



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2003
OF THE CONDITION AND AFFAIRS OF THE

QCC INSURANCE COMPANY

NAIC Group Code 0936 0936 NAIC Company Code 93688 Employer's ID Number 23-2184623
(Current Period) (Prior Period)

Organized under the Laws of Pennsylvania, State of Domicile or Port of Entry Pennsylvania

Country of Domicile United States of America

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

Incorporated 05/13/1981 Commenced Business 12/21/1981

Statutory Home Office 1901 MARKET STREET, PHILADELPHIA, PA 19103-1480
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 1901 MARKET STREET
PHILADELPHIA, PA 19103-1480 215-241-2400
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1901 MARKET STREET, PHILADELPHIA, PA 19103-1480
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 1901 MARKET STREET
PHILADELPHIA, PA 19103-1480 215-241-2529
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.ibx.com

Statutory Statement Contact Kevin Deal 215-241-2529
(Name) (Area Code) (Telephone Number) (Extension)
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Policyowner Relations Contact 1901 MARKET STREET
PHILADELPHIA, PA 19103-1480 215-241-2400
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

President G. Fred DiBona, Jr. Secretary Paul Andrew Tufano
Treasurer John George Foos

VICE PRESIDENTS

<u>Christopher Desmond Butler, C.M.E.</u>	<u>John Christopher Cashman, SR. V.P.</u>	<u>John Allen Daddis, SR. V.P.</u>
<u>Robert Joseph Fascia, SR. V.P.</u>	<u>Joseph Anthony Frick, SR. V.P.</u>	<u>Michael Anthony Green, SR. V.P.</u>
<u>Daniel Coombs Lyons, M.D., SR. V.P. #</u>	<u>Robert Allan McKeown, SR. V.P.</u>	<u>Richard Joseph Neeson, SR. V.P.</u>
<u>Thomas Francis Pappalardo, SR. V.P.</u>	<u>Rosemary Anne Park, SR. V.P.</u>	<u>Ian Steven Udvarhelyi, M.D., SR. V.P., C.M.O.</u>
<u>John Charles Zamzow, SR. V.P.</u>		

DIRECTORS OR TRUSTEES

<u>Christopher Desmond Butler #</u>	<u>G. Fred DiBona, Jr.</u>	<u>John Allen Daddis</u>
<u>Robert Joseph Fascia</u>	<u>John George Foos</u>	<u>Joseph Anthony Frick</u>
<u>William Frederick Haggett #</u>	<u>Rosemary Anne Park #</u>	

State ofPennsylvania..... }
County ofPhiladelphia..... } 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.

G. Fred DiBona, Jr.
President

Paul Andrew Tufano
Secretary

John George Foos
Treasurer

Subscribed and sworn to before me this
27 day of February, 2004

Linda J. Pratt
Senior Administrative Assistant
03/10/07

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 _____

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

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).....	563,137,944		563,137,944	450,905,920
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	113,438,186	10,500,000	102,938,186	42,621,349
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
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 (\$16,748,083 , Schedule E, Part 1), cash equivalents (\$16,174,735 , Schedule E, Part 2) and short -term investments (\$113,153,082 , Schedule DA).....	146,075,900		146,075,900	86,922,774
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivable for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	822,652,030	10,500,000	812,152,030	580,450,043
11. Investment income due and accrued	5,759,558		5,759,558	5,135,739
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	63,807,014	18,660,471	45,146,543	73,235,628
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premium).....			0	0
12.3 Accrued retrospective premium.....			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers			0	0
13.2 Funds held by or deposited with reinsured companies			0	0
13.3 Other amounts receivable under reinsurance contracts			0	0
14. Amounts receivable relating to uninsured plans	117,477,515	10,131,629	107,345,886	43,200,139
15.1 Current federal and foreign income tax recoverable and interest thereon			0	0
15.2 Net deferred tax asset.....	53,802,168	28,928,000	24,874,168	18,165,624
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software.....			0	0
18. Furniture and equipment, including health care delivery assets (\$)			0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
20. Receivables from parent, subsidiaries and affiliates	23,917,872		23,917,872	98,086,627
21. Health care (\$) and other amounts receivable.....	32,434,055		32,434,055	19,548,765
22. Other assets nonadmitted	223,344	223,344	0	0
23. Aggregate write-ins for other than invested assets	24,905,521	0	24,905,521	113,819,261
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	1,144,979,077	68,443,444	1,076,535,633	951,641,826
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	1,144,979,077	68,443,444	1,076,535,633	951,641,826
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 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Unprocessed claims.....	5,496,750		5,496,750	69,275,343
2302. Intangible assets.....	18,164,831		18,164,831	29,783,959
2303. Assumed reinsurance receivables.....	1,243,940		1,243,940	14,759,959
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)	24,905,521	0	24,905,521	113,819,261

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	410,069,700		410,069,700	415,533,906
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	9,930,194		9,930,194	10,940,595
4. Aggregate health policy reserves	47,367,427		47,367,427	72,424,468
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserves	0		0	
7. Aggregate health claim reserves	21,518,469		21,518,469	19,272,967
8. Premiums received in advance	134,637,035		134,637,035	110,614,712
9. General expenses due or accrued	24,676,566		24,676,566	24,279,525
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))	11,003,000		11,003,000	11,184,000
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others	25,598,591		25,598,591	16,477,082
13. Remittance and items not allocated			0	
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	34,456,424		34,456,424	0
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 accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	719,257,406	0	719,257,406	680,727,255
23. Common capital stock	XXX	XXX	2,000,000	2,000,000
24. Preferred capital stock	XXX	XXX		0
25. Gross paid in and contributed surplus	XXX	XXX	187,518,517	187,518,517
26. Surplus notes	XXX	XXX		0
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
28. Unassigned funds (surplus)	XXX	XXX	167,759,710	81,396,054
29. Less treasury stock, at cost:				
29.1 shares common (value included in Line 23 \$)	XXX	XXX		0
29.2 shares preferred (value included in Line 24 \$)	XXX	XXX		0
30. Total capital and surplus (Lines 23 to 28 Less 29)	XXX	XXX	357,278,227	270,914,571
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	1,076,535,633	951,641,826
DETAILS OF WRITE-INS				
2101.			0	0
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
2701.	XXX	XXX		
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	0	0

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	9,197,710	9,493,120
2. Net premium income (including .....14,479,615 non-health premium income).....	XXX	2,489,713,571	2,303,557,716
3. Change in unearned premium reserves and reserve for rate credits	XXX	25,057,041	(52,948,039)
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		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	2,514,770,612	2,250,609,677
Hospital and Medical:			
9. Hospital/medical benefits		2,065,404,364	1,871,511,151
10. Other professional services			0
11. Outside referrals			0
12. Emergency room and out-of-area			0
13. Prescription drugs			0
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	0	2,065,404,364	1,871,511,151
Less:			
17. Net reinsurance recoveries		(5,550,248)	(5,172,974)
18. Total hospital and medical (Lines 16 minus 17)	0	2,070,954,612	1,876,684,125
19. Non-health claims		19,770,326	
20. Claims adjustment expenses		146,342,601	125,610,234
21. General administrative expenses.....		157,326,525	140,142,230
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)	0	2,394,394,064	2,142,436,589
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	120,376,548	108,173,088
25. Net investment income earned		15,083,998	18,008,441
26. Net realized capital gains or (losses)		5,280,084	(23,593,973)
27. Net investment gains or (losses) (Lines 25 plus 26)	0	20,364,082	(5,585,532)
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	(2,254,067)
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	140,740,630	100,333,489
31. Federal and foreign income taxes incurred	XXX	41,532,000	46,981,000
32. Net income (loss) (Lines 30 minus 31)	XXX	99,208,630	53,352,489
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
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
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.			
1402.			
1403.			
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. Amortization of interest maintenance reserve.....			(2,254,067)
2902.			
2903.			
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	(2,254,067)

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior reporting period	270,914,571	231,464,575
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34. Net income or (loss) from Line 32	99,208,630	53,352,489
35. Change in valuation basis of aggregate policy and claim reserves	0	0
36. Net unrealized capital gains and losses	4,557,414	(16,117,664)
37. Change in net unrealized foreign exchange capital gain or (loss)	0	0
38. Change in net deferred income tax	1,351,963	15,018,279
39. Change in nonadmitted assets	(18,754,351)	(18,424,094)
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	0	0
47. Aggregate write-ins for gains or (losses) in surplus	0	5,620,986
48. Net change in capital & surplus (Lines 34 to 47)	86,363,656	39,449,996
49. Capital and surplus end of reporting period (Line 33 plus 48)	357,278,227	270,914,571
DETAILS OF WRITE-INS		
4701. Change in asset valuation reserve.....		5,620,986
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	5,620,986

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	2,523,164,508	2,298,461,256
2. Net investment income.....	14,597,011	17,219,782
3. Miscellaneous income.....	0	0
4. Total (Lines 1 to 3).....	2,537,761,519	2,315,681,038
5. Benefits and loss related payments.....	2,093,943,642	1,799,321,217
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	376,323,862	240,621,068
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) \$ net tax on capital gains (losses)	41,713,000	42,465,000
10. Total (Lines 5 through 9).....	2,511,980,504	2,082,407,285
11. Net cash from operations (Line 4 minus Line 10).....	25,781,015	233,273,753
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	725,204,837	276,840,926
12.2 Stocks.....	7,714,437	43,613,841
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	10,500,000	0
12.6 Net gains or (losses) on cash and short-term investments.....	0	0
12.7 Miscellaneous proceeds.....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	743,419,274	320,454,767
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	828,700,009	358,753,317
13.2 Stocks.....	64,237,527	60,941,288
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	10,500,000
13.6 Miscellaneous applications.....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	892,937,536	430,194,605
14. Net increase (or decrease) in policy loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(149,518,262)	(109,739,838)
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 received.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	182,890,373	(72,209,931)
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6).....	182,890,373	(72,209,931)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17).....	59,153,126	51,323,984
19. Cash and short-term investments:		
19.1 Beginning of year.....	86,922,774	35,598,790
19.2 End of period (Line 18 plus Line 19.1).....	146,075,900	86,922,774

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income	2,489,713,571	2,251,481,058			395,218		216,686,488		6,671,192				14,479,615
2. Change in unearned premium reserves and reserve for rate credit	25,057,041	14,171,916					(2,500,000)						13,385,125
3. Fee-for-service (net of \$ medical expenses)	0												XXX
4. Risk revenue	0												XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	2,514,770,612	2,265,652,974	0	0	395,218	0	214,186,488	0	6,671,192	0	0	0	27,864,740
8. Hospital/medical/ benefits	2,065,404,364	1,868,271,481	0	0	383,240	0	194,573,768	0	2,175,875	0	0	0	XXX
9. Other professional services	0												XXX
10. Outside referrals	0												XXX
11. Emergency room and out-of-area	0												XXX
12. Prescription Drugs	0												XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0												XXX
15. Subtotal (Lines 8 to 14)	2,065,404,364	1,868,271,481	0	0	383,240	0	194,573,768	0	2,175,875	0	0	0	XXX
16. Net reinsurance recoveries	(5,550,248)								(5,550,248)				XXX
17. Total medical and hospital (Lines 15 minus 16)	2,070,954,612	1,868,271,481	0	0	383,240	0	194,573,768	0	7,726,123	0	0	0	XXX
18. Non-health claims (net)	19,770,326	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	19,770,326
19. Claims adjustment expenses	146,342,601	131,840,049			14,634		12,468,390		395,125				1,624,403
20. General administrative expenses	157,326,525	141,735,466			15,733		13,404,220		424,782				1,746,324
21. Increase in reserves for accident and health contracts	0												XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	2,394,394,064	2,141,846,996	0	0	413,607	0	220,446,378	0	8,546,030	0	0	0	23,141,053
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	120,376,548	123,805,978	0	0	(18,389)	0	(6,259,890)	0	(1,874,838)	0	0	0	4,723,687
DETAILS OF WRITE-INS													
0501.													XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.													XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX

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STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

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)	2,251,481,058			2,251,481,058
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....	395,218			395,218
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare	216,686,488			216,686,488
7. Title XIX - Medicaid.....				.0
8. Stop Loss	2,352,297	4,318,895		6,671,192
9. Disability Income .....				.0
10. Long-term care .....				.0
11. Other health.....				.0
12. Health subtotal (Lines 1 through 11)	2,470,915,061	4,318,895	.0	2,475,233,956
13. Life .....				.0
14. Property/Casualty.....		17,908,524	3,428,909	14,479,615
15. Totals (Lines 12 to 14)	2,470,915,061	22,227,419	3,428,909	2,489,713,571

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non- Health
1. Payments during the year:													
1.1 Direct	2,069,728,472	1,871,798,162	0	0	383,240	0	197,644,752	0	(97,682)	0	0	0	0
1.2 Reinsurance assumed	24,215,171	0	0	0	0	0	0	0	5,378,172	0	0	0	18,836,999
1.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
1.4 Net	2,093,943,643	1,871,798,162	0	0	383,240	0	197,644,752	0	5,280,490	0	0	0	18,836,999
2. Paid medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	404,854,570	345,632,736	0	0	0	0	42,203,836	0	17,017,998	0	0	0	0
3.3 Reinsurance assumed	5,215,129	0	0	0	0	0	0	0	1,103,571	0	0	0	4,111,558
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	410,069,699	345,632,736	0	0	0	0	42,203,836	0	18,121,569	0	0	0	4,111,558
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	21,518,469	0	0	0	0	0	0	0	0	0	0	0	21,518,469
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	21,518,469	0	0	0	0	0	0	0	0	0	0	0	21,518,469
5. Accrued medical incentive pools and bonuses, current year	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Amounts recoverable from reinsurers December 31, current year	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Claim liability December 31, prior year from Part 2A:													
7.1 Direct	409,178,678	349,159,417	0	0	0	0	45,274,820	0	14,744,441	0	0	0	0
7.2 Reinsurance assumed	6,355,228	0	0	0	0	0	0	0	931,495	0	0	0	5,423,733
7.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
7.4 Net	415,533,906	349,159,417	0	0	0	0	45,274,820	0	15,675,936	0	0	0	5,423,733
8. Claim reserve December 31, prior year from Part 2D:													
8.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
8.2 Reinsurance assumed	19,272,967	0	0	0	0	0	0	0	0	0	0	0	19,272,967
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net	19,272,967	0	0	0	0	0	0	0	0	0	0	0	19,272,967
9. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Incurred Benefits:													
11.1 Direct	2,065,404,364	1,868,271,481	0	0	383,240	0	194,573,768	0	2,175,875	0	0	0	0
11.2 Reinsurance assumed	25,320,574	0	0	0	0	0	0	0	5,550,248	0	0	0	19,770,326
11.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
11.4 Net	2,090,724,938	1,868,271,481	0	0	383,240	0	194,573,768	0	7,726,123	0	0	0	19,770,326
12. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0	0	0	0

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STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	6,437,929	5,729,991	.0	.0	.0	.0	707,938	.0	.0	.0	.0	.0	.0
1.2. Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.3. Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1.4. Net	6,437,929	5,729,991	.0	.0	.0	.0	707,938	.0	.0	.0	.0	.0	.0
2. Incurred but Unreported:													
2.1. Direct	398,416,641	339,902,745	.0	.0	.0	.0	41,495,898	.0	17,017,998	.0	.0	.0	.0
2.2. Reinsurance assumed	5,215,129	.0	.0	.0	.0	.0	.0	.0	1,103,571	.0	.0	.0	4,111,558
2.3. Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2.4. Net	403,631,770	339,902,745	.0	.0	.0	.0	41,495,898	.0	18,121,569	.0	.0	.0	4,111,558
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.2. Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.3. Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3.4. Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. TOTALS:													
4.1. Direct	404,854,570	345,632,736	.0	.0	.0	.0	42,203,836	.0	17,017,998	.0	.0	.0	.0
4.2. Reinsurance assumed	5,215,129	.0	.0	.0	.0	.0	.0	.0	1,103,571	.0	.0	.0	4,111,558
4.3. Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.4. Net	410,069,699	345,632,736	0	0	0	0	42,203,836	0	18,121,569	0	0	0	4,111,558

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

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 Dec. 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)	262,870,326	1,608,927,836	24,815,686	320,817,050	287,686,012	349,159,417
2. Medicare Supplement	0	0	0	0	0	0
3. Dental Only.....	0	0	0	0	0	0
4. Vision Only.....	0	383,240	0	0	0	0
5. Federal Employees Health Benefits Plan Premiums	0	0	0	0	0	0
6. Title XVIII - Medicare	29,087,489	168,557,263	968,250	41,235,586	30,055,739	45,274,820
7. Title XIX - Medicaid.....	0	0	0	0	0	0
8. Other health	531,529	4,748,961	8,368,450	9,753,119	8,899,979	15,675,936
9. Health subtotal (Lines 1 to 8).....	292,489,344	1,782,617,300	34,152,386	371,805,755	326,641,730	410,110,173
10. Other non-health.....	13,540,619	5,296,380	16,273,971	9,356,056	29,814,590	24,696,700
11. Medical incentive pools, and bonus amounts	0	0	0	0	0	0
12. Totals (Lines 9 to 11)	306,029,963	1,787,913,680	50,426,357	381,161,811	356,456,320	434,806,873

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior .....	.0	.0	.0	.0	
2. 1999 .....	.0	.0	.0	.0	
3. 2000	XXX	.0	.0	.0	
4. 2001	XXX	XXX	.0	.0	
5. 2002	XXX	XXX	XXX	1,439,410	1,688,840
6. 2003	XXX	XXX	XXX	XXX	1,608,928

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior .....	.0	.0	.0	.0	
2. 1999 .....	.0	.0	.0	.0	
3. 2000	XXX	.0	.0	.0	
4. 2001	XXX	XXX	.0	.0	
5. 2002	XXX	XXX	XXX	1,765,596	1,713,655
6. 2003	XXX	XXX	XXX	XXX	1,929,745

Section C – Incurred Year Health Claims and Claims 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 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1999	XXX			XXX	.0	XXX			.0	XXX
2. 1999 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 2000 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 2001 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 2002	2,034,409	1,688,840	112,727	6.7	1,801,567	88.6	24,816	244	1,826,627	89.8
6. 2003	2,265,653	1,608,928	164,272	10.2	1,773,200	78.3	320,817	8,442	2,102,459	92.8
7. Total (Lines 1 through 6)	XXX	3,297,768	276,999	XXX	3,574,767	XXX	345,633	8,686	3,929,086	XXX
8. Total (Lines 2 through 6)	4,300,062	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (000 Omitted)

Section A – Paid Health Claims - Vision Only

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior .....	.0	.0	.0	.0	
2. 1999 .....	.0	.0	.0	.0	
3. 2000	XXX	.0	.0	.0	
4. 2001	XXX	XXX	.0	.0	
5. 2002	XXX	XXX	XXX	212	212
6. 2003	XXX	XXX	XXX	XXX	383

Section B - Incurred Health Claims - Vision Only

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior .....	.0	.0	.0	.0	
2. 1999 .....	.0	.0	.0	.0	
3. 2000	XXX	.0	.0	.0	
4. 2001	XXX	XXX	.0	.0	
5. 2002	XXX	XXX	XXX	212	212
6. 2003	XXX	XXX	XXX	XXX	383

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Vision Only

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1999	XXX			XXX	.0	XXX			.0	XXX
2. 1999 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 2000 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 2001 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 2002	329	212	18	8.5	230	69.9	.0	.0	230	69.9
6. 2003	395	383	36	9.4	419	106.1			419	106.1
7. Total (Lines 1 through 6)	XXX	595	54	XXX	649	XXX	0	0	649	XXX
8. Total (Lines 2 through 6)	724	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (000 Omitted)

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior .....	.0	.0	.0	.0	
2. 1999 .....	.0	.0	.0	.0	
3. 2000	XXX	.0	.0	.0	
4. 2001	XXX	XXX	.0	.0	
5. 2002	XXX	XXX	XXX	145,383	174,226
6. 2003	XXX	XXX	XXX	XXX	168,557

Section B - Incurred Health Claims - Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior .....	.0	.0	.0	.0	
2. 1999 .....	.0	.0	.0	.0	
3. 2000	XXX	.0	.0	.0	
4. 2001	XXX	XXX	.0	.0	
5. 2002	XXX	XXX	XXX	188,666	175,194
6. 2003	XXX	XXX	XXX	XXX	209,793

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1999	XXX			XXX	.0	XXX			.0	XXX
2. 1999 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 2000 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 2001 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 2002	187,191	174,226	10,372	6.0	184,598	98.6	968	29	185,595	99.1
6. 2003	214,186	168,557	15,524	9.2	184,081	85.9	41,236	1,216	226,533	105.8
7. Total (Lines 1 through 6)	XXX	342,783	25,896	XXX	368,679	XXX	42,204	1,245	412,128	XXX
8. Total (Lines 2 through 6)	401,377	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

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STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (000 Omitted)

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior .....	.0	.0	.0	.0	.0
2. 1999 .....	.0	.0	.0	.0	.0
3. 2000	XXX	.0	.0	.0	.0
4. 2001	XXX	XXX	.0	.0	.0
5. 2002	XXX	XXX	XXX	8,087	2,934
6. 2003	XXX	XXX	XXX	XXX	4,749

Section B – Incurred Health Claims - Other

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior .....	.0	.0	.0	.0	.0
2. 1999 .....	.0	.0	.0	.0	.0
3. 2000	XXX	.0	.0	.0	.0
4. 2001	XXX	XXX	.0	.0	.0
5. 2002	XXX	XXX	XXX	35,901	11,302
6. 2003	XXX	XXX	XXX	XXX	14,502

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Other

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1999	XXX			XXX	.0	XXX			.0	XXX
2. 1999 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 2000 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 2001 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 2002	28,680	8,087	1,589	19.6	9,676	33.7	8,368	.0	18,044	62.9
6. 2003	6,671	4,749	469	9.9	5,218	78.2	9,753	0	14,971	224.4
7. Total (Lines 1 through 6)	XXX	12,836	2,058	XXX	14,894	XXX	18,121	0	33,015	XXX
8. Total (Lines 2 through 6)	35,351	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior .....	.0	.0	.0	.0	.0
2. 1999 .....	.0	.0	.0	.0	.0
3. 2000	XXX	.0	.0	.0	.0
4. 2001	XXX	XXX	.0	.0	.0
5. 2002	XXX	XXX	XXX	1,593,092	1,866,212
6. 2003	XXX	XXX	XXX	XXX	1,782,617

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1999	2 2000	3 2001	4 2002	5 2003
1. Prior .....	.0	.0	.0	.0	.0
2. 1999 .....	.0	.0	.0	.0	.0
3. 2000	XXX	.0	.0	.0	.0
4. 2001	XXX	XXX	.0	.0	.0
5. 2002	XXX	XXX	XXX	1,990,375	1,900,363
6. 2003	XXX	XXX	XXX	XXX	2,154,423

Section C - Incurred Year Health Claims and Claims 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 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. Prior to 1999	XXX	.0	.0	XXX	.0	XXX	.0	.0	.0	XXX
2. 1999 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 2000 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 2001 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 2002	2,250,609	1,871,365	124,706	6.7	1,996,071	88.7	34,152	273	2,030,496	90.2
6. 2003	2,486,905	1,782,617	180,301	10.1	1,962,918	78.9	371,806	9,658	2,344,382	94.3
7. Total (Lines 1 through 6)	XXX	3,653,982	305,007	XXX	3,958,989	XXX	405,958	9,931	4,374,878	XXX
8. Total (Lines 2 through 6)	4,737,514	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

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ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves	8,698,446	8,244,382	.0	.0	.0	.0	.0	.0	.0	.0	.0	454,064
2. Additional policy reserves (a)	14,362,000	4,862,000	.0	.0	.0	.0	9,500,000	.0	.0	.0	.0	.0
3. Reserve for future contingent benefits .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Reserve for rate credits or experience rating refunds (including \$ for investment income)	24,306,981	24,306,981	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross)	47,367,427	37,413,363	.0	.0	.0	.0	9,500,000	.0	.0	.0	.0	454,064
7. Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8. Totals (Net) (Page 3, Line 4)	47,367,427	37,413,363	0	0	0	0	9,500,000	0	0	0	0	454,064
CLAIM RESERVE												
9. Present value of amounts not yet due on claims	21,518,469	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	21,518,469
10. Reserve for future contingent benefits .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross)	21,518,469	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	21,518,469
13. Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
14. Totals (Net) (Page 3, Line 7)	21,518,469	0	0	0	0	0	0	0	0	0	0	21,518,469
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes \$ 14,362,000 premium deficiency reserve.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administration Expenses	3 Investment Expenses	4 Total
1. Rent (\$ for occupancy of own building).....	11,357,485	6,677,075	0	18,034,560
2. Salaries, wages and other benefits.....	108,835,464	60,691,365	0	169,526,829
3. Commissions (less \$ ceded plus \$ assumed).....	0	60,459,802	0	60,459,802
4. Legal fees and expenses.....	100,904	3,519,542	0	3,620,446
5. Certifications and accreditation fees.....	0	0	0	0
6. Auditing, actuarial and other consulting services.....	1,429,432	6,300,462	0	7,729,894
7. Traveling expenses.....	458,174	1,029,164	0	1,487,338
8. Marketing and advertising.....	575,158	8,733,205	0	9,308,363
9. Postage, express and telephone.....	3,715,080	3,796,653	0	7,511,733
10. Printing and office supplies.....	1,020,834	2,538,120	0	3,558,954
11. Occupancy, depreciation and amortization.....	22,405	135,700	0	158,105
12. Equipment.....	10,175,834	13,431,505	0	23,607,339
13. Cost or depreciation of EDP equipment and software.....	957,337	2,923,889	0	3,881,226
14. Outsourced services including EDP, claims, and other services.....	51,314,313	14,335,315	0	65,649,628
15. Boards, bureaus and association fees.....	4,350	1,396,801	0	1,401,151
16. Insurance, except on real estate.....	3,565,542	216,734	0	3,782,276
17. Collection and bank service charges.....	8,812	622,385	1,053,930	1,685,127
18. Group service and administration fees.....	18,272,979	(4,636,095)	0	13,636,884
19. Reimbursements by uninsured accident and health plans.....	(74,741,902)	(82,806,597)	0	(157,548,499)
20. Reimbursements from fiscal intermediaries.....	0	0	0	0
21. Real estate expenses.....	0	0	0	0
22. Real estate taxes.....	0	0	0	0
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes.....	393,020	3,894,875	0	4,287,895
23.2 State premium taxes.....	0	48,111,231	0	48,111,231
23.3 Regulatory authority licenses and fees.....	0	0	0	0
23.4 Payroll taxes.....	6,006,529	3,690,101	0	9,696,630
23.5 Other (excluding federal income and real estate taxes).....	0	0	0	0
24. Investment expenses not included elsewhere.....	0	0	0	0
25. Aggregate write-ins for expenses.....	2,870,851	2,265,293	0	5,136,144
26. Total expenses incurred (Lines 1 to 25).....	146,342,601	157,326,525	1,053,930	(a) 304,723,056
27. Less expenses unpaid December 31, current year.....	9,930,194	24,676,566		34,606,760
28. Add expenses unpaid December 31, prior year.....	10,940,595	24,279,525		35,220,120
29. Amounts receivable related to uninsured accident and health plans, prior year.....	19,764,720	25,671,419		45,436,139
30. Amounts receivable related to uninsured accident and health plans, current year.....	54,316,408	63,161,107		117,477,515
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	181,904,690	194,419,172	1,053,930	377,377,792
DETAIL OF WRITE-INS				
2501. Miscellaneous expenses.....	0	2,265,293	0	2,265,293
2502. Other claims adjustment expenses.....	2,870,851	0	0	2,870,851
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	2,870,851	2,265,293	0	5,136,144

(a) Includes management fees of \$ to affiliates and \$ to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 4,189,953	3,141,704
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 22,055,366	20,104,022
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	1,909,310	2,049,205
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 142,783	(58,990)
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	37,261	37,261
10. Total gross investment income	28,334,673	25,273,202
11. Investment expenses		(g) 1,053,930
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 9,897,800
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		10,951,730
17. Net Investment Income - (Line 10 minus Line 16)		14,321,472
DETAILS OF WRITE-INS		
0901. Interest on supplemental advances	37,261	37,261
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	37,261	37,261
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 378,388 accrual of discount less \$ 515,220 amortization of premium and less \$ 2,774,929 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds	2,572,950				2,572,950
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)	2,626,832				2,626,832
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)	80,302	0			80,302
2.21 Common stocks of affiliates					0
3. Mortgage loans					0
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments	0				0
7. Derivative instruments	0				0
8. Other invested assets	0				0
9. Aggregate write-ins for capital gains (losses)		0	0	0	0
10. Total capital gains (losses)	5,280,084	0	0	0	5,280,084
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 12 to 20, Column 2	57,720,100	38,974,000	(18,746,100)
2. Other Non-Admitted Assets:			
2.1 Bills receivable.....		0	0
2.2 Leasehold improvements.....		0	0
2.3 Cash advanced to or in hands of officers and agents.....		0	0
2.4 Loans on personal security, endorsed or not.....		0	0
2.5 Commuted commissions.....		0	0
3. Total (Lines 2.1 to 2.5)	0	0	0
4. Aggregate write-ins for other assets.....	223,344	215,093	(8,251)
5. Total (Line 1 plus Lines 3 and Line 4)	57,943,444	39,189,093	(18,754,351)
0401. Prepaid expenses.....	223,344	215,093	(8,251)
0402.		0	0
0403.			
0498. Summary of remaining write-ins for Line 4 from overflow page	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	223,344	215,093	(8,251)

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

EXHIBIT 2 - 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.....	.0					
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	775,537	765,033	754,753	758,855	745,150	9,105,359
4. Point of Service.....	.0					
5. Indemnity Only.....	.6	.3	.3	.3	.1	.34
6. Aggregate write-ins for other lines of business	6,746	7,492	7,627	7,776	8,028	92,317
7. Total	782,289	772,528	762,383	766,634	753,179	9,197,710
DETAILS OF WRITE-INS						
0601. Vision only.....	6,746	7,492	7,627	7,776	8,028	92,317
0602.						
0603.						
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)	6,746	7,492	7,627	7,776	8,028	92,317

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Practices

A. Accounting Practices

The financial statements of QCC Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Pennsylvania Insurance Department.

The Pennsylvania Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of Pennsylvania for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Pennsylvania Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual, version as of March 2003, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Pennsylvania, subject to any deviations prescribed or permitted by the State of Pennsylvania Insurance Commissioner.

In 2002, QCC received written approval from the Pennsylvania Insurance Department to admit, for statutory purposes, additional goodwill (subject to accelerated amortization) related to the purchase of Pennsylvania Blue Shield's interest in certain managed care lines of business (primarily the Personal Choice line of business), which treatment differs from prescribed statutory accounting practices. Statutory accounting practices prescribed by the Commonwealth of Pennsylvania limit admitted goodwill to 10% of the adjusted capital and surplus of an insurer, as reported in its preceding Annual Statement.

As of December 31, 2003, QCC did not renew its permitted practice with the Pennsylvania Insurance Department.

	<u>2003</u>	<u>2002</u>
Net Income, Pennsylvania basis	\$ 99,208,630	\$53,352,489
State Prescribed Practices:	-0-	-0-
State Permitted Practices:	-0-	-0-
Net Income, NAIC SAP	99,208,630	53,352,489
Statutory Surplus, Pennsylvania basis	\$348,161,477	\$270,914,571
State Prescribed Practices:	-0-	-0-
State Permitted Practices:		
Goodwill, net	-0-	21,793,000
Statutory Surplus, NAIC SAP	348,161,477	249,121,571

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the period. Actual results could differ from those estimates.

C. Accounting Policy

Asset values are generally stated as follows:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds excluding loan-backed and structured securities that are designated highest-quality and high-quality (NAIC designations 1 and 2 respectively) are reported at amortized cost; with all other bonds (NAIC designations 3 to 6) are reported at the lower of amortized cost or fair value.
- (3) Common Stocks are stated at market value.
- (4) Preferred Stocks are stated at lower of amortized cost, or market value depending on the assigned credit rating and whether the preferred stock has mandatory sinking fund provisions.
- (5) Mortgage loans on real estate - None
- (6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value.
- (7) Investments in Subsidiary, Controlled or Affiliated entities are recorded based on the underlying statutory equity of the respective entity's financial statements, adjusted for unamortized goodwill.
- (8) Investment in joint ventures, partnerships, and limited liability companies - None
- (9) Derivatives - None
- (10) Anticipated investment income as a factor in the premium deficiency calculation - None
- (11) Estimates of outstanding claim liabilities and claim adjustment expenses are based on analysis of prior experience. The methods are continually reviewed and adjustments to prior period estimates are reflected in the current period. Such estimates are necessarily based on assumptions. While management believes the reported amount is adequate, the ultimate liability may be greater or less than the amount provided for.

2. Accounting Changes and Corrections of Errors

- #### A. Material changes in accounting principle and/or correction of errors - None.

NOTES TO FINANCIAL STATEMENTS

B. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Pennsylvania. The Company received written approval from the Pennsylvania Insurance Department to early adopt codification for the 1998 statutory basis financial statements. Effective June 30, 2003 the Company changed the presentation of amounts receivable from parent, subsidiaries and affiliates and the amounts due to parent, subsidiaries and affiliates. In prior periods these amounts were reported on a net basis. These amounts are now reported gross. This change will be reflected in future filings, prior periods have not been restated.

3. Business Combinations and Goodwill

- A. Statutory Purchase Method - None
- B. Statutory Merger – None
- C. Assumption Reinsurance - None
- D. Impairment Loss recognized on Business Combinations and Goodwill - None

4. Discontinued Operations - None

5. Investments

- A. Mortgage Loans including Mezzanine Real Estate Loans – None
- B. Debt Restructuring - None
- C. Reverse Mortgages - None
- D. Loan-Backed Securities
 - (1) The Company does not have any loan-backed securities purchased prior to January 1, 1994.
 - (2) Prepayment method for single class and multi-class mortgage-backed/asset-backed securities were obtained from our investment advisors survey values.
 - (3) The Company uses the retrospective adjustment method regarding prepayment assumptions and has not incurred a negative yield situation regarding the use of this method.
- E. Repurchase Agreements - None
- F. Real Estate - None

6. Joint Ventures, Partnerships and Limited Liability Companies

Joint ventures, partnerships or limited liability companies that exceed 10% of admitted assets – None.

7. Investment Income

- A. All investment income due and accrued with amounts that are 90 days past due are excluded (nonadmitted) from surplus.
- B. The total amount excluded from surplus in the current period was \$ -0-.

8. Derivative Instruments - None

9. Income Taxes

- A. The components of the Company's net deferred tax asset/(liability) are as follows:

	In 000's	
	<u>2003</u>	<u>2002</u>
(1) Total of all deferred tax assets (admitted and nonadmitted)	\$ 63,367	\$ 54,904
(2) Total of all deferred tax liabilities	<u>(9,566)</u>	<u>-0-</u>
Net deferred tax asset	53,801	54,904
(3) Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	(28,928)	(36,738)
(4) Total of deferred tax assets (admitted)	24,873	18,166
(5) The net change during the year in the total deferred tax assets nonadmitted	(7,810)	20,021

- B. Deferred tax liabilities are not recognized for the following amounts:

- (1) N/A
- (2) N/A
- (3) N/A
- (4) N/A

- C. The components of incurred income tax expense and the change in DTAs and DTLs are as follows:

	In 000's		
	<u>2003</u>	<u>2002</u>	<u>Change</u>
(1) Current income tax expense (benefit)	\$ 41,532	\$ 46,981	
Federal income tax on net capital gains	-0-	-0-	
Utilization of capital loss carryforwards	-0-	-0-	
Federal income taxes	41,532	46,981	

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

	In 000's		
	<u>2003</u>	<u>2002</u>	<u>Change</u>
Deferred tax assets:			
Discounting of unpaid losses	\$ 4,121	\$ 4,183	(\$ 62)
Change in unearned premium reserve	10,291	8,532	1,759

NOTES TO FINANCIAL STATEMENTS

Bad debt		270	176	94
Other – Investment in common stock	-0-	351	(351)	
General insurance expense and prepaids		37	377	(340)
Premium Deficiency Reserve		5,027	-0-	5,027
Goodwill		22,955	22,388	567
Impairment Loss		-0-	7,494	(7,494)
Net Capital Loss Carryforward		6,761	764	5,997
Net Capital Loss Carryforward		875	875	-0-
Unrealized capital losses		74	6,106	(6,032)
Nonadmitted assets		<u>12,956</u>	<u>3,658</u>	<u>9,298</u>
Total deferred tax assets (admitted and nonadmitted)		63,367	54,904	8,463
Total deferred tax assets nonadmitted		<u>(28,928)</u>	<u>(36,738)</u>	<u>7,810</u>
Admitted deferred tax assets		34,439	18,166	16,273
Deferred tax liabilities:				
Unrealized capital gains		(489)	-0-	(489)
Excess Allowance/Return Premiums		<u>(9,077)</u>	<u>-0-</u>	<u>(9,077)</u>
Total deferred tax liabilities		(9,566)	-0-	(9,566)
Net admitted deferred tax asset		24,873	18,166	6,707

(3) The change in net deferred income taxes is composed of the following:

	In 000's		
	2003	2002	Change
Total deferred tax assets (admitted and nonadmitted)	\$63,367	\$54,904	\$8,463
Total deferred tax liabilities	<u>(9,566)</u>	<u>-0-</u>	<u>(9,566)</u>
Net deferred tax asset (liability)	53,801	54,904	(1,103)
Tax effect of unrealized gains (losses)		<u>2,454</u>	
Change in net deferred income taxes			1,351

(4) Investment tax credits - N/A

(5) Benefits of operating loss carryforward - N/A

(6) Adjustments of DTA or DTL for enacted changes in tax laws or rates - N/A

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

	In 000's	
	2003	2002
(1) Expected federal income tax expense (at statutory rate)	\$49,260	\$35,117
(2) IMR adjustment	-0-	789
(3) Change in DTA on nonadmits	(9,298)	(3,905)
(4) Travel & Entertainment	103	105
(5) Other	<u>116</u>	<u>(928)</u>
Total	40,181	31,178
Federal income taxes	41,532	46,981
Change in net deferred income taxes	<u>(1,351)</u>	<u>(15,803)</u>
Total statutory income taxes	40,181	31,178

E. (1) As of December 31, 2003 the Company operating loss carry forwards that will expire as follows:

2000 (earliest year)	\$ -0-
2001	-0-
2002	-0-

(2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

2003 (current year)	\$ 44,332,000
2002 (current year-1)	44,181,000

F. The Company's federal income tax return is consolidated with the following entities:

(1)	
AmeriHealth, Inc.	CSI Services, Inc.
AmeriHealth Health Plan, Inc.	CompServices, Inc.
AmeriHealth HMO, Inc.	HCDV, Inc.
AmeriHealth Insurance Company of NJ	HCS, Inc.
AmeriHealth Integrated Benefits, Inc.	Healthcare Delaware, Inc.
AmeriHealth Integrated Case Management, Inc.	Independence Blue Cross
AmeriHealth Services, Inc.	Independence Healthcare Management, Inc.
AmeriHealth Administrators, Inc.	Independence Holdings, Inc.
AmeriHealth of Florida, Inc.	Independence Insurance, Inc.

NOTES TO FINANCIAL STATEMENTS

The AmeriHealth Agency, Inc.	Keystone Health Plan East, Inc.
AmeriHealth Casualty Insurance Company	Keystone Benefits, Inc.
Vista Health Plan, Inc.	Keystone Health Systems, Inc.
New Seasons Assisted Living Communities, Inc.	CorCell, Inc
AmeriHealth Integrated Workers' Compensation Management, Inc.	

- (2) The method of allocation between the companies is subject to written agreement, approved by the Board of Directors. Allocation is based upon separate return calculations with current credit for net losses. Intercompany tax balances are settled monthly.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. QCC Insurance Company is a stock life insurance company, which is organized pursuant to the laws of the Commonwealth of Pennsylvania and is a wholly owned subsidiary of AmeriHealth, Inc. AmeriHealth, Inc. is a Pennsylvania Corporation and a wholly owned subsidiary of Independence Blue Cross.
- B. In September of 2000, QCC Insurance Company entered into a Quota Share Reinsurance Agreement with its affiliate, AmeriHealth Casualty Insurance Company ("ACIC"). ACIC is a Delaware domiciled property casualty insurer engaged in marketing workers compensation insurance products in Pennsylvania and Delaware. Under the terms of the agreement, QCC reinsures the medical indemnity and loss adjustment expense portion of the workers compensation business written by ACIC, with the exception of Employer's Liability coverage retained by ACIC. QCC's liability under the terms of the agreement is limited to \$500,000 per occurrence. The agreement terminated in March 2003, and is currently running off covered business. The affiliate ACIC now retains the risk.
- C. Organizational Structure and transactions between parent company and subsidiaries are reflected in Schedule Y, Part 2.
- D. Amounts due from/to related parties are reflected on Exhibit 6 and Exhibit 7 respectively. The terms of the settlement require that these amounts are generally settled within 30 days but in no case beyond 90 days.
- E. Parental Guarantees – None
- F. The Company has a service agreement with Independence Blue Cross and its affiliates for performance of direct services such as claims processing, enrollment, customer service, patient care management and certain finance services for the Company. Independence Blue Cross and its affiliates are compensated at actual cost. The Company also has agreements with its affiliates for the use of its and their provider networks.
- G. All outstanding shares of The Company are owned by AmeriHealth, Inc., holding company domiciled in the State of Pennsylvania. AmeriHealth Inc., is a wholly owned subsidiary of Independence Blue Cross, a non-stock, non-member hospital plan corporation domiciled in the State of Pennsylvania.
- H. Amounts deducted from the value of an upstream intermediate entity or ultimate parent owned, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated entity. - None
- I. Investments in a Subsidiary, Controlled or Affiliated entity that exceed 10% of admitted assets – None
- J. Write-downs for impaired investments in Subsidiary, Controlled or Affiliated entities

In 2001, the Company recorded an impairment of eight million dollars, \$8,000,000, (\$8M) of the investment of preferred stock in La Cruz Azul. In 2002 the preferred stock was converted to a surplus note totaling ten and one-half million dollars, \$10,500,000. (\$10.5M). Originally, the note was to have been in the principal amount of \$10.5M, but the Insurance Commissioner approved only \$8M, leaving two and one-half million dollars \$2,500,000 (\$2.5M) as an "obligation" from La Cruz Azul. In 2003, the \$10.5M surplus note was converted to Common Stock.

The effect of the conversion is as follows:

\$8M divided by \$152/share = 52,632 shares
 \$2.5M divided by \$152/share = 184,211 shares

For statutory purposes the total \$10.5M of common stock is nonadmitted.

11. Debt

- A. Capital Notes – None
 B. All Other Debt - None

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

- A. Defined Benefit Plans – None
 B. Defined Contribution Plan - None
 C. Multiemployer Plans - None
 D. Consolidated/Holding Company Plans - None
 E. Postemployment Benefits and Compensated Absences - None

NOTES TO FINANCIAL STATEMENTS

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

- (1) The Company has 200,000 shares authorized, 200,000 shares issued and 200,000 shares outstanding.
- (2) Preferred stock outstanding - None
- (3) Dividend Restrictions - None
- (4) The portion of the Company's profits that may be paid as ordinary dividends to stockholders.
By Pennsylvania statute, a dividend that does not exceed the greater of 10% of surplus or net income is considered an ordinary dividend. There are no other restrictions.
- (5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (6) The total amount of advances to surplus not repaid is \$-0-.
- (7) The amounts of stock held by the Company, including stock of affiliated companies, for special purposes is:
 - a. For conversion of preferred stock: -0- shares
 - b. For employee stock options: -0- shares
 - c. For stock purchase warrants: -0- shares
- (8) There are no special surplus funds.
- (9) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:
 - a. gross unrealized gains and losses: \$ (1,183,903)
 - b. nonadmitted asset values: \$ 69,771,444
 - c. separate account business: \$ -0-
 - d. asset valuation reserves: \$ -0-
 - e. provision for reinsurance: \$ -0-
- (10) Surplus debentures or similar obligations - None
- (11&12) Effective date and financial impact of a quasi-reorganization – None.

14. Contingencies

- A. Contingent Commitments - None
- B. Assessments
The Company is not aware of any assessments that could have a material adverse effect on the Company's financial condition.
- C. Gain Contingencies - None
- D. All Other Contingencies
In the ordinary course of business, the Company is involved in and is subject to claims, contractual disputes and other uncertainties. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial condition.

15. Leases

- A. Lessee Operating Lease - None
- B. Lessor Leases/Leveraged Leases - None

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 Extinguishments of Liabilities

- A. Transfers of Receivables reported as Sales - None
- B. Transfer and Servicing of Financial Assets - None
- C. Wash Sales - None

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

- A. ASO Plans - None
- B. ASC Plans

The gain from operations from Administrative Services Contract (ASC) uninsured accident and health plans and the uninsured portion of partially insured plans was as follows during 2003:

	<u>Total ASC Uninsured Plans</u>	
	<u>2003</u>	<u>2002</u>
a. Gross reimbursement for medical cost incurred	\$ 793,799,390	\$ 592,995,617
b. Gross administrative fees accrued	150,276,334	170,292,885
c. Other income or expenses (including interest paid to or received from plans)	-0-	-0-
d. Gross expenses incurred (claims and administrative)	890,095,114	675,430,775
e. Total net gain or (loss) from operations	53,980,610	87,857,727

- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract – None

NOTES TO FINANCIAL STATEMENTS

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators during 2003 – None

20. September 11 Events – None

21. Other Items

- A. Extraordinary Items - None
- B. Troubled Debt Restructuring: Debtors - None.
- C. Other Disclosures

The Company elected to use rounding in reporting amounts in this statement. Certain pages of this Annual Statement were prepared by a process which cannot print (+) symbols and (-) symbols, therefore, it is indicated by a bracket around the number, e.g. (45,678), and (+) symbol is intended when there is not a bracket.

D. Nonadmitted assets include estimated allowances for premiums receivable which may be uncollectible.

E. Noncash Transactions – None

F. Business Interruption Insurance Recoveries - None

22. Events Subsequent

The Company is not aware of any events that have occurred with respect to conditions that existed at the date of the balance sheet, nor did it have any events occur subsequent to the date of the balance sheet, which would have a material effect on the financial condition of the Company.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

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

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit? – NO
- (2) 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? – NO

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment of other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$-0-
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? Yes () No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$____N/A____

B. Uncollectible Reinsurance - None

C. Commutation of Ceded Reinsurance - None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. Accrued retrospective premium adjustments for group health insurance business are estimated through a mathematical approach using an algorithm of the Company's underwriting rules and experience rating practices.

B. The amount of net premium earned during 2003 which was subject to retrospective rating features was \$ 277 million, which represented approximately 11% of earned net premium.

25. Change in Incurred Losses and Loss Adjustment Expenses

The estimated claim liabilities and reserves for claims incurred in prior years decreased from \$ 434.8 million on 12/31/02 to \$ 356.5 million on 12/31/03. The decrease is generally the result of ongoing analysis of recent claim development trends. To the extent that incurred claim estimates on retrospectively rated policies changed, there was a concomitant revision to premium.

26. Intercompany Pooling Arrangements – None

NOTES TO FINANCIAL STATEMENTS

27. Structured Settlements – N/A

28. Health Care Receivables

(A) Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported	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
12/31/2003	-0-	-0-	-0-	-0-	-0-
09/30/2003	-0-	-0-	-0-	-0-	-0-
06/30/2003	-0-	-0-	-0-	-0-	-0-
03/31/2003	-0-	-0-	-0-	-0-	-0-
12/31/2002	-0-	-0-	-0-	-0-	-0-
09/30/2002	-0-	-0-	-0-	-0-	-0-
06/30/2002	-0-	-0-	-0-	-0-	-0-
03/31/2002	1,989,932	1,989,932	1,989,932	-0-	-0-
12/31/2001	-0-	-0-	-0-	-0-	-0-
09/30/2001	1,641,539	1,641,539	1,641,539	-0-	-0-
06/30/2001	1,779,380	1,779,380	1,779,380	-0-	-0-
03/31/2001	1,792,101	1,792,101	1,792,101	-0-	-0-

(B) Risk Sharing Receivables - None

29. Participating Policies – None

30. Premium Deficiency Reserves

As of December 31, 2003, the Company held \$14,362,000 of premium deficiency reserves. Investment income was not considered when calculating the amount of premium deficiency reserves.

31. Anticipated Salvage and Subrogation

Recoveries from salvage and subrogation are implicitly accounted for in the estimation of claim liabilities. The amount of such recoveries is de minimis.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities	65,582,844	7.972	65,582,844	8.075
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA	18,818,711	2.288	18,818,711	2.317
1.512 Issued by FNMA and FHLMC		0.000		0.000
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	8,750,283	1.064	8,750,283	1.077
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC		0.000		0.000
1.523 All other privately issued	32,713,239	3.977	32,713,239	4.028
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	437,272,867	53.154	437,272,867	53.841
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated	102,938,186	12.513	102,938,186	12.675
3.4 Other equity securities:				
3.41 Affiliated	10,500,000	1.276		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash and short-term investments	146,075,900	17.757	146,075,900	17.986
9. Other invested assets		0.000		0.000
10. Total invested assets	822,652,030	100.000	812,152,030	100.000

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 [] 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 [] No [] NA []
- 1.3 State Regulating? Pennsylvania.....
- 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.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2001
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2001
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).02/05/2004
- 3.4 By what department or departments? Pennsylvania Insurance Department
- 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 []
 4.12 renewals? Yes [] No []
- 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 []
 4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 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 Company Code	3 State of Domicile
.....
.....
.....
.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No []
- 6.2 If yes, give full information
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No []
- 7.2 If yes,
 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
.....
.....
.....
.....

GENERAL INTERROGATORIES

(continued)

- 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.

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Deloitte & Touche, LLP Twenty-Second Floor 1700 Market Street, Philadelphia, PA 19103-3984
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 John F. Douglas, Consultant, for QCC Insurance Company, 39th Floor, 1901 Market Street, Philadelphia, PA 19103-1480
11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 11.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
 11.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

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

FINANCIAL

- 15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 15.11 To directors or other officers .. \$0
 15.12 To stockholders not officers ... \$0
 15.13 Trustees, supreme or grand (Fraternal only) \$0
- 15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
 15.21 To directors or other officers ... \$0
 15.22 To stockholders not officers ... \$0
 15.23 Trustees, supreme or grand (Fraternal only) \$0
- 16.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? Yes [] No [X]
 16.2 If yes, state the amount thereof at December 31 of the current year:
 16.21 Rented from others \$
 16.22 Borrowed from others \$
 16.23 Leased from others \$
 16.24 Other \$
- Disclose in Notes to Financial the nature of each obligation.
- 17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
 17.2 If answer is yes,
 17.21 Amount paid as losses or risk adjustment \$
 17.22 Amount paid as expenses \$
 17.23 Other amounts paid \$

GENERAL INTERROGATORIES

(continued)
INVESTMENT

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

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred	0	0	0.000	0	[]	[]	[]	[]
Common	200,000	200,000	10.000	XXX	XXX	XXX	XXX	XXX

19.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes [X] No []

19.2 If no, give full and complete information relating thereto:

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1) Yes [] No [X]

20.2 If yes, state the amount thereof at December 31 of the current year:

- 20.21 Loaned to others \$
- 20.22 Subject to repurchase agreements \$
- 20.23 Subject to reverse repurchase agreements \$
- 20.24 Subject to dollar repurchase agreements \$
- 20.25 Subject to reverse dollar repurchase agreements \$
- 20.26 Pledged as collateral \$
- 20.27 Placed under option agreements \$
- 20.28 Letter stock or other securities restricted as to sale ... \$
- 20.29 Other \$

20.3 For each category above, if any of these assets are held by other, identify by whom held:

20.31	20.35
20.32	20.36
20.33	20.37
20.34	20.38
	20.39

For categories (20.21) and (20.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

20.4 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA [X]
 If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

22.2 If yes, state the amount thereof at December 31 of the current year \$

GENERAL INTERROGATORIES

(continued)

INVESTMENT

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []

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

1 Name of Custodian(s)	2 Custodian's Address
Wachovia Bank, NA.....	123 S. Broad Street, Philadelphia, PA 19109.....

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

1 Name(s)	2 Location(s)	2 Complete Explanation(s)

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year?

Yes [X] No []

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
First Union National Bank.....	Wachovia Bank, NA.....	01/01/2003...	Merger.....

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

1 Central Registration Depository Number(s)	2 Name	2 Address
105098.....	Weaver C. Barksdale & Associates.....	10 Cadillac Drive, Suite 4550, Brentwood, TN 37027.....
113859.....	Cooke & Bieler, L.P.....	1700 Market Street, Suite 3222, Philadelphia, PA 19103.....
105390.....	Delaware Investments.....	2005 Market Street, Philadelphia, PA 19103-7094.....
EXEMPT.....	Emerald Venture Capital.....	500 N. Gulph Road, Suite 401, King of Prussia, PA 19406.....
109367.....	Gartmore Global Investments.....	Five Tower Bridge, 399 Barr Harbor Drive, Suite 300, West Conshohocken, PA 19428.....
104594.....	Evergreen Investment Mgmt. Co.....	200 Berkeley Street, Boston, MA 02116-5034.....
104594.....	Evergreen Investments.....	55 Valley Stream Parkway, Malvern, PA 19355.....
113789.....	SEI.....	One Freedom Valley Drive, Oaks, PA 19456.....
110035.....	Shay Assets Management, Inc.....	230 W. Monroe Street, Suite 2810, Chicago, IL 60606.....
106595.....	Wellington Management Co., LLP.....	75 State Street, Boston, MA 02109.....

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [X] No []

24.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
24.2001. 299908-20-2	Evergreen Fixed Income Fund Short Intermediate Bond Fund	29,492,083
24.2002. 299908-60-8	Evergreen Limited Duration Mutual	11,603,023
24.2003. 783980-10-5	SEI Large Cap.	19,619,549
9999999. TOTAL		60,714,655

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

GENERAL INTERROGATORIES

(continued)

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding Of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
Evergreen Fixed Income Fund Short Intermediate Bond Fund.....	U.S. Treasury Bonds, 7.50%, 11/15/16.....	1,238,667	12/31/2003.....
Evergreen Fixed Income Fund Short Intermediate Bond Fund.....	U.S. Treasury Notes, 2.38%, 8/15/06.....	1,179,683	12/31/2003.....
Evergreen Fixed Income Fund Short Intermediate Bond Fund.....	U.S. Treasury Notes, 2.63%, 5/15/08.....	737,302	12/31/2003.....
Evergreen Fixed Income Fund Short Intermediate Bond Fund.....	FNMA, 6.00%, 11/1/33.....	501,365	12/31/2003.....
Evergreen Fixed Income Fund Short Intermediate Bond Fund.....	FHLMC, 6.98%, 10/1/10.....	412,889	12/31/2003.....
Evergreen Limited Duration Mutual.....	U. S. Treasury Notes, 1.50%, 7/31/05.....	684,578	12/31/2003.....
Evergreen Limited Duration Mutual.....	FNMA, 2.25%, 5/15/06.....	580,151	12/31/2003.....
Evergreen Limited Duration Mutual.....	FHLB, 1.88%, 6/15/06.....	522,136	12/31/2003.....
Evergreen Limited Duration Mutual.....	U.S. Treasury Notes, 2.63%, 11/15/06.....	464,121	12/31/2003.....
Evergreen Limited Duration Mutual.....	FNMA, 2.63%, 11/15/06.....	348,091	12/31/2003.....
SEI Large Cap.....	Citi Group.....	563,081	12/31/2003.....
SEI Large Cap.....	Exxon Mobil Corp.....	474,793	12/31/2003.....
SEI Large Cap.....	Intel Corp.....	376,695	12/31/2003.....
SEI Large Cap.....	Pfizer Inc.....	368,847	12/31/2003.....
SEI Large Cap.....	Microsoft Corp.....	345,304	12/31/2003.....

GENERAL INTERROGATORIES

(continued)

OTHER

25.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?.....\$1,401,152

25.2 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
Blue Cross Blue Shield Association.....	1,282,968

26.1 Amount of payments for legal expenses, if any?.....\$3,620,446

26.2 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
.....
.....

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

27.2 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
.....
.....

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 \$
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
 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 \$
 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		2
		Current Year		Prior Year
2.1	Premium Numerator	\$2,475,233,956	\$	.....2,268,840,668
2.2	Premium Denominator	\$2,489,713,571	\$	.....2,303,557,716
2.3	Premium Ratio (2.1/2.2)	.....0.994		.....0.985
2.4	Reserve Numerator	\$453,779,632	\$	.....480,697,894
2.5	Reserve Denominator	\$457,437,127	\$	.....507,231,341
2.6	Reserve Ratio (2.4/2.5)	.....0.992		.....0.948

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

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

Stop-loss reinsurance is not required

- 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 \$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:

To protect members against insolvency, provider contracts contain hold harmless provisions, as well as provisions that require the continued rendering of services in the event of termination for any reason. In addition, the Plan maintains the required statutory reserves on deposit in the state.

- 7.1 Does the reporting entity set up its claim liability for provider services on a service data base? Yes [X] No []
 7.2 If no, give details:

8. Provide the following Information regarding participating providers:
- 8.1 Number of providers at start of reporting year 15,000
 8.2 Number of providers at end of reporting year 15,000
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [X] No []

- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months43,609,244
 9.22 Business with rate guarantees over 36 months0

GENERAL INTERROGATORIES

(continued)

PART 2 - HEALTH INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold and Bonus/ Arrangements in its provider contract? Yes [] No [X]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$0
- 10.22 Amount actually paid for year bonuses \$0
- 10.23 Maximum amount payable withholds \$0
- 10.24 Amount actually paid for year withholds \$0
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes [] No [X]
- 11.13 An Individual Practice Association (IPA), or, Yes [] No [X]
- 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. Pennsylvania
- 11.4 If yes, show the amount required. \$1,650,000
- 11.5 Is this amount included as part of a contingency reserve in stockholders equity? Yes [] No [X]
- 11.6 If the amount is calculated, show the calculation.
12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
State of Arizona
State of Colorado
State of Delaware
District of Columbia
State of Florida
State of Georgia
State of Indiana
State of Kansas
State of Massachusetts
State of Mississippi
State of Montana
State of Nebraska
State of Nevada
State of New Mexico
State of North Dakota
State of Ohio
State of Oklahoma
State of Pennsylvania
State of South Carolina
State of South Dakota
State of Tennessee
State of Texas
State of Utah
State of Washington
State of West Virginia
US Virgin Islands

FIVE-YEAR HISTORICAL DATA

	1 2003	2 2002	3 2001	4 2000	5 1999
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	1,076,535,633	951,641,826	742,804,702	556,580,778	531,221,264
2. Total liabilities (Page 3, Line 22)	719,257,406	680,727,255	511,340,127	374,026,482	353,536,532
3. Statutory surplus		0	0	0	0
4. Total capital and surplus (Page 3, Line 30)	357,278,227	270,914,571	231,464,575	182,554,296	177,684,732
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	2,514,770,612	2,250,609,677	2,071,460,088	1,808,519,539	1,612,612,673
6. Total medical and hospital expenses (Line 18)	2,070,954,612	1,876,684,125	1,704,323,891	1,531,243,291	1,367,235,089
7. Total administrative expenses (Line 21)	157,326,525	140,142,230	270,493,788	248,856,567	245,960,808
8. Net underwriting gain (loss) (Line 24)	120,376,548	108,173,088	92,267,380	25,051,694	(4,048,476)
9. Net investment gain (loss) (Line 27)	20,364,082	(5,585,532)	12,003,841	12,411,947	10,891,103
10. Total other income (Lines 28 plus 29)	0	(2,254,067)	(140,973)	909,932	(752,901)
11. Net income (loss) (Line 32)	99,208,630	53,352,489	71,649,248	25,697,709	7,163,511
RISK - BASED CAPITAL ANALYSIS					
12. Total adjusted capital	357,278,227	270,914,571	237,085,561	185,949,833	178,406,974
13. Authorized control level risk-based capital	79,182,562	65,240,007	72,095,942	66,536,155	59,277,442
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	753,179	782,289	0	0	0
15. Total member months (Column 6, Line 7)	9,197,710	9,493,120	0	0	0
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total hospital and medical (Line 18)	82.4	83.4	82.3	84.7	84.8
18. Total underwriting deductions (Line 23)	95.2	95.2	95.5	98.6	100.3
19. Total underwriting gain (loss) (Line 24)	4.8	4.8	4.5	1.4	(0.3)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 12, Col. 5)	356,456,320	243,752,340	236,860,030	256,484,933	202,782,872
21. Estimated liability of unpaid claims – [prior year (Line 12, Col. 6)]	434,806,873	357,443,964	290,310,685	281,844,392	213,274,040
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	8,000,000	8,000,000	8,000,000
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
26. Affiliated mortgage loans on real estate	0	0	0	0	0
27. All other affiliated	0	10,500,000	0	0	0
28. Total of above Lines 22 to 27	0	10,500,000	8,000,000	8,000,000	8,000,000

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

SCHEDULE D - SUMMARY BY COUNTRY

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States .....84,401,555 2. Canada .....0 3. Other Countries .....0 4. Totals .....84,401,555	84,772,242 0 0 84,772,242	84,474,310 0 0 84,474,310	83,002,535 0 0 83,002,535
States, Territories and Possessions (Direct and guaranteed)	5. United States .....0 6. Canada .....0 7. Other Countries .....0 8. Totals .....0	0 0 0 0	0 0 0 0	0 0 0 0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....0 10. Canada .....0 11. Other Countries .....0 12. Totals .....0	0 0 0 0	0 0 0 0	0 0 0 0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....8,750,283 14. Canada .....0 15. Other Countries .....0 16. Totals .....8,750,283	8,754,757 0 0 8,754,757	8,752,174 0 0 8,752,174	8,503,481 0 0 8,503,481
Public Utilities (unaffiliated)	17. United States .....12,563,451 18. Canada .....0 19. Other Countries .....0 20. Totals .....12,563,451	13,475,187 0 0 13,475,187	12,558,137 0 0 12,558,137	12,528,000 0 0 12,528,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....457,422,655 22. Canada .....0 23. Other Countries .....0 24. Totals .....457,422,655	464,758,128 0 0 464,758,128	458,025,711 0 0 458,025,711	231,819,307 0 0 231,819,307
Parent, Subsidiaries and Affiliates	25. Totals .....0 26. Total Bonds .....563,137,944	0 571,760,314	0 563,810,332	0 335,853,323
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States .....0 28. Canada .....0 29. Other Countries .....0 30. Totals .....0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....0 32. Canada .....0 33. Other Countries .....0 34. Totals .....0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	35. United States .....0 36. Canada .....0 37. Other Countries .....0 38. Totals .....0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	39. Totals .....0 40. Total Preferred Stocks .....0	0 0	0 0	0 0
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States .....285,389 42. Canada .....0 43. Other Countries .....0 44. Totals .....285,389	285,389 0 0 285,389	515,040 0 0 515,040	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....2,144,893 46. Canada .....0 47. Other Countries .....0 48. Totals .....2,144,893	2,144,893 0 0 2,144,893	2,039,114 0 0 2,039,114	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	49. United States .....100,507,904 50. Canada .....0 51. Other Countries .....0 52. Totals .....100,507,904	100,507,904 0 0 100,507,904	99,018,456 0 0 99,018,456	0 0 0 0
Parent, Subsidiaries and Affiliates	53. Totals .....10,500,000 54. Total Common Stocks .....113,438,186	0 102,938,186	10,500,000 112,072,610	0 0
	55. Total Stocks .....113,438,186 56. Total Bonds and Stocks .....676,576,130	102,938,186 674,698,500	112,072,610 675,882,942	0 0

(a) The aggregate value of bonds which are valued at other than actual fair value is \$210,470 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year .....493,527,274	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 .....892,937,536	6.1 Column 17, Part 1 .....0
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Sec. 1 .....0
3.1 Column 16, Part 1 .....533,641	6.3 Column 11, Part 2, Sec. 2 .....0
3.2 Column 12, Part 2, Sec. 1 .....0	6.4 Column 11, Part 4 .....0
3.3 Column 10, Part 2, Sec. 2 .....12,825,041	7. Book/adjusted carrying value at end of current period .....676,576,130
3.4 Column 10, Part 4 .....4,388,284	8. Total valuation allowance .....0
4. Total gain (loss), Col. 14, Part 4 .....5,283,628	9. Subtotal (Lines 7 plus 8) .....676,576,130
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 .....732,919,274	10. Total nonadmitted amounts .....10,500,000
	11. Statement value of bonds and stocks, current period .....666,076,130

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE QCC INSURANCE COMPANY

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only					8 Property/ Casualty Premiums
			3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	
1. Alabama AL		No						
2. Alaska AK		No						
3. Arizona AZ		Yes						
4. Arkansas AR		No						
5. California CA		No						
6. Colorado CO		Yes						
7. Connecticut CT		No						
8. Delaware DE		Yes	5,034,748					
9. District of Columbia DC		Yes						
10. Florida FL		Yes						
11. Georgia GA		Yes						
12. Hawaii HI		No						
13. Idaho ID		No						
14. Illinois IL		No						
15. Indiana IN		Yes						
16. Iowa IA		No						
17. Kansas KS		Yes						
18. Kentucky KY		No						
19. Louisiana LA		No						
20. Maine ME		No						
21. Maryland MD		No						
22. Massachusetts MA		Yes						
23. Michigan MI		No						
24. Minnesota MN		No						
25. Mississippi MS		Yes						
26. Missouri MO		No						
27. Montana MT		Yes						
28. Nebraska NE		Yes						
29. Nevada NV		Yes						
30. New Hampshire NH		No						
31. New Jersey NJ		No						
32. New Mexico NM		Yes						
33. New York NY		No						
34. North Carolina NC		No						
35. North Dakota ND		Yes						
36. Ohio OH		Yes						
37. Oklahoma OK		Yes						
38. Oregon OR		No						
39. Pennsylvania PA		Yes	2,249,193,825	216,686,488				
40. Rhode Island RI		No						
41. South Carolina SC		Yes						
42. South Dakota SD		Yes						
43. Tennessee TN		Yes						
44. Texas TX		Yes						
45. Utah UT		Yes						
46. Vermont VT		No						
47. Virginia VA		No						
48. Washington WA		Yes						
49. West Virginia WV		Yes						
50. Wisconsin WI		No						
51. Wyoming WY		No						
52. American Samoa AS		No						
53. Guam GU		No						
54. Puerto Rico PR		No						
55. U.S. Virgin Islands VI		Yes						
56. Canada CN								
57. Aggregate other alien OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business)	XXX	(a) 26	2,254,228,573	216,686,488	0	0	0	0
DETAILS OF WRITE-INS								
5701.								
5702.								
5703.								
5798. Summary of remaining write-ins for Line 57 from overflow page			0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)			0	0	0	0	0	0

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

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

Organizational Structure		State of Incorporation	Employer ID	NAIC Code
1.	Independence Blue Cross	PA	23-0370270	54704
2.	Vista Health Plan, Inc.	PA	23-2408039	96660
3.	IBC/PBS Caring Foundation For Children (50%)	PA	22-2724721	
4.	Inter-County Hospitalization Plan, Inc. (50%)	PA	23-0724427	54763
5.	Preferred Health Systems, Incorporated	PA	23-2219720	
6.	Inter County Health Plan, Inc. (50%)	PA	23-2063810	53252
7.	AmeriHealth, Inc.	PA	23-2425461	
8.	AmeriHealth Insurance Company of New Jersey	NJ	22-3338404	60061
9.	Healthcare Delaware, Inc.	DE	51-0296135	95794
10.	AmeriHealth Integrated Workers Compensation Management, Inc.	PA	23-2723299	
11.	Independence Healthcare Management, Inc.	PA	23-2671650	
12.	AmeriHealth Integrated Case Management, Inc.	PA	23-2754696	
13.	The AmeriHealth Agency, Inc.	PA	23-2800586	
14.	AmeriHealth Administrators	PA	23-2521508	
15.	QCC Insurance Company	PA	23-2184623	93688
16.	AmeriHealth Health Plan, Inc. *	NY	13-3870615	95768
17.	AmeriHealth Casualty Insurance Company	DE	06-1505051	10975
18.	Independence Insurance, Inc.	DE	23-2865349	60254
19.	AmeriHealth Services, Inc.	PA	23-2795357	
20.	New Seasons Assisted Living Communities, Inc.	PA	23-2824200	
21.	CompServices, Inc.	PA	25-1686685	
22.	CSI Services, Inc.	PA	25-1765486	
23.	AmeriHealth Integrated Benefits, Inc.	DE	23-2317715	
24.	AmeriHealth HMO, Inc.	PA	23-2314460	95044
25.	Keystone Health Plan East, Inc.	PA	23-2405376	95056
26.	Keystone Health Systems, Inc.	PA	23-2773183	
27.	Keystone Benefits, Inc.	PA	23-2864737	
28.	Independence Holdings, Inc.	PA	23-2982367	
29.	La Cruz Azul de Puerto Rico	PR	66-0195325	53546

* On 12-31-2003, AmeriHealth, Inc. sold AmeriHealth Health Plan, Inc. to ConnectiCare.