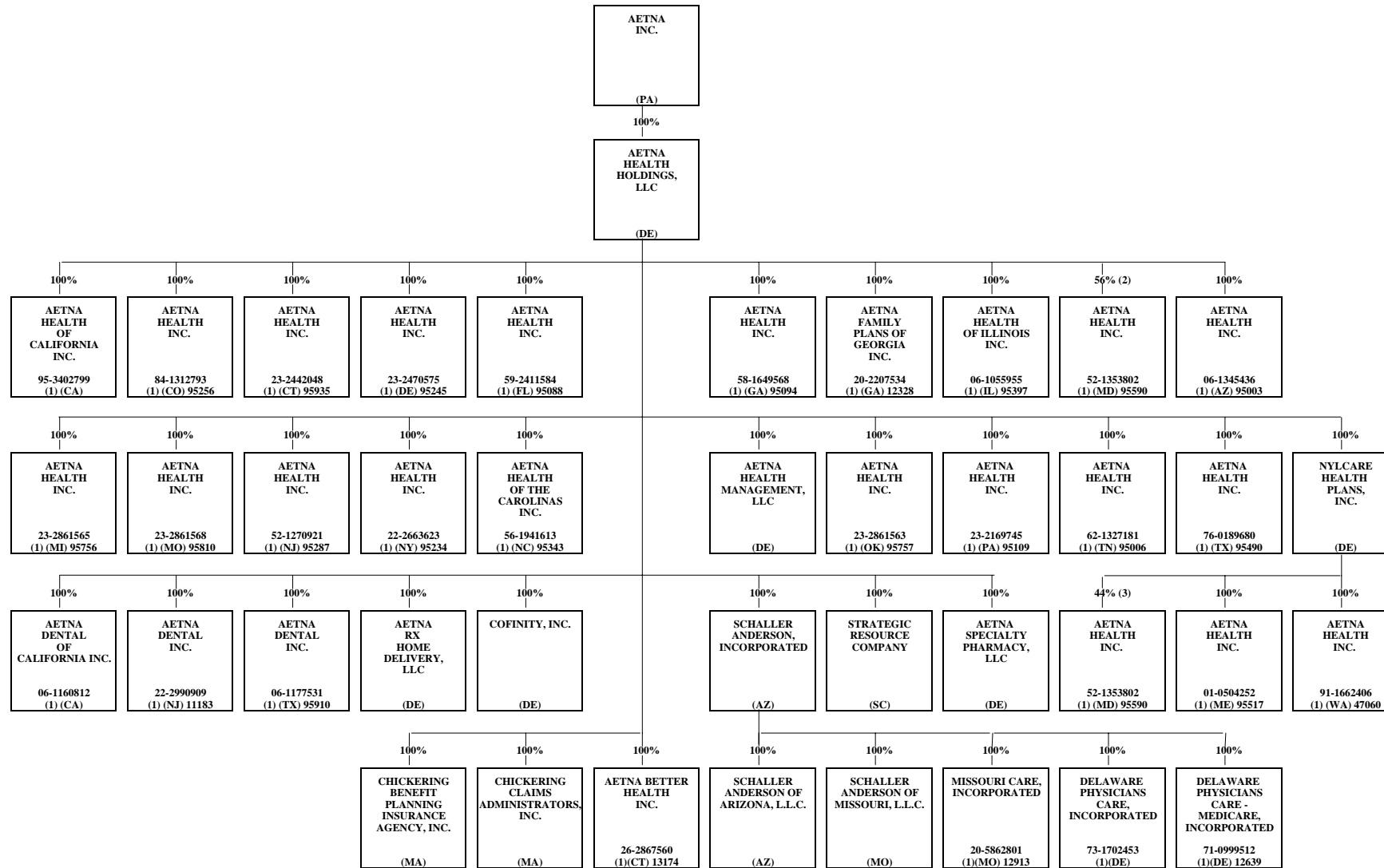
- (1) Insurers/HMO's
- (2) Aetna Life Insurance Company owns the Class C participating shares of Aetna Partners Diversified Fund (Cayman), Limited.
- (3) Aetna Life Insurance Company and Aetna Health and Life Insurance Company own substantially all of the non-managing member interests of Aetna Partners Diversified Fund, LLC.

Percentages are rounded to the nearest whole percent and are based on ownership of voting rights.

Statement as of December 31, 2008 of the **Aetna Health Inc. (a Maine corporation)**

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURANCE MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



Reconciliation from 01/01/08 to 12/31/08:

- (a) Add - Aetna Better Health Inc. (CT)
- (b) Add - Schaller Anderson of Arizona, L.L.C. (AZ)
- (c) Add - Schaller Anderson of Missouri, L.L.C. (MO)
- (d) Add - Missouri Care, Incorporated (MO)
- (e) Add - Delaware Physicians Care, Incorporated
- (f) Add - Delaware Physicians Care - Medicare, Incorporated

- (1) Insurers/HMO's
- (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.

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