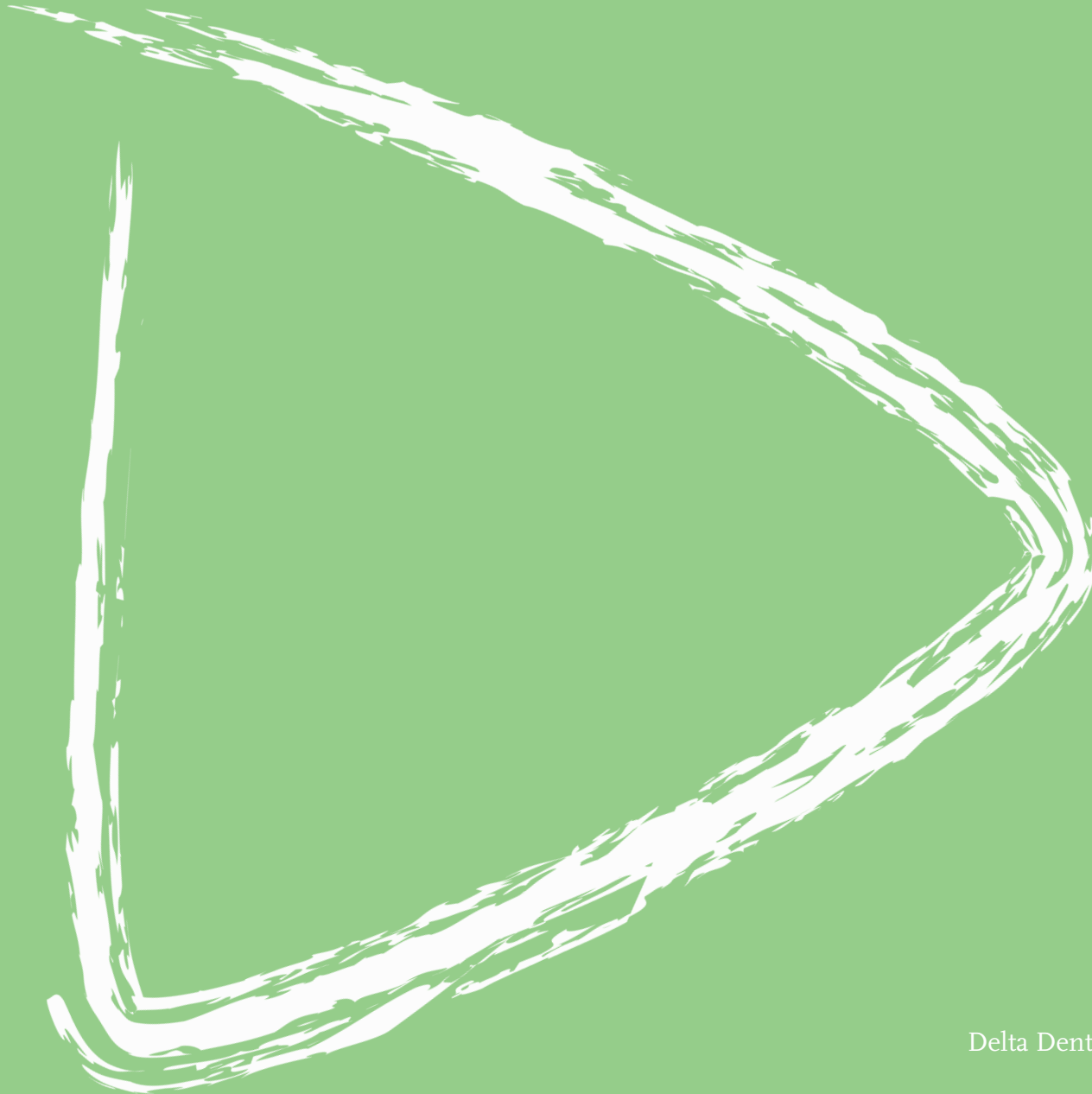


2008 Financial Report and Summary

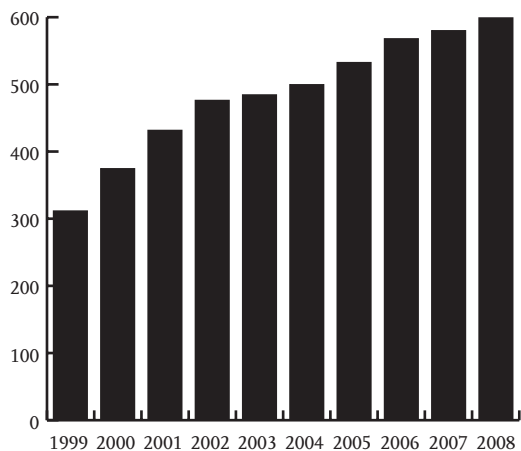


Summary

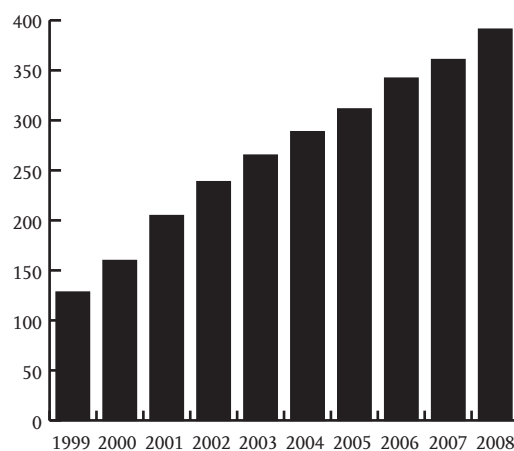
	2008	2007	Percent Change
Primary Subscribers <i>As of 12/31</i>	598,738	579,738	▲ 3%
Payments to Subscribers <i>Incurred claims</i>	\$348,929,179	\$317,215,677	▲ 10%
Revenues <i>Earned premium + admin. income</i>	\$391,109,413	\$360,767,250	▲ 8%
General Reserves <i>Plan equity</i>	\$104,903,337	\$104,996,530	▼ Less than 1%
Overhead as % of Revenue	7.39%	9.12%	▼ 19%

Ten Year Trends

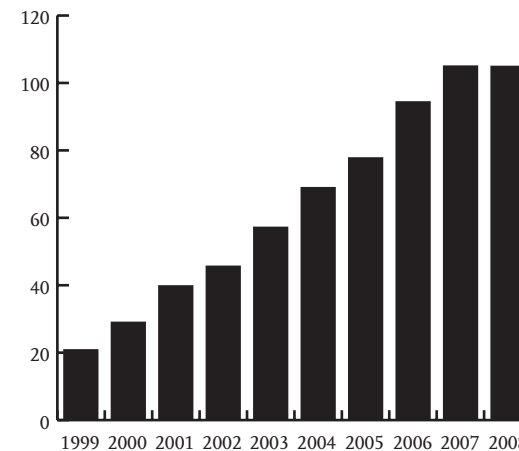
Primary Subscribers
(in thousands)



Total Revenues
(in millions)



General Reserves
(in millions)



Consolidated Balance Sheets

Assets

	2008	2007
Cash and cash equivalents	\$ 9,582,437	\$ 5,833,649
Investments in available-for-sale securities	97,860,263	102,444,925
Premium receivable	1,653,666	1,432,863
Reinsurance recoverable on unpaid losses	236,000	233,000
Property and equipment, net	6,126,162	6,581,871
Income tax recoverable	187,095	5,064
Net deferred tax asset	971,311	291,546
Investment in C3 Jian	3,915,282	4,262,924
Investment in DMAC	340,060	----
Other assets	<u>1,698,393</u>	<u>2,387,672</u>
Total assets	\$ 122,570,669	\$ 123,473,514

Liabilities & Plan Equity

Liabilities

Claims unpaid	\$ 4,813,000	\$ 5,223,996
Unpaid claims adjustment expenses	333,000	509,759
Deferred revenue and group refunds	3,205,094	3,114,298
Accrued expenses	9,316,238	9,415,085
Income tax payable	----	213,846
Deferred tax liability	----	----
Total liabilities	\$ 17,667,332	\$ 18,476,984

Plan Equity

Unassigned funds	\$ 106,436,520	\$ 100,289,765
Accumulated other comprehensive income	<u>(1,533,183)</u>	<u>4,706,765</u>
Total plan equity	\$ 104,903,337	\$ 104,996,530
Total liabilities and plan equity	\$ 122,570,669	\$ 123,473,514

Consolidated Results of Operations

	2008	2007
Revenues		
Premium and administrative income	\$ 391,109,413	\$ 360,767,250
Reinsurance ceded	(5,298,350)	(4,741,471)
Investment and other income	<u>(672,186)</u>	<u>6,590,936</u>
Total revenues	\$ 385,138,877	\$ 362,616,715
Expenses		
Claims incurred	\$ 348,929,179	\$ 317,215,677
Reinsurance recoveries	(4,176,398)	(3,666,022)
Public benefit funding	2,505,868	2,832,380
Operating expenses and state income tax	<u>31,733,473</u>	<u>35,841,006</u>
Total expenses	\$ 378,992,122	\$ 352,223,041
Contribution to general reserves	\$ 6,146,755	\$ 10,393,674