



QUARTERLY STATEMENT

AS OF JUNE 30, 2008
OF THE CONDITION AND AFFAIRS OF THE

UnitedHealthcare Plan of the River Valley, Inc.

NAIC Group Code 0707 (Current Period), 0707 (Prior Period) NAIC Company Code 95378 Employer's ID Number 36-3379945

Organized under the Laws of Illinois, State of Domicile or Port of Entry Illinois
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 08/05/1985 Commenced Business 12/19/1985

Statutory Home Office 1300 River Drive (Street and Number), Moline, IL 61265 (City, State and Zip Code)

Main Administrative Office 1300 River Drive (Street and Number), Moline, IL 61265 (City or Town, State and Zip Code) 309-736-4600 (Area Code) (Telephone Number)

Mail Address 1300 River Drive, Suite 200 (Street and Number or P.O. Box), Moline, IL 61265 (City or Town, State and Zip Code)

Primary Location of Books and Records 1300 River Drive (Street and Number), Moline, IL 61265 (City, State and Zip Code) 309-757-6285 (Area Code) (Telephone Number)

Internet Website Address UHCRiverValley.com

Statutory Statement Contact Joan G. Mincer (Name), 309-757-6285 (Area Code) (Telephone Number) (Extension)
888-250-1769 (Fax Number)
Joan_G_Mincer@UHC.com (E-Mail Address)

OFFICERS

Name	Title	Name	Title
Daniel Roger Kueter #	President	James Alan Cousins	Treasurer
Victoria Jane Graves	Secretary		

OTHER OFFICERS

Bruce Chase Steffens M.D.	Chief Medical Officer		
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DIRECTORS OR TRUSTEES

Daniel Roger Kueter #	James Edward Hecker	William Kenneth Appelgate Ph.D.	Cathie Sue Whiteside
Victoria Jean Kauzlarich	James Alan Cousins	Victoria Jane Graves	Thomas Patrick Wiffler
Bruce Chase Steffens M.D.			

State of Illinois
County of Rock Island SS

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

Daniel Roger Kueter
President

James Alan Cousins
Treasurer

Victoria Jane Graves
Secretary

Subscribed and sworn to before me this July 15 day of August, 2008

Mary Ann Vickers

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 JUNE 30, 2008 OF THE UnitedHealthcare Plan of the River Valley, Inc.

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1 Bonds	235,188,123		235,188,123	236,382,934
2 Stocks:			0	0
2 1 Preferred stocks			0	0
2 2 Common stocks			0	0
3 Mortgage loans on real estate:			0	0
3 1 First liens			0	0
3 2 Other than first liens			0	0
4 Real estate:			0	0
4 1 Properties occupied by the company (less \$ encumbrances)			0	0
4 2 Properties held for the production of income (less \$ encumbrances)			0	0
4 3 Properties held for sale (less \$ encumbrances)			0	0
5 Cash (\$ 1,059,587), cash equivalents (\$ 19,990,591) and short-term investments (\$ 158,276,616)	179,326,794		179,326,794	124,649,396
6 Contract loans, (including \$ premium notes)	0	0	0	0
7 Other invested assets	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)	414,514,917	0	414,514,917	361,032,330
11 Title plants less \$ charged off (for Title insurers only)			0	0
12 Investment income due and accrued	2,624,480		2,624,480	2,643,048
13 Premiums and considerations:				
13 1 Uncollected premiums and agents' balances in the course of collection	57,471,391		57,471,391	11,341,100
13 2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
13 3 Accrued retrospective premiums	5,321,373		5,321,373	4,820,668
14 Reinsurance:				
14 1 Amounts recoverable from reinsurers			0	467,076
14 2 Funds held by or deposited with reinsured companies			0	0
14 3 Other amounts receivable under reinsurance contracts			0	0
15 Amounts receivable relating to uninsured plans	673,347		673,347	1,301,736
16 1 Current federal and foreign income tax recoverable and interest thereon			0	5,738,617
16 2 Net deferred tax asset	55,738,565	49,235,186	6,503,379	6,650,641
17 Guaranty funds receivable or on deposit			0	0
18 Electronic data processing equipment and software			0	0
19 Furniture and equipment, including health care delivery assets (\$)			0	0
20 Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21 Receivables from parent, subsidiaries and affiliates			0	0
22 Health care (\$ 3,024,675) and other amounts receivable	4,194,477	1,169,802	3,024,675	0
23 Aggregate write-ins for other than invested assets	6,084,926	836,526	5,248,400	3,086,971
24 Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	546,623,476	51,241,514	495,381,962	397,082,187
25 From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26 Total (Lines 24 and 25)	546,623,476	51,241,514	495,381,962	397,082,187
DETAILS OF WRITE-INS				
0901				
0902				
0903				
0998 Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999 Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301 Other Assets			0	62,500
2302 Medicare Part D Receivable	5,248,400		5,248,400	2,899,471
2303 Prepaid Commission	836,526	836,526	0	0
2398 Summary of remaining write-ins for Line 23 from overflow page	0	0	0	125,000
2399 Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	6,084,926	836,526	5,248,400	3,086,971

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1 Claims unpaid (less \$ 0 reinsurance ceded)	162,059,599	15,151,554	177,211,153	171,753,087
2 Accrued medical incentive pool and bonus amounts	958,000		958,000	958,000
3 Unpaid claims adjustment expenses	1,578,228		1,578,228	1,483,483
4 Aggregate health policy reserves	3,237,210		3,237,210	3,640,823
5 Aggregate life policy reserves	59,682		59,682	0
6 Property/casualty unearned premium reserve			0	0
7 Aggregate health claim reserves	395,312		395,312	407,484
8 Premiums received in advance	6,240,093		6,240,093	6,842,159
9 General expenses due or accrued	10,334,306		10,334,306	9,903,307
10 1 Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized gains (losses))	20,150,177		20,150,177	0
10 2 Net deferred tax liability			0	0
11 Ceded reinsurance premiums payable			0	0
12 Amounts withheld or retained for the account of others			0	0
13 Remittances and items not allocated			0	0
14 Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15 Amounts due to parent, subsidiaries and affiliates	69,542,703		69,542,703	25,343,272
16 Payable for securities			0	0
17 Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18 Reinsurance in unauthorized companies			0	0
19 Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20 Liability for amounts held under uninsured plans	8,504,049		8,504,049	8,251,417
21 Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22 Total liabilities (Lines 1 to 21)	283,059,359	15,151,554	298,210,913	228,583,032
23 Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24 Common capital stock	XXX	XXX	610,000	610,000
25 Preferred capital stock	XXX	XXX		0
26 Gross paid in and contributed surplus	XXX	XXX	37,441,000	37,441,000
27 Surplus notes	XXX	XXX		0
28 Aggregate write-ins for other than special surplus funds	XXX	XXX	1,500,000	1,500,000
29 Unassigned funds (surplus)	XXX	XXX	157,620,049	128,948,155
30 Less treasury stock, at cost:				
30 1 shares common (value included in Line 24)				
\$)	XXX	XXX		0
30 2 shares preferred (value included in Line 25)				
\$)	XXX	XXX		0
31 Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	197,171,049	168,499,155
32 Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	495,381,962	397,082,187
DETAILS OF WRITE-INS				
2101				
2102				
2103				
2198 Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199 Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2301	XXX	XXX		
2302	XXX	XXX		
2303	XXX	XXX		
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 Reserve and Restricted Funds	XXX	XXX	1,500,000	1,500,000
2802	XXX	XXX		
2803	XXX	XXX		
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	1,500,000	1,500,000

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	XXX	2,000,808	1,506,880	3,536,903
2. Net premium income (including \$ 0 non-health premium income)	XXX	687,547,206	488,322,606	1,110,200,134
3. Change in unearned premium reserves and reserve for rate credits	XXX		0	0
4. Fee-for-service (net of \$ medical expenses)	XXX		0	0
5. Risk revenue	XXX		0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	687,547,206	488,322,606	1,110,200,134
Hospital and Medical:				
9. Hospital/medical benefits	39,292,031	515,878,500	354,386,719	849,511,132
10. Other professional services		303,083	148,201	371,509
11. Outside referrals			0	0
12. Emergency room and out-of-area			0	0
13. Prescription drugs		45,777,350	44,377,525	79,882,866
14. Aggregate write-ins for other hospital and medical	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		0	142,936	386,516
16. Subtotal (Lines 9 to 15)	39,292,031	561,958,933	399,055,381	930,152,023
Less:				
17. Net reinsurance recoveries		641,424	137,516	612,280
18. Total hospital and medical (Lines 16 minus 17)	39,292,031	561,317,509	398,917,865	929,539,743
19. Non-health claims (net)			0	0
20. Claims adjustment expenses, including \$ 2,309,937 cost containment expenses		16,823,373	13,849,594	27,518,383
21. General administrative expenses		68,271,301	48,897,431	111,672,958
22. Increase in reserves for life and accident and health contracts including \$ increase in reserves for life only)			0	0
23. Total underwriting deductions (Lines 18 through 22)	39,292,031	646,412,183	461,664,890	1,068,731,084
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	41,135,023	26,657,716	41,469,050
25. Net investment income earned		7,606,902	8,064,139	17,273,349
26. Net realized capital gains (losses) less capital gains tax of \$ 0		1,386,084	5,374	333,433
27. Net investment gains (losses) (Lines 25 plus 26)	0	8,992,986	8,069,513	17,606,782
28. Net gain or (loss) from agents' or premium balances charged off ((amount recovered \$) (amount charged off \$			0	0
29. Aggregate write-ins for other income or expenses	0	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	50,128,009	34,727,229	59,075,832
31. Federal and foreign income taxes incurred	XXX	21,735,744	5,059,227	12,882,078
32. Net income (loss) (Lines 30 minus 31)	XXX	28,392,265	29,668,002	46,193,754
DETAILS OF WRITE-INS				
0601.	XXX			
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0	0
0701.	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901. Fines & Penalties - Regulatory Authorities			0	0
2902.			0	0
2903.			0	0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL AND SURPLUS ACCOUNT:			
33 Capital and surplus prior reporting year	168,499,155	157,938,400	157,938,400
34 Net income or (loss) from Line 32	28,392,265	29,668,002	46,193,754
35 Change in valuation basis of aggregate policy and claim reserves		0	0
36 Change in net unrealized capital gains (losses) less capital gains tax of \$		0	0
37 Change in net unrealized foreign exchange capital gain or (loss)		0	0
38 Change in net deferred income tax	(149,412)	60,328,707	57,427,197
39 Change in nonadmitted assets	429,042	(53,461,239)	(51,560,196)
40 Change in unauthorized reinsurance	0	0	0
41 Change in treasury stock		0	0
42 Change in surplus notes	0	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	0
45.3 Transferred from capital		0	0
46 Dividends to stockholders		0	(41,500,000)
47 Aggregate write-ins for gains or (losses) in surplus	0	0	0
48 Net change in capital & surplus (Lines 34 to 47)	28,671,895	36,535,470	10,560,755
49 Capital and surplus end of reporting period (Line 33 plus 48)	197,171,049	194,473,870	168,499,155
DETAILS OF WRITE-INS			
4701 Change in Non-Admitted assets Affecting Net Income		0	0
4702 Change in Accrual affecting Net Income		0	0
4703		0	0
4798 Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799 Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	640,314,144	1,104,448,549
2. Net investment income	9,094,549	13,616,502
3. Miscellaneous income	0	0
4. Total (Lines 1 to 3)	649,408,693	1,118,065,051
5. Benefits and loss related payments	558,280,009	844,675,484
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	84,663,675	131,721,878
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	(4,153,050)	21,318,695
10. Total (Lines 5 through 9)	638,790,634	997,716,057
11. Net cash from operations (Line 4 minus Line 10)	10,618,059	120,348,994
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	54,411,889	99,927,655
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	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	54,411,889	99,927,655
13. Cost of investments acquired (long-term only):		
13.1 Bonds	40,461,902	169,000,683
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)	40,461,902	169,000,683
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	13,949,987	(69,073,028)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	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	0	41,500,000
16.6 Other cash provided (applied)	30,109,352	(93,670,648)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	30,109,352	(135,170,648)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	54,677,398	(83,894,682)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	124,649,396	208,544,078
19.2 End of period (Line 18 plus Line 19.1)	179,326,794	124,649,396

STATEMENT AS OF JUNE 30, 2008 OF THE UnitedHealthcare Plan of the River Valley, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	336,916	0	118,721	0	0	0	0	36,054	182,141	0
2. First Quarter	332,614	0	112,998	0	0	0	0	36,307	183,309	0
3. Second Quarter	335,091		114,816					38,570	181,705	
4. Third Quarter	0									
5. Current Year	0									
6. Current Year Member Months	2,000,808		690,204					199,552	1,111,052	
Total Member Ambulatory Encounters for Period:										
7. Physician	998,928		265,809					238,792	494,327	
8. Non-Physician	147,286		48,223					21,009	78,054	
9. Total	1,146,214	0	314,032	0	0	0	0	259,801	572,381	0
10. Hospital Patient Days Incurred	160,264		17,962					53,547	88,755	
11. Number of Inpatient Admissions	26,638		4,034					6,545	16,059	
12. Health Premiums Written	687,848,593		180,377,554				7,609,876	192,888,145	306,973,018	
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	687,848,593		180,377,554				7,609,876	192,888,145	306,973,018	
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	551,322,891		148,511,009				6,426,332	147,094,485	249,291,055	
18. Amount Incurred for Provision of Health Care Services	561,958,933		150,718,328				7,033,741	150,970,403	253,236,461	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$192,888,145

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STATEMENT AS OF JUNE 30, 2008 OF THE UnitedHealthcare Plan of the River Valley, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec 31 of Prior Year	On Claims Incurred During the Year		
1 Comprehensive (hospital & medical)	126,529,107	37,613,808	3,654,321	39,380,131	130,183,428	34,713,041
2 Medicare Supplement					0	0
3 Dental Only					0	0
4 Vision Only					0	0
5 Federal Employees Health Benefits Plan	1,514,002	5,257,378		1,932,466	1,514,002	1,327,772
6 Title XVIII - Medicare	103,058,463	35,730,275	878,250	52,135,246	103,936,713	45,262,292
7 Title XIX - Medicaid	194,177,089	51,991,493	2,157,521	77,468,530	196,334,610	90,857,466
8 Other Health					0	0
9 Health Subtotal (Lines 1 to 8)	425,278,661	130,592,954	6,690,092	170,916,373	431,968,753	172,160,571
10 Healthcare receivables (a)					0	0
11 Other non-health					0	0
12 Medical incentive pools and bonus amounts				958,000	0	958,000
13 Totals	425,278,661	130,592,954	6,690,092	171,874,373	431,968,753	173,118,571

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

NOTES TO FINANCIAL STATEMENTS

NOTES TO THE ANNUAL STATEMENT

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business – United Healthcare Plan of the River Valley, Inc. (the “Plan”) is a wholly-owned subsidiary of UnitedHealthcare Services Company of the River Valley, Inc. (“UHS-RV”). UHS-RV is a wholly owned subsidiary of UnitedHealthcare, Inc. (“UHC”), which is a wholly-owned subsidiary of UnitedHealthcare Services, Inc. (“UHS”). UHS is a wholly owned subsidiary of UnitedHealth Group, Inc. (“UHG”).

On December 6, 2005, Deere & Company entered into a stock purchase agreement with United Healthcare, Inc. for the sale of the John Deere Health Care, Inc. (“JDHC”) and its subsidiaries. Effective February 24, 2006, JDHC became a wholly owned subsidiary of United Healthcare, Inc.

The Plan was incorporated on August 5, 1985 as a Health Maintenance Organization (“HMO”). Operations commenced in July 1986. The Plan is certified as an HMO by the Illinois Department of Financial and Professional Regulation, Division of Insurance (“IDOI”), by the Iowa Department of Commerce-Division of Insurance, by the State of Tennessee Department of Commerce and Insurance and by the Commonwealth of Virginia Bureau of Insurance. The Plan has contracted with physicians, hospitals and other health care provider organizations to deliver health care services for all enrollees.

The Plan is designated as a Competitive Medical Plan and has contracts with the Department of Health and Human Services Centers for Medicare and Medicaid Services (“CMS”) to provide healthcare to Medicare qualified HMO enrollees. The Plan also participates as a managed care organization in the State of Tennessee’s Medicaid program, TennCare. See additional discussion at Note 7 regarding products in which the Plan participates.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and TennCare programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Recently, federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues. Management believes that the Plan is in substantial compliance with current laws and regulations.

Significant Accounting Policies

The Plan prepares its statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the Insurance Department of the State of Illinois (“statutory-basis”). The IDOI has adopted the statutory accounting principles and practices of the National Association of Insurance Commissioners (“NAIC”) *Accounting Practices and Procedures* Manual, subject to any deviations prescribed or permitted by the IDOI (“NAIC SAP”) which differ in certain respects from accounting principles generally accepted in the United States of America (“GAAP”). Major differences between GAAP and statutory-basis practices include the reporting of investments in accordance with Statement of Financial Accounting Standards No. 115 under GAAP and assets that are nonadmitted for statutory purposes.

Use of Estimates - The preparation of financial statements in conformity with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant accounts subject to change in the near term include claims unpaid, provider risk sharing arrangements, and premium deficiency reserves.

Claims unpaid reflect management’s best current estimate of the cost of ultimate resolution of those claims incurred but not reported and/or paid as of the balance sheet date. However, additional facts and circumstances may develop which would affect the precision of the estimate of costs. Those facts and circumstances include, among other things, the ultimate

NOTES TO FINANCIAL STATEMENTS

extent and cost of resolving those claims, the resulting impact on risk sharing arrangements, and the amount of insurance recoveries.

Cash and Short Term Investments – Cash and short-Investments represent cash held by the Plan in disbursement accounts and money market instruments with a maturity of one year or less at the time of purchase. Claims and other payments are made from the disbursement accounts daily. Cash and short term investments are reported at cost which approximates market value. Cash overdrafts are a result of timing differences in funding disbursement accounts for claim payments.

Subsequent to February 26, 2006, cash and short-term investment investments also consist of the Plan's share of an investment pool sponsored and administered by UHS for the benefit of the UHS-owned health plans. The investment pool consists principally of investments with original maturities of less than one year with the average life of the individual investment being less than 60 days. The Plan's share of the pool represents an undivided ownership interest in the pool and is immediately convertible to cash at no cost or penalty. The pool is primarily invested in governmental obligations, commercial paper, certificates of deposit, and short-term agency notes and recorded at cost. Interest income from the pool accrues daily to participating members based on ownership percentage.

Bonds – Bonds include corporate bonds, government obligations, and municipal securities and are stated at amortized cost if they meet NAIC designation of one or two and are stated at the lower of amortized cost or and NAIC-determined market value if they meet and NAIC designation of three or higher. Amortization of bonds premium or discount is calculated using the constant-yield interest method. Bonds are valued and reported using market prices published by the NAIC Securities Valuation Office ("SVO") in accordance with the NAIC Valuations of Securities manual prepared by the SVO ("Valuations of Securities manual").

The Plan continually monitors the difference between the cost and estimated fair value of its other invested assets. If any of the Plan's other invested assets experience a decline in value that the Plan believes is other than temporary, the Plan records a realized loss in investment and other income in the statutory statements of operations. No such losses were incurred and recorded during the years ended December 31, 2007 and 2006.

Accounts Payable - Accounts payable includes a liability for guaranty fund and other assessments that represent funding mechanisms employed by states in which the Plan does business to provide funds to cover policy holder obligations of insolvent reporting entities and to subsidize certain losses of those insurers that cover individuals. As of December 31, 2007 and 2006, the Plan had \$4,704,000 and \$2,856,000, respectively, accrued for assessments related to the respective years.

Beginning in 2005, the Iowa Comprehensive Health Association annual assessments may be used to offset the premium tax liability to the extent of 20% of the amount of the assessment for each of the five calendar years following the year in which the assessment was paid. As of December 31, 2007 and 2006, the Plan has \$1,757,855 and \$660,837 of assessments to be offset against future premium tax liabilities, respectively.

Accounts payable also includes state income taxes payable.

Aggregate Write-Ins - Certain amounts are required under statutory-basis practices to be reported as aggregate write-ins. Included in the following captions are:

- **For other than invested assets** – Receivables related to government contracts.
- **For other liabilities** - Payables for cost contracts.
- **For other than special surplus funds** – State of Illinois mandatory contingency reserve of 2% of capitated revenue from provider risk arrangements, up to a maximum of \$1,500,000.
- **For other expenses** – Fines and penalties.
- **For other gains (losses) in surplus** – Changes in nonadmitted assets and accruals affecting net income.

Revenues - Premium revenues are earned ratably over the terms of the contracts. Premiums billed and collected in advance are recorded as unearned premiums.

Medical and Hospital Expenses - Health care costs are accrued as services are rendered and include estimates for incurred but not reported claims.

Premium Deficiency Reserves - The Plan calculates and determines the need for a premium deficiency reserve based on contracts with remaining effective periods beyond December. The

NOTES TO FINANCIAL STATEMENTS

contracts are analyzed including remaining contractual premium compared to expected administrative costs, trended medical costs, and investment income. The analysis was done on stop loss and PPO business separately. No premium deficiency reserve was necessary as of December 31, 2007 and 2006.

Risk and Uncertainties - The Plan's business could be impacted by continuing price pressure on new and renewal business, the Plan's ability to effectively manage medical utilization and expenses, market competition, and federal and state legislation or governmental regulations of health insurers. Also, the Plan is subject to regulatory requirements as explained in Note 5.

Concentrations of Credit Risk - Financial instruments, which potentially subject the Plan to concentration of credit risk, consist principally of bonds and short-term investments. The Plan limits the amount of credit exposure by making investments of high credit quality.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

None.

3. BUSINESS COMBINATIONS

None.

4. DISCONTINUED OPERATIONS

None.

5. INVESTMENTS

At December 31, 2007 and 2006, certain long-term investments included in Bonds in the Statements of Admitted Assets, Liabilities, Capital and Surplus – Statutory Basis totaling \$20,576,956 and \$13,294,734 respectively, were held on deposit with trustees as required by Illinois, Tennessee, and Virginia insurance regulations.

Mortgage Loans—Not applicable.

Debt Restructuring-- Not applicable.

Reverse Mortgages—Not applicable.

Loan-Backed Securities – Loan-backed securities are carried at an amortized cost basis and are included in Bonds in the Statements of Admitted Assets, Liabilities, Capital and Surplus – Statutory-Basis.

For purposes of calculating the realized gains and losses on sales of investments, the amortized cost of each investment sold is used. The realized gains and losses are included in the net investment income earned in the statements of revenue and expenses – statutory basis.

Repurchase Agreements—Not applicable.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

None.

7. INVESTMENT INCOME

The plan had no nonadmitted investment income due and accrued at December 31, 2007 and 2006.

8. DERIVATIVE INSTRUMENTS

None.

9. INCOME TAXES

The Plan's operations are included in the consolidated federal income tax return of UHG. Federal income taxes are paid to or refunded by UHG pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis. Income taxes incurred in the current and prior years will be available for recoupment by the Plan only in the event of future net losses of consolidated UHG. The Plan receives a benefit at the federal rate in the current year for net losses incurred in that year to the extent the losses can be utilized in the consolidated federal income tax return of UHG. The statutory basis financial statements, prepared in accordance with NAIC SAP

NOTES TO FINANCIAL STATEMENTS

instructions, require that the provision for state income taxes of \$264,670 in 2007 and \$195,561 in 2006 be included in general administrative expenses on the statutory statement of operations.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

Administrative services including claims processing, broker fees, marketing, quality assurance, financial, accounting, insurance, legal, and data processing, are provided to the Plan by its parent. Under the terms of agreements between the Plan and the parent, and approved by the IDOI, the parent charges the Plan for such services based on a percentage of premiums for each line business. Expenses charged to the Plan by the parent for the years ended December 31, 2007 and 2006 were \$112,324,183 and \$80,992,399, respectively, and are reported as claims adjustment expenses and general administrative expenses.

At December 31, 2007 and 2006, the Plan reported \$26,346,784 and \$122,374,113 respectively, as a related party payable, which is included in the statements of admitted assets, liabilities, capital and surplus – statutory basis. Any balances are generally settled within 90 days from the incurred date.

The Plan has a contract with United Behavioral Health, a wholly owned subsidiary of UHS, to provide mental health and substance abuse services to its enrollees. Fees related to this agreement which are calculated on a per member per month basis, of \$6,852,279 2007 and \$4,716,616 from February 24, 2006 through December 31, 2006 are included in medical services expenses in the accompanying statutory statements of revenue and expenses – statutory basis.

The Plan contracts with United Resource Network, a division of UHS, to provide access to a network of transplant providers for its enrollees. Fees related to this agreement which are calculated on a per member per month basis, of \$371,509 in 2007 and \$137,759 from February 24, 2006 through December 31, 2006 are included in medical services expenses in the accompanying statutory statements of revenue and expenses – statutory basis.

The Plan has an agreement with OPTUM, a division of UHS, to provide a 24-hour call-in service, called Care24, to its enrollees. Fees related to this agreement, which are calculated on a per member per month basis, of \$1,196,539 in 2007 and \$2,837,606 from February 24, 2006 through December 31, 2006 are included in medical services expenses in the accompanying statutory statements of revenue and expenses – statutory basis.

Effective January 1, 2007, the Company has a contract with ACN Group, Inc., a wholly owned subsidiary of UHS, to provide chiropractic and physical therapy services for its enrollees. Fees related to this agreement which are calculated on a per member per month basis, of \$49,373 in 2007 and are included in medical services expenses in the accompanying statutory statements of revenue and expenses – statutory basis.

The Plan has an insolvency-only reinsurance agreement with United Healthcare Insurance Company ("UHIC"), a wholly owned subsidiary of UHIC Holdings, Inc., which is a wholly owned subsidiary of UHS, to provide insolvency protection for its enrollees. Reinsurance premiums which are calculated on a percentage of member premium revenues, of \$611,933 in 2007 and \$583,834 from February 24, 2006 through December 31, 2006 are netted against premium revenues in the accompanying statutory statement of revenue and expenses – statutory basis. Reinsurance recoveries of \$612,280 in 2007 and \$595,213 from February 24, 2006 through December 31, 2006 are netted against medical services expenses in the accompanying statutory statements of revenue and expenses – statutory basis. There was \$476,076 of reinsurance receivables related to this agreement at December 31, 2007. There were no reinsurance receivables related to this agreement at December 31, 2006. Reinsurance contracts do not relieve the company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Plan.

The Plan also has contracts with Spectera, Inc., a wholly owned subsidiary of UHS, to provide vision services for its enrollees.

The Plan also has contracts with Dental Benefit Providers, Inc., a wholly owned subsidiary of UHS, to provide dental services for its enrollees.

NOTES TO FINANCIAL STATEMENTS

The Plan also has contracts with Ingenix, Inc., a wholly owned subsidiary of UHS, to provide claims recovery services.

The Plan had third-party contracts with United Behavioral Health, United Resource Network, OPTUM and UHIC prior to the acquisition.

11. DEBT

None.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

None.

13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

Capital stock consists of common stock at stated value with no par value and no stated dividend rate. One thousand shares are authorized; ten shares are issued and outstanding. The Plan may make an ordinary dividend payment to its stockholder in an amount not to exceed the greater of ten percent of the Plan's capital and surplus or the Plan's net income for the previous year. A dividend of \$41,500,000 was paid in 2007. No dividend was paid in 2006. When considering a dividend in 2008, the maximum for an ordinary dividend is the Plan's net income in 2007.

No capital contributions were received in 2007 or 2006. Unassigned surplus was decreased by the change in nonadmitted asset values of \$(51,162,246) and \$1,018,487 as of December 31, 2007 and 2006, respectively.

There were no aggregate unrealized gains (losses) at December 31, 2007 or 2006. At December 31, 2007 and 2006, nonadmitted assets were \$51,670,555 and \$110,359, respectively.

The Plan is required to provide a contingency reserve based on 2% of the net capitation revenue from risk contracts limited to \$1,500,000. The Plan's accumulated reserve reached \$1,500,000 during 1989 and such reserve has been recorded as a part of capital and surplus.

14. CONTINGENCIES

Contingent Commitments—Not applicable.

Assessments- Accounts payable includes a liability for guaranty fund and other assessments that represent funding mechanisms employed by states in which the Plan does business to provide funds to cover policy holder obligations of insolvent reporting entities and to subsidize certain losses of those insurers that cover individuals. As of December 31, 2007 and 2006, the Plan had \$4,704,000 and \$2,856,000, respectively, accrued for assessments related to the respective years.

Beginning in 2005, the Iowa Comprehensive Health Association annual assessments may be used to offset the premium tax liability to the extent of 20% of the amount of the assessment for each of the five calendar years following the year in which the assessment was paid. As of December 31, 2007 and 2006, the Plan has \$1,757,855 and \$660,837 of assessments to be offset against future premium tax liabilities, respectively.

Gain Contingencies—None.

All Other Contingencies - In the normal course of business, the Plan, from time to time, may become involved in litigation incidental to the business. The Plan believes that it has substantial defenses and intends to defend such actions vigorously. Although it is not possible to predict the outcome of any unresolved legal matters, the Plan does not believe that such matters will have a material adverse effect on its financial position or results of operations.

15. LEASES

None.

NOTES TO FINANCIAL STATEMENTS

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

None.

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENT OF LIABILITIES

None.

c.) No wash sales.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

Administration Services Only (ASO)— TennCare - The Plan participates as a contracted managed care organization ("MCO") in the TennCare program. TennCare is a project authorized through a conditional waiver by CMS that replaced the State of Tennessee's Medicaid program on January 1, 1994. Uninsured individuals and Medicaid eligible individuals who enroll in the TennCare program receive prepaid health care through participating MCO's.

The Plan received \$12,681,304 and \$10,870,773 in administrative service revenue in 2007 and 2006 respectively, under this arrangement, which is recognized as a reduction of general administrative expenses. Total membership at December 31, 2007 and 2006 under the ASO arrangement is 85,130 and 78,190, respectively.

There was no net gain or loss from the ASO arrangement in 2007 and 2006. The claim payment volume for 2007 and 2006 under the ASO arrangement totaled \$156,870,828 and \$157,413,710, respectively.

Administration Service Contracts (ASC)—None.

Medicare - Revenues are based on a budgeted amount reimbursed monthly by CMS and then adjusted to actual based on a year-end cost report. CMS has the option to audit the cost reports filed by the Plan and thus adjustments to recorded amounts may occur based on these audits. All cost reports for 2003 and prior have been settled with CMS.

The Plan operated under a Medicare Advantage contract in all states in 2006 and 2005. Under the contracts, CMS makes a single monthly capitation payment to the Plan for each of its enrollees. The Plan provides services through an organized delivery system of contracted physicians, hospitals, and ancillary providers.

Medicare premium revenue, including Medicare Part D, recognized for the years ended December 31, 2007 and 2006, was \$310,047,106 and \$276,966,561, respectively.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

None.

20. OTHER ITEMS

- A. *Extraordinary Items*—None.
- B. *Troubled Debt Restructuring (Debtors)*—None.
- C. *Other Disclosures*—None.
- D. *Uncollectible premium balances*—None.
- E. *Business Interruption Insurance Recoveries*—None.
- F. *State Transferable Tax Credits*—None.
- G. *Deposits Under Section 6603 of the IRC* - None.
- H. *Hybrid Securities* - None.
- I. *Subprime Mortgage Related Risk Exposure* - None.

21. SUBSEQUENT EVENTS

None.

22. REINSURANCE

Ceded Reinsurance Report – Section 1- General Interrogatories- 1. Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or

NOTES TO FINANCIAL STATEMENTS

indirectly, by the company or by any representative, officer, trustee, or director of the company?

Response: **NO**

2. Have any policies issued by the company been reinsured with a company chartered in a country other than the United States that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? Response: **NO**

Section 2- 1. Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit? Response: **NO**

Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? Response: **NO**

Section 3- 1. What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Response: **NONE**

2. Have any new agreements been executed or existing agreements amended since January 1, 2004 to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? Response: **NO**

Uncollectible Reinsurance- None.

Communication of Ceded Reinsurance- None.

Other Disclosures

Gross reinsurance expenses, included within premium revenues, for the years ended December 31, 2007 and 2006 were \$611,933 and \$691,117, respectively.

Reinsurance recoveries, which are recorded as net reinsurance recoveries, for the years ended December 31, 2007 and 2006 were \$612,280 and \$595,128, respectively. There were no reinsurance receivables or payables as of December 31, 2007 and 2006.

23. RETROSPECTIVELY RATED CONTRACTS

Federal Employees Health Benefits Program - On January 1, 2005, the Plan entered into a retrospectively rated contract with the Federal Employees Health Benefits Program ("FEHBP"). A retrospective premium adjustment was calculated by comparing the earned premium to the estimated incurred medical, administrative, and service fee expenses. These incurred expenses included paid and unpaid expenses. The incurred but not reported ("IBNR") expenses were estimated using the actuarial methods described in Note 9. In 2007 and 2006, the Plan recorded a retrospective premium adjustment and a corresponding liability of \$3,640,823 and \$2,025,773, respectively, which is included in aggregate health policy reserves in the Statement of Admitted Assets, Liabilities, Capital and Surplus – Statutory-Basis. The net premium written in this retrospectively rated contract for 2007 and 2006 was \$13,444,384 and \$13,102,507, respectively.

24. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Unpaid claims liability is developed using actuarial methods. History of actual claim payments is plotted on a matrix with incurred periods along the X-axis and payment months along the Y-axis. Estimated monthly claim behavior is developed from this data. Enrollment for each month is monitored to determine potential impact on claims incurred. Additional relevant information is evaluated to support unpaid claim liability calculations such as the number of claim opportunity days each month, the number of claim processing days each month, claim processing production statistics, claim volume received statistics, significant claims known, reinsurance, coordinated benefits, subrogation and other recoveries, implementation of new health care cost management programs, and any other information that may arise.

NOTES TO FINANCIAL STATEMENTS

Using the above data, the current period estimate is developed. The expense per member per month is tested against historical trends and additional relevant information. Prior period unpaid claims estimates are evaluated using the lagged claim data. The liability has not been calculated using any special consideration for toxic waste cleanup, asbestos-related illnesses or other environmental remediation exposures as management does not believe that any significant exposure exists. An external actuary also certifies the Plan's reserves at December 31 of each year.

Unpaid claims and accrued medical incentive pool liability balances as of December 31, 2007 and 2006 were \$171,753,087 and \$88,651,659, respectively.

Total incurred claims above include out-of-period adjustments relating to changes in estimates for claims unpaid and provider risk sharing arrangements.

The majority of amounts withheld relating to provider risk sharing arrangements are accounted for in claims unpaid on the Statements of Admitted Assets, Liabilities, Capital and Surplus – Statutory-Basis. The remaining components of the provider risk sharing arrangements are in the accrued medical incentive pool and health care receivables. The impact of provider risk sharing arrangements is reflected as incentive pool and withhold adjustments in the Statements of Revenue and Expenses – Statutory-Basis, and is included in current year incurred claims above.

The liability for claims unpaid at December 31, 2005 exceeded actual claims paid in 2006 related to prior years by approximately \$7,400,000. This favorable result was reduced by provider risk sharing adjustments relating to years 2005 and prior of approximately \$52,000.

The liability for claims unpaid at December 31, 2006 was less than actual claims paid in 2007 related to prior years by approximately \$3,282,000. This unfavorable result was offset by provider risk sharing adjustments relating to years 2006 and prior of approximately \$167,000.

25. INTERCOMPANY POOLING ARRANGEMENTS

None.

26. STRUCTURED SETTLEMENTS

Not applicable.

27. HEALTHCARE RECEIVABLES

The risk sharing receivables were nonadmitted.

28. PARTICIPATING POLICIES

None.

29. PREMIUM DEFICIENCY RESERVES

The Plan actuarially calculates and determines the need for a premium deficiency reserve based on contracts with remaining effective periods beyond December. The contracts are analyzed including remaining contractual premium compared to expected administrative costs, trended medical costs, investment income, and incentive pool and withhold adjustments. The analysis is done using large group business combined, small group business combined, and Hawk-I. No premium deficiency reserve was necessary as of December 31, 2007 and 2006.

30. ANTICIPATED SALVAGE AND SUBROGATION

None.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes No
- 1.2 If yes, has the report been filed with the domiciliary state? Yes No
- 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
- 2.2 If yes, date of change: _____
If not previously filed, furnish herewith a certified copy of the instrument as amended.
3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes No
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 4.2 If yes, provide the name of 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 Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes No NA
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2002
- 6.2 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. 12/31/2002
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/23/2004
- 6.4 By what department or departments?
Illinois Department of Insurance
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes No NA
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No NA
- 7.1 Has this 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
- 7.2 If yes, give full information:
N/A
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes No
- 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
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal 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
Optum Bank, Inc	Salt Lake City, Utah	No	No	No	Yes	No

GENERAL INTERROGATORIES

- 9.1 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? Yes No
- (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.

9.11 If the response to 9.1 is No, please explain:

N/A

9.2 Has the code of ethics for senior managers been amended? Yes No

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

N/A

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes No

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

N/A

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes No

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

N/A

12 Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ 0

13 Amount of real estate and mortgages held in short-term investments: \$ 0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes No

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$	\$
14.24 Short-Term Investments	\$	\$
14.25 Mortgage Loans on Real Estate	\$	\$
14.26 All Other	\$	\$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$ 0	\$ 0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes No

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No
If no, attach a description with this statement

GENERAL INTERROGATORIES

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes No

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

1 Name of Custodian(s)	2 Custodian Address
State Street Bank	801 Pennsylvania, Kansas City, MO 64105

16.2 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)

16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter?

Yes No

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 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	2 Name(s)	3 Address
113972	Standish Mellon Asset Management Company	One Boston Place, Suite 024-0344, Boston, MA 02108

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?

Yes No

17.2 If no, list exceptions:

N/A

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			ACCIDENT AND HEALTH AFFILIATES			
			ACCIDENT AND HEALTH NON-AFFILIATES			
			LIFE AND ANNUITY AFFILIATES			
			LIFE AND ANNUITY NON-AFFILIATES			
			PROPERTY/CASUALTY AFFILIATES			
			PROPERTY/CASUALTY NON-AFFILIATES			
NONE						

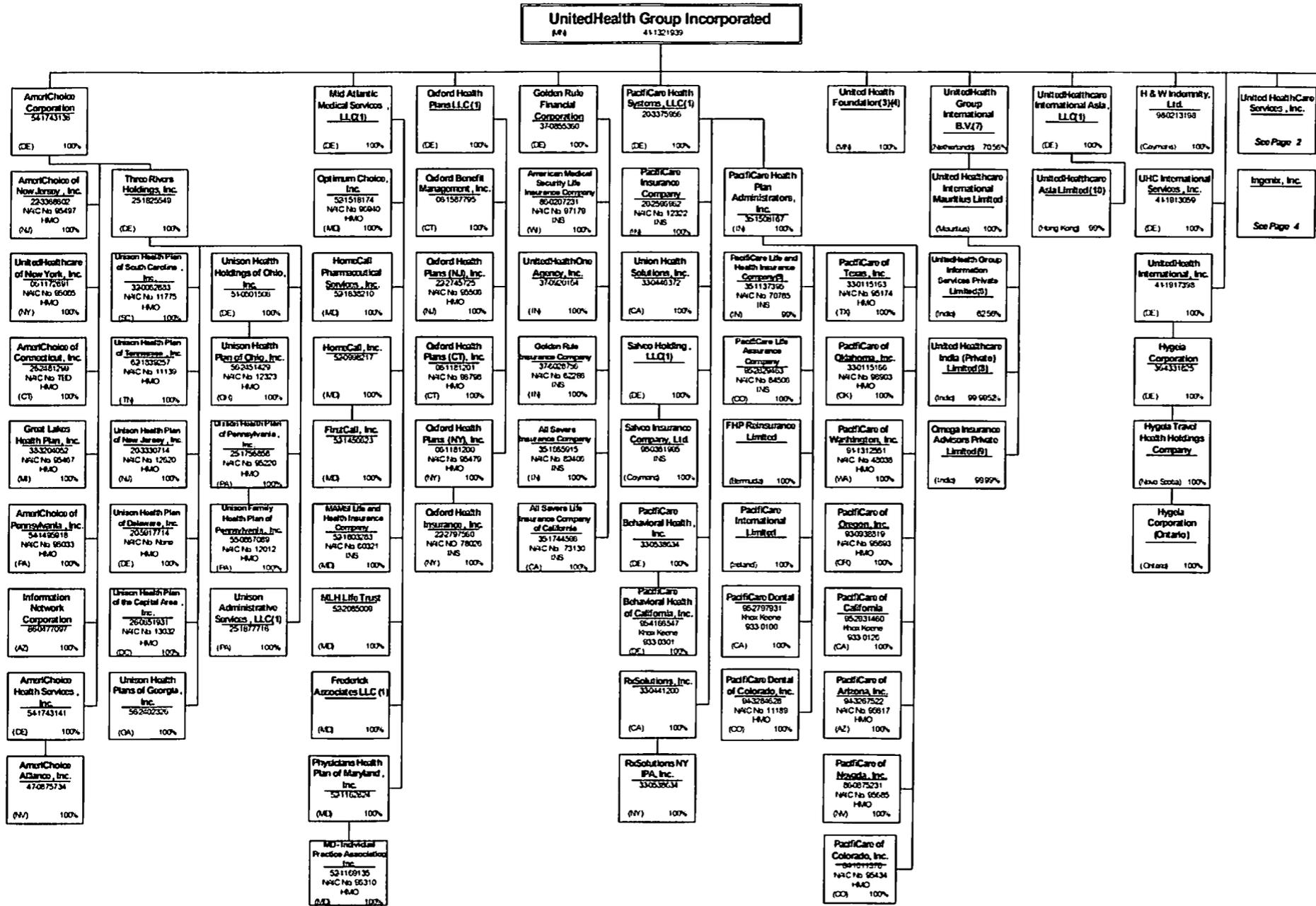
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

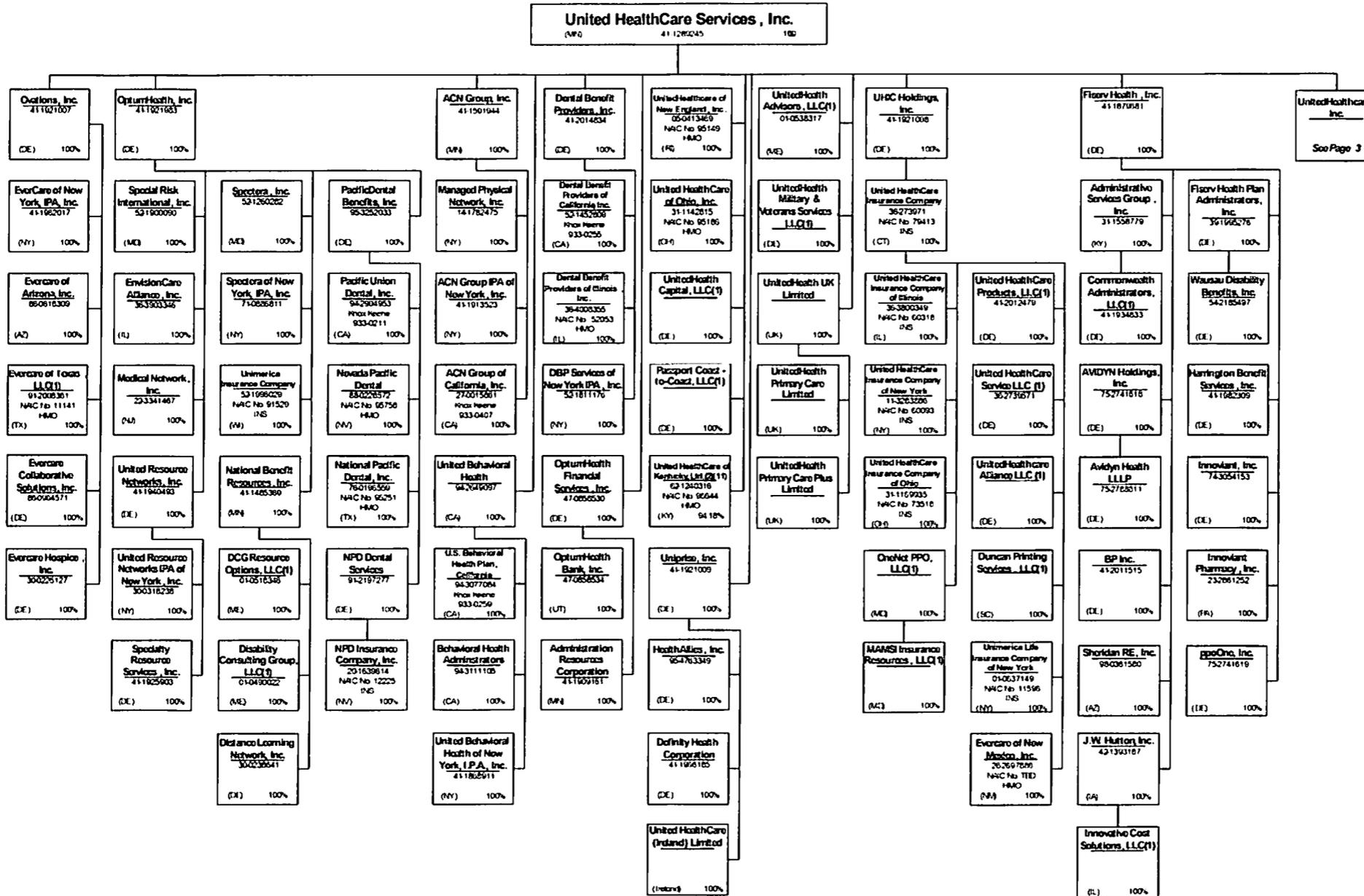
States, Etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefit Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	
1. Alabama	AL								0
2. Alaska	AK								0
3. Arizona	AZ								0
4. Arkansas	AR								0
5. California	CA								0
6. Colorado	CO								0
7. Connecticut	CT								0
8. Delaware	DE								0
9. District of Columbia	DC								0
10. Florida	FL								0
11. Georgia	GA								0
12. Hawaii	HI								0
13. Idaho	ID								0
14. Illinois	IL	L	22,766,697					22,766,697	
15. Indiana	IN								0
16. Iowa	IA	L	86,525,711	13,906,162		7,609,876		108,041,749	
17. Kansas	KS								0
18. Kentucky	KY								0
19. Louisiana	LA								0
20. Maine	ME								0
21. Maryland	MD								0
22. Massachusetts	MA								0
23. Michigan	MI								0
24. Minnesota	MN								0
25. Mississippi	MS								0
26. Missouri	MO								0
27. Montana	MT								0
28. Nebraska	NE								0
29. Nevada	NV								0
30. New Hampshire	NH								0
31. New Jersey	NJ								0
32. New Mexico	NM								0
33. New York	NY								0
34. North Carolina	NC								0
35. North Dakota	ND								0
36. Ohio	OH								0
37. Oklahoma	OK								0
38. Oregon	OR								0
39. Pennsylvania	PA								0
40. Rhode Island	RI								0
41. South Carolina	SC								0
42. South Dakota	SD								0
43. Tennessee	TN	L	55,856,801	178,847,240	306,973,018			541,677,059	
44. Texas	TX								0
45. Utah	UT								0
46. Vermont	VT								0
47. Virginia	VA	L	15,228,345	134,742				15,363,087	
48. Washington	WA								0
49. West Virginia	WV								0
50. Wisconsin	WI								0
51. Wyoming	WY								0
52. American Samoa	AS								0
53. Guam	GU								0
54. Puerto Rico	PR								0
55. U.S. Virgin Islands	VI								0
56. Northern Mariana Islands	MP								0
57. Canada	CN								0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0	0
59. Subtotal	XXX		180,377,554	192,888,144	306,973,018	7,609,876	0	687,848,592	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 4		180,377,554	192,888,144	306,973,018	7,609,876	0	687,848,592	0
DETAILS OF WRITE-INS									
5801	XXX								
5802	XXX								
5803	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX		0	0	0	0	0	0	0

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

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART**

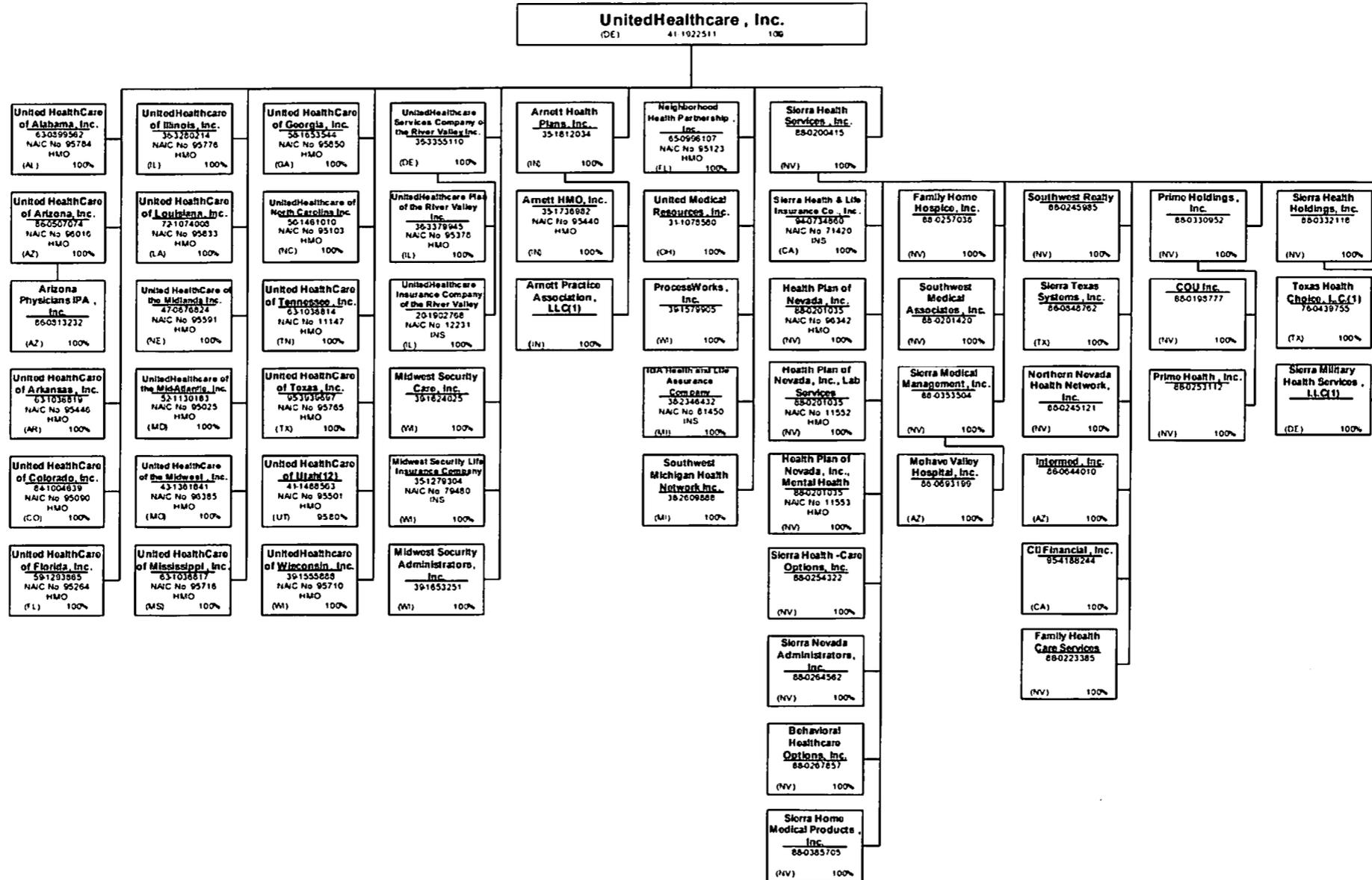


SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

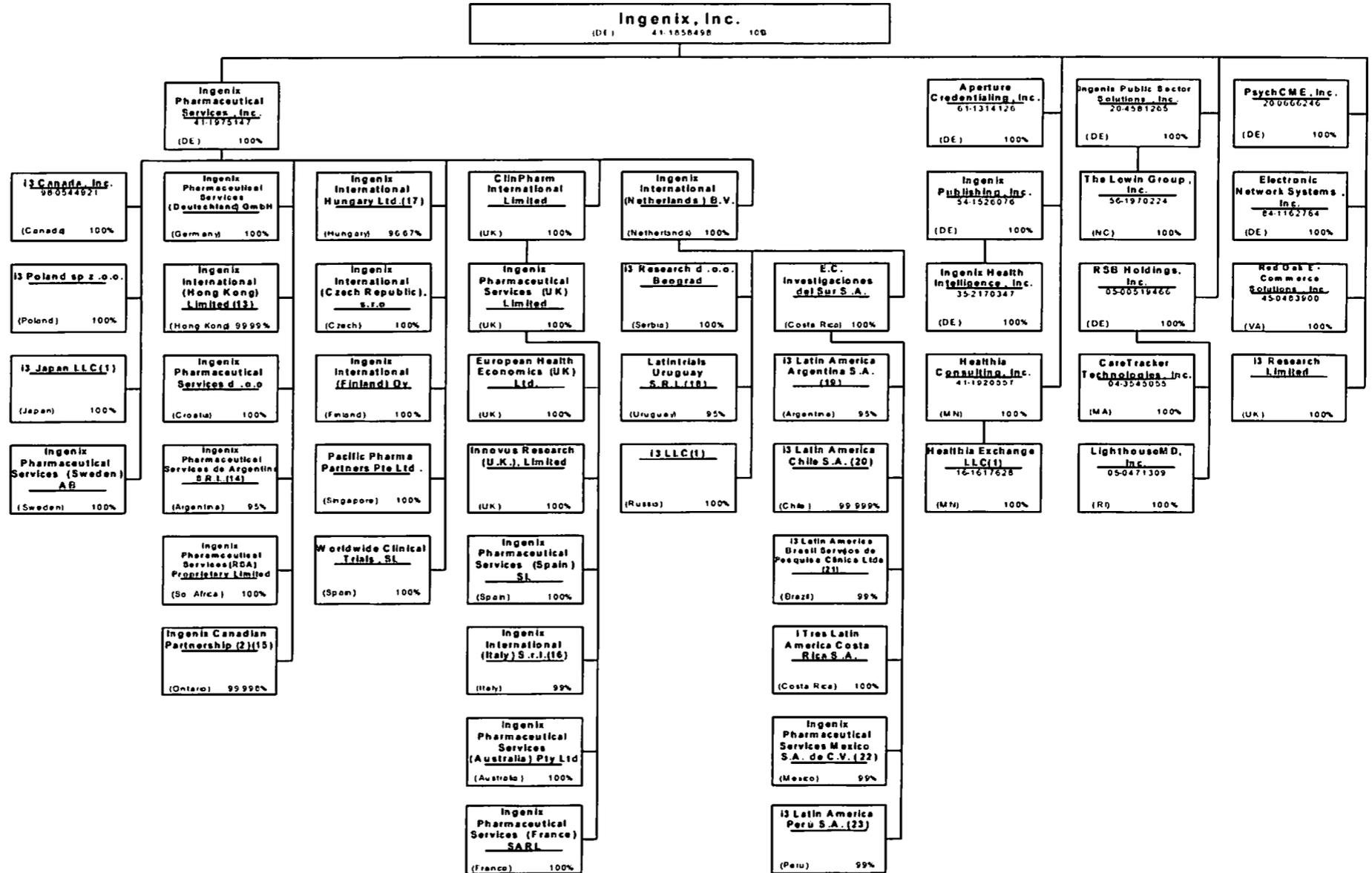


14.1

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART**



**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART**



**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART**

Notes

All legal entities on the Organization Chart are Corporations unless otherwise indicated

(1) Entity is a Limited Liability Company

(2) Entity is a Partnership

(3) Entity is a Non-Profit Corporation

(4) Control of the Foundation is based on sole membership, not the ownership of voting securities

(5) PacificCare Life and Health Insurance Company is 99% owned by PacificCare Health Plan Administrators, Inc. and 1% owned by PacificCare Health Systems, LLC

(6) UnitedHealth Group Information Services Private Limited is 62.56% owned by United Healthcare International Mauritius Limited and 36.81% owned by UnitedHealth Group International B.V. The remaining 0.63% is owned by UnitedHealth International, Inc.

(7) UnitedHealth Group International B.V. is 70.56% owned by UnitedHealth Group Incorporated and 29.44% owned by UnitedHealthCare Services, Inc.

(8) United Healthcare India (Private) Limited is 99.9952% owned by United Healthcare International Mauritius Limited and 0.0048% owned by UnitedHealth International, Inc.

(9) Omega Insurance Advisors Private Limited is 99.99% owned by United Healthcare India (Private) Limited and 0.01% owned by an individual shareholder

(10) UnitedHealthcare Asia Limited is 99% owned by UnitedHealthcare International Asia, LLC and 1% owned by UnitedHealth International, Inc.

(11) General partnership interests are held by UnitedHealthCare Services, Inc. (89.77%) and by UnitedHealthcare, Inc. (10.23%). UnitedHealthCare Services, Inc. also holds 100% of the limited partnership interests. When combining general and limited partner interests, UnitedHealthCare Services, Inc. owns 94.18% and UnitedHealthcare, Inc. owns 5.83%.

(12) UnitedHealthCare of Utah is 95.80% owned by UnitedHealthcare, Inc. and 4.20% owned by 34 physicians / physician groups.

(13) Ingenix International (Hong Kong) Limited is 99.99% owned by Ingenix Pharmaceutical Services, Inc. and 0.01% owned by Ingenix, Inc.

(14) Ingenix Pharmaceutical Services de Argentina S.R.L. is 95% owned by Ingenix Pharmaceutical Services, Inc. and 5% owned by Ingenix, Inc.

(15) Ingenix Canada Partnership is 99.998% owned by Ingenix Pharmaceutical Services, Inc. and 0.002% owned by Ingenix, Inc.

(16) Ingenix International (Italy) S.r.l. is 99% owned by Ingenix Pharmaceutical Services (UK) Limited and 1% owned by CimPharm International Limited.

(17) Ingenix International Hungary Ltd is 96.67% owned by Ingenix Pharmaceutical Services, Inc. and 3.33% owned by Ingenix, Inc.

(18) Latintrialts Uruguay S.R.L. is 95% owned by Ingenix International (Netherlands) BV and 5% owned by Ingenix Pharmaceutical Services, Inc.

(19) i3 Latin America Argentina S.A. is 95% owned by E.C. Investigaciones del Sur S.A. and 5% owned by i Tres Latin America Costa Rica S.A.

(20) i3 Latin America Chile S.A. is 99.999% owned by E.C. Investigaciones del Sur S.A. and 0.001% owned by i Tres Latin America Costa Rica S.A.

(21) i3 Latin America Brasil Serviços de Pesquisa Clínica Ltda. is 99% owned by E.C. Investigaciones del Sur S.A. and 1% owned by i Tres Latin America Costa Rica S.A.

(22) Ingenix Pharmaceutical Services Mexico S.A. de C.V. is 99% owned by E.C. Investigaciones del Sur S.A. and 1% owned by i3 Latin America Argentina S.A.

(23) i3 Latin America Perú S.A. is 99% owned by E.C. Investigaciones del Sur S.A. and 1% owned by i3 Latin America Argentina S.A.

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

RESPONSE

1. Will the Medicare Part D Coverage Statement be filed with the state of domicile and the NAIC with this statement?

NO

Explanation:

1.

Bar Code:

1.

