



**ANNUAL STATEMENT**

FOR THE YEAR ENDING DECEMBER 31, 2006  
OF THE CONDITION AND AFFAIRS OF THE

**MEMPHIS MANAGED CARE CORPORATION**

NAIC Group Code 0000 , 2005 NAIC Company Code 00000 Employer's ID Number 621539163  
(Current Period) (Prior Period)

Organized under the Laws of TENNESSEE , State of Domicile or Port of Entry Tennessee

Country of Domicile US

Licensed as business type:

Life Accident and Health [ ] Property/Casualty [ ] Hospital, Medical and Dental Service or Indemnity [ ]  
Dental Service Corporation [ ] Vision Service Corporation [ ] Other [ ]  
Health Maintenance Organization [ X ] Is HMO Federally Qualified? Yes (X) No ( )

Incorporated/Organized July 7, 1993 Commenced Business January 1, 1994

Statutory Home Office 1407 Union Ave. Suite 200, Memphis, Tennessee 38104  
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 1407 Union Ave. Suite 200, Memphis, Tennessee 38104 901-725-7100  
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1407 Union Ave. Suite 200, Memphis, Tennessee 38104  
(Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 1407 Union Ave. Suite 200, Memphis, Tennessee 38104  
(Street and Number, City or Town, State and Zip Code)  
901-725-7100  
(Area Code) (Telephone Number)

Internet Website Address www.mmcc-tlc.com

Statutory Statement Contact Cheryll Annette Miller 901-725-7100  
(Name) (Area Code) (Telephone Number) (Extension)  
cmiller@mmcc-tlc.com 901-405-7802  
(E-Mail Address) (Fax Number)

Policyowners Relations Contact and Phone Number 1407 Union Ave. Suite 200, Memphis, Tennessee 38104 901-725-7100  
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

**OFFICERS**

- 1. AL KING (President)
- 2. STEVEN BURKETT (Chairman)

**OTHER OFFICERS**

**DIRECTORS OR TRUSTEES**

- JEFF BRANDON
- JUDY BRIGGS
- STEVEN BURKETT
- BRENDA JETTER
- AL KING
- VERONICA MALLET, DR
- ELIZABETH OSTRIC
- STUART POLLY, DR

State of Tennessee }  
County of SHELBY } SS

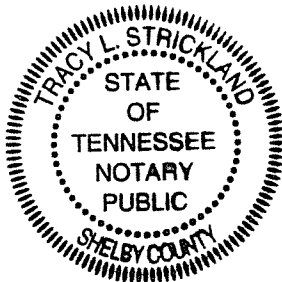
The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any 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.

AL KING  
President

STEVEN BURKETT  
Chairman

Subscribed and sworn to before me this  
31 day of May, 2007

MY COMMISSION EXPIRES:  
October 13, 2010



- a. Is this an original filing? Yes ( ) No (X)
- b. If no: 1. State the amendment number 2
- 2. Date filed May 31, 2007
- 3. Number of pages attached 114

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	20,291,225		20,291,225	17,364,710
2. Stocks (Schedule D):				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....				
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ ..... encumbrances) .....				
5. Cash (\$ ..... 5,648,463, Schedule E - Part 1), cash equivalents (\$ ....., Schedule E - Part 2) and short-term investments (\$ ....., Schedule DA) .....	5,648,463		5,648,463	5,991,255
6. Contract loans (including \$ ..... premium notes) .....				
7. Other invested assets (Schedule BA) .....	1,415,186		1,415,186	
8. Receivables for securities .....				
9. Aggregate write-ins for invested assets .....				
10. Subtotals, cash and invested assets (Line 1 through Line 9) .....	27,354,874		27,354,874	23,355,965
11. Title plants less \$ ..... charged off (for Title insurers only) .....				
12. Investment income due and accrued .....	217,686		217,686	165,141
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....				
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
13.3 Accrued retrospective premiums .....				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....				
14.2 Funds held by or deposited with reinsured companies .....				
14.3 Other amounts receivable under reinsurance contracts .....				
15. Amounts receivable relating to uninsured plans .....	4,969,621	252,947	4,716,674	5,376,343
16.1 Current federal and foreign income tax recoverable and interest thereon .....				
16.2 Net deferred tax asset .....				
17. Guaranty funds receivable or on deposit .....				
18. Electronic data processing equipment and software .....	1,191,556	1,191,556		
19. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	182,812	182,812		
20. Net adjustment in assets and liabilities due to foreign exchange rates .....				
21. Receivables from parent, subsidiaries and affiliates .....	285,861	3,000	282,861	563,933
22. Health care (\$ ..... ) and other amounts receivable .....	152,276	127,269	25,007	35,621
23. Aggregate write-ins for other than invested assets .....	163,664	163,664		
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23) .....	34,518,350	1,921,248	32,597,102	29,497,003
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26. TOTALS (Line 24 and Line 25) .....	34,518,350	1,921,248	32,597,102	29,497,003
<b>DETAILS OF WRITE-INS</b>				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....				
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above) .....				
2301. Prepaid Exp .....	163,664	163,664		
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....	163,664	163,664		

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded) .....				
2. Accrued medical incentive pool and bonus amounts .....				
3. Unpaid claims adjustment expenses .....				
4. Aggregate health policy reserves .....				
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserve .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....				
9. General expenses due or accrued .....	183,420		183,420	1,692,499
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses)) .....				
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....	661,718		661,718	
13. Remittances and items not allocated .....				
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....				
15. Amounts due to parent, subsidiaries and affiliates .....	192,695		192,695	
16. Payable for securities .....				
17. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers) .....				
18. Reinsurance in unauthorized companies .....				
19. Net adjustments in assets and liabilities due to foreign exchange rates .....				
20. Liability for amounts held under uninsured plans .....	1,349,431		1,349,431	
21. Aggregate write-ins for other liabilities (including \$ ..... current) .....				
22. Total liabilities (Line 1 to Line 21) .....	2,387,264		2,387,264	1,692,499
23. Aggregate write-ins for special surplus funds .....	X X X	X X X		
24. Common capital stock .....	X X X	X X X		
25. Preferred capital stock .....	X X X	X X X		
26. Gross paid in and contributed surplus .....	X X X	X X X	3,699,498	3,699,498
27. Surplus notes .....	X X X	X X X		
28. Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
29. Unassigned funds (surplus) .....	X X X	X X X	26,510,340	24,105,007
30. Less treasury stock, at cost:				
30.1 ..... shares common (value included in Line 24 \$ .....)	X X X	X X X		
30.2 ..... shares preferred (value included in Line 25 \$ .....)	X X X	X X X		
31. Total capital and surplus (Line 23 to Line 29 minus Line 30) .....	X X X	X X X	30,209,838	27,804,505
32. Total liabilities, capital and surplus (Line 22 and Line 31) .....	X X X	X X X	32,597,102	29,497,004
<b>DETAILS OF WRITE-INS</b>				
2101. ....				
2102. ....				
2103. ....				
2198. Summary of remaining write-ins for Line 21 from overflow page .....				
2199. Totals (Line 2101 through Line 2103 plus Line 2198) (Line 21 above) .....				
2301. ....	X X X	X X X		
2302. ....	X X X	X X X		
2303. ....	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page .....	X X X	X X X		
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....	X X X	X X X		
2801. ....	X X X	X X X		
2802. ....	X X X	X X X		
2803. ....	X X X	X X X		
2898. Summary of remaining write-ins for Line 28 from overflow page .....	X X X	X X X		
2899. Totals (Line 2801 through Line 2803 plus Line 2898) (Line 28 above) .....	X X X	X X X		

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	2,054,603	2,246,795
2. Net premium income (including \$ non-health premium income)	X X X		
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$ medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Line 2 to Line 7)	X X X		
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits			
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area			
13. Prescription drugs			
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments, and bonus amounts			
16. Subtotal (Line 9 to Line 15)			
<b>Less:</b>			
17. Net reinsurance recoveries			
18. Total hospital and medical (Line 16 minus Line 17)			
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ cost containment expenses			5,011,712
21. General administrative expenses		(6,777,943)	(12,295,275)
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)			
23. Total underwriting deductions (Line 18 through Line 22)		(6,777,943)	(7,283,563)
24. Net underwriting gain or (loss) (Line 8 minus Line 23)	X X X	6,777,943	7,283,563
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,313,408	864,208
26. Net realized capital gains (losses) less capital gains tax of \$			
27. Net investment gains (losses) (Line 25 plus Line 26)		1,313,408	864,208
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ (amount charged off \$ )]			
29. Aggregate write-ins for other income or expenses		114,156	1,085,236
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Line 24 plus Line 27 plus Line 28 plus Line 29)	X X X	8,205,507	9,233,007
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Line 30 minus Line 31)	X X X	8,205,507	9,233,007
<b>DETAILS OF WRITE-INS</b>			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. Totals (Line 0701 through Line 0703 plus Line 0798) (Line 7 above)	X X X		
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)			
2901. Third Party Liab. Recovery			6,336
2902. Medcall Revenue		64,316	314,551
2903. MRI Revenue		49,840	764,349
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above)		114,156	1,085,236

**STATEMENT OF REVENUE AND EXPENSES (continued)**

CAPITAL AND SURPLUS ACCOUNT	1	2
	Current Year	Prior Year
33. Capital and surplus prior reporting year .....	27,804,505	21,118,938
34. Net income or (loss) from Line 32 .....	8,205,507	9,233,008
35. Change in valuation basis of aggregate policy and claims reserves .....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....		
37. Change in net unrealized foreign exchange capital gain or (loss) .....		
38. Change in net deferred income tax .....		
39. Change in nonadmitted assets .....	(800,171)	447,534
40. Change in unauthorized reinsurance .....		
41. Change in treasury stock .....		
42. Change in surplus notes .....		
43. Cumulative effect of changes in accounting principles .....		
44. Capital Changes:		
44.1 Paid in .....		
44.2 Transferred from surplus (Stock Dividend) .....		
44.3 Transferred to surplus .....		
45. Surplus adjustments:		
45.1 Paid in .....		
45.2 Transferred to capital (Stock Dividend) .....		
45.3 Transferred from capital .....		
46. Dividends to stockholders .....	(5,000,000)	(3,000,000)
47. Aggregate write-ins for gains or (losses) in surplus .....		5,025
48. Net change in capital and surplus (Line 34 to Line 47) .....	2,405,336	6,685,567
49. Capital and surplus end of reporting year (Line 33 plus Line 48) .....	30,209,841	27,804,505
<b>DETAILS OF WRITE-INS</b>		
4701. Audit Adjustment .....		5,025
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....		
4799. Totals (Line 4701 through Line 4703 plus Line 4798) (Line 47 above) .....		5,025

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance		
2. Net investment income	1,260,863	732,382
3. Miscellaneous income	114,156	1,085,237
4. Total (Line 1 through Line 3)	1,375,019	1,817,619
5. Benefit and loss related payments		
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	11,484,345	3,162,048
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ net tax of capital gains (losses)		
10. Total (Line 5 through Line 9)	11,484,345	3,162,048
11. Net cash from operations (Line 4 minus Line 10)	(10,109,326)	(1,344,429)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	20,929,084	3,197,098
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	20,929,084	3,197,098
13. Cost of investments acquired (long-term only):		
13.1 Bonds	15,767,942	17,358,313
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	1,500,000	
13.6 Miscellaneous applications		
13.7 Total investments acquired (Line 13.1 through Line 13.6)	17,267,942	17,358,313
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	3,661,142	(14,161,215)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	(5,000,000)	(3,000,000)
16.6 Other cash provided (applied)	1,105,393	324,094
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	6,105,393	3,324,094
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(342,791)	(12,181,550)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	5,991,255	18,172,805
19.2 End of year (Line 18 plus Line 19.1)	5,648,464	5,991,255
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health 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. Change in unearned premium reserves and reserve for rate credit													
3. Fee-for-service (net of \$ medical expenses)													XXX
4. Risk revenue													XXX
5. Aggregate write-ins for other health care related revenues													XXX
6. Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7. Total revenues (Line 1 through Line 6)													
8. Hospital/medical benefits													XXX
9. Other professional services													XXX
10. Outside referrals													XXX
11. Emergency room and out-of-area													XXX
12. Prescription drugs													XXX
13. Aggregate write-ins for other hospital and medical													XXX
14. Incentive pool, withhold adjustments, and bonus amounts													XXX
15. Subtotal (Line 8 through Line 14)													XXX
16. Net reinsurance recoveries													XXX
17. Total hospital and medical (Line 15 minus Line 16)													XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ cost containment expenses													
20. General administrative expenses	(6,777,943)							(6,777,943)					
21. Increase in reserves for accident and health contracts													XXX
22. Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Line 17 through Line 22)	(6,777,943)							(6,777,943)					
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	6,777,943							6,777,943					
<b>DETAILS OF WRITE-INS</b>													
0501.													XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page													XXX
0599. Total (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)													XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699. Total (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301.													XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page													XXX
1399. Total (Line 1301 through Line 1303 plus Line 1398) (Line 13 above)													XXX

**UNDERWRITING AND INVESTMENT EXHIBIT**

**Part 1 - Premiums**

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Column 1 plus Column 2 minus Column 3)
1. Comprehensive (hospital and medical) .....				
2. Medicare Supplement .....				
3. Dental only .....				
4. Vision only .....				
5. Federal Employees Health Benefits Plan .....				
6. Title XVIII - Medicare .....	<b>NONE</b>			
7. Title XIX - Medicaid .....				
8. Stop loss .....				
9. Disability income .....				
10. Long-term care .....				
11. Other health .....				
12. Health subtotal (Line 1 through Line 11) .....				
13. Life .....				
14. Property/casualty .....				
15. Totals (Line 12 to Line 14) .....				

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - Claims Incurred During the Year**

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct .....													
1.2 Reinsurance assumed .....													
1.3 Reinsurance ceded .....													
1.4 Net .....													
2. Paid medical incentive pools and bonuses .....													
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct .....													
3.2 Reinsurance assumed .....													
3.3 Reinsurance ceded .....													
3.4 Net .....													
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct .....													
4.2 Reinsurance assumed .....													
4.3 Reinsurance ceded .....													
4.4 Net .....													
5. Accrued medical incentive pools and bonuses, current year .....													
6. Net healthcare receivables (a) .....													
7. Amounts recoverable from reinsurers December 31, current year .....													
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct .....													
8.2 Reinsurance assumed .....													
8.3 Reinsurance ceded .....													
8.4 Net .....													
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct .....													
9.2 Reinsurance assumed .....													
9.3 Reinsurance ceded .....													
9.4 Net .....													
10. Accrued medical incentive pools and bonuses, prior year .....													
11. Amounts recoverable from reinsurers December 31, prior year .....													
12. Incurred benefits:													
12.1 Direct .....													
12.2 Reinsurance assumed .....													
12.3 Reinsurance ceded .....													
12.4 Net .....													
13. Incurred medical incentive pools and bonuses .....													

**NONE**

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

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - Claims Liability End of Current Year**

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1 Direct .....													
1.2 Reinsurance assumed .....													
1.3 Reinsurance ceded .....													
1.4 Net .....													
2. Incurred but Unreported:													
2.1 Direct .....													
2.2 Reinsurance assumed .....													
2.3 Reinsurance ceded .....													
2.4 Net .....													
3. Amounts Withheld from Paid Claims and Capitations:													
3.1 Direct .....													
3.2 Reinsurance assumed .....													
3.3 Reinsurance ceded .....													
3.4 Net .....													
4. TOTALS:													
4.1 Direct .....													
4.2 Reinsurance assumed .....													
4.3 Reinsurance ceded .....													
4.4 Net .....													

**NONE**

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE**

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	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	Claims Incurred in Prior Years (Column 1 plus Column 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical) .....						
2. Medicare Supplement .....						
3. Dental Only .....						
4. Vision Only .....						
5. Federal Employees Health Benefits Plan .....						
6. Title XVIII - Medicare .....						
7. Title XIX - Medicaid .....						
8. Other health .....						
9. Health subtotal (Line 1 through Line 8) .....						
10. Healthcare receivables (a) .....						
11. Other non-health .....						
12. Medical incentive pools and bonus amounts .....						
13. Totals (Line 9 minus Line 10 plus Line 11 plus Line 12) .....						

**NONE**

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

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Comprehensive (Hospital and Medical)**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....					
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims - Comprehensive (Hospital and Medical)**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....					
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital and Medical)**

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2002 .....										
2. 2003 .....										
3. 2004 .....										
4. 2005 .....										
5. 2006 .....										

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Medicare Supplement**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....					
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims - Medicare Supplement**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....					
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Medicare Supplement**

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2002 .....										
2. 2003 .....										
3. 2004 .....										
4. 2005 .....										
5. 2006 .....										

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Dental Only**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....					
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims - Dental Only**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....					
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Dental Only**

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2002 .....										
2. 2003 .....										
3. 2004 .....										
4. 2005 .....										
5. 2006 .....										

**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 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....					
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims - Vision Only**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....					
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**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 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2002 .....										
2. 2003 .....										
3. 2004 .....										
4. 2005 .....										
5. 2006 .....										

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Federal Employees Health Benefit Plan**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....					
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims - Federal Employees Health Benefit Plan**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....					
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Federal Employees Health Benefit Plan**

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2002 .....										
2. 2003 .....										
3. 2004 .....										
4. 2005 .....										
5. 2006 .....										

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Title XVIII Medicare**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....					
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims - Title XVIII Medicare**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....					
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII Medicare**

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2002 .....										
2. 2003 .....										
3. 2004 .....										
4. 2005 .....										
5. 2006 .....										

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**

(000 Omitted)

**Section A - Paid Health Claims - Title XIX Medicaid**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....	89,532,241	1,020,822			
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims - Title XIX Medicaid**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....	89,532,241	102,232,201			
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX Medicaid**

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2002 .....	116,527,239	90,553,063			90,553,063	77.710			90,553,063	77.710
2. 2003 .....										
3. 2004 .....										
4. 2005 .....										
5. 2006 .....										

**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 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....					
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims - Other**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....					
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**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 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2002 .....										
2. 2003 .....										
3. 2004 .....										
4. 2005 .....										
5. 2006 .....										

**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 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....					
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims - Grand Total**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....					
2. 2002 .....					
3. 2003 .....	X X X				
4. 2004 .....	X X X	X X X			
5. 2005 .....	X X X	X X X	X X X		
6. 2006 .....	X X X	X X X	X X X	X X X	

**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 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Columns 2 + 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Columns 5 + 7 + 8)	10 (Column 9 divided by Column 1) Percent
1. 2002 .....										
2. 2003 .....										
3. 2004 .....										
4. 2005 .....										
5. 2006 .....										

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

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves .....												
2. Additional policy reserves (a) .....												
3. Reserve for future contingent benefits .....												
4. Reserve for rate credits or experience rating refunds (including \$ ..... for investment income) .....												
5. Aggregate write-ins for other policy reserves .....												
6. Totals (gross) .....												
7. Reinsurance ceded .....												
8. Totals (Net) (Page 3, Line 4) .....												
CLAIM RESERVE												
9. Present value of amounts not yet due on claims .....												
10. Reserve for future contingent benefits .....												
11. Aggregate write-ins for other claim reserves .....												
12. Totals (gross) .....												
13. Reinsurance ceded .....												
14. Totals (Net) (Page 3, Line 7) .....												
<b>NONE</b>												
DETAILS OF WRITE-INS												
0501. ....												
0502. ....												
0503. ....												
0598. Summary of remaining write-ins for Line 5 from overflow page .....												
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above) .....												
1101. ....												
1102. ....												
1103. ....												
1198. Summary of remaining write-ins for Line 11 from overflow page .....												
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above) .....												

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

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

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ ..... for occupancy of own building) .....	104,058	116,312	294,082		514,452
2. Salaries, wages and other benefits .....	1,854,392	1,853,930	8,341,487		12,049,809
3. Commissions (less \$ ..... ceded plus \$ ..... assumed) .....					
4. Legal fees and expenses .....			195,967		195,967
5. Certifications and accreditation fees .....	150,875	130,549	559,821		841,245
6. Auditing, actuarial and other consulting services .....			90,124		90,124
7. Traveling expenses .....	21,510	459	315,152		337,121
8. Marketing and advertising .....					
9. Postage, express, and telephone .....	37,726	9,413	520,674		567,813
10. Printing and office supplies .....	23,931	15,712	368,239		407,882
11. Occupancy, depreciation and amortization .....					
12. Equipment .....	14,780	68,062	490,922		573,764
13. Cost or depreciation of EDP equipment and software .....			598,436		598,436
14. Outsourced services including EDP, claims, and other services .....			511,653		511,653
15. Boards, bureaus and association fees .....					
16. Insurance, except on real estate .....			179,886		179,886
17. Collection and bank service charges .....			98,907		98,907
18. Group service and administration fees .....					
19. Reimbursements by uninsured accident and health plans .....	(2,330,329)	(2,295,528)	(20,294,180)		(24,920,037)
20. Reimbursements from fiscal intermediaries .....					
21. Real estate expenses .....					
22. Real estate taxes .....			18,653		18,653
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....					
23.2 State premium taxes .....					
23.3 Regulator authority licenses and fees .....					
23.4 Payroll taxes .....	123,057	101,091	389,750		613,898
23.5 Other (excluding federal income and real estate taxes) .....					
24. Investment expenses not included elsewhere .....					
25. Aggregate write-ins for expenses .....			542,484		542,484
26. Total expenses incurred (Line 1 to Line 25) .....			(6,777,943)		(a) (6,777,943)
27. Less expenses unpaid December 31, current year .....			183,420		183,420
28. Add expenses unpaid December 31, prior year .....			1,692,499		1,692,499
29. Amounts receivable relating to uninsured accident and health plans, prior year .....			4,716,674		4,716,674
30. Amounts receivable relating to uninsured accident and health plans, current year .....			4,716,674		4,716,674
31. Total expenses paid (Line 26 minus Line 27 plus Line 28 minus Line 29 plus Line 30) .....			(5,268,864)		(5,268,864)
<b>DETAILS OF WRITE-INS</b>					
2501. Medcall & Disease Mangmt Expense .....			1,220,564		1,220,564
2502. Liquidated Damages .....			97,341		97,341
2503. MHS Overhead Allocation + Net Loss .....			(775,421)		(775,421)
2598. Summary of remaining write-ins for Line 25 from overflow page .....					
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above) .....			542,484		542,484

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

**EXHIBIT OF NET INVESTMENT INCOME**

	1	2
	Collected During Year	Earned During Year
1. U. S. Government bonds	(a) 1,313,408	1,313,408
1.1 Bonds exempt from U. S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e)	
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	1,313,408	1,313,408
11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Totals deductions (Line 11 through Line 15)		
17. Net investment income (Line 10 minus Line 16)		1,313,408
<b>DETAILS OF WRITE-INS</b>		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Line 0901 through Line 0903 plus Line 0998 ) (Line 9 above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		

(a) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... 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	2	3	4
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Unrealized Increases (Decreases) by Adjustment	Total
1. U. S. Government bonds				
1.1 Bonds exempt from U. S. tax				
1.2 Other bonds (unaffiliated)				
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)				
2.21 Common stocks of affiliates				
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments				
7. Derivative instruments				
8. Other invested assets				
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)				
<b>NONE</b>				
<b>DETAILS OF WRITE-INS</b>				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Line 0901 through Line 0903 plus Line 0998 ) (Line 9 above)				

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....			
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			
2.2 Common stocks .....			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			
3.2 Other than first liens .....			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			
4.2 Properties held for the production of income .....			
4.3 Properties held for sale .....			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans .....			
7. Other invested assets (Schedule BA) .....			
8. Receivable for securities .....			
9. Aggregate write-ins for invested assets .....			
10. Subtotals, cash and invested assets (Line 1 to Line 9) .....			
11. Title plants (for Title insurers only) .....			
12. Investment income due and accrued .....			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection .....			
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
13.3 Accrued retrospective premiums .....			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers .....			
14.2 Funds held by or deposited with reinsured companies .....			
14.3 Other amounts receivable under reinsurance contracts .....			
15. Amounts receivable relating to uninsured plans .....	252,946		(252,946)
16.1 Current federal and foreign income tax recoverable and interest thereon .....			
16.2 Net deferred tax asset .....			
17. Guaranty funds receivable or on deposit .....			
18. Electronic data processing equipment and software .....	1,191,556	583,866	(607,690)
19. Furniture and equipment, including health care delivery assets .....	182,812	155,232	(27,580)
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			
21. Receivable from parent, subsidiaries and affiliates .....	3,000		(3,000)
22. Health care and other amounts receivable .....	127,269	90,000	(37,269)
23. Aggregate write-ins for other than invested assets .....	163,664	291,978	128,314
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23) .....	1,921,247	1,121,076	(800,171)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
26. Total (Line 24 and Line 25) .....	1,921,247	1,121,076	(800,171)
<b>DETAILS OF WRITE-INS</b>			
0901. ....			
0902. ....			
0903. ....			
0998. Summary of remaining write-ins for Line 9 from overflow page .....			
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above) .....			
2301. Pre-Paid Expenses .....	163,664	291,978	128,314
2302. ....			
2303. ....			
2398. Summary of remaining write-ins for Line 23 from overflow page .....			
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....	163,664	291,978	128,314

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations .....	2,246,795	172,139	171,740	169,255	169,031	2,054,603
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....						
4. Point of Service .....						
5. Indemnity Only .....						
6. Aggregate write-ins for other lines of business .....						
7. Total .....	2,246,795	172,139	171,740	169,255	169,031	2,054,603
<b>DETAILS OF WRITE-INS</b>						
0601 .....						
0602 .....						
0603 .....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....						
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above) .....						

**EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID**

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
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**NONE**

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**EXHIBIT 3 - HEALTH CARE RECEIVABLES**

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
Claim Overpayment Receivables						
0299998 - Claim Overpayment Receivables not Individually Listed	1,682	4,442	1,033	265,210	265,210	7,157
0299999 - Claim Overpayment Receivables	1,682	4,442	1,033	265,210	265,210	7,157
Loans and Advances to Providers						
0399998 - Loans and Advances to Providers not Individually Listed				90,000	90,000	
0399999 - Loans and Advances to Providers				90,000	90,000	
Other Receivables						
0699998 - Other Receivables not Individually Listed	25,007			25,005	25,005	25,007
0699999 - Other Receivables	25,007			25,005	25,005	25,007
0799999 - Gross Health Care Receivables	26,689	4,442	1,033	380,215	380,215	32,164

**EXHIBIT 4 - CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
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**NONE**

**EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES**

1 Name of Affiliate	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	Admitted	
						7 Current	8 Non-Current
Individually listed receivables							
Medplex.....				3,000	3,000		
Mid South Health Solutions.....	282,860					282,860	
0199999 - Subtotal - Individually listed receivables.....	282,860			3,000	3,000	282,860	
0399999 - TOTAL gross amounts receivable.....	282,860			3,000	3,000	282,860	

**EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES**

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current
Individually listed payables				
MID SOUTH HEALTH SOLUTIONS	DECEMBER BILLING	192,695	192,695	
0199999 - Subtotal - Individually listed payables		192,695	192,695	
0399999 - TOTAL gross payables		192,695	192,695	

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION  
**EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS**

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a Percentage of of Total Payments	3 Total Members Covered	4 Column 3 as a Percentage of Total Members	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups .....						
2. Intermediaries .....						
3. All other providers .....						
4. Total capitation payments .....						
Other Payments:						
5. Fee-for-service .....			X X X	X X X		
6. Contractual fee payments .....			X X X	X X X		
7. Bonus/withhold arrangements - fee-for-service .....			X X X	X X X		
8. Bonus/withhold arrangements - contractual fee payments .....			X X X	X X X		
9. Non-contingent salaries .....			X X X	X X X		
10. Aggregate cost arrangements .....			X X X	X X X		
11. All other payments .....			X X X	X X X		
12. Total other payments .....			X X X	X X X		
13. Total (Line 4 plus Line 12) .....		100%	X X X	X X X		

**EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES**

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC
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**NONE**

**EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED**

Description	1 Cost	2 Improvements	3 Accumulated Depreciation	4 Book Value Less Encumbrances	5 Assets Not Admitted	6 Net Admitted Assets
1. Administrative furniture and equipment .....	598,436		598,436			
2. Medical furniture, equipment and fixtures .....						
3. Pharmaceuticals and surgical supplies .....						
4. Durable medical equipment .....						
5. Other property and equipment .....						
6. Total .....	598,436		598,436			

## NOTES TO FINANCIAL STATEMENTS

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1. Summary of Significant Accounting Policies
  - A. Accounting Practices
 

The financial statements of Memphis Managed Care Corporation Have been prepared in accordance with the NAIC Accounting Practice and Procedure Manual except to the extent that state law Differs.

The company, at the direction of the Commissioner of Insurance of The State of Tennessee for the period January – December 2006, on report #2A records claims reimbursements and Administrative reimbursements as premiums, instead of netting Them against claims and general administrative expenses Respectively as required by SAP
  - B. Use of Estimates in the Preparation of the Financial Statements
 

The preparation of financial statements in conformity with the Quarterly Statement Instructions and Accounting Practice and Procedures manual requires the use of management’s estimates.

    - 1) Short-term investments are stated at amortized cost.
    - 2) Bonds are stated at amortized cost using the effective interest method.
    - 3) The company does not hold common stock.
    - 4) The company does not hold preferred stock.
    - 5) The company does not hold mortgage loans.
    - 6) The company does not hold loan-backed securities.
    - 7) The company does not hold investments in subsidiaries, Controlled and affiliated companies.
    - 8) The company does not have minor ownership interests in joint Ventures.
    - 9) The company does not carry derivatives.
2. Accounting Changes and Corrections of Errors
  - A. Disclosure of material changes in accounting principles and or errors
 

N/A
3. Business Combinations and Goodwill
  - A. Statutory Purchase Method
 

N/A
  - B. Merger
 

N/A
  - C. Impairment Loss
 

N/A
4. Discontinued Operations
 

N/A
5. Investments
  - A. Mortgage Loans
 

N/A
  - B. Debt Restructuring

## NOTES TO FINANCIAL STATEMENTS

- N/A
- C. Reverse Mortgages
- N/A
- D. Loan Backed Securities
- N/A
- E. Repurchase Agreements
- N/A
6. Joint Ventures, Partnerships and Limited Liability Companies
- N/A
7. Investment Income
- A. N/A
- B. Total Amount excluded was \$0
8. Derivative Instruments
9. Income Tax
- A. Components of net deferred income tax asset or liability
- N/A
- B. DTLs not recognized
- N/A
- C. Significant components of income taxes incurred
- N/A
- D. Significant reconciling items of income taxes incurred
- N/A
- E(1). Operating loss and tax credit carry forwards
- N/A
- E(2). Recoupment of Income taxes available in the event of future losses
- N/A
- F Consolidated federal Income tax return
- N/A
10. Information Concerning Parent, Subsidiaries and Affiliates
- A. The company is jointly owned by The Regional Medical Center (The Med) & University of Tennessee Medical Group (UTMG).
- B. Description of transactions  
 MMCC was Reimbursed by its wholly owned Subsidiary, Midsouth Health Solutions for Allocated overhead costs.  
 MMCC paid UTMG Administrative Salaries during 2006  
 MMCC paid The Med for administrative & phone Services During 2006
- C. Dollar amount of Transactions  
 Midsouth Health Solutions reimbursed MMCC \$860,235.00 for Overhead Costs  
 MMCC has a receivable of \$282,860 from Midsouth Health Solutions and a payable of \$192,695 to Midsouth Health Solutions as of 12-31-2006.  
 MMCC paid \$338,376 to UTMG for administrative services in 2006  
 MMCC paid \$216,856 to the Med for phone & administrative services in 2006

## NOTES TO FINANCIAL STATEMENTS

- D. Amount Due from Related Parties
- At December 31, 2006 the company had \$282,860 due from Midsouth Health Solutions for services rendered and \$3,000 due from the Med for Medcall & MRI services.
- E. Guarantees or undertakings for the benefit of an affiliate
- N/A
- F. Description of any material management contracts with related parties
- N/A
- G. Ownership in the company is 50% The Med, 50% UTMG
- H. Amount deducted from the value of an upstream intermediate entity
- N/A
- I. The Company owns 100% interest in Midsouth Health Solutions, whose carry value does not equal or exceed 10% of the admitted assets of Memphis Managed Care Corporation. Memphis Managed Care Corporation carries Midsouth Health Solutions a Non-Insurance Company at GAAP Equity.
- Based on Memphis Managed Care Corporation ownership percentage of Midsouth Health Solutions Non-Insurance Company, the statement value of Mid South Health Solutions, Non-Insurance Company assets and Liabilities as of December 31, 2006 were \$1,660,138 and \$288,664, respectively.
- Memphis Managed Care Corporation's share of Net Income (Loss) of Midsouth Health Solutions was (\$84,814) as of December 31, 2006
- J. Investment in SCA entity
- N/A
11. Debt
- A. Capital Notes
- N/A
- B. Other Debt
- N/A
12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and other Postretirement Benefit Plans
- A. Defined Benefit Plan
- N/A
- B. Defined Contribution Plan
- MMCC has a 401(K) retirement Plan for all employees 21 years or older completing 1 year of eligible service. Employees may elect to defer 1%-15% of their wages as permissible under the Internal Revenue Code. The Company may make a matching contribution equal to 50% on the first six percent of the participant's compensation which is deferred as an elective deferral. Matching contributions shall be determined each payroll period. The matching contributions for the years ended December 31, 2006 were \$128,814.
- C. Multiemployer Plans
- N/A
- D. Consolidated/Holdings Company Plans
- N/A
- E. Post employment Benefits and Compensated Absences
- N/A
13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi Reorganizations.

**NOTES TO FINANCIAL STATEMENTS**

- 1) The company has
  - 2) The company has no preferred stock outstanding
  - 3) Dividend Restrictions – N/A
  - 4) Restrictions on unassigned Funds – None
  - 5) The State of Tennessee requires the company to hold Statutory deposits in the amount of 3,200,000
  - 6) For mutual, and similarly organized companies the total Amount of advances to surplus not repaid. – N/A
  - 7) Total Amount of Stock Held by the company – N/A
  - 8) Changes in special surplus funds – N/A
  - 9) Portion of unassigned funds (surplus) represented or Reduced by each of the following items:
    - a. Unrealized gains and losses - N/A
    - b. Nonadmitted assets 1,921,248
    - c. Stock purchase warrants N/A
  - 10) Surplus Notes
  - 11) Impact of the restatement in quasi reorganization – N/A
  - 12) Effective Date of a quasi reorganization – N/A
14. Contingencies
- A. Contingent Commitments
 

N/A
  - B. Assessments
 

N/A
  - C. Gain Contingencies
 

N/A
  - D. All Other Contingencies
15. Leases
- A. Disclosures related to lessee leasing arrangements
 

N/A
  - B. Disclosures related to lessor leasing arrangements
 

N/A
16. Information about Financial Instruments With Off Balance Sheet risk and Financial Instruments With concentrations of Credit Risk
- 1) The company has no financial instruments with off balance Sheet risk.
  - 2) The company does not use swaps, futures or options.
  - 3) The company has no financial instruments with off balance Sheet risk and no counter party exposure.
  - 4) The company has on financial instruments subject to credit Risk.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
- A. Transfer of Receivables reported as Sales
 

N/A
  - B. Transfer and Servicing of financial Assets
 

N/A
  - C. Wash Sales
 

N/A
18. Gain or Loss to the company from Uninsured A&H Plans and Uninsured Portion of Partially Insured Plans
- A. ASO Plan

## NOTES TO FINANCIAL STATEMENTS

The Gain from Operations from ASO uninsured plans and uninsured Portion of partially insured plans was as follows during 2006:

	(1)	(2)	(3)
	ASO Uninsured Plan	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for Administrative Expenses (including Administrative Fees) In excess of Actual Expenses	\$6,777,943		\$6,777,943
b. Total Net Other Income or Expenses (Including Interest paid to or received from Plans)	\$1,427,564		\$1,427,564
c. Net Gain or Loss from Operations	\$8,205,507		\$8,205,507
d. Total Claim Payment Volume	\$299,448,721		\$299,448,721
B. ASC Plan			
N/A			
C. Medicare or Other Similarly structured cost based reimbursement Contact:			
N/A			
19. Direct Premium Written/Produced by managing general agents/third Party Administrators	N/A		
20. September 11 Events	1. N/A		
	2. N/A		
	3. N/A		
	4. N/A		
21. Other Items	A. Extraordinary Items		
	N/A		
	B. Troubled Debt Restructuring		
	N/A		
	C. Other Disclosures		
	NONE		
	D. NONE		
	E. Business Interruption Insurance Recoveries		
	NONE		
22. Events Subsequent	N/A		
23. Reinsurance	N/A		
24. Retrospectively Rated Contracts	N/A		
25. Change in Incurred Claims and Claim Adjustment Expenses	N/A		
26. Intercompany Pooling Arrangements	NONE		

**NOTES TO FINANCIAL STATEMENTS**

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- 27. Structured Settlements  
NONE
- 28. Health Care Receivables
  - A. N/A
  - B. N/A
- 29. Participating Policies  
N/A
- 30. Premium Deficiency Reserves  
N/A
- 31. Anticipated Salvage & Subrogation  
N/A

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION  
**NOTES TO FINANCIAL STATEMENTS - ITEM 1A**

1 State Prescribed Practices	2 Current	3 Prior	4 State of Domicile
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**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 5A02**

1 Percent Reduced	2 Investment Excluding Accrued Interest	3 Number of Mortgages
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**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 13.10**

Description of Assets, Holder of Note and Other	1 Date Issued	2 Interest Rate	3 Par Value (Face Amount of Notes)	4 Carrying Value of Note	5 Principal and/or Interest Paid Current Year	6 Total Principal and/or Interest Paid	7 Unapproved Principal and/or Interest	8 Date of Maturity
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**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 13.11**

Year (Starting with Current Year)	Change in Year Surplus	Change in Gross Paid-in and Contributed Surplus
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**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 19**

Name and Address of Managing General Agent or Third Party Administrator	FEIN	Exclusive Contract	Types of Business Written	Type of Authority Granted	Total Direct Premiums Written/Produced By
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**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEMS 23B and 23C**

Name of Reinsurer	Amount
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**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 28A**

1 Quarter	2 Estimated Pharmacy Rebates as Reported on Financial Statements	3 Pharmacy Rebates as Billed or Otherwise Confirmed	4 Actual Rebates Received Within 90 Days of Billing	5 Actual Rebates Received Within 91 to 180 Days of Billing	6 Actual Rebates Received More Than 180 Days After Billing
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**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 28B**

1 Calendar Year	2 Evaluation Period Year Ending	3 Risk Sharing Receivable as Estimated in the Prior Year	4 Risk Sharing Receivable as Estimated in the Current Year	5 Risk Sharing Receivable Billed	6 Risk Sharing Receivable Not Yet Billed	7 Actual Risk Sharing Amounts Received in Year Billed	8 Actual Risk Sharing Amounts Received First Year Subsequent	9 Actual Risk Sharing Amounts Received Second Year Subsequent	10 Actual Risk Sharing Amounts Received - All Other
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**NONE**

**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	20,291,225	74.178	20,291,225	74.178
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA				
1.512 Issued or guaranteed by FNMA and FHLMC				
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (including \$ ..... of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ ..... property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities				
8. Cash, cash equivalents and short-term investments	5,648,464	20.649	5,648,464	20.649
9. Other invested assets	1,415,186	5.173	1,415,186	5.173
10. Total invested assets	27,354,875	100.000	27,354,875	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 (X)
- 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 (X) N/A ( )
- 1.3 State Regulating? .....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes ( ) No (X)
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 06/30/2005
- 3.2 State the as of date of 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. 06/30/2005
- 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). 03/24/2006
- 3.4 By what department or departments?  
 TENNESSEE DEPARTMENT OF COMMERCE & INSURANCE TENNCARE DIVISION
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes ( ) No (X)  
 4.12 renewals? Yes ( ) No (X)
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes ( ) No (X)  
 4.22 renewals? Yes ( ) No (X)
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes ( ) No (X)
- 5.2 If yes, provide 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? Yes ( ) No (X)
- 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 (X)
- 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, government, manager or attorney-in-fact).

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

**GENERAL INTERROGATORIES**

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

- 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
.....  
.....
- 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?  
.....  
.....
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes ( ) No (X)
  - 11.11 Name of real estate holding company  
.....  
.....
  - 11.12 Number of parcels involved .....
  - 11.13 Total book/adjusted carrying value \$ .....
- 11.2 If yes, provide explanation  
.....  
.....

- 12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
  - 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
.....  
.....
  - 12.2 Does this statement contain all business transacted for the reporting entity through its United States branch on risks wherever located? Yes (X) No ( )
  - 12.3 Have there been any changes made to any of the trust indentures during the year? Yes ( ) No (X)
  - 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes ( ) No ( ) N/A (X)

**BOARD OF DIRECTORS**

- 13. 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 ( )
- 14. 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 ( )
- 15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees, or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes ( ) No (X)

**FINANCIAL**

- 16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 

16.11 To directors or other officers	\$ .....
16.12 To stockholders not officers	\$ .....
16.13 Trustees, supreme or grand (Fraternal only)	\$ .....
- 16.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
 

16.21 To directors or other officers	\$ .....
16.22 To stockholders not officers	\$ .....
16.23 Trustees, supreme or grand (Fraternal only)	\$ .....
- 17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes ( ) No (X)
- 17.2 If yes, state the amount thereof at December 31 of the current year:
 

17.21 Rented from others	\$ .....
17.22 Borrowed from others	\$ .....
17.23 Leased from others	\$ .....
17.24 Other	\$ .....

Disclose in Notes to Financial Statements the nature of each obligation.
- 18.1 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)
- 18.2 If answer is yes:
 

18.21 Amount paid as losses or risk adjustment	\$ .....
18.22 Amount paid as expenses	\$ .....
18.23 Other amounts paid	\$ .....
- 19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes ( ) No (X)
- 19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ .....

## GENERAL INTERROGATORIES

### INVESTMENT

20.1 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 ( )

20.2 If no, give full and complete information relating thereto:  
 .....  
 .....

21.1 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 17.1) Yes ( ) No (X)

21.2 If yes, state the amount thereof at December 31 of the current year:	21.21 Loaned to others	\$ .....
	21.22 Subject to repurchase agreements	\$ .....
	21.23 Subject to reverse repurchase agreements	\$ .....
	21.24 Subject to dollar repurchase agreements	\$ .....
	21.25 Subject to reverse dollar repurchase agreements	\$ .....
	21.26 Pledged as collateral	\$ .....
	21.27 Placed under option agreements	\$ .....
	21.28 Letter stock or securities restricted as to sale	\$ .....
	21.29 Other	\$ .....

21.3 For category (22.28) provide the following:

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

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes ( ) No (X)

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes ( ) No ( ) N/A (X)  
 If no, attach a description with this statement.

23.1 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)

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

**GENERAL INTERROGATORIES**

**INVESTMENT**

24. 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. J-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes (X) No ( )

24.01 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
SUNTRUST BANK .....	P.O. BOX 622227 ORLANDO, FL. 32862-2227 .....
AMSOUTH/REGIONS BANK .....	6000 POPLAR SUITE 300 MEMPHIS, TN. 38119 .....
.....	.....
.....	.....

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....	.....	.....
.....	.....	.....
.....	.....	.....

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes ( ) No (X)

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
.....	.....	.....
.....	.....	.....
.....	.....	.....

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

25.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
Line 25.2998 from Overflow page .....	.....	.....
Line 25.2999 TOTAL (9999999) .....	.....	.....

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

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
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

**GENERAL INTERROGATORIES**

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds .....	\$ ..... 20,291,225	\$ ..... 20,144,291	\$ ..... (146,934)
26.2 Preferred stocks .....	\$ .....	\$ .....	\$ .....
26.3 Totals .....	\$ ..... 20,291,225	\$ ..... 20,144,291	\$ ..... (146,934)

26.4 Describe the sources or methods utilized in determining the fair values:  
.....  
.....

27.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes (X) No ( )

27.2 If no, list exceptions:  
.....  
.....

**OTHER**

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ .....

28.2 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
.....	\$ .....
.....	\$ .....
.....	\$ .....
.....	\$ .....

29.1 Amount of payments for legal expenses, if any? \$ ..... 195,966

29.2 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
BURCH, PORTER & JOHNS LLC .....	\$ ..... 192,966
.....	\$ .....
.....	\$ .....
.....	\$ .....

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

30.2 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 department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....
.....	\$ .....

**GENERAL INTERROGATORIES**

**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. \$ .....
- 1.6 Individual policies:
- |  |                           |          |          |
|--|---------------------------|----------|----------|
|  | Most current three years: |          |          |
| 1.61   | Total premium earned      | \$ ..... | \$ ..... |
| 1.62   | Total incurred claims     | \$ ..... | \$ ..... |
| 1.63   | Number of covered lives   | .....    | .....    |
| All years prior to most current three years: |                           |          |          |
| 1.64   | Total premium earned      | \$ ..... | \$ ..... |
| 1.65   | Total incurred claims     | \$ ..... | \$ ..... |
| 1.66   | Number of covered lives   | .....    | .....    |
- 1.7 Group policies:
- |  |                           |          |          |
|--|---------------------------|----------|----------|
|  | Most current three years: |          |          |
| 1.71   | Total premium earned      | \$ ..... | \$ ..... |
| 1.72   | Total incurred claims     | \$ ..... | \$ ..... |
| 1.73   | Number of covered lives   | .....    | .....    |
| All years prior to most current three years: |                           |          |          |
| 1.74   | Total premium earned      | \$ ..... | \$ ..... |
| 1.75   | Total incurred claims     | \$ ..... | \$ ..... |
| 1.76   | Number of covered lives   | .....    | .....    |
2. Health Test:
- |     |                           |              |            |
|-----|---------------------------|--------------|------------|
|     |                           | 1            | 2          |
|     |                           | Current Year | Prior Year |
| 2.1 | Premium Numerator         | \$ .....     | \$ .....   |
| 2.2 | Premium Denominator       | \$ .....     | \$ .....   |
| 2.3 | Premium Ratio (2.1 / 2.2) | .....        | .....      |
| 2.4 | Reserve Numerator         | \$ .....     | \$ .....   |
| 2.5 | Reserve Denominator       | \$ .....     | \$ .....   |
| 2.6 | Reserve Ratio (2.4 / 2.5) | .....        | .....      |
- 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 dependents been filed with the appropriate regulatory agency? Yes ( ) No (X)
- 4.2 If not previously filed furnish herewith a copy (ies) of such agreement (s). Do these agreements include additional benefits offered? Yes ( ) No (X)
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes (X) No ( )
- 5.2 If no, explain:  
 .....
- 5.3 Maximun retained risk (see instructions)
- |  |                                 |          |
|--|---------------------------------|----------|
|  | 5.31 Comprehensive Medical      | \$ ..... |
|  | 5.32 Medical Only               | \$ ..... |
|  | 5.33 Medicare Supplement        | \$ ..... |
|  | 5.34 Dental                     | \$ ..... |
|  | 5.35 Other Limited Benefit Plan | \$ ..... |
|  | 5.36 Other                      | \$ ..... |
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:  
 .....
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? 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 | ..... | 3,323 |
|  | 8.2 Number of providers at end of reporting year   | ..... | 3,216 |
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes ( ) No (X)
- 9.2 If yes, direct premium earned:
- |  |   |          |
|--|---|----------|
|  | 9.21 Business with rate guarantees between 15-36 months | \$ ..... |
|  | 9.22 Business with rate guarantees over 36 months       | \$ ..... |

**GENERAL INTERROGATORIES (Continued)**

**PART 2 - HEALTH INTERROGATORIES**

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes ( ) No (X)

10.2 If yes:

	10.21	Maximum amount payable bonuses	\$ .....
	10.22	Amount actually paid for year bonuses	\$ .....
	10.23	Maximum amount payable withholds	\$ .....
	10.24	Amount actually paid for year withholds	\$ .....

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. .... Tennessee

11.4 If yes, show the amount required. \$ ..... 8,777,597

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes ( ) No (X)

11.6 If the amount is calculated, show the calculation  
 .....  
 .....

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

1
Name of Service Area
SHELBY
NORTHWEST TENNESSEE
SOUTHWEST TENNESSEE

## FIVE - YEAR HISTORICAL DATA

	1	2	3	4	5
	2006	2005	2004	2003	2002
<b>BALANCE SHEET (Page 2 and Page 3)</b>					
1. Total admitted assets (Page 2, Line 26)	32,597,102	28,851,568	26,142,734	14,504,707	13,685,008
2. Total liabilities (Page 3, Line 22)	2,387,264	2,313,261	5,023,796	1,487,029	8,546,983
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 31)	30,209,838	26,538,308	21,118,938	13,017,478	5,138,028
<b>INCOME STATEMENT (Page 4)</b>					
5. Total revenues (Line 8)				1,100,424	116,527,239
6. Total medical and hospital expenses (Line 18)				(3,217,356)	115,826,367
7. Claims adjustment expenses (Line 20)		4,968,166	3,083,974		
8. Total administrative expenses (Line 21)	(6,777,943)	(10,991,407)	(10,408,590)	(12,135,658)	3,344,259
9. Net underwriting gain (loss) (Line 24)	6,777,943	6,023,241	7,324,616	13,476,694	(3,225,638)
10. Net investment gain (loss) (Line 27)	1,313,408	864,208	247,606	105,122	1,108,039
11. Total other income (Line 28 plus Line 29)	114,156	1,085,237	783,223		456,078
12. Net income or (loss) (Line 32)	8,205,507	7,972,686	8,355,445	13,581,816	(1,661,521)
<b>RISK-BASED CAPITAL ANALYSIS</b>					
13. Total adjusted capital	30,480,574	26,538,308	21,118,938	13,017,478	5,138,028
14. Authorized control level risk-based capital	26,451	25,572	16,261,582	10,023,458	3,956,281
<b>ENROLLMENT (Exhibit 1)</b>					
15. Total members at end of period (Column 5, Line 7)	169,031	2,246,795	193,868	194,981	191,307
16. Total members months (Column 6, Line 7)	2,054,603	2,246,795	2,314,367	2,314,367	1,522,075
<b>OPERATING PERCENTAGE (Page 4)</b> (Item divided by Page 4, sum of Line 2, Line 3, and Line 5) X 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Line 3 plus Line 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Line 18 plus Line 19)					99.4
19. Cost containment expenses				X X X	X X X
20. Other claims adjustment expenses					
21. Total underwriting deductions (Line 23)					102.8
22. Total underwriting gain (loss) (Line 24)					(2.8)
<b>UNPAID CLAIMS ANALYSIS</b> (U and I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Column 5)				(103,720)	45,065,170
24. Estimated liability of unpaid claims of prior year (Line 13, Column 6)				3,113,636	40,457,145
<b>INVESTMENTS IN PARENT, SUBSIDIARIES, AND AFFILIATES</b>					
25. Affiliated bonds (Schedule D Summary, Line 25, Column 1)					
26. Affiliated preferred stocks (Schedule D Summary, Line 39, Column 1)					
27. Affiliated common stocks (Schedule D Summary, Line 53, Column 2)					
28. Affiliated short-term investments (subtotal included in Schedule DA, Part 2, Column 5, Line 11)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated					
31. Total of above Line 25 to Line 30					



ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

REPORT FOR: 1. CORPORATION MEMPHIS MANAGED CARE, INC.

2. 1407 UNION AVE, SUITE 200 MEMPHIS, TN 38104

(LOCATION)

NAIC Group Code: 0000

NAIC Company Code: 00000

**BUSINESS IN THE STATE OF TENNESSEE DURING THE YEAR 2006**

	1		Comprehensive (Hospital and Medical)		4	5	6	7	8	9	10	11	12	13
	Total	2	3	Medicare Supplement										
Total Members at end of:														
1. Prior Year .....	182,358								182,358					
2. First Quarter .....	172,139								172,139					
3. Second Quarter .....	171,740								171,740					
4. Third Quarter .....	169,255								169,255					
5. Current Year .....	169,031								169,031					
6. Current Year Member Months .....	2,054,603								2,054,603					
Total Member Ambulatory Encounters for Year:														
7. Physician .....	706,351								706,351					
8. Non-Physician .....	26,328								26,328					
9. Total .....	732,679								732,679					
10. Hospital Patient Days Incurred .....	88,317								88,317					
11. Number of Inpatient Admissions .....	24,688								24,688					
12. Health Premiums Written .....														
13. Life Premiums Direct .....														
14. Property/Casualty Premiums Written .....														
15. Health Premiums Earned .....														
16. Property/Casualty Premiums Earned .....														
17. Amount Paid for Provision of Health Care Services .....														
18. Amount Incurred for Provision of Health Care Services .....														

(a) For health business: number of persons insured under PPO managed care products ..... and number of persons insured under indemnity only products .....



ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

REPORT FOR: 1. CORPORATION

2.

(LOCATION)

NAIC Group Code: 0000

NAIC Company Code: 00000

**BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR 2006**

	1		Comprehensive (Hospital and Medical)		4	5	6	7	8	9	10	11	12	13
	Total	2	3	Medicare Supplement										
Total Members at end of:														
1. Prior Year .....	2,246,795								2,246,795					
2. First Quarter .....	172,139								172,139					
3. Second Quarter .....	171,740								171,740					
4. Third Quarter .....	169,255								169,255					
5. Current Year .....	169,031								169,031					
6. Current Year Member Months .....	2,054,603								2,054,603					
Total Member Ambulatory Encounters for Year:														
7. Physician .....	706,351								706,351					
8. Non-Physician .....	26,328								26,328					
9. Total .....	732,679								732,679					
10. Hospital Patient Days Incurred .....	88,317								88,317					
11. Number of Inpatient Admissions .....	24,688								24,688					
12. Health Premiums Written .....														
13. Life Premiums Direct .....														
14. Property/Casualty Premiums Written .....														
15. Health Premiums Earned .....														
16. Property/Casualty Premiums Earned .....														
17. Amount Paid for Provision of Health Care Services .....														
18. Amount Incurred for Provision of Health Care Services .....														

(a) For health business: number of persons insured under PPO managed care products ..... and number of persons insured under indemnity only products .....

30GT

**SCHEDULE A - VERIFICATION BETWEEN YEARS**  
Real Estate

1. Book/adjusted carrying value, December 31, prior year .....	_____
2. Increase (decrease) by adjustment:	
2.1 Totals, Part 1, Column 11 .....	_____
2.2 Totals, Part 3, Column 7 .....	_____
3. Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9)) .....	_____
4. Cost of additions and permanent improvements:	
4.1 Totals, Part 1, Column 14 .....	_____
4.2 Totals, Part 3, Column 9 .....	_____
5. Total profit (loss) on sales, Part 3, Column 14 ..	_____
6. Increase (decrease) by foreign exchange adjustm	
6.1 Totals, Part 1, Column 12 .....	_____
6.2 Totals, Part 3, Column 8 .....	_____
7. Amounts received on sales, Part 3, Column 11 and Part 1, Column 13 .....	_____
8. Book/adjusted carrying value at end of current period .....	_____
9. Total valuation allowance .....	_____
10. Subtotal (Line 8 plus Line 9) .....	_____
11. Total nonadmitted amounts .....	_____
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column) .....	_____

**NONE**

**SCHEDULE B - VERIFICATION BETWEEN YEARS**  
Mortgage Loans

1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year .....	_____
2. Amount loaned during year:	
2.1 Actual cost at time of acquisitions .....	_____
2.2 Additional investment made after acquisitions .....	_____
3. Accrual of discount and mortgage interest points a	
4. Increase (decrease) by adjustment .....	_____
5. Total profit (loss) on sale .....	_____
6. Amounts paid on account or in full during the year	
7. Amortization of premium .....	_____
8. Increase (decrease) by foreign exchange adjustment .....	_____
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....	_____
10. Total valuation allowance .....	_____
11. Subtotal (Line 9 plus Line 10) .....	_____
12. Total nonadmitted amounts .....	_____
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column) .....	_____

**NONE**

**SCHEDULE BA - VERIFICATION BETWEEN YEARS**  
Long-Term Invested Assets

1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year .....	_____
2. Cost of acquisitions during year:	
2.1 Actual cost at time of acquisitions .....	1,500,000
2.2 Additional investment made after acquisitions .....	1,500,000
3. Accrual of discount .....	_____
4. Increase (decrease) by adjustment .....	(84,814)
5. Total profit (loss) on sale .....	_____
6. Amounts paid on account or in full during the year .....	_____
7. Amortization of premium .....	_____
8. Increase (decrease) by foreign exchange adjustment .....	_____
9. Book/adjusted carrying value of long-term invested assets at end of current period .....	1,415,186
10. Total valuation allowance .....	_____
11. Subtotal (Line 9 plus Line 10) .....	1,415,186
12. Total nonadmitted amounts .....	_____
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3) .....	1,415,186

**SCHEDULE D - SUMMARY BY COUNTRY**

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b>					
Governments (Including all obligations guaranteed by governments)	1. United States .....	17,788,561	17,652,659	17,731,606	17,860,185
	2. Canada .....				
	3. Other Countries .....				
	4. Totals .....	17,788,561	17,652,659	17,731,606	17,860,185
States, Territories and Possessions (Direct and guaranteed)	5. United States .....				
	6. Canada .....				
	7. Other Countries .....				
	8. Totals .....				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....				
	10. Canada .....				
	11. Other Countries .....				
	12. Totals .....				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....				
	14. Canada .....				
	15. Other Countries .....				
	16. Totals .....				
Public Utilities (unaffiliated)	17. United States .....				
	18. Canada .....				
	19. Other Countries .....				
	20. Totals .....				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....	2,502,664	2,491,632	2,509,621	2,500,000
	22. Canada .....				
	23. Other Countries .....				
	24. Totals .....	2,502,664	2,491,632	2,509,621	2,500,000
Parent, Subsidiaries and Affiliates	25. Totals .....				
	26. Total Bonds .....	20,291,225	20,144,291	20,241,227	20,360,185
<b>PREFERRED STOCKS</b>					
Public Utilities (unaffiliated)	27. United States .....				
	28. Canada .....				
	29. Other Countries .....				
	30. Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....				
	32. Canada .....				
	33. Other Countries .....				
	34. Totals .....				
Industrial and Miscellaneous (unaffiliated)	35. United States .....				
	36. Canada .....				
	37. Other Countries .....				
	38. Totals .....				
Parent, Subsidiaries and Affiliates	39. Totals .....				
	40. Total Preferred Stocks .....				
<b>COMMON STOCKS</b>					
Public Utilities (unaffiliated)	41. United States .....				
	42. Canada .....				
	43. Other Countries .....				
	44. Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....				
	46. Canada .....				
	47. Other Countries .....				
	48. Totals .....				
Industrial and Miscellaneous (unaffiliated)	49. United States .....				
	50. Canada .....				
	51. Other Countries .....				
	52. Totals .....				
Parent, Subsidiaries and Affiliates	53. Totals .....				
	54. Total Common Stocks .....				
	55. Total Stocks .....				
	56. Total Bonds and Stocks .....	20,291,225	20,144,291	20,241,227	

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year .....	17,364,710	7. Amortization of premium .....	1,190,308
2. Cost of bonds and stocks acquired, Column 7, Part 3 .....	15,921,823	8. Foreign Exchange Adjustment:	
3. Accrual of discount .....		8.1 Column 15, Part 1 .....	
4. Increase (decreased) by adjustment:		8.2 Column 19, Part 2, Section 1 .....	
4.1 Column 12 minus Column 14, Part 1 .....		8.3 Column 16, Part 2, Section 2 .....	
4.2 Column 15 minus Column 17, Part 2, Section 1 .....		8.4 Column 15, Part 4 .....	
4.3 Column 15, Part 2, Section 2 .....		9. Book/adjusted carrying value at end of current period .....	20,291,225
4.4 Column 11 minus Column 13, Part 4 .....		10. Total valuation allowance .....	
5. Total gain (loss), Column 19, Part 4 .....		11. Subtotal (Line 9 plus Line 10) .....	20,291,225
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4 .....	11,805,000	12. Total nonadmitted amounts .....	
		13. Statement value of bonds and stocks, current period .....	20,291,225

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE D - PART 1A - SECTION 1**

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>1. U.S. Governments, Schedules D and DA (Group 1)</b>											
1.1 Class 1	620,124	8,729,506				9,349,630	46.1	9,959,296	57.4	9,349,630	
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 Totals	620,124	8,729,506				9,349,630	46.1	9,959,296	57.4	9,349,630	
<b>2. All Other Governments, Schedules D and DA (Group 2)</b>											
2.1 Class 1	7,134,103	1,304,828				8,438,931	41.6	5,167,639	29.8	8,438,931	
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
2.7 Totals	7,134,103	1,304,828				8,438,931	41.6	5,167,639	29.8	8,438,931	
<b>3. States, Territories and Possessions etc., Guaranteed, Schedules D and DA (Group 3)</b>											
3.1 Class 1											
3.2 Class 2											
3.3 Class 3											
3.4 Class 4											
3.5 Class 5											
3.6 Class 6											
3.7 Totals											
<b>4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D and DA (Group 4)</b>											
4.1 Class 1											
4.2 Class 2											
4.3 Class 3											
4.4 Class 4											
4.5 Class 5											
4.6 Class 6											
4.7 Totals											
<b>5. Special Revenue and Special Assessment Obligations etc., Non-Guaranteed, Schedules D and DA (Group 5)</b>											
5.1 Class 1											
5.2 Class 2											
5.3 Class 3											
5.4 Class 4											
5.5 Class 5											
5.6 Class 6											
5.7 Totals											

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE D - PART 1A - SECTION 1 (continued)**

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>6. Public Utilities (Unaffiliated), Schedules D and DA (Group 6)</b>											
6.1 Class 1											
6.2 Class 2											
6.3 Class 3											
6.4 Class 4											
6.5 Class 5											
6.6 Class 6											
6.7 Totals											
<b>7. Industrial and Miscellaneous (Unaffiliated), Schedules D and DA (Group 7)</b>											
7.1 Class 1	1,600,703	901,961				2,502,664	12.3	2,237,776	12.9	2,502,664	
7.2 Class 2											
7.3 Class 3											
7.4 Class 4											
7.5 Class 5											
7.6 Class 6											
7.7 Totals	1,600,703	901,961				2,502,664	12.3	2,237,776	12.9	2,502,664	
<b>8. Credit Tenant Loans, Schedules D and DA (Group 8)</b>											
8.1 Class 1											
8.2 Class 2											
8.3 Class 3											
8.4 Class 4											
8.5 Class 5											
8.6 Class 6											
8.7 Totals											
<b>9. Parent, Subsidiaries and Affiliates, Schedules D and DA (Group 9)</b>											
9.1 Class 1											
9.2 Class 2											
9.3 Class 3											
9.4 Class 4											
9.5 Class 5											
9.6 Class 6											
9.7 Totals											

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE D - PART 1A - SECTION 1 (continued)**

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>10. Total Bonds Current Year</b>											
10.1 Class 1	9,354,930	10,936,295				20,291,225	100.0	XXX	XXX	20,291,225	
10.2 Class 2								XXX	XXX		
10.3 Class 3								XXX	XXX		
10.4 Class 4								XXX	XXX		
10.5 Class 5						(c)		XXX	XXX		
10.6 Class 6						(c)		XXX	XXX		
10.7 Totals	9,354,930	10,936,295				(b) 20,291,225	100.0	XXX	XXX	20,291,225	
10.8 Line 10.7 as a % of Column 6	46.1	53.9				100.0	XXX	XXX	XXX	100.0	
<b>11. Total Bonds Prior Year</b>											
11.1 Class 1	3,929,762	13,434,949				XXX	XXX	17,364,711	100.0	17,364,711	
11.2 Class 2						XXX	XXX				
11.3 Class 3						XXX	XXX				
11.4 Class 4						XXX	XXX				
11.5 Class 5						XXX	XXX	(c)			
11.6 Class 6						XXX	XXX	(c)			
11.7 Totals	3,929,762	13,434,949				XXX	XXX	(b) 17,364,711	100.0	17,364,711	
11.8 Line 11.7 as a % of Column 8	22.6	77.4				XXX	XXX	100.0	XXX	100.0	
<b>12. Total Publicly Traded Bonds</b>											
12.1 Class 1	9,354,930	10,936,295				20,291,225	100.0	17,364,711	100.0	20,291,225	XXX
12.2 Class 2											XXX
12.3 Class 3											XXX
12.4 Class 4											XXX
12.5 Class 5											XXX
12.6 Class 6											XXX
12.7 Totals	9,354,930	10,936,295				20,291,225	100.0	17,364,711	100.0	20,291,225	XXX
12.8 Line 12.7 as a % of Column 6	46.1	53.9				100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	46.1	53.9				100.0	XXX	XXX	XXX	100.0	XXX
<b>13. Total Privately Placed Bonds</b>											
13.1 Class 1										XXX	
13.2 Class 2										XXX	
13.3 Class 3										XXX	
13.4 Class 4										XXX	
13.5 Class 5										XXX	
13.6 Class 6										XXX	
13.7 Totals										XXX	
13.8 Line 13.7 as a % of Column 6							XXX	XXX	XXX	XXX	
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10							XXX	XXX	XXX	XXX	

(a) Includes \$ ..... freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.  
 (b) Includes \$ ..... current year, \$ ..... prior year of bonds with Z designations and \$ ..... current year, \$ ..... prior year of bonds with Z\* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z\*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.  
 (c) Includes \$ ..... current year, \$ ..... prior year of bonds with 5\* designations and \$ ..... current year, \$ ..... prior year of bonds with 6\* designations. "5\*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6\*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE D - PART 1A - SECTION 2**

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments, Schedules D and DA (Group 1)											
1.1 Issuer Obligations	2,495,396	6,854,234				9,349,630	46.1	9,959,296	57.4	9,349,630	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities											
1.7 Totals	2,495,396	6,854,234				9,349,630	46.1	9,959,296	57.4	9,349,630	
2. All Other Governments, Schedules D and DA (Group 2)											
2.1 Issuer Obligations	4,619,119	3,819,812				8,438,931	41.6	5,167,639	29.8	8,438,931	
2.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3 Defined											
2.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
2.5 Defined											
2.6 Other											
2.7 Totals	4,619,119	3,819,812				8,438,931	41.6	5,167,639	29.8	8,438,931	
3. States, Territories and Possessions, Guaranteed, Schedules D and DA (Group 3)											
3.1 Issuer Obligations											
3.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3 Defined											
3.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
3.5 Defined											
3.6 Other											
3.7 Totals											
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D and DA (Group 4)											
4.1 Issuer Obligations											
4.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3 Defined											
4.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
4.5 Defined											
4.6 Other											
4.7 Totals											
5. Special Revenue and Special Assessment Obligations etc., Non-Guaranteed, Schedules D and DA (Group 5)											
5.1 Issuer Obligations											
5.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3 Defined											
5.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
5.5 Defined											
5.6 Other											
5.7 Totals											

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE D - PART 1A - SECTION 2 (continued)**

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Public Utilities (Unaffiliated) , Schedules D and DA (Group 6)											
6.1 Issuer Obligations											
6.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined											
6.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
6.5 Defined											
6.6 Other											
6.7 Totals											
7. Industrial and Miscellaneous (Unaffiliated) , Schedules D and DA (Group 7)											
7.1 Issuer Obligations	1,501,812	1,000,852				2,502,664	12.3	2,237,776	12.9	2,502,664	
7.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
7.3 Defined											
7.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
7.5 Defined											
7.6 Other											
7.7 Totals	1,501,812	1,000,852				2,502,664	12.3	2,237,776	12.9	2,502,664	
8. Credit Tenant Loans, Schedules D and DA (Group 8)											
8.1 Issuer Obligations											
8.7 Totals											
9. Parent, Subsidiaries and Affiliates, Schedules D and DA (Group 9)											
9.1 Issuer Obligations											
9.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined											
9.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
9.5 Defined											
9.6 Other											
9.7 Totals											

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE D - PART 1A - SECTION 2 (continued)**

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	8,616,327	11,674,898				20,291,225	100.0	X X X	X X X	20,291,225	
10.2 Single Class Mortgage-Backed/Asset-Backed Securities								X X X	X X X		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined								X X X	X X X		
10.4 Other								X X X	X X X		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined								X X X	X X X		
10.6 Other								X X X	X X X		
10.7 Totals	8,616,327	11,674,898				20,291,225	100.0	X X X	X X X	20,291,225	
10.8 Line 10.7 as a % of Column 6	42.5	57.5				100.0	X X X	X X X	X X X	100.0	
11. Total Bonds Prior Year											
11.1 Issuer Obligations	3,929,762	13,434,949				X X X	X X X	17,364,711	100.0	17,364,711	
11.2 Single Class Mortgage-Backed/Asset-Backed Securities						X X X	X X X				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined						X X X	X X X				
11.4 Other						X X X	X X X				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined						X X X	X X X				
11.6 Other						X X X	X X X				
11.7 Totals	3,929,762	13,434,949				X X X	X X X	17,364,711	100.0	17,364,711	
11.8 Line 11.7 as a % of Column 8	22.6	77.4				X X X	X X X	100.0	X X X	100.0	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	8,616,327	11,674,898				20,291,225	100.0	17,364,711	100.0	20,291,225	X X X
12.2 Single Class Mortgage-Backed/Asset-Backed Securities											X X X
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined											X X X
12.4 Other											X X X
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined											X X X
12.6 Other											X X X
12.7 Totals	8,616,327	11,674,898				20,291,225	100.0	17,364,711	100.0	20,291,225	X X X
12.8 Line 12.7 as a % of Column 6	42.5	57.5				100.0	X X X	X X X	X X X	100.0	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	42.5	57.5				100.0	X X X	X X X	X X X	100.0	X X X
13. Total Privately Placed Bonds											
13.1 Issuer Obligations										X X X	
13.2 Single Class Mortgage-Backed/Asset-Backed Securities										X X X	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined										X X X	
13.4 Other										X X X	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined										X X X	
13.6 Other										X X X	
13.7 Totals										X X X	
13.8 Line 13.7 as a % of Column 6							X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10							X X X	X X X	X X X	X X X	

**SCHEDULE DA - PART 2 - VERIFICATION BETWEEN YEARS**

Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent Subsidiaries and Affiliates
1. Book/adjusted carrying value, December 31 of prior year .....					
2. Cost of short-term investments acquired .....					
3. Increase (decrease) by adjustment .....					
4. Increase (decrease) by foreign exchange adjustment .....					
5. Total profit (loss) on disposal of short-term investments .....					
6. Consideration received on disposal of short-term investments .....					
7. Book/adjusted carrying value, current year .....	<b>NONE</b>				
8. Total valuation allowance .....					
9. Subtotal (Line 7 plus Line 8) .....					
10. Total nonadmitted amounts .....					
11. Statement value (Line 9 minus Line 10) .....					
12. Income collected during year .....					
13. Income earned during year .....					

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment: .....

**SCHEDULE DB - PART A - VERIFICATION BETWEEN YEARS**

Options, Caps, Floors and Insurance Futures Options Owned

1. Book value, December 31, prior year (Line 8, prior year) .....	_____
2. Cost/Option Premium (Section 2, Column 7) .....	_____
3. Increase/(Decrease) by Adjustment (Section 1, Column 12) plus (Section 3, Column 13) .....	_____
4. Gain/(Loss) on Termination:	
4.1 Recognized (Section 3, Column 14) .....	_____
4.2 Used to Adjust Basis of Hedged Item (Section 3, Column 15) .....	_____
5. Consideration Received on Terminations (Section 3, Column 16) .....	_____
6. Used to Adjust Basis on Open Contracts (Section 3, Column 17) .....	_____
7. Disposition of Deferred Amount on Contracts Terminated in Prior Year:	
7.1 Recognized .....	_____
7.2 Used to Adjust Basis of Hedged Item .....	_____
8. Book value, December 31, Current Year (Line 1 plus Line 2 plus Line 3 plus Line 4 minus Line 5 minus Line 6 minus Line 7) .....	=====

**NONE**

**SCHEDULE DB - PART B - VERIFICATION BETWEEN YEARS**

Options, Caps, Floors and Insurance Futures Options Written

1. Book value, December 31, prior year (Line 8, prior year) .....	_____
2. Consideration received (Section 2, Column 7) .....	_____
3. Increase/(Decrease) by Adjustment (Section 1, Column 12) plus (Section 3, Column 13) .....	_____
4. Gain/(Loss) on Termination:	
4.1 Recognized (Section 3, Column 14) .....	_____
4.2 Used to Adjust Basis (Section 3, Column 15) .....	_____
5. Consideration Paid on Terminations (Section 3, Column 16) .....	_____
6. Used to Adjust Basis on Open Contracts (Section 3, Column 17) .....	_____
7. Disposition of Deferred Amount on Contracts Terminated in Prior Year:	
7.1 Recognized .....	_____
7.2 Used to Adjust Basis .....	_____
8. Book value, December 31, Current Year .....	=====

**NONE**

**SCHEDULE DB - PART C - VERIFICATION BETWEEN YEARS**

Swaps and Forwards

1.	Book value, December 31, prior year (Line 8, prior year)	.....	_____
2.	Cost or (Consideration Received) (Section 2, Column 7)	.....	_____
3.	Increase/ (Decrease) by Adjustment (Section 1,	.....	_____
4.	Gain/ (Loss) on Termination:	<b>NONE</b>	_____
4.1	Recognized (Section 3, Column 14)		_____
4.2	Used to Adjust Basis of Hedged Item (Se		_____
5.	Consideration Received (or Paid) on Termination		_____
6.	Used to Adjust Basis on Hedged Item on Open Contracts (Section 1, Column 13)	.....	_____
7.	Disposition of Deferred Amount on Contracts Terminated in Prior Year:		
7.1	Recognized	.....	_____
7.2	Used to Adjust Basis of Hedged Item	.....	_____
8.	Book value, December 31, Current Year (Line 1 plus Line 2 plus Line 3 plus Line 4 minus Line 5 minus Line 6 minus Line 7)	.....	=====

**SCHEDULE DB - PART D - VERIFICATION BETWEEN YEARS**

Futures Contracts and Insurance Futures Contracts

1.	Book value, December 31, prior year (Line 8, prior year)	.....	_____
2.	Change in total Variation Margin on Open Contracts (Difference between years-Section 1, Column 6)	.....	_____
3.1	Change in Variation Margin on Open Contracts Used to Adjust Basis of Hedged Item (Section 1, Column 11)	.....	_____
3.2	Change in Variation Margin on Open Contracts Recognized (Difference between years-Section 1, Column 10)	.....	_____
4.1	Variation Margin on Contracts Terminated During	.....	_____
4.2	Less:	<b>NONE</b>	_____
4.21	Gain/ (Loss) Recognized in Current Year		_____
4.22	Gain/ (Loss) Used to Adjust Basis of Her		_____
4.3	Subtotal (Line 4.1 minus Line 4.2)	.....	_____
5.1	Net Additions to Cash Deposits (Section 2, Colu.....)	.....	_____
5.2	Less: Net Reductions to Cash Deposits (Section 3, Column 9)	.....	_____
6.	Subtotal (Line 1 minus Line 2 plus Line 3.1 plus Line 3.2 minus Line 4.3 plus Line 5.2)	.....	_____
7.	Disposition of Gain/ (Loss) on Contracts Terminated in Prior Year:		
7.1	Recognized	.....	_____
7.2	Used to Adjust Basis of Hedged Item	.....	_____
8.	Book value, December 31, Current Year (Line 6 plus Line 7.1 plus Line 7.2)	.....	=====

**SCHEDULE DB - PART E - VERIFICATION**

Statement Value and Fair Value of Open Contracts

			Statement Value	
1.	Part A, Section 1, Column 10	.....	_____	
2.	Part B, Section 1, Column 10	.....	_____	
3.	Part C, Section 1, Column 10	.....	_____	
4.	Part D, Section 1, Column 9 minus Column 12	.....	_____	
5.	Line 1 minus Line 2 plus Line 3 plus Line 4	.....	_____	
6.	Part E, Section 1, Column 4	.....	_____	
7.	Part E, Section 1, Column 5	<b>NONE</b>	_____	
8.	Line 5 minus Line 6 minus Line 7		_____	
9.	Part A, Section 1, Column 11		.....	_____
10.	Part B, Section 1, Column 11		.....	_____
11.	Part C, Section 1, Column 11	.....	_____	
12.	Part D, Section 1, Column 9	.....	_____	
13.	Line 9 minus Line 10 plus Line 11 plus Line 12	.....	_____	
14.	Part E, Section 1, Column 7	.....	_____	
15.	Part E, Section 1, Column 8	.....	_____	
16.	Line 13 minus Line 14 minus Line 15	.....	=====	
			Fair Value	

**SCHEDULE DB - PART F - SECTION 1**

Replicated (Synthetic) Assets Open

Replicated (Synthetic) Asset					Components of the Replicated (Synthetic) Asset						
1	2	3	4	5	Derivative Instruments Open			Cash Instrument(s) Held			
Replication RSAT Number	Description	NAIC Designation or Other Description	Statement Value	Fair Value	6	7	8	9	10	11	12
					Description	Fair Value	CUSIP	Description	Statement Value	Fair Value	NAIC Designation or Other Description

**NONE**

**SCHEDULE DB - PART F - SECTION 2**

Reconciliation of Replicated (Synthetic) Assets Open

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year-To-Date	
	1 Number of Positions	2 Total Replicated (Synthetic) Assets Statement Value	3 Number of Positions	4 Total Replicated (Synthetic) Assets Statement Value	5 Number of Positions	6 Total Replicated (Synthetic) Assets Statement Value	7 Number of Positions	8 Total Replicated (Synthetic) Assets Statement Value	9 Number of Positions	10 Total Replicated (Synthetic) Assets Statement Value
1. Beginning Inventory .....										
2. Add: Opened or Acquired Transactions .....										
3. Add: Increases in Replicated Asset Statement Value .....	XXX						XXX		XXX	
4. Less: Closed or Disposed of Transactions .....										
5. Less: Positions Disposed of for Failing Effectiveness Criteria .....										
6. Less: Decreases in Replicated (Synthetic) Asset Statement Value .....	XXX						XXX		XXX	
7. Ending Inventory .....										

**NONE**

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE S - PART 1 - SECTION 2**

Reinsurance Assumed Accident and Health Insurance Listed by Reinsured Company as of December 31 , Current Year

1	2	3	4	5	6	7	8	9	10	11	12
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsured	Location	Type of Reinsurance Assumed	Premiums	Unearned Premiums	Reserve Liability Other Than for Unearned Premiums	Reinsurance Payable on Paid and Unpaid Losses	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance

**NONE**

**SCHEDULE S - PART 2**

Reinsurance Recoverable on Paid and Unpaid Losses Listed by Reinsuring Company as of December 31, Current Year

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Company	5 Location	6 Paid Losses	7 Unpaid Losses
------------------------------	------------------------------	------------------------	----------------------	---------------	------------------	--------------------

**NONE**

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE S - PART 3 - SECTION 2**

Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Company	5 Location	6 Type	7 Premiums	8 Unearned Premiums (estimated)	9 Reserve Credit Taken Other than for Unearned Premiums	Outstanding Surplus Relief		12 Modified Coinsurance Reserve	13 Funds Withheld Under Coinsurance
									10 Current Year	11 Prior Year		

**NONE**

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE S - PART 4**

Reinsurance Ceded To Unauthorized Companies

1	2	3	4	5	6	7	8	9	10	11	12	13	14
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsurer	Reserve Credit Taken	Paid and Unpaid Losses Recoverable (Debit)	Other Debits	Total (Columns 5 plus 6 plus 7)	Letters of Credit	Trust Agreements	Funds Deposited by and Withheld from Reinsurers	Other	Miscellaneous Balances (Credit)	Sum of Columns 9 plus 10 plus 11 plus 12 plus 13 But Not in Excess of Column 8

**NONE**

**SCHEDULES S - PART 5**

Five-Year Exhibit of Reinsurance Ceded Business

(000 Omitted)

	1 2006	2 2005	3 2004	4 2003	5 2002
<b>A. OPERATIONS ITEMS</b>					
1. Premiums .....					
2. Title XVIII - Medicare .....					
3. Title XIX - Medicaid .....					
4. Commissions and reinsurance expense allowance .....					
5. Total hospital and medical expenses .....					
<b>B. BALANCE SHEET ITEMS</b>					
6. Premiums receivable .....	<b>NONE</b>				
7. Claims payable .....					
8. Reinsurance recoverable on paid losses .....					
9. Experience rating refunds due or unpaid .....					
10. Commissions and reinsurance expense allowances unpaid .....					
11. Unauthorized reinsurance offset .....					
<b>C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)</b>					
12. Funds deposited by and withheld from (F) .....					
13. Letters of credit (L) .....					
14. Trust agreements (T) .....					
15. Other (O) .....					

**SCHEDULE S - PART 6**

Restatement of Balance Sheet to Identify Net Credit for Ceded Reinsurance

	1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
<b>ASSETS (Page 2, Column 3)</b>			
1. Cash and invested assets (Line 10) .....			
2. Accident and health premiums due and unpaid (Line 13) .....			
3. Amounts recoverable from reinsurers (Line 14.1) .....			
4. Net credit for ceded reinsurance .....	XXX		
5. All other admitted assets (Balance) .....			
6. Total assets (Line 26) .....			
<b>LIABILITIES, CAPITAL AND SURPLUS (Page 3)</b>			
7. Claims unpaid (Line 1) .....			
8. Accrued medical incentive pool and bonus payments (Line 2) .....			
9. Premiums received in advance (Line 8) .....			
10. Reinsurance in unauthorized companies (Line 18) .....			
11. All other liabilities (Balance) .....			
12. Total liabilities (Line 22) .....			
13. Total capital and surplus (Line 31) .....		XXX	
14. Total liabilities, capital and surplus (Line 32) .....			
<b>NONE</b>			
<b>NET CREDIT FOR CEDED REINSURANCE</b>			
15. Claims unpaid .....			
16. Accrued medical incentive pool .....			
17. Premiums received in advance .....			
18. Reinsurance recoverable on paid losses .....			
19. Other ceded reinsurance recoverables .....			
20. Total ceded reinsurance recoverables .....			
21. Premiums receivable .....			
22. Unauthorized reinsurance .....			
23. Other ceded reinsurance payables/offsets .....			
24. Total ceded reinsurance payables/offsets .....			
25. Total net credit for ceded reinsurance .....			

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Allocated by States and Territories

State, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed (Yes or No)	Direct Business Only					
			3 Accident and Health Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employee Health Benefits Program Premiums	7 Life and Annuity Premiums and Deposit-Type Contract Funds	8 Property/Casualty Premiums
1. Alabama	AL							
2. Alaska	AK							
3. Arizona	AZ							
4. Arkansas	AR							
5. California	CA							
6. Colorado	CO							
7. Connecticut	CT							
8. Delaware	DE							
9. District of Columbia	DC							
10. Florida	FL							
11. Georgia	GA							
12. Hawaii	HI							
13. Idaho	ID							
14. Illinois	IL							
15. Indiana	IN							
16. Iowa	IA							
17. Kansas	KS							
18. Kentucky	KY							
19. Louisiana	LA							
20. Maine	ME							
21. Maryland	MD							
22. Massachusetts	MA							
23. Michigan	MI							
24. Minnesota	MN							
25. Mississippi	MS							
26. Missouri	MO							
27. Montana	MT							
28. Nebraska	NE							
29. Nevada	NV							
30. New Hampshire	NH							
31. New Jersey	NJ							
32. New Mexico	NM							
33. New York	NY							
34. North Carolina	NC							
35. North Dakota	ND							
36. Ohio	OH							
37. Oklahoma								
38. Oregon								
39. Pennsylvania								
40. Rhode Island								
41. South Carolina								
42. South Dakota								
43. Tennessee								
44. Texas								
45. Utah								
46. Vermont								
47. Virginia								
48. Washington	WA							
49. West Virginia	WV							
50. Wisconsin	WI							
51. Wyoming	WY							
52. American Samoa	AS							
53. Guam	GU							
54. Puerto Rico	PR							
55. U. S. Virgin Islands	VI							
56. Northern Mariana Islands	MP							
57. Canada	CN							
58. Aggregate other alien	OT	XXX	XXX					
59. Subtotal		XXX	XXX					
60. Reporting entity contributions for Employee Benefit Plans		XXX	XXX					
61. Total (Direct Business)		XXX	(a)					
<b>DETAILS OF WRITE-INS</b>								
5801.		XXX	XXX					
5802.		XXX	XXX					
5803.		XXX	XXX					
5898. Summary of remaining write-ins for Line 58 from overflow page		XXX	XXX					
5899. Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)		XXX	XXX					

**NONE**

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 T - PART 2**

**INTERSTATE COMPACT - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

States, Etc.	Direct Business Only					
	1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	6 Totals
1. Alabama	AL					
2. Alaska	AK					
3. Arizona	AZ					
4. Arkansas	AR					
5. California	CA					
6. Colorado	CO					
7. Connecticut	CT					
8. Delaware	DE					
9. District of Columbia	DC					
10. Florida	FL					
11. Georgia	GA					
12. Hawaii	HI					
13. Idaho	ID					
14. Illinois	IL					
15. Indiana	IN					
16. Iowa	IA					
17. Kansas	KS					
18. Kentucky	KY					
19. Louisiana	LA					
20. Maine	ME					
21. Maryland	MD					
22. Massachusetts	MA					
23. Michigan	MI					
24. Minnesota	MN					
25. Mississippi	MS					
26. Missouri						
27. Montana						
28. Nebraska						
29. Nevada						
30. New Hampshire						
31. New Jersey						
32. New Mexico						
33. New York						
34. North Carolina						
35. North Dakota						
36. Ohio	OH					
37. Oklahoma	OK					
38. Oregon	OR					
39. Pennsylvania	PA					
40. Rhode Island	RI					
41. South Carolina	SC					
42. South Dakota	SD					
43. Tennessee	TN					
44. Texas	TX					
45. Utah	UT					
46. Vermont	VT					
47. Virginia	VA					
48. Washington	WA					
49. West Virginia	WV					
50. Wisconsin	WI					
51. Wyoming	WY					
52. American Samoa	AS					
53. Guam	GU					
54. Puerto Rico	PR					
55. U. S. Virgin Islands	VI					
56. Northern Mariana Islands	MP					
57. Canada	CN					
58. Aggregate Other Alien	OT					
59. Totals						

**NONE**

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

All insurer members of a Holding Company Group that has acquired and/or disposed of any domestic insurer (s) since filing the last annual or quarterly statement shall prepare a common schedule for inclusion in each of the individual quarterly statements

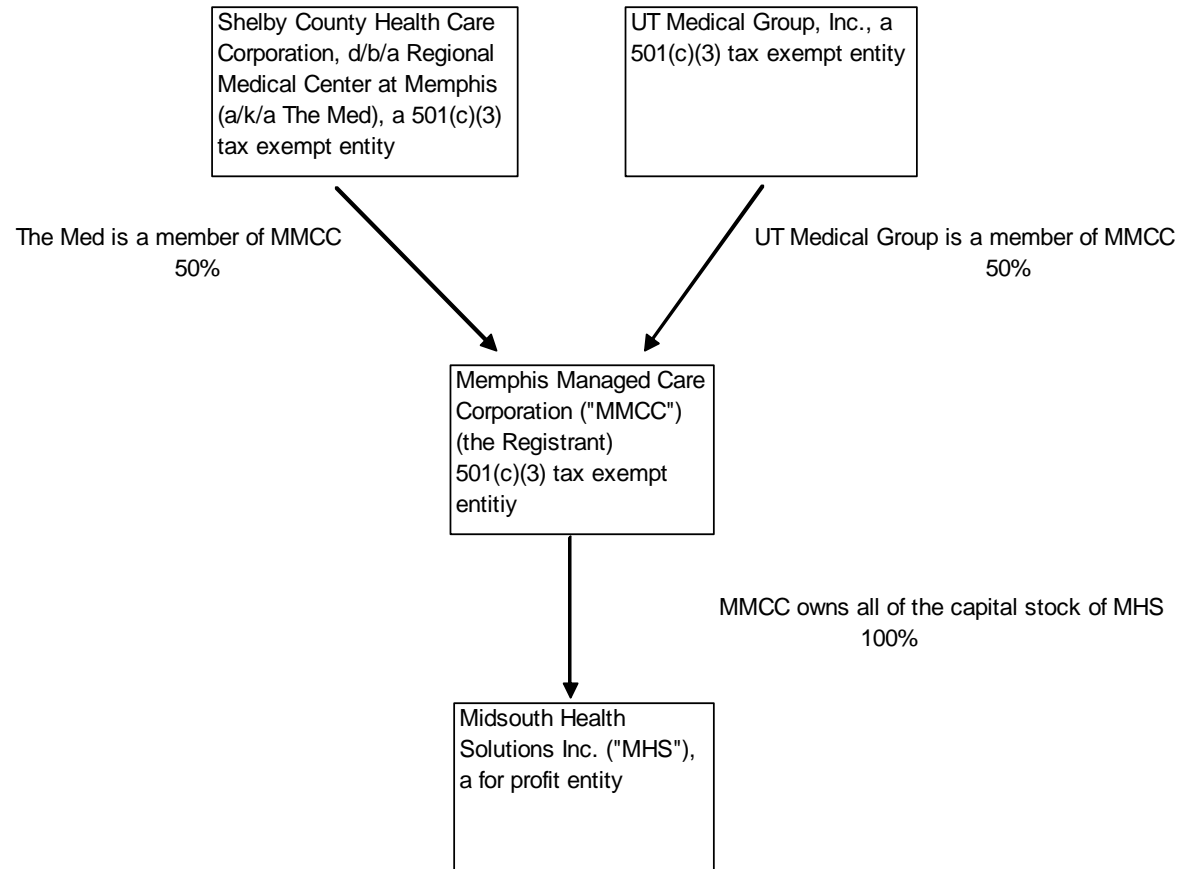
**PART 1 - ORGANIZATIONAL LISTING**

Electronic Filing Only

1 NAIC Group Code	2 Group Name	3 NAIC Company Code	4 State of Domicile	5 FEI Number	6 Name of Company
	UT MEDICAL GROUP/REG. MEDICAL CENTER		TN	62-1539163	MEMPHIS MANAGED CARE INC.

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

**PART 1 - ORGANIZATIONAL CHART**



ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE Y**

**PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES**

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
62-1715646	UT MEDICAL GROUP											
62-1113169	THE REGIONAL MEDICAL CENTER											
9999999	CONTROL TOTALS											

If the nature of the transactions reported in Part 2 requires explanation, report such in the following explanatory note:

.....  
 .....  
 .....

**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a NONE report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING	RESPONSE
1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	YES
EXPLANATION: .....	
BARCODE: Document Identifier 460:	
2. Will an actuarial opinion be filed by March 1?	YES
EXPLANATION: .....	
BARCODE: Document Identifier 440:	
3. Will the Risk-based Capital Report be filed with the NAIC by March 1?	YES
EXPLANATION: .....	
BARCODE: Document Identifier 390:	
4. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?	YES
EXPLANATION: .....	
BARCODE: Document Identifier 390:	
<b>APRIL FILING</b>	
5. Will Management's Discussion and Analysis be filed by April 1?	YES
EXPLANATION: .....	
BARCODE: Document Identifier 350:	
6. Will the Supplemental Investment Risks Interrogatories be filed by April 1?	YES
EXPLANATION: .....	
BARCODE: Document Identifier 285:	
7. Will the Accident and Health Policy Experience Exhibit be filed by April 1?	WAIVED
EXPLANATION: .....	
BARCODE: Document Identifier 210:	
<b>JUNE FILING</b>	
8. Will an audited financial report be filed by June 1?	YES
EXPLANATION: .....	
BARCODE: Document Identifier 220:	

**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

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

MARCH FILING	RESPONSE
<p>9. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?</p> <p>EXPLANATION: NOT APPLICABLE</p> <p>BARCODE: Document Identifier 360:</p>	NO
<p>10. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC?</p> <p>EXPLANATION: NOT A LIFE COMPANY</p> <p>BARCODE: Document Identifier 205:</p>	NO
<p>11. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC?</p> <p>EXPLANATION: NOT A PROPERTY AND CASUALTY CO.</p> <p>BARCODE: Document Identifier 207:</p>	NO
<p>12. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?</p> <p>EXPLANATION: NOT APPLICABLE</p> <p>BARCODE: Document Identifier 420:</p>	NO
<p>13. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?</p> <p>EXPLANATION: NOT APPLICABLE</p> <p>BARCODE: Document Identifier 365:</p>	NO
<b>APRIL FILING</b>	
<p>14. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile by April 1?</p> <p>EXPLANATION: NOT APPLICABLE</p> <p>BARCODE: Document Identifier 330:</p>	NO
<p>15. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC?</p> <p>EXPLANATION: NOT APPLICABLE</p> <p>BARCODE: Document Identifier 211:</p>	NO
<p>16. Will the Supplemental Property/Casualty Insurance Expense Exhibit due April 1 be filed with any state that requires it, and, if so, the NAIC?</p> <p>EXPLANATION: NOT APPLICABLE</p> <p>BARCODE: Document Identifier 213:</p>	NO

**SCHEDULE A - PART 1**

Showing all Real Estate OWNED December 31 of Current Year

1	2	Location		5	6	7	8	9	10	11	12	13	14	15	16
Description of Property	Code	3 City	4 State	Date Acquired	Date of Last Appraisal	Actual Cost	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Fair Value Less Encumbrances	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Amounts Received During Year	Expended for Additions, Permanent Improvements and Changes in Encumbrances During Year	Gross Income Earned Less Interest Incurred on Encumbrances	Taxes, Repairs and Expenses Incurred

**NONE**

**SCHEDULE A - PART 2**

Showing all Real Estate ACQUIRED During the Year

1	Location		4	5	6	7	8	9
Description of Property	2 City	3 State	Date Acquired	Name of Vendor	Actual Cost	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Expended for Additions and Permanent Improvements

**NONE**

**SCHEDULE A - PART 3**

Showing all Real Estate SOLD during the Year, including Payments during the Final Year on "Sales under Contract"

1	Location		4	5	6	7	8	9	10	11	12	13	14	15	16
Description of Property	2 City	3 State	Disposal Date	Name of Purchaser	Actual Cost	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Expended for Additions, Permanent Improvements and Changes in Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Amounts Received	Foreign Exchange Profit (Loss) on Sale	Realized Profit (Loss) on Sale	Total Profit (Loss) on Sale	Gross Income Earned Less Interest Incurred on Encumbrances	Taxes, Repairs and Expenses Incurred

**NONE**

**SCHEDULE B - PART 1**

Showing all Mortgage Loans OWNED December 31 of Current Year

1	2	Location		5	6	7	8	9	10	11	12
Loan Number	Code	3 City	4 State	Loan Type	Date Acquired	Rate of Interest	Book Value/Recorded Investment Excluding Accrued Interest	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Value of Land and Buildings	Date of Last Appraisal or Valuation

**NONE**

E04

General Interrogatory:

1. Mortgages in good standing \$ ..... unpaid taxes \$ ..... interest due and unpaid.
2. Restructured mortgages \$ ..... unpaid taxes \$ ..... interest due and unpaid.
3. Mortgages with overdue interest over 90 days not in process of foreclosure \$ ..... unpaid taxes \$ ..... interest due and unpaid.
4. Mortgages in process of foreclosure \$ ..... unpaid taxes \$ ..... interest due and unpaid.

**SCHEDULE B - PART 2**

Showing all Mortgage Loans SOLD, transferred or paid in full during the Year

1	Location		4	5	6	7	8	9	10	11	12	13
Loan Number	2 City	3 State	Loan Type	Date Acquired	Book Value/Recorded Investment Excluding Accrued Interest Prior Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Book Value/Recorded Investment Excluding Accrued Interest at Disposition	Consideration Received	Foreign Exchange Profit (Loss) on Sale	Realized Profit (Loss) on Sale	Total Profit (Loss) on Sale

**NONE**

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE BA - PART 1**

Showing Other Long-Term Invested Assets OWNED December 31 of Current Year

1 CUSIP Identification	2 Name or Description	3 Code	Location		6 Name of Vendor or General Partner	7 NAIC Designation	8 Date Originally Acquired	9 Type and Strategy	10 Actual Cost	11 Additional Investment During Year Actual Cost	12 Fair Value	13 Amount of Encumbrances	14 Book/Adjusted Carrying Value Less Encumbrances	15 Increase (Decrease) by Adjustment	16 Increase (Decrease) By Foreign Exchange Adjustment	17 Investment Income	18 Commitment for Additional Investment	19 Percentage of Ownership
			4 City	5 State														
Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of Common Stocks - Affiliated																		
					MID SOUTH HEALTH SOLUTIONS		02/01/2006		1,500,000				1,415,186					100.000
1699999	- Subtotal - Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of Common Stocks - Affiliated								1,500,000				1,415,186					
3899999	- Subtotal - Affiliated								1,500,000				1,415,186					
3999999	- TOTALS								1,500,000				1,415,186					

**SCHEDULE BA - PART 2**

Showing Other Long-Term Invested Assets SOLD, transferred or paid in full during the Year

1 CUSIP Identification	2 Name or Description	Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	8 Increase (Decrease) by Adjustment	9 Increase (Decrease) by Foreign Exchange Adjustment	10 Book/Adjusted Carrying Value Less Encumbrances on Disposal	11 Consideration Received	12 Foreign Exchange Gain (Loss) on Disposal	13 Realized Gain (Loss) on Disposal	14 Total Gain (Loss) on Disposal	15 Investment Income
		3 City	4 State											

**NONE**

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes			6 NAIC Designation	7 Actual Cost	Fair Value		10 Par Value	11 Book/ Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest					Dates	
		3 *	4 Foreign	5 Bond CHAR			8 Rate Used To Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization) / Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B. / A. C. V.	16 Rate of	17 Effective Rate of	18 How Paid	19 Admitted Amount Due and Accrued	20 Gross Amount Received During Year	21 Acquired	22 Maturity
U. S. Governments - Issuer Obligations																					
912828-CC-2	U. S. TREASURY NOTE	1				1,702,777	95,550	1,701,075	1,780,000	1,744,300					2.625	3.560		13,940	6,910	03/01/2004	03/15/2009
912828-AH-3	U. S. TREASURY NOTE	1				2,487,613	98,900	2,472,950	2,500,000	2,485,396					3.250	3.530		30,690	81,250	05/01/2004	09/01/2007
912828-DK-3	U. S. TREASURY NOTE	1				1,979,844	98,200	1,965,080	2,000,000	1,991,279					3.375	3.780		25,496	67,500	07/08/2005	02/15/2008
912828-DT-4	U. S. TREASURY NOTE	1				2,496,973	98,400	2,461,725	2,500,000	2,498,531					3.750	3.800		12,072	93,750	07/05/2005	05/15/2008
912828-FX-3	U. S. TREASURY NOTE	1				419,869	99,960	419,869	420,000	419,876					4.625	4.640		2,522		11/28/2006	11/15/2009
912827-2J-0	U. S. TREASURY NOTE	1				101,406	101,400	100,137	100,000	100,115					6.250	4.830		1,828	3,125	03/01/2006	02/15/2007
912828-FP-0	U. S. TREASURY NOTE	1				100,133	100,130	100,301	100,000	100,133					4.875	4.680		2,344		08/16/2006	08/15/2009
0199999	U. S. Governments - Issuer Obligations					9,288,615		9,221,137	9,400,000	9,349,630								88,892	252,535		
0399999	Subtotal - U. S. Governments					9,288,615		9,221,137	9,400,000	9,349,630								88,892	252,535		
All Other Governments - Issuer Obligations																					
31331S-JK-0	FEDERAL FARM CREDIT BANK	1				95,940	95,940	97,500	100,000	96,910					3.375	5.520		1,556	1,688	07/05/2006	07/15/2008
31331S-NF-6	FEDERAL FARM CREDIT BANK	1				97,000	97,000	97,531	100,000	97,490					2.750	5.070		1,729		08/16/2006	01/15/2009
3133X1-XC-6	FEDERAL HOME LOAN BANK	1				244,333	97,730	243,750	250,000	244,567					3.625	4.860		1,183		12/21/2006	11/14/2008
3133XA-KC-0	FEDERAL HOME LOAN BANK	1				504,250	100,850	496,250	500,000	502,243					4.500	4.260		8,500	22,500	02/18/2005	02/18/2008
3133XB-EE-1	FEDERAL HOME LOAN BANK	1				150,551	100,370	148,688	150,000	150,226					4.430	4.430		1,551	3,323	05/18/2005	04/07/2008
3133XH-ZX-3	FEDERAL HOME LOAN BANK	1				640,000	99,990	639,802	640,000	637,229					5.200	5.200		2,404		12/05/2006	09/05/2007
3133XH-V4-1	FEDERAL HOME LOAN BANK	1				385,000	99,800	384,519	385,000	381,663					5.200	5.200		2,224		11/21/2006	11/21/2007
3133MW-2K-6	FEDERAL HOME LOAN BANK	1				196,644	99,700	199,438	200,000	197,923					2.875	4.030		2,172	1,006	06/09/2006	02/15/2007
3133X3-GQ-0	FEDERAL HOME LOAN BANK	1				179,819	99,800	179,719	180,000	178,883					3.250	3.420		2,487	1,040	10/02/2006	01/28/2011
3133XA-GY-7	FEDERAL HOME LOAN BANK	1				98,609	99,700	99,750	100,000	99,820					3.375	5.500		1,200	666	06/12/2006	02/23/2007
3133XJ-EK-0	FEDERAL HOME LOAN BANK	1				800,000	99,800	799,000	800,000	800,000					5.200	5.200		1,156		12/21/2006	12/21/2007
3133XH-U8-3	FEDERAL HOME LOAN BANK	1				1,060,000	99,990	1,059,343	1,060,000	1,060,000					5.290	5.290		6,230		11/21/2006	11/21/2007
3133XG-DS-0	FEDERAL HOME LOAN BANK	1				695,000	100,000	695,215	695,000	695,000					5.650	5.650		16,361		08/01/2006	08/20/2007
3133XH-JS-2	FEDERAL HOME LOAN BANK	1				500,000	99,990	499,530	500,000	500,187					5.750	5.710		13,097		10/23/2006	10/23/2008
3133XG-3V-4	FEDERAL HOME LOAN BANK	1				500,280	100,000	500,155	500,000	500,000					5.250	5.250		4,958		07/26/2006	01/17/2008
3137EA-AH-2	FEDERAL HOME LOAN MORTGAGE CORP.	1				499,480	99,800	499,220	500,000	499,563					5.000	5.050		7,361		09/15/2006	09/16/2008
3128X4-H7-9	FEDERAL HOME LOAN MORTGAGE CORP.	1				149,663	99,800	147,774	150,000	149,686					5.050	5.250		2,714		12/13/2006	02/22/2008
3134A4-RH-9	FEDERAL HOME LOAN MORTGAGE CORP.	1				244,763	97,910	247,110	250,000	247,330					3.500	5.120		2,576	8,750	05/01/2006	09/15/2007
3134A4-US-1	FEDERAL HOME LOAN MORTGAGE CORP.	1				245,835	98,330	245,783	250,000	246,190					4.250	4.900		4,899		10/27/2006	08/15/2009
31359M-S5-3	FEDERAL NATIONAL MORTGAGE ASSOC.	1				248,531	99,410	250,548	250,000	248,941					5.250	5.560		583	6,563	06/28/2006	06/15/2008
31359M-U6-8	FEDERAL NATIONAL MORTGAGE ASSOC.	1				252,965	101,190	252,423	250,000	252,721					5.375	4.930		5,076		10/27/2006	08/15/2009
3136F6-D7-1	FANNIE MAE	1				502,125	100,430	499,220	500,000	500,156					4.000	3.790		7,167	20,000	02/18/2005	02/22/2007
36225D-MF-8	GOVERNMENT NATIONAL MEETING ASSN. POOL	1				152,203	101,340	149,254	150,185	152,203					5.000	39.260		626	8,198	06/15/2005	02/20/2035
0499999	All Other Governments - Issuer Obligations					8,442,991		8,431,522	8,460,185	8,438,931								97,810	73,734		
1099999	Subtotal - All Other Governments					8,442,991		8,431,522	8,460,185	8,438,931								97,810	73,734		
Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations																					
038222-AC-9	APPLIED MATERIALS INC.				1	106,878	106,880	100,877	100,000	102,098					6.750	4.070		1,425	3,375	02/16/2005	10/15/2007
066850-CV-5	BANK AMERICA CORP.				1	102,230	102,230	101,404	100,000	102,149					5.875	4.790		2,219		12/01/2006	02/15/2009
14912L-2L-4	BEARS STEARNS CO.				1	100,318	100,320	100,005	100,000	100,001					5.700	5.270		2,628	2,850	04/03/2006	01/15/2007

(continues)

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	*	Foreign	Bond CHAR	NAIC Designation	Actual Cost	Rate Used To Obtain Fair Value	Fair Value	Par Value	Book / Adjusted Carrying Value	Unrealized Valuation Increase / (Decrease)	Current Year's (Amortization) / Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B. / A. C. V.	Rate of	Effective Rate of	How Paid	Admitted Amount Due and Accrued	Gross Amount Received During Year	Acquired	Maturity
Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations (continued)																					
14912L-2L-4	CATERPILLAR FINANCIAL SERVICES CORP.				1	99,643	99,640	98,361	100,000	99,864					3.800	3.930		1,509	3,800	02/16/2005	02/08/2008
17252M-AE-0	CINTAS CORP.				1	102,935	102,940	99,868	100,000	100,549					5.125	3.810		427	2,563	02/16/2005	06/01/2007
22541L-AD-5	CREDIT SUSSIE FB				1	100,937	100,940	100,077	100,000	100,207					5.750	4.920		1,214	5,750	02/02/2006	04/15/2007
263534-BJ-7	DUPONT EI DE NEMOURS & CO				1	104,955	104,960	104,398	100,000	104,692					6.875	5.050		1,451		11/20/2006	10/15/2009
36962G-B7-8	GENERAL ELECTRIC CAPITAL CORP				1	98,082	98,080	97,785	100,000	99,997					3.500	3.810		1,291	3,500	07/19/2005	05/01/2008
36962G-F4-1	GENERAL ELECTRIC CAPITAL CORP				1	98,397	98,400	99,925	100,000	99,066					2.800	4.220		583	2,800	06/23/2005	01/15/2007
38143U-AA-9	GOLDMAN SACHS				1	97,022	97,020	97,417	100,000	97,424					3.875	5.230		1,787		09/12/2006	01/15/2009
437076-AL-6	HOME DEPOT INC				1	96,697	96,700	96,399	100,000	96,790					3.750	5.030		1,104		12/14/2006	09/15/2009
441812-JX-3	HOUSEHOLD FINANCE CORP				1	100,514	100,510	100,032	100,000	100,000					5.750	(0.620)		2,396		03/17/2006	01/30/2007
4662HA-P5-	JP MORGAN CHASE & CO				1	100,648	100,650	99,962	100,000	100,158					5.250	4.780		452	5,250	12/17/2005	05/30/2007
244217-BH-7	JOHN DEERE CAPITAL CORP				1	99,262	99,260	99,443	100,000	99,705					4.500	5.010		1,613	4,500	02/02/2006	08/22/2007
524908-CK-4	LEHMAN BROS. HOLDING INC.				1	101,822	101,820	101,292	100,000	101,148					8.250	5.470		367	4,125	10/12/2006	06/15/2007
59018Y-NZ-0	MERRILL LYNCH & CO INC				1	98,388	98,390	98,853	100,000	98,912					4.000	5.330		511	2,000	08/04/2006	11/12/2007
617446-HB-8	MORGAN STANLEY GROUP INC				1	100,527	100,530	100,066	100,000	100,135					5.800	5.260		1,450	2,900	03/30/2006	04/01/2007
634906-CD-1	NATIONAL CITY BANK INDIANA				1	100,288	100,290	98,781	100,000	100,084					4.000	3.890		1,033	4,000	02/16/2005	09/28/2007
717081-AK-9	PFIZER INC				1	97,505	97,510	99,439	100,000	99,603					2.500	4.860		736	1,250	02/02/2006	03/15/2007
742718-BM-0	PROCTOR & GAMBLE				1	105,261	105,260	104,329	100,000	104,841					6.875	4.940		2,024		10/02/2006	09/15/2009
78387G-AN-3	SBC COMMUNICATIONS INC				1	97,655	97,660,000	97,125	100,000	97,721					4.125	5.040		1,215		12/15/2006	09/15/2009
854616-AH-2	STANLEY WORKS				1	99,136	99,140	98,387	100,000	99,727					3.500	3.830		583	3,500	02/18/2005	11/01/2007
87612E-AD-8	TARGET CORP.				1	103,549	103,550	100,015	100,000	100,419					5.500	5.190		239	5,500	02/22/2005	04/01/2007
87612E-AJ-5	TARGET CORP.				1	100,486	100,490	100,568	100,000	100,431					5.375	3.780		1,375	2,688	08/16/2006	06/15/2009
929903-AD-4	WACHOVIA CORP.				1	96,486	96,490	96,824	100,000	96,943					3.625	5.170		1,349		09/07/2006	02/17/2009
3999999	- Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations					2,509,621		2,491,632	2,500,000	2,502,664								30,981	60,351		
4599999	- Subtotal - Industrial and Miscellaneous (Unaffiliated)					2,509,621		2,491,632	2,500,000	2,502,664								30,981	60,351		
5499999	- Total Bonds - Subtotal - Issuer Obligations					20,241,227		20,144,291	20,360,185	20,291,225								217,683	386,620		
6099999	- TOTALS					20,241,227		20,144,291	20,360,185	20,291,225								217,683	386,620		

**SCHEDULE D - PART 2 - SECTION 1**

Showing all PREFERRED STOCKS Owned December 31 of Current Year

1	2	Codes		5	6	7	8	Fair Value		11	Dividends			Changes in Book/Adjusted Carrying Value				20	21	
		3	4					9	10		12	13	14	15	16	17	18			19
CUSIP Identification	Description	Code	Foreign	Number Of Shares	Par Value Per Share	Rate Per Share	Book/Adjusting Carrying Value	Rate Per Share Used to Obtain Fair Value	Fair Value	Actual Cost	Declared but Unpaid	Amount Received During Year	Nonadmitted Declared But Unpaid	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (15+16-17)	Total Foreign Exchange Change in B./A.C.V.	NAIC Designation	Date Acquired

**NONE**

**SCHEDULE D - PART 2 - SECTION 2**

Showing all COMMON STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Number of Shares	6 Book/Adjusted Carrying Value	7 Rate Per Share Used to Obtain Fair Value	8 Fair Value	9 Actual Cost	Dividends			Changes in Book/Adjusted Carrying Value				17 NAIC Market Indicator (a)	18 Date Acquired
		3 Code	4 Foreign						10 Declared but Unpaid	11 Amount Received During Year	12 Nonadmitted Declared But Unpaid	13 Unrealized Valuation Increase/ (Decrease)	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (13 - 14)	16 Total Foreign Exchange Change in B./A.C.V.		

**NONE**

(a) For all common stocks bearing the NAIC market indicator "U" provide: the number of such issues . . . . ., the total \$ value (included in Column 8) of all such issues \$ . . . . .

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE D - PART 3**

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
Bonds - U. S. Governments								
912828-FP-0	U. S. TREASURY NOTE		08/17/2006	FIRST TENNESSEE SECURITIES		100,133	100,000.00	27
912827-2J-0	U. S. TREASURY NOTE		03/01/2006	GX CLARKE & CO		101,406	100,000.00	259
912828-CC-2	U. S. TREASURY NOTE		05/16/2006	DBTC AMERICAS		51,589	55,000.00	243
915828-CC-2	U. S. TREASURY NOTE		09/15/2006	MORGAN STANLEY		1,406,983	1,480,000.00	
912828-FX-3	U. S. TREASURY NOTE		11/28/2006	MERRILL LYNCH		419,869	420,000.00	698
0399999	Subtotal - Bonds - U. S. Governments					2,079,980	2,155,000.00	1,227
Bonds - All Other Governments								
31331S-JK-0	FEDERAL FARM CREDIT BANK		07/06/2006	GX CLARKE & CO		95,940	100,000.00	1,603
31331S-NF-6	FEDERAL FARM CREDIT BANK		07/17/2006	GX CLARKE & CO		97,000	100,000.00	333
3133X1-XC-6	FEDERAL HOME LOAN BANK		12/22/2006	LEHMAN BROTHERS-MUNICIPALS		244,333	250,000.00	957
3133XH-V4-1	FEDERAL HOME LOAN BANK		12/12/2006	CREWS & ASSOC		385,000	385,000.00	
3133XH-ZX-3	FEDERAL HOME LOAN BANK		12/05/2006	RBC DAIN RAUSCHER		640,000	640,000.00	
3133MW-2K-6	FEDERAL HOME LOAN BANK		06/12/2006	GX CLARKE & CO		196,644	200,000.00	1,869
3133X3-GQ-0	FEDERAL HOME LOAN BANK		10/02/2006	GX CLARKE & CO		178,819	180,000.00	1,040
3133XA-GY-7	FEDERAL HOME LOAN BANK		06/12/2006	GX CLARKE & CO		98,609	100,000.00	1,022
3133XJ-EK-0	FEDERAL HOME LOAN BANK		12/22/2006	MORGAN KEEGAN		800,000	800,000.00	
3133XH-JS-2	FEDERAL HOME LOAN BANK		10/23/2006	MORGAN KEEGAN		500,000	500,000.00	
3133XH-U8-3	FEDERAL HOME LOAN BANK		11/21/2006	UBS PAINE WEBBER		1,060,000	1,060,000.00	
3133XG-DS-0	FEDERAL HOME LOAN BANK		08/01/2006	SCOTT & STRINGFELLOW		195,000	195,000.00	
3133XG-DS-0	FEDERAL HOME LOAN BANK		08/01/2006	FIRST TENNESSEE BANK		500,000	500,000.00	
3133XG-3V-4	FEDERAL HOME LOAN BANK		07/26/2006	SCOTT & STRINGFELLOW		500,280	500,000.00	719
3137EA-AH-2	FEDERAL HOME LOAN MORTGAGE CORP		09/12/2006	UBS PAINE WEBBER		499,480	500,000.00	
3128X4-H7-9	FEDERAL HOME LOAN MORTGAGE CORP		12/13/2006	BAIRD & CO		149,663	150,000.00	2,336
3134A4-RH-9	FEDERAL HOME LOAN MORTGAGE CORP		05/02/2006	FIRST TENNESSEE SECURITIES		244,763	250,000.00	2,285
3134A4-US-1	FEDERAL HOME LOAN MORTGAGE CORP		10/30/2006	FIRST TENNESSEE SECURITIES		245,835	250,000.00	3,099
31359M-S5-3	FEDERAL NATIONAL MORTGAGE ASSOC		06/29/2006	LEHMAN BROTHERS MUNICIPALS		248,531	250,000.00	1,021
31359M-U6-8	FEDERAL NATIONAL MORTGAGE ASSOC		10/30/2006	FIRST TENNESSEE SECURITIES		252,965	250,000.00	2,799
1099999	Subtotal - Bonds - All Other Governments					7,132,862	7,160,000.00	19,083
Bonds - Industrial and Miscellaneous (Unaffiliated)								
025816-AN-9	AMERICAN EXPRESS		05/04/2006	MORGAN STANLEY DW INC		100,073	100,000.00	749
066050-CV-5	BANK AMERICA CORP		12/06/2006	SCOTT & STRINGFELLOW		102,230	100,000.00	1,811
073902-BZ-0	BEAR STEARNS CO.		04/06/2006	MORGAN STANLEY DW INC		100,318	100,000.00	1,283
22541L-AD-5	CREDIT SUISSE FB USA		02/07/2006	ADP CLEARING SERVICES		100,937	100,000.00	1,789
244217-BH-7	DEERE JOHN CAPITAL CORP		02/07/2006	ADP CLEARING SERVICES		99,262	100,000.00	2,063
263534-BJ-7	DUPONT EI DE NEMOURS & CO		11/24/2006	SCOTT & STRINGFELLOW		104,955	100,000.00	745
339030-AD-0	FLEETBOSTON FINANCIAL CORP		04/04/2006	SCOTT & STRINGFELLOW		99,806	100,000.00	1,666
38143U-AA-9	GOLDMAN SACHS		09/15/2006	STERNE, AGEE & LEACH INC		97,022	100,000.00	646
437076-AL-6	HOME DEPOT INC		12/19/2006	BARCLAY'S CAPITAL FIXED INCOME		96,697	100,000.00	979
441812-JX-3	HOUSEHOLD FINANCE CORP		03/17/2006	SCOTT & STRINGFELLOW		100,514	100,000.00	831
524908-CK-4	LEHMAN BROTHERS HOLDING CO		10/17/2006	SCOTT & STRINGFELLOW		101,822	100,000.00	2,796
59018Y-NZ-0	MERRILL LYNCH & CO INC		08/09/2006	STERNE, AGEE & LEACH INC		98,388	100,000.00	933
617446-HB-8	MORGAN STANLEY GROUP INC		04/04/2006	SCOTT & STRINGFELLOW		100,527	100,000.00	48
717081-AK-9	PFIZER INC		02/07/2006	SCOTT & STRINGFELLOW		97,505	100,000.00	986
742718-BM-0	PROCTOR & GAMBLE		10/05/2006	FIRST TENNESSEE SECURITIES		105,261	100,000.00	382
78387G-AN-3	SBC COMMUNICATIONS		12/20/2006	STERNE, AGEE, & LEACH INC.		97,655	100,000.00	1,088
87612E-AJ-5	TARGET CORP		08/21/2006	SCOTT & STRINGFELLOW		100,486	100,000.00	985
929903-AD-4	WACHOVIA CORP		09/12/2006	MORGAN STANLEY DW INC		96,486	100,000.00	252
4599999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					1,799,944	1,800,000.00	20,032

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE D - PART 3**

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
6099997 - Subtotal - Bonds - Part 3						11,012,786	11,115,000.00	40,342
6099998 - Summary Item from Part 5 for Bonds						4,909,037	4,920,000.00	115,595
6099999 - Subtotal - Bonds						15,921,823	16,035,000.00	155,937
7499999 - TOTALS						15,921,823		155,937

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE D - PART 4**

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1 CUSIP Identifi- cation	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	Change In Book/Adjusted Carrying Value					16 Book/Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date						
									10 Prior Year Book/ Adjusted Carrying Value	11 Unrealized Valuation Increase/ (Decrease)	12 Current Year (Amorti- zation) / Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B. /A. C. V. (11+12-13)							15 Total Foreign Exchange Change in B. /A. C. V.					
Bonds - U. S. Governments																									
912828-BF-6	U. S. TREASURY		08/15/2006	SUNTRUST BANK		1,415,000	1,415,000.00	1,413,563	1,414,575						1,415,000			33,606	08/15/2006						
912828-BP-4	U. S. TREASURY		11/15/2006	SUNTRUST BANK		485,000	485,000.00	484,602	484,864						485,000			6,366	11/15/2006						
912828-CF-5	U. S. TREASURY		05/01/2006	AMSOUTH BANK		250,000	250,000.00	247,607	248,795						250,000			2,813	04/30/2006						
912828-CM-0	U. S. TREASURY		06/30/2006	AMSOUTH BANK		350,000	350,000.00	347,334	348,857						350,000			4,813	06/30/2006						
912828-BF-6	U. S. TREASURY		08/15/2006	AMSOUTH BANK		250,000	250,000.00	246,660	247,072						250,000			2,969	08/15/2006						
0399999	Subtotal - Bonds - U. S. Governments															2,750,000			50,567						
Bonds - All Other Governments																									
31331T-ZV-6	FEDERAL FARM CREDIT BANK		04/12/2006	SUNTRUST BANK		455,000	455,000.00	449,017	452,731						455,000			4,482	04/12/2006						
3133XA-WL-7	FEDERAL HOME LOAN BANK		03/01/2006	AMSOUTH BANK		100,000	100,000.00	100,000	100,000						100,000			1,057	03/01/2006						
3133X6-J4-9	FEDERAL HOME LOAN BANK		04/27/2006	SUNTRUST BANK		150,000	150,000.00	148,485	149,237						150,000			1,763	04/27/2006						
3133XE-SU-9	FEDERAL HOME LOAN BANK		06/30/2006	SUNTRUST BANK		350,000	350,000.00	350,000	350,000						350,000			7,875	06/30/2006						
3133MV-HK-2	FEDERAL HOME LOAN BANK		03/15/2006	SUNTRUST BANK		555,000	555,000.00	568,681	556,040						555,000			6,938	03/15/2006						
313589-UW-1	FEDERAL NATIONAL MTG. ASSOCIATION		03/29/2006	SUNTRUST BANK		500,000	500,000.00	489,990	497,109						500,000			10,010	03/29/2006						
3136F5-LZ-2	FEDERAL NATIONAL MTG. ASSOCIATION		03/20/2006	SUNTRUST BANK		200,000	200,000.00	197,800	198,892						200,000			1,750	03/30/2007						
1099999	Subtotal - Bonds - All Other Governments															2,310,000			2,303,973	2,304,009	2,310,000			33,875	
Bonds - Industrial and Miscellaneous (Unaffiliated)																									
002824-AM-2	ABBOTT LABS		07/03/2006	AMSOUTH BANK		100,000	100,000.00	102,819	101,014						100,000			2,813	07/01/2006						
073902-CB-2	BEAR STERNS CO.		03/30/2006	AMSOUTH BANK		100,000	100,000.00	99,513	99,954						100,000			1,500	03/30/2006						
125581-AG-3	CITIGROUP INC.		09/29/2006	AMSOUTH BANK		100,000	100,000.00	98,811	99,457						100,000			1,438	09/29/2006						
172967-BH-3	CITIGROUP INC.		08/29/2006	AMSOUTH BANK		100,000	100,000.00	102,756	101,093						100,000			2,750	08/09/2006						
3128X3-BU-6	FREDDIE MAC		04/28/2006	AMSOUTH BANK		500,000	500,000.00	493,516	498,269						500,000			5,675	04/28/2006						
423328-BS-1	HELLER FINANCIAL INC		06/15/2006	AMSOUTH BANK		100,000	100,000.00	103,026	100,568						100,000			3,188	03/15/2006						
428236-AE-3	HEWLETT PACKARD CO		12/12/2006	AMSOUTH BANK		100,000	100,000.00	103,507	101,825						100,000			2,875	12/15/2006						
441812-JT-2	HOUSEHOLD FINANCIAL CORP		01/24/2006	AMSOUTH BANK		100,000	100,000.00	102,785	100,189						100,000			3,250	01/24/2006						
45974V-YY-8	INTERNATIONAL LEASE FINANCE CORP		01/17/2006	AMSOUTH BANK		125,000	125,000.00	125,671	125,033						125,000			1,278	01/17/2006						
693476-AR-4	PNC FUNDING CORP		08/01/2006	AMSOUTH BANK		100,000	100,000.00	102,925	101,160						100,000			2,875	08/01/2006						
86787E-AD-9	SUNTRUST BANK		01/30/2006	AMSOUTH BANK		100,000	100,000.00	98,806	99,413						100,000			1,063	01/30/2006						
91159H-GH-7	U. S. BANKCORP		03/30/2006	AMSOUTH BANK		100,000	100,000.00	99,204	99,827						100,000			1,375	03/30/2006						
931142-BN-2	WALMART STORES		08/01/2006	AMSOUTH BANK		100,000	100,000.00	102,722	101,079						100,000			2,725	08/01/2006						
949740-BZ-6	WELLS FARGO & CO		04/30/2006	AMSOUTH BANK		100,000	100,000.00	103,631	100,796						100,000			3,434	04/02/2006						
4599999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)															1,825,000			1,839,692	1,829,677	1,825,000			36,239	
6099997	Subtotal - Bonds - Part 4															6,885,000			6,883,431	6,877,849	6,885,000			120,681	
6099998	Summary Item from Part 5 for Bonds															4,920,000			4,909,037		4,920,000				
6099999	Subtotal - Bonds															11,805,000			11,792,468	6,877,849	11,805,000			120,681	
7499999	TOTALS															11,805,000			11,792,468	6,877,849	11,805,000			120,681	

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SCHEDULE D - PART 5**

Showing all Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1 CUSIP Identifi- cation	2 Description	3 F o r e i g n	4 Date Acquired	5 Name of Vendor	6 Disposal Date	7 Name of Purchaser	8 Par Value (Bonds) or Number of Shares (Stocks)	9 Actual Cost	10 Consideration	11 Book/Adjusted Carrying Value at Disposal Date						17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Interest and Dividends Received During Year	21 Paid for Accrued Interest and Dividends		
											12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization)/ Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (12+13-14)	16 Total Foreign Exchange Change in B./A.C.V.							
Bonds - All Other Governments																						
3133X1-4N-4	FEDERAL HOME LOAN BANK		05/19/2006	GX CLARKE	09/15/2006	SUNTRUST BANK	215,000.000	213,334	215,000	215,000											3,091	
3133XB-H9-9	FEDERAL HOME LOAN BANK		05/19/2006	GX CLARKE	10/13/2006	SUNTRUST BANK	150,000.000	149,201	150,000	150,000											3,600	
3133XC-MU-4	FEDERAL HOME LOAN BANK		02/21/2006	U. S. BANCORP PIPER JAFFRAY	08/01/2006	SUNTRUST BANK	605,000.000	604,618	605,000	605,000											22,183	
3133XC-XA-6	FEDERAL HOME LOAN BANK		03/14/2006	FIRST TN BANK	05/30/2006	SUNTRUST BANK	550,000.000	549,875	550,000	550,000											15,422	
3133XF-NJ-1	FEDERAL HOME LOAN BANK		05/22/2006	CREWS & ASSOCIATES	11/22/2006	SUNTRUST BANK	750,000.000	750,000	750,000	750,000											19,875	
3133XG-6T-6	FEDERAL HOME LOAN BANK		07/10/2006	DAIN RAUSCHER	11/10/2006	SUNTRUST BANK	500,000.000	500,000	500,000	500,000											9,050	
3133XF-K9-6	FEDERAL HOME LOAN BANK		05/22/2006	STEPHENS	11/22/2006	SUNTRUST BANK	800,000.000	800,000	800,000	800,000											20,600	
31359M-S7-9	FEDERAL NATIONAL MORTGAGE ASSOC.		06/19/2006	FIRST TN SECURITIES CORP	09/19/2006	SUNTRUST BANK	550,000.000	550,000	550,000	550,000											7,631	
31359M-S5-3	FEDERAL HOME LOAN MORTGAGE CORP		06/29/2006	LEHMAN BROTHERS-MUNICIPALS	10/01/2006	AMSOUTH BANK	250,000.000	248,531	250,000	250,000											6,563	
3134A4-RH-9	FEDERAL HOME LOAN MORTGAGE CORP		05/02/2006	FIRST TN SECURITIES CORP	10/01/2006	AMSOUTH BANK	250,000.000	244,763	250,000	250,000												
1099999	Subtotal - Bonds - All Other Governments							4,620,000.000	4,610,322	4,620,000	4,620,000											108,015
Bonds - Industrial and Miscellaneous (Unaffiliated)																						
025816-AN-9	AMERICAN EXPRESS		05/01/2006	MORGAN STANLEY DE INC.	09/12/2006	AMSOUTH BANK	100,000.000	100,073	100,000	100,000											2,704	
339030-AD-0	FLEETBOSTON FINANCIAL CORP.		04/04/2006	SCOTT & STRINGFELLOW INVESTMENT	12/01/2006	AMSOUTH BANK	100,000.000	98,806	100,000	100,000											2,438	
459200-AW-1	INTERNATIONAL BUSINESS MACHINES		05/04/2006	FIRST TN SECURITIES CORP.	10/01/2006	AMSOUTH BANK	100,000.000	99,836	100,000	100,000											2,438	
4599999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)							300,000.000	298,715	300,000	300,000											7,580
6099998	Subtotal - Bonds							4,920,000.000	4,909,037	4,920,000	4,920,000											115,595
7499999	TOTALS								4,909,037	4,920,000	4,920,000											115,595

**SCHEDULE D - PART 6 - SECTION 1**

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1 CUSIP Identification	2 Description Name of Subsidiary, Controlled or Affiliated Company	3 Foreign	4 NAIC Company Code or Alien Insurer Identification Number	5 NAIC Valuation Method (See SVO Purposes and Procedures manual)	6 Do Insurer's Assets Include Intangible Assets Connected with Holding of Such Company's Stock?	7 Total Amount of Such Intangible Assets	8 Book/Adjusted Carrying Value	Stock of Such Company Owned by Insurer on Statement Date	
								9 Number of Shares	10 % of Outstanding

**NONE**

- 
1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$ .....
  2. Total amount of intangible assets nonadmitted \$ .....

**SCHEDULE D - PART 6 - SECTION 2**

1 CUSIP Identification	2 Name of Lower-tier Company	3 Name of Company Listed in Section 1 Which Controls Lower-tier Company	4 Total Amount of Intangible Assets Included in Amount Shown in Column 7, Section 1	Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date	
				5 Number of Shares	6 % of Outstanding

**NONE**

**SCHEDULE DA - PART 1**

Showing all SHORT-TERM INVESTMENTS Owned December 31 of Current Year

1 Description	Codes		4 Date Acquired	5 Name of Vendor	6 Maturity Date	7 Book/Adjusted Carrying Value	Change In Book/Adjusted Carrying Value				12 Par Value	13 Actual Cost	Interest					20 Paid for Accrued Interest
	2 Code	3 Foreign					8 Unrealized Valuation Increase/ (Decrease)	9 Current Year's (Amortization)/ Accretion	10 Current Year's Other Than Temporary Impairment Recognized	11 Total Foreign Exchange Change in B. / A. C. V.			14 Amount Due and Accrued Dec. 31 of Current Year on Bond Not in Default	15 Non-Admitted Due and Accrued	16 Rate of	17 Effective Rate of	18 How Paid	

**NONE**

**SCHEDULE DB - PART A - SECTION 1**

Showing all Options , Caps , Floors and Insurance Futures Options Owned December 31 of Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index	Date of Acquisition	Exchange or Counterparty	Cost/Option Premium	Book Value	*	Statement Value	Fair Value	Increase / (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment / Miscellaneous Income

**NONE**

**SCHEDULE DB - PART A - SECTION 2**

Showing all Options , Caps , Floors and Insurance Futures Options Acquired During Current Year

1	2	3	4	5	6	7
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index	Date of Acquisition	Exchange or Counterparty	Cost/Option Premium

**NONE**

**SCHEDULE DB - PART A - SECTION 3**

Showing all Owned Options, Caps, Floors and Insurance Futures Options Terminated During Current Year

1 Description	2 Number of Contracts or Notional Amount	3 Date of Maturity, Expiry, or Settlement	4 Strike Price, Rate or Index	5 Date of Acquisition	6 Exchange or Counterparty	7 Cost/Option Premium	8 Indicate Exercise, Expiration, Maturity or Sale	9 Termination Date	10 Book Value	11 *	12 Consideration Received on Terminations	13 Increase/ (Decrease) by Adjustment	Gain/ (Loss) on Termination			17 Other Investment/ Miscellaneous Income
													14 Recognized	15 Used to Adjust Basis of Hedged Item	16 Deferred	

**NONE**

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**SCHEDULE DB - PART B - SECTION 1**

Showing all Options, Caps, Floors and Insurance Futures Options Written and In-Force December 31 of Current Year

1 Description	2 Number of Contracts or Notional Amount	3 Date of Maturity, Expiry, or Settlement	4 Strike Price, Rate or Index	5 Date of Issuance/ Purchase	6 Exchange or Counterparty	7 Consideration Received	8 Book Value	9 *	10 Statement Value	11 Fair Value	12 Increase/ (Decrease) by Adjustment	13 Used to Adjust Basis	14 Other Investment/ Miscellaneous Income
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**NONE**

**SCHEDULE DB - PART B - SECTION 2**

Showing all Options, Caps, Floors and Insurance Futures Options Written During Current Year

1 Description	2 Number of Contracts or Notional Amount	3 Date of Maturity, Expiry, or Settlement	4 Strike Price, Rate or Index	5 Date of Issuance / Purchase	6 Exchange or Counterparty	7 Consideration Received
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**NONE**

**SCHEDULE DB - PART B - SECTION 3**

Showing all Written Options, Caps, Floors and Insurance Futures Options Terminated During Current Year

1 Description	2 Number of Contracts or Notional Amount	3 Date of Maturity, Expiry, or Settlement	4 Strike Price, Rate or Index	5 Date of Issuance / Purchase	6 Exchange or Counterparty	7 Consideration Received	8 Indicate Exercise, Expiration, Maturity or Closing Purchase Transaction	9 Termination Date	10 Book Value	11 *	12 Consideration Paid on Terminations	13 Increase / (Decrease) by Adjustment	Gain / (Loss) on Termination			17 Other Investment / Miscellaneous Income
													14 Recognized	15 Used to Adjust Basis	16 Deferred	

**NONE**

**SCHEDULE DB - PART C - SECTION 1**

Showing all Collar, Swap and Forwards Open December 31 of Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Description	Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index Rec (Pay)	Date of Opening Position or Agreement	Exchange or Counterparty	Cost or (Consideration Received)	Book Value	*	Statement Value	Fair Value	Increase/ (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income	Potential Exposure

**NONE**

**SCHEDULE DB - PART C - SECTION 2**

Showing all Collar, Swap and Forwards Opened During Current Year

1	2	3	4	5	6	7
Description	Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index Rec (Pay)	Date of Opening Position or Agreement	Exchange or Counterparty	Cost or (Consideration Received)

**NONE**

**SCHEDULE DB - PART C - SECTION 3**

Showing all Collar, Swap and Forwards Terminated During Current Year

1 Description	2 Notional Amount	3 Date of Maturity, Expiry, or Settlement	4 Strike Price, Rate or Index Rec (Pay)	5 Date of Opening Position or Agreement	6 Exchange or Counterparty	7 Cost or (Consideration Received)	8 Indicate Exercise, Expiration, Maturity or Sale	9 Termination Date	10 Book Value	11 *	12 Consideration Received or (Paid) on Terminations	13 Increase/ (Decrease) by Adjustment	Gain/ (Loss) on Termination			17 Other Investment/ Miscellaneous Income
													14 Recognized	15 Used to Adjust Basis of Hedged Item	16 Deferred	

**NONE**

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**SCHEDULE DB - PART D - SECTION 1**

Showing all Futures Contracts and Insurance Futures Contracts Open December 31 of Current Year

1 Description	2 Number of Contracts	3 Maturity Date	4 Original Value	5 Current Value	6 Variation Margin	7 Date of Opening Position	8 Exchange or Counterparty	9 Cash Deposit	Variation Margin Information			13 Potential Exposure
									10 Recognized	11 Used to Adjust Basis of Hedged Item	12 Deferred	

**NONE**

**SCHEDULE DB - PART D - SECTION 2**

Showing all Futures Contracts and Insurance Futures Contracts Opened During Current Year

1 Description	2 Number of Contracts	3 Maturity Date	4 Original Value	5 Date of Opening Position	6 Exchange or Counterparty	7 Net Additions to Cash Deposits
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**NONE**

**SCHEDULE DB - PART D - SECTION 3**

Showing all Futures Contracts and Insurance Futures Contracts Terminated During Current Year

1 Description	2 Number of Contracts	3 Maturity Date	4 Original Value	5 Termination Value	6 Variation Margin	7 Date of Opening Position	8 Exchange or Counterparty	9 Net Reduction to Cash Deposits	10 Termination Date	Variation Margin Information		
										11 Gain / (Loss) Recognized	12 Gain / (Loss) Used to Adjust Basis of Hedged Item	13 Gain / (Loss) Deferred

**NONE**

**SCHEDULE DB - PART E - SECTION 1**

Showing Counterparty Exposure for Derivative Instruments Open December 31 of Current Year

1 Description Counterparty or Exchange Traded	2 Master Agreement (Y or N)	3 Fair Value of Acceptable Collateral	Statement Value			Fair Value			10 Potential Exposure	11 Off-Balance Sheet Exposure
			4 Contracts Statement Value > 0	5 Contracts Statement Value < 0	6 Exposure Net of Collateral	7 Contracts Fair Value > 0	8 Contracts Fair Value < 0	9 Exposure Net of Collateral		

**NONE**

**SCHEDULE E - PART 1 - CASH**

1		2	3	4	5	6	7
Depository		Code	Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
Name	Location and Supplemental Information						
Open Depositories							
SUNTRUST	SUNTRUST BANK-TN-Investment					1,007,360	
AMSOUTH	AMSOUTH-TN-General Operating					(1,089,345)	
AMSOUTH	AMSOUTH-TN-Claims					1,785,192	
AMSOUTH	AMSOUTH-TN-Payroll					1,177	
AMSOUTH	AMSOUTH-TN-Escrow Cash					11,482	
AMSOUTH	AMSOUTH-TN-Trust					3,931,997	
0199999	TOTAL - Open Depositories					5,647,863	
0399999	TOTAL Cash on Deposit					5,647,863	
0499999	Cash in Company's Office					600	
0599999	TOTAL Cash					5,648,463	

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January	3,022,227	4. April	8,569,988	7. July	7,407,453	10. October	5,020,984
2. February	1,465,838	5. May	4,661,185	8. August	10,122,860	11. November	10,432,635
3. March	3,900,375	6. June	7,427,113	9. September	6,307,373	12. December	5,648,464

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

1 CUSIP Identification	2 Description	3 Code	4 Date Acquired	5 Rate of Interest	6 Maturity Date	7 Book/Adjusted Carrying Value	8 Amount of Interest Due and Accrued	9 Gross Investment Income
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**NONE**

**SCHEDULE E - PART 3 - SPECIAL DEPOSITS**

States, Etc.	1 Type of Deposit	2 Purpose of Deposit	Deposits with the State of Domicile For the Benefit of All Policyholders		All Other Special Deposits	
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
1. Alabama	AL					
2. Alaska	AK					
3. Arizona	AZ					
4. Arkansas	AR					
5. California	CA					
6. Colorado	CO					
7. Connecticut	CT					
8. Delaware	DE					
9. District of Columbia	DC					
10. Florida	FL					
11. Georgia	GA					
12. Hawaii	HI					
13. Idaho	ID					
14. Illinois	IL					
15. Indiana	IN					
16. Iowa	IA					
17. Kansas	KS					
18. Kentucky	KY					
19. Louisiana	LA					
20. Maine	ME					
21. Maryland	MD					
22. Massachusetts	MA					
23. Michigan	MI					
24. Minnesota	MN					
25. Mississippi	MS					
26. Missouri	MO					
27. Montana	MT					
28. Nebraska	NE					
29. Nevada	NV					
30. New Hampshire	NH					
31. New Jersey	NJ					
32. New Mexico	NM					
33. New York	NY					
34. North Carolina	NC					
35. North Dakota	ND					
36. Ohio	OH					
37. Oklahoma	OK					
38. Oregon	OR					
39. Pennsylvania	PA					
40. Rhode Island	RI					
41. South Carolina	SC					
42. South Dakota	SD					
43. Tennessee	TN			9,149,381	9,179,260	
44. Texas	TX					
45. Utah	UT					
46. Vermont	VT					
47. Virginia	VA					
48. Washington	WA					
49. West Virginia	WV					
50. Wisconsin	WI					
51. Wyoming	WY					
52. American Samoa	AS					
53. Guam	GU					
54. Puerto Rico	PR					
55. U.S. Virgin Islands	VI					
56. Northern Mariana Islands	MP					
57. Canada	CN					
58. Aggregate Alien and Other	OT	XXX	XXX			
59. Total	XXX	XXX		9,149,381	9,179,260	
<b>DETAILS OF WRITE-INS</b>						
5801.						
5802.						
5803.						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	XXX				
5899. Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)	XXX	XXX				



ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2006
To Be Filed by April 1

Of The MEMPHIS MANAGED CARE CORPORATION
Address (City, State, Zip Code): 1407 Union Ave, Suite 200, Memphis, TN, 38104
NAIC Group Code: 0000 NAIC Company Code: 00000

Employer's ID Number: 62-1539163

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U. S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$ 32,597,102

2. Ten largest exposures to a single issuer/borrower/investment.

Table with 4 columns: Issuer, Description of Exposure, Amount, Percentage of Total Admitted Assets. Lists top 10 exposures including U.S. Treasury and Federal Home Loan Bank.

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.

Table with 4 columns: Bonds (NAIC-1 to NAIC-6), Preferred Stocks (P/RP-1 to P/RP-6), Amount, Percentage. Shows asset distribution by NAIC rating.

4. Assets held in foreign investments:

- (4.01) Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets?
(4.02) Total admitted assets held in foreign investmest.
(4.03) Foreign-currency- denominated investments.
(4.04) Insurance liabilities denominated in that same foreign currency.

If response, to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)**

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ( )

If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

11.02 Total admitted assets held in Canadian Investments	\$ .....	.....%
11.03 Canadian-currency-denominated investments	\$ .....	.....%
11.04 Canadian-denominated insurance liabilities	\$ .....	.....%
11.05 Unhedged Canadian currency exposure	\$ .....	.....%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ( )

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

1 2 3

12.02 Aggregate statement value of investments with contractual sales restrictions \$ ..... %

Largest 3 investments with contractual sales restrictions:

12.03 .....	\$ .....	.....%
12.04 .....	\$ .....	.....%
12.05 .....	\$ .....	.....%

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ( )

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

1 2 3

13.02 .....	\$ .....	.....%
13.03 .....	\$ .....	.....%
13.04 .....	\$ .....	.....%
13.05 .....	\$ .....	.....%
13.06 .....	\$ .....	.....%
13.07 .....	\$ .....	.....%
13.08 .....	\$ .....	.....%
13.09 .....	\$ .....	.....%
13.10 .....	\$ .....	.....%
13.11 .....	\$ .....	.....%

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)**

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ( )

If response to 14.01 is yes, responses are not required for the remainder of Interrogatory 14.

<u>1</u>	<u>2</u>	<u>3</u>
14.02 Aggregate statement value of investments held in nonaffiliated, privately placed equities	\$ .....	..... %
Largest 3 investments held in nonaffiliated, privately placed equities:		
14.03 .....	\$ .....	..... %
14.04 .....	\$ .....	..... %
14.05 .....	\$ .....	..... %

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ( )

If response to 15.01 is yes, responses are not required for the remainder of Interrogatory 15.

<u>1</u>	<u>2</u>	<u>3</u>
15.02 Aggregate statement value of investments held in general partnership interests.	\$ .....	..... %
Largest 3 investments held in general partnership interests:		
15.03 .....	\$ .....	..... %
15.04 .....	\$ .....	..... %
15.05 .....	\$ .....	..... %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5 % of the reporting entity's total admitted assets? Yes (X) No ( )

If response to 16.01 is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

<u>1</u> Type (Residential, Commercial, Agricultural)	<u>2</u>	<u>3</u>
16.02 .....	\$ .....	..... %
16.03 .....	\$ .....	..... %
16.04 .....	\$ .....	..... %
16.05 .....	\$ .....	..... %
16.06 .....	\$ .....	..... %
16.07 .....	\$ .....	..... %
16.08 .....	\$ .....	..... %
16.09 .....	\$ .....	..... %
16.10 .....	\$ .....	..... %
16.11 .....	\$ .....	..... %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

	<u>Loans</u>	
	<u>1</u>	<u>2</u>
16.12 Construction loans	\$ .....	..... %
16.13 Mortgage loans over 90 days past due	\$ .....	..... %
16.14 Mortgage loans in the process of foreclosure	\$ .....	..... %
16.15 Mortgage loans foreclosed	\$ .....	..... %
16.16 Restructured mortgage loans	\$ .....	..... %

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)**

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

Loan-to-Value	Residential		Commercial		Agricultural	
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
17.01 above 95%	\$ .....	..... %	\$ .....	..... %	\$ .....	..... %
17.02 91% to 95%	\$ .....	..... %	\$ .....	..... %	\$ .....	..... %
17.03 81% to 90%	\$ .....	..... %	\$ .....	..... %	\$ .....	..... %
17.04 71% to 80%	\$ .....	..... %	\$ .....	..... %	\$ .....	..... %
17.05 below 70%	\$ .....	..... %	\$ .....	..... %	\$ .....	..... %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments real estate:

18.01 Are assets held in real estate reported in less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ( )

If response to 18.01 is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

Description	<u>1</u>	<u>2</u>	<u>3</u>
18.02 .....		\$ .....	..... %
18.03 .....		\$ .....	..... %
18.04 .....		\$ .....	..... %
18.05 .....		\$ .....	..... %
18.06 .....		\$ .....	..... %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ( )

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	<u>1</u>	<u>2</u>	<u>3</u>
19.02 Aggregate statement value of investments held in mezzanine real estate loans:		\$ .....	..... %

Largest three investments held in mezzanine real estate loans:

19.03 .....		\$ .....	..... %
19.04 .....		\$ .....	..... %
19.05 .....		\$ .....	..... %

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year-end		At End of Each Quarter		
	<u>1</u>	<u>2</u>	1st Qtr <u>3</u>	2nd Qtr <u>4</u>	3rd Qtr <u>5</u>
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	\$ .....	..... %	\$ .....	\$ .....	\$ .....
20.02 Repurchase agreements	\$ .....	..... %	\$ .....	\$ .....	\$ .....
20.03 Reverse repurchase agreements	\$ .....	..... %	\$ .....	\$ .....	\$ .....
20.04 Dollar repurchase agreements	\$ .....	..... %	\$ .....	\$ .....	\$ .....
20.05 Dollar reverse repurchase agreements	\$ .....	..... %	\$ .....	\$ .....	\$ .....

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)**

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	<u>Owned</u>		<u>Written</u>	
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
21.01 Hedging	\$ .....	..... %	\$ .....	..... %
21.02 Income generation	\$ .....	..... %	\$ .....	..... %
21.03 Other	\$ .....	..... %	\$ .....	..... %

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	<u>At Year-end</u>		<u>At End of Each Quarter</u>		
	<u>1</u>	<u>2</u>	1st Qtr	2nd Qtr	3rd Qtr
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
22.01 Hedging	\$ .....	..... %	\$ .....	\$ .....	\$ .....
22.02 Income generation	\$ .....	..... %	\$ .....	\$ .....	\$ .....
22.03 Replications	\$ .....	..... %	\$ .....	\$ .....	\$ .....
22.04 Other	\$ .....	..... %	\$ .....	\$ .....	\$ .....

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	<u>At Year-end</u>		<u>At End of Each Quarter</u>		
	<u>1</u>	<u>2</u>	1st Qtr	2nd Qtr	3rd Qtr
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
23.01 Hedging	\$ .....	..... %	\$ .....	\$ .....	\$ .....
23.02 Income generation	\$ .....	..... %	\$ .....	\$ .....	\$ .....
23.03 Replications	\$ .....	..... %	\$ .....	\$ .....	\$ .....
23.04 Other	\$ .....	..... %	\$ .....	\$ .....	\$ .....

SUPPLEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION  
**INFORMATION REGARDING MANAGEMENT AND DIRECTORS**  
**(See Instructions Below)**

1. Furnish the following information for each director, and for each of the three highest paid officers, whose aggregate direct remuneration exceeded \$100,000 during the year, naming each such person.

1  Name and Title	2  Principal Occupation or Employment	3  Served as Director From	4  Aggregate Direct Remuneration	Benefits Accrued or Set Aside During Year		Est. Annual Benefits Upon Retirement	
				5 Retirement Plan	6 Other Employee Benefits	7 Retirement Plan	8 Other Employee Benefits

NONE

Furnish on a separate sheet the following information as to each of the individuals named above (or state below that such information is not present):

- A. Information as to any material interest, direct or indirect, on the part of such individual during the year in any material transaction or any material proposed transaction as to which the Company, or any of its subsidiaries, was or is to be a party.
  - B. Information as to all options to purchase securities of the Company granted to or exercised by each such individual during the year.
2. Answer "yes" or "no" in each column as to whether or not the information in Item 1 above has been, or will be, furnished to stockholders in any proxy statement relating to (i) the election of directors, (ii) any bonus, profit sharing or other remuneration plan, contract or arrangement in which any director, nominee for election as a director, or officer of the Company will participate, (iii) any pension or retirement plan in which any such person will participate, or (iv) the granting or extension to any such person of any options, warrants, or rights to purchase any securities, other than warrants or rights issued to security holders, as such, on a pro rata basis. If any answer is "no" explain in detail on a separate sheet.
- .....
3. Furnish the information specified in Item 1 for all directors and all officers of the Company, as a group, without naming them.
- .....
4. Did the stockholders have an opportunity to vote for or against the election of directors and also other matters to be presented at any stockholder's meeting? Answer: .....
- If answer is "no" explain on separate sheet.
5. Will the Company solicit proxies from its stockholders during the following year and will such solicitation (s) precede any shareholders' meeting or meetings by at least 10 days?
- Answer: ..... If answer is "yes" and proxies are to be solicited, copies of the proxy statement and form of proxy and other soliciting material to be furnished stockholders shall be submitted to the Insurance Commissioner of the Company's domiciliary state at least 10 days prior to the date such material is first sent or given to stockholders.
- If answer is "no" and proxies are not to be solicited from stockholders, explain in detail below. Attach separate sheet if necessary.
- .....

**INSTRUCTIONS FOR INFORMATION REGARDING MANAGEMENT AND DIRECTORS**

- 1. This information applies to any person who was a director or officer of the Company at any time during the year. However, information need not be given for any portion of the year during which such person was not a director or officer of the Company.
- 2. Include under "Other Employee Benefits" information for such items as savings plans, deferred compensation plans, thrift plans, profit sharing plans, etc., or other contracts, authorizations or arrangements, whether or not set forth in any formal document. Briefly describe such "plans" and the basis upon which directors or officers participate therein, if not previously described in a prior "Stockholder Information Supplement" indicating date thereof. Company cost of benefits accrued or set aside need not be stated with respect to payments computed on an actuarial basis under any plan which provides for fixed benefits on retirement at a specified age or after a specified number of years of service.
- 3. Information need not be included as to payments made for, or benefits received from, group life or accident insurance, group hospitalization or similar group payments or benefits.
- 4. If it is impractical to state the amount of the estimated annual benefits proposed to be made upon retirement, the aggregate amount set aside or accrued to date in respect of such payment should be stated, together with an explanation of the basis for future payments.
- 5. Attach separate sheets if necessary to fully answer questions.

**STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES  
(See Instructions Below)**

1  Name and title of (a) Each Director and Each Officer with any ownership and (b) any other Owner of more than 10%	2  Title of Security	3  Nature of Ownership	Number of Shares				
			4  Owned at end of Prior Year	5  Acquired During Current Year	Disposed of During Current Year		
					6  Held Less Than 6 Months	7  Held 6 Months or More	8  Owned at End of Current Year

**NONE**

Note: Answer "yes" or "no" as to whether the information concerning the number of shares owned at the end of the year (as shown in Column 8) by each Director and the three highest paid Officers whose aggregate direct remuneration exceeded \$100,000 during the year, has been or will be furnished to stockholders in a proxy statement or otherwise.  
Answer: Yes ( ) No ( ) If answer is "no" explain in detail on separate sheet.

State the number of stockholders of record of the company at the end of the year. Answer: .....



SUPPLEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

**SUPPLEMENTAL COMPENSATION EXHIBIT**

(To be filed by March 1)

**PART 1 - INTERROGATORIES**

1. The reporting insurer is a member of a group of insurers or other holding company system: Yes ( ) No (X)  
 If yes, do the below amounts represent  
 1) total gross compensation paid to each individual by or on behalf of all companies which are part of the group: Yes [ ] ; or  
 2) allocation to each insurer: Yes [ ] .
  
2. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity? Yes ( ) No (X)
  
3. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement? Yes ( ) No (X)

**PART 2 - OFFICERS AND EMPLOYEES COMPENSATION**

1		2	Annual Compensation			
Principal Position	Name	Year	3 Salary	4 Bonus	5 All Other Compensation	6 Totals
Chief Executive Officer		2006	.....	.....	.....	.....
		2005	.....	.....	.....	.....
		2004	.....	.....	.....	.....
1. CFO	JAMES PROCTOR	2006	.... 97,753	..... 9,200	.....	..... 106,953
CFO	ART ANSERT	2005	.... 114,449	..... 10,983	.....	..... 125,432
		2004	.... 120,690	..... 10,983	.....	..... 131,673
2. MEDICAL DIRECTOR	DIANNA GRANT	2006	.... 137,395	..... 25,226	.....	..... 162,621
		2005	.... 250,027	..... 22,073	.....	..... 272,100
		2004	.... 242,563	..... 22,073	.....	..... 264,636
3. PRESIDENT	AL KING	2006	.... 206,071	..... 32,356	.....	..... 238,427
		2005	.... 186,098	..... 30,720	.....	..... 216,818
		2004	.... 190,354	.....	.....	..... 190,354
4. VP OF MEDICAL	JAMIE PATTERSON	2006	.... 126,854	..... 12,202	.....	..... 139,056
		2005	.... 121,646	..... 10,575	.....	..... 132,221
		2004	.... 126,767	..... 10,575	.....	..... 137,342
5. VP OF HR	KATHY LONDOW	2006	.... 119,570	..... 11,550	.....	..... 131,120
		2005	.... 113,596	..... 10,010	.....	..... 123,606
		2004	.... 114,561	..... 10,010	.....	..... 124,571
6. VP OF OPERATIONS	MICHAEL JONES	2006	.... 104,085	..... 10,184	.....	..... 114,269
		2005	.... 99,121	..... 8,784	.....	..... 107,905
		2004	.... 103,647	..... 8,784	.....	..... 112,431
7. VP OF ADMINISTRATION	MICHAEL SCARBROUGH	2006	.... 127,591	..... 12,474	.....	..... 140,065
		2005	.... 119,524	..... 10,511	.....	..... 130,035
		2004	.... 116,430	..... 10,510	.....	..... 126,940
8. ASSOCIATE MED. DIR.	CLARENCE DAVIS	2006	.... 212,372	..... 19,375	.....	..... 231,747
		2005	.....	.....	.....	.....
		2004	.....	.....	.....	.....
9.		2006	.....	.....	.....	.....
		2005	.....	.....	.....	.....
		2004	.....	.....	.....	.....

**STATEMENT OF ACTUARIAL OPINION**

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**Statement of Actuarial Opinion**

I, A. Kirk Twiss, am associated with the firm of Reden & Anders, Ltd., and am a Member of the American Academy of Actuaries. Reden & Anders, Ltd. has been retained by Memphis Managed Care Corp. (MMCC) with regard to claim liabilities and related items. I meet the Academy qualification standards for rendering the opinion and I am familiar with the valuation requirements applicable to MMCC.

I have examined the actuarial assumptions and actuarial methods used in determining claim liabilities listed below, as shown in the quarterly statement of MMCC, as prepared for filing with state regulatory officials as of December 31, 2006:

Claims Unpaid (restated April 2002) (Page 3, Line 1)	\$0
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I have relied on listings and summaries of claims and other relevant data, as prepared by MMCC. I relied on James Proctor, CFO for the accuracy of the data as expressed in the attached statement. In other respects, my examination included such review of the actuarial assumptions and actuarial methods used and such tests of the actuarial calculations as I considered necessary.

I have not reviewed the financial position of any party related by contract to MMCC. I have assumed that such parties are in a financial position to meet all liabilities resulting from such contracts.

In my opinion, the amounts carried in the balance sheet on account of items identified above:

1. Are in accordance with presently accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles;
2. Are based on actuarial assumptions which produce reserves at least as great as those called for in any contract provisions and appropriate to the purpose for which the Statement was prepared;
3. Meet the requirements of the insurance laws and regulations of the state of Tennessee and are at least as great as the minimum aggregate amounts required by Tennessee;
4. Make a good and sufficient provision for all unpaid claims of the organization under the terms of its contracts and agreements;
5. Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding year-end; and
6. Include provision for all actuarial items which ought to be established.

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE MEMPHIS MANAGED CARE CORPORATION

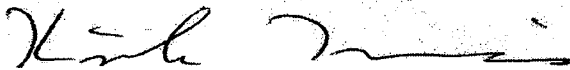
**STATEMENT OF ACTUARIAL OPINION**

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I have reviewed the Underwriting and Investment Exhibit, Part 2B. The schedule was prepared consistent with *Section 3.6, Follow-Up Studies* contained in Actuarial Standard of Practice No. 5, *Incurred Health Claim Liabilities*.

The reserves and related actuarial items identified above make adequate provision for the anticipated cash flows related to the contractual obligations and expenses of MMCC, when considered in conjunction with the assets held by MMCC with respect to such reserves and related actuarial items, including, but not limited to, the cash flows on such assets and the considerations anticipated to be received under such policies and contracts.

The actuarial methods, considerations and analyses used in forming my opinion conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, which standards form the basis of this statement of opinion.



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A. Kirk Twiss  
Fellow, Society of Actuaries  
Member, American Academy of Actuaries

Reden & Anders, Ltd.  
200 W. Madison Street, Suite 2450  
Chicago, Tennessee 60606  
(312) 429-3905

AKT:bc

February 27, 2007

5/21/2007  
2:57 PM

**Memphis Managed Care Inc.  
Reconciliation of Medical Services Monitoring Report (MSMR)  
to Report 2A  
As of December 31, 2006**

**MSMR REPORT**

UB 92 Payments	152,784,353
HCFA 1500 Payments	<u>104,943,517</u>
Total Claim Payments	<b>257,727,870</b>

No Check Adjustments	
Capitation	12,172,604
Reinsurance	
Off Lag Adjustments	3,635,735
IBNR	35,904,046
COB Subro Adjustments	

<b>Total Medical Payments</b>	<b>309,440,255</b>
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**Medical Services Monitoring Report**  
**GRAND REGION**      WEST

**MCO**

Memphis Managed Care Corporation	2006												TOTAL
Reporting Month	Incurred Month												
Dec-06	January	February	March	April	May	June	July	August	September	October	November	December	
Enrollment	175,428	172,273	171,748	171,570	170,794	170,199	173,872	170,101	170,310	170,078	168,688	162,868	2,047,929
<b>Payments for Medical Services for the Month</b>													
UB 92 Payments by the Claims Processing System	15,103,145	13,998,901	15,129,834	13,693,439	14,976,873	13,722,517	14,616,062	15,069,933	12,854,082	11,823,907	8,822,073	2,973,588	152,784,353
HCFA1500 Payments by the Claims Processing System	9,844,105	9,203,409	9,985,884	8,658,141	9,498,173	9,272,980	8,793,873	10,289,600	9,141,479	9,342,389	7,650,498	3,262,987	104,943,517
Dental Payments by the Claims Processing System	0	0	0	0	0	0	0	0	0	0	0	0	0
Capitation Payments	503,767	521,747	2,435,683	510,485	2,091,310	518,303	567,198	1,575,446	627,969	560,261	1,664,967	595,467	12,172,604
Pharmacy Payments													0
Subcontractor Payments for Medical Services													0
Reinsurance Payment	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Payments/Adjustments to Medical Costs	75,235	153,492	141,807	222,525	347,038	253,060	202,863	185,761	984,527	536,530	127,592	405,305	3,635,734
Less:													0
BHO Capitation Revenue													0
Pharmacy Rebates													0
Recoveries not Claims Payments													0
Total Payments for the month	25,526,252	23,877,549	27,693,209	23,084,590	26,913,393	23,766,860	24,179,995	27,120,740	23,608,057	22,263,087	18,265,129	7,237,347	273,536,209
Remaining IBNR for the month	31,358	41,881	79,185	107,821	219,777	328,771	615,713	1,133,839	1,877,233	3,772,416	8,139,668	19,556,384	35,904,045
<b>Payments and Remaining IBNR for the month</b>	25,557,610	23,919,430	27,772,394	23,192,411	27,133,170	24,095,632	24,795,708	28,254,580	25,485,290	26,035,502	26,404,797	26,793,731	309,440,254
Per Member Expense	145.69	138.85	161.70	135.18	158.86	141.57	142.61	166.11	149.64	153.08	156.53	164.51	151.10
Per Member Month Exp. For Quarter			148.71			145.19			152.71			157.95	
Per Member Month Exp. For Quarter in 2005			148.75			146.92			147.17			137.81	
Per Member Month Exp. For Quarter in 2004			140.98			140.05			145.35			137.12	
Percent Change from 2003 to 2004			0.0550962			0.0490663			0.0125006			0.004996	
Medical Services Budget for 2006 Quarter			156.94			154.13			149.01			138.49	
(Over)/Under Budget			8			9			(4)			(19)	

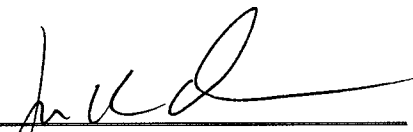
**Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES**

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	2,054,603	2,246,795	2,246,795
<b>REVENUES:</b>			
TennCare Capitation	148,621,927	373,474,597	367,876,872
Investment	462,844	1,313,408	864,208
Other Revenue	43,556	53,226	43,358
Total Revenue	149,128,327	374,841,231	368,784,439
<b>EXPENSES:</b>			
Medical and Hospital Services			
Capitated Physician Services	3,448,664	12,172,604	12,205,478
Fee for Service Physician Services	14,471,314	39,294,873	93,556,322
Inpatient Hospital Services	19,516,845	56,586,552	90,584,074
Outpatient Services	18,859	85,315	138,972
Emergency Room Services	8,191,297	24,010,446	27,868,700
Mental Health Services	1,924	24,488	17,119
Dental Services	-	-	-
Vision Services	861,610	2,118,889	1,926,889
Pharmacy Services	(255)	(255)	2,511
Home Health Services	2,899,626	6,529,248	3,589,644
Chiropractic Services	-	-	-
Radiology Services	754,713	1,521,329	5,275,687
Laboratory Services	3,415,617	8,432,875	10,909,636
Durable Medical Equipment Services	89,961	298,038	928,798
Transportation Services	1,171,073	3,802,540	4,043,600
Outside Referrals	-	-	-
Medical incentive Pool and Withhold Adjustments	-	-	-
Occupancy Depreciation and Amortization	-	-	-
Other Medical and Hospital Services	51,832,673	151,258,715	77,751,347
<b>IBNR</b>	31,468,468	35,904,045	
<b>Subtotal</b>	<b>138,142,388</b>	<b>342,039,704</b>	<b>328,798,777</b>
Reinsurance Expense Net of Recoveries	-	-	1,760,123
<b>LESS:</b>			
Copayments	-	-	-
Subrogation	-	-	6,093
Coordination of Benefits	-	-	244
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>6,336</b>
<b>TOTAL MEDICAL AND HOSPITAL</b>	<b>138,142,388</b>	<b>342,039,704</b>	<b>330,552,564</b>
<b>Administration</b>			
Compensation	2,825,586	8,510,052	9,881,839
Marketing	(0)	-	61,912
Interest Expense	-	92	-
Premium Tax Expense	1,542,528	6,514,857	11,245,609
Occupancy Depreciation and Amortization	252,893	598,436	858,581
Other Administration	3,531,951	8,948,701	7,995,175
<b>TOTAL ADMINISTRATION</b>	<b>8,152,957</b>	<b>24,572,138</b>	<b>30,043,116</b>
<b>TOTAL EXPENSES</b>	<b>146,295,345</b>	<b>366,611,841</b>	<b>360,595,680</b>
<b>NET INCOME (LOSS)</b>	<b>2,832,981</b>	<b>8,229,390</b>	<b>8,188,759</b>



**Management Reliance Statement to the Actuarial Opinion  
For Annual Statement  
December 2006**

I **Jim Proctor, CFO**, of **Memphis Managed Care Corporation**, hereby affirm that the listings and summaries, and analyses relating to data prepared for and submitted to **A. Kirk Twiss**, in support of his actuarial opinion for **Reden & Anders LTD.** As of **December 31, 2006**, were prepared under my direction and, to the best of my knowledge and belief, are substantially accurate and complete and the same as, or derived from, the records and other data which form the basis of the annual statement for the year ended **December 31, 2006**.

  
\_\_\_\_\_  
Signature

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Address

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