



April 14, 2008

Shirlyn W. Johnson  
State of Tennessee  
Department of Commerce & Insurance  
TennCare Division  
500 James Robertson Parkway Suite 750  
Nashville, TN 37243

**RE: Health AS-MMCC-2007 Amendment #2**  
**Letter Dated 3-27-07 Review of 2007 Annual NAIC Statement**

Dear Shirlyn:

Please find enclosed the Annual Statement, for Memphis Managed Care Corporation 2007.

Please see below :

**Bullet #1:** Officers Signing AS had previously signed 1<sup>st</sup> Quarters statement. However per states request amended statement to show Officers with # as new Officers.

**Bullet #2:** Admitted Health Care and other receivables increased due to the Acquiring of MMCC assets by Amerigroup Tennessee. AGP was refunded for several items on the weekly reimbursement from the state that belonged to Memphis Managed Care. Since these two companies are separate entities, money due back from AGP cannot be presented as intercompany transactions; they must be presented as third party receivables (see reconciliation showing amounts due)

**Bullet #3:** The amounts reported as health care receivables on exhibit 3 do not match because the numbers were transposed. This has been corrected.

**Bullet #4:** All notes were reviewed and updated for all sub-topics.

If you have any further questions, please contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read "Cheryl A. Miller", with a long horizontal flourish extending to the right.

Cheryll A. Miller  
*Financial Services Manager*  
*Memphis Managed Care Corporation*  
901-515-3022  
*cmiller@mmcc-tlc.com*

ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2007
OF THE CONDITION AND AFFAIRS OF THE
MEMPHIS MANAGED CARE CORPORATION

NAIC Group Code 0000, 2006, NAIC Company Code 0000, Employer's ID Number 621539163

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

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

Statutory Home Office 1407 UNION AVE, SUITE 200, MEMPHIS, Tennessee 38104

Main Administrative Office 1407 UNION AVE, SUITE 200, MEMPHIS, Tennessee 38104, 901-515-3003

Mail Address 1407 UNION AVE, SUITE 200, MEMPHIS, Tennessee 38104

Primary Location of Books and Records 1407 UNION AVE, SUITE 200, MEMPHIS, Tennessee 38104, 901-515-3003

Internet Website Address www.mmcc-tlc.com

Statutory Statement Contact CHERYLL ANNETTE MILLER, 901-515-3022, CMILLER@MMCC-TLC.COM, 901-515-3722

OFFICERS

STEVEN BURKETT# (PRESIDENT & CEO)
JEFF BRANDON# (SECRETARY)

OTHER OFFICERS

DIRECTORS OR TRUSTEES

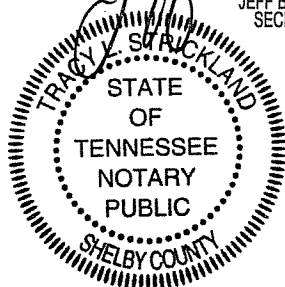
PEGGY ALLEN#
JEFF BRANDON
BURKETT STEVEN
BRENDA JETER
VERONICA T. MALLET, MD
STUART POLLY, MD
SYLVESTER REEDER#
AL KING

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.

Signature of Steven Burkett, STEVEN BURKETT# PRESIDENT & CEO

Signature of Jeff Brandon, JEFF BRANDON# SECRETARY



Subscribed and sworn to before me this 16 day of April, 2008. Signature of Tracy L. Strickland.

- a. Is this an original filing? Yes ( ) No (X)
b. If no: 1. State the amendment number 2
2. Date filed April 17, 2008
3. Number of pages attached 98

**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) .....	814,032		814,032	20,291,225
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 (\$ ..... 6,437,119 , Schedule E - Part 1), cash equivalents (\$ ..... , Schedule E - Part 2) and short-term investments (\$ ..... , Schedule DA) .....	6,437,119		6,437,119	5,648,463
6. Contract loans (including \$ ..... premium notes) .....				
7. Other invested assets (Schedule BA) .....	1,200,609		1,200,609	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) .....	8,451,760		8,451,760	27,354,874
11. Title plants less \$ ..... charged off (for Title insurers only) .....				
12. Investment income due and accrued .....	8,027		8,027	217,686
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 .....	1,391,737		1,391,737	4,716,674
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 .....				
19. Furniture and equipment, including health care delivery assets (\$ ..... ) .....				
20. Net adjustment in assets and liabilities due to foreign exchange rates .....				
21. Receivables from parent, subsidiaries and affiliates .....	3,000	3,000		282,861
22. Health care (\$ ..... ) and other amounts receivable .....	1,961,886	727,727	1,234,159	25,007
23. Aggregate write-ins for other than invested assets .....				
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23) .....	11,816,410	730,727	11,085,683	32,597,102
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26. TOTALS (Line 24 and Line 25) .....	11,816,410	730,727	11,085,683	32,597,102
<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 .....				
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) .....				

**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 .....	853,392		853,392	183,420
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 .....	7,633		7,633	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 .....	162,451		162,451	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 .....	756,509		756,509	1,349,431
21. Aggregate write-ins for other liabilities (including \$ ..... current) .....				
22. Total liabilities (Line 1 to Line 21) .....	1,779,985		1,779,985	2,387,264
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	5,606,199	26,510,340
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	9,305,697	30,209,838
32. Total liabilities, capital and surplus (Line 22 and Line 31) .....	X X X	X X X	11,085,682	32,597,102
<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. 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	10,537,867	
8. Total revenues (Line 2 to Line 7)	X X X	10,537,867	
<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			
21. General administrative expenses		(3,297,410)	(6,777,943)
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)		(3,297,410)	(6,777,943)
24. Net underwriting gain or (loss) (Line 8 minus Line 23)	X X X	13,835,277	6,777,943
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,250,062	1,313,408
26. Net realized capital gains (losses) less capital gains tax of \$			
27. Net investment gains (losses) (Line 25 plus Line 26)		1,250,062	1,313,408
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
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	15,085,339	8,205,507
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Line 30 minus Line 31)	X X X	15,085,339	8,205,507
<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. RECORD REVENUE FROM SALE OF ASSETS	X X X	10,537,867	
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	10,537,867	
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			64,316
2902. Medcall Revenue			49,840
2903. MRI Revenue			
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

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

CAPITAL AND SURPLUS ACCOUNT	1	2
	Current Year	Prior Year
33. Capital and surplus prior reporting year .....	30,209,838	27,804,505
34. Net income or (loss) from Line 32 .....	15,085,339	8,205,507
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 .....	1,190,520	(800,171)
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 Tranferred from capital .....		
46. Dividends to stockholders .....	(37,180,000)	(5,000,000)
47. Aggregate write-ins for gains or (losses) in surplus .....		
48. Net change in capital and surplus (Line 34 to Line 47) .....	(20,904,141)	2,405,336
49. Capital and surplus end of reporting year (Line 33 plus Line 48) .....	9,305,697	30,209,841
<b>DETAILS OF WRITE-INS</b>		
4701. ....		
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) .....		

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....		
2. Net investment income .....	1,358,306	1,260,863
3. Miscellaneous income .....	10,537,867	114,156
4. Total (Line 1 through Line 3) .....	11,896,173	1,375,019
5. Benefit and loss related payments .....		
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7. Commissions, expenses paid and aggregate write-ins for deductions .....	(7,325,016)	11,484,345
8. Dividends paid to policyholders .....		
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses) .....		
10. Total (Line 5 through Line 9) .....	(7,325,016)	11,484,345
11. Net cash from operations (Line 4 minus Line 10) .....	19,221,189	(10,109,326)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	31,020,139	20,929,084
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 .....	214,577	
12.8 Total investment proceeds (Line 12.1 through Line 12.7) .....	31,234,716	20,929,084
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	11,148,377	15,767,942
13.2 Stocks .....		
13.3 Mortgage loans .....		
13.4 Real estate .....		
13.5 Other invested assets .....		1,500,000
13.6 Miscellaneous applications .....	293,154	
13.7 Total investments acquired (Line 13.1 through Line 13.6) .....	11,441,531	17,267,942
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) .....	19,793,185	3,661,142
<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 .....	37,180,000	(5,000,000)
16.6 Other cash provided (applied) .....	(1,045,719)	1,105,393
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	(38,225,719)	6,105,393
<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) .....	788,655	(342,791)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	5,648,464	5,991,255
19.2 End of year (Line 18 plus Line 19.1) .....	6,437,119	5,648,464

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 2007 OF THE MEMPHIS MANAGED CARE CORPORATION

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	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	10,537,867	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,537,867
7. Total revenues (Line 1 through Line 6)	10,537,867									10,537,867
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	
19. Claims adjustment expenses including \$ cost containment expenses										
20. General administrative expenses	(3,297,410)							(3,297,410)		
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	
23. Total underwriting deductions (Line 17 through Line 22)	(3,297,410)							(3,297,410)		
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	13,835,277							3,297,410		10,537,867
<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. RECORD REVENUE FROM SALE OF ASSETS	10,537,867	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,537,867
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		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	
0699. Total (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)	10,537,867	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,537,867
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 .....	<b>NONE</b>			
6. Title XVIII - Medicare .....				
7. Title XIX - Medicaid .....				
8. Other health .....				
9. Health subtotal (Line 1 through Line 8) .....				
10. Life .....				
11. Property/casualty .....				
12. Totals (Line 9 to Line 11) .....				

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct										
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
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. 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 -**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior .....					
2. 2003 .....					
3. 2004 .....	X X X				
4. 2005 .....	X X X	X X X			
5. 2006 .....	X X X	X X X	X X X		
6. 2007 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims -**

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior .....					
2. 2003 .....					
3. 2004 .....	X X X				
4. 2005 .....	X X X	X X X			
5. 2006 .....	X X X	X X X	X X X		
6. 2007 .....	X X X	X X X	X X X	X X X	

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

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. 2003 .....										
2. 2004 .....										
3. 2005 .....										
4. 2006 .....										
5. 2007 .....										

**NONE**

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
<b>POLICY RESERVE</b>									
1. Unearned premium reserves .....									
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) .....									
<b>CLAIM RESERVE</b>									
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>									
<b>DETAILS OF WRITE-INS</b>									
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) .....	115,782	77,507	242,165		435,454
2. Salaries, wages and other benefits .....	1,217,558	1,658,804	5,316,084		8,192,446
3. Commissions (less \$ ..... ceded plus \$ ..... assumed) .....					
4. Legal fees and expenses .....			891,720		891,720
5. Certifications and accreditation fees .....	128,626	137,538	926,302		1,192,466
6. Auditing, actuarial and other consulting services .....			35,005		35,005
7. Traveling expenses .....		27,420	71,948		99,368
8. Marketing and advertising .....					
9. Postage, express, and telephone .....	14,530	32,213	491,843		538,586
10. Printing and office supplies .....	11,820	19,983	372,988		404,791
11. Occupancy, depreciation and amortization .....			609,266		609,266
12. Equipment .....	43,112	5,310	525,933		574,355
13. Cost or depreciation of EDP equipment and software .....					
14. Outsourced services including EDP, claims, and other services .....	201,150		2,350,887		2,552,037
15. Boards, bureaus and association fees .....		170	60,238		60,408
16. Insurance, except on real estate .....			369,309		369,309
17. Collection and bank service charges .....			151,309		151,309
18. Group service and administration fees .....		111	211,184		211,295
19. Reimbursements by uninsured accident and health plans .....	(1,826,135)	(2,069,174)	(16,635,429)		(20,530,738)
20. Reimbursements from fiscal intermediaries .....					
21. Real estate expenses .....					
22. Real estate taxes .....		63	25,691		25,754
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 .....	93,557	110,055	314,589		518,201
23.5 Other (excluding federal income and real estate taxes) .....					
24. Investment expenses not included elsewhere .....					
25. Aggregate write-ins for expenses .....			371,559		371,559
26. Total expenses incurred (Line 1 to Line 25) .....			(3,297,409)		(a) (3,297,409)
27. Less expenses unpaid December 31, current year .....			853,392		853,392
28. Add expenses unpaid December 31, prior year .....			183,420		183,420
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 .....			1,391,737		1,391,737
31. Total expenses paid (Line 26 minus Line 27 plus Line 28 minus Line 29 plus Line 30) .....			(7,292,318)		(7,292,318)
<b>DETAILS OF WRITE-INS</b>					
2501. MEDCALL & DISEASE MANGMT EXPENSE .....			966,487		966,487
2502. LIQUIDATED DAMAGES .....			15,300		15,300
2503. MHS OVERHEAD ALLOCATION + NET LOSS .....			(610,228)		(610,228)
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) .....			371,559		371,559

(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) 1,250,062	1,250,062
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	1,250,062	1,250,062
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)		1,250,062
<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	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Cols. 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
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>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	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. Receivable from parent, subsidiaries and affiliates .....	3,000	3,000	
22. Health care and other amounts receivable .....	727,727	127,269	(600,458)
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) .....	730,727	1,921,247	1,190,520
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
26. Total (Line 24 and Line 25) .....	730,727	1,921,247	1,190,520
<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 EXPENSE .....		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

**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. 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 .....						
<b>NONE</b>						
<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
---------------------	------------------	-------------------	-------------------	-------------------	------------------	---------------

**NONE**

ANNUAL STATEMENT FOR THE YEAR 2007 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						
0299999 - Claim Overpayment Receivables				608,085	608,085	
				608,085	608,085	
Loans and Advances to Providers						
0399999 - Loans and Advances to Providers				119,642	119,642	
				119,642	119,642	
Other Receivables						
0699999 - Other Receivables	1,234,158					1,234,158
	1,234,158					1,234,158
0799999 - Gross Health Care Receivables	1,234,158			727,727	727,727	1,234,158
	1,234,158			727,727	727,727	1,234,158

**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
--------------	------------------	-------------------	-------------------	--------------------	--------------------	------------

**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		
MIDSOUTH HEALTH SOLUTIONS							
0199999 - Subtotal - Individually listed receivables				3,000	3,000		
0399999 - TOTAL gross amounts receivable				3,000	3,000		

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

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current
Individually listed payables				
	MIDSOUTH HEALTH SOLUTIONS .....	162,451	162,451	
	0199999 - Subtotal - Individually listed payables .....	162,451	162,451	
	0399999 - TOTAL gross payables .....	162,451	162,451	

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE MEMPHIS MANAGED CARE CORPORATION  
**EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS**

	1	2	3	4	5	6
Payment Method	Direct Medical Expense Payment	Column 1 as a Percentage of of Total Payments	Total Members Covered	Column 3 as a Percentage of Total Members	Column 1 Expenses Paid to Affiliated Providers	Column 1 Expenses Paid to Non-Affiliated Providers
<b>Capitation Payments:</b>						
1. Medical groups .....						
2. Intermediaries .....						
3. All other providers .....						
4. Total capitation payments .....						
<b>Other Payments:</b>						
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	2	3	4	5	6
NAIC Code	Name of Intermediary	Capitation Paid	Average Monthly Capitation	Intermediary's Total Adjusted Capital	Intermediary's Authorized Control Level RBC
<b>NONE</b>					

**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 .....	<b>NONE</b>					
2. Medical furniture, equipment and fixtures .....						
3. Pharmaceuticals and surgical supplies .....						
4. Durable medical equipment .....						
5. Other property and equipment .....						
6. Total .....						

## NOTES TO FINANCIAL STATEMENTS

---

### 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 2007, 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 Statutory Accounting Principles requires management to makes estimates and assumptions that affect the reported amounts of assets & liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the period. Actual results may differ from the estimates.

#### C. Accounting Policy

ASO payments are recognized as income over the expenses incurred in connection with servicing the membership assigned to MMCC by The State of Tennessee TennCare Division.

The amount of dividends paid to owners is determined annually by the Company's Board of Directors. The aggregate amount of the owner's dividends is related to the actual interest, mortality, and expense experience for the year and judgment as to the appropriate level of

- 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.
- 10) The company does not anticipate investment income as a factor in the premium deficiency calculation as this is not applicable to this entity
- 11) There are not unpaid losses as the entity is currently under an ASO contract with the State of Tennessee.
- 12) The company has not modified its capitalization policy from the prior period.

### 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

## NOTES TO FINANCIAL STATEMENTS

- A. Statutory Purchase Method  
N/A
- B. Statutory Merger  
N/A
- C. Assumption Reinsurance  
N/A
- D. Impairment Loss  
N/A
4. Discontinued Operations
- 1) Amerigroup Tennessee Inc. Purchased the Fixed Assets assets of Memphis Managed Care Corporation As of 11-1-07, in cash and assumed the ASO contract with the State of Tennessee.
  - 2) The sale was completed on 11-01-07
  - 3) The sale was approved by the State of Tennessee. As a result Memphis Managed Care Corporation has -0- Fixed Assets as of 11-01-07 and all revenues and claim payment operations have been assumed by Amerigroup Tennessee.
  - 4) As a result of the sale MMCC's Health Maintenance Operations have been classified as Discontinued Operations and have been reported consistently with the MMCC's reporting of Continued Operations.
  - 5) The amounts related to Discontinued Operations and the effect on the Company's Balance Sheets and Statement of Revenue and Expense is as follows:
- Balance Sheet December 31, 2007
- Assets
- |            |        |                      |
|------------|--------|----------------------|
| a. Line 5  | Cash   | \$ <u>6,437,119</u>  |
| b. Line 26 | Totals | \$ <u>11,816,410</u> |
- Liabilities, Surplus and Other Funds
- |                   |                           |                     |
|-------------------|---------------------------|---------------------|
| c. Line 22        | Total Liabilities         | \$ <u>1,779,985</u> |
| d. Line 31        | Total Capital and Surplus | <u>9,305,697</u>    |
| e. Line 32 Totals |                           | <u>\$11,085,682</u> |
- Statement of Revenue and Expenses December 31, 2007
- |            |                                |                     |
|------------|--------------------------------|---------------------|
| f. Line 2  | Net Premium Incomes            | \$ <u>0.00</u>      |
| g. Line 22 | Increases in Agg. Res.         | <u>0.00</u>         |
| h. Line 31 | Federal & Foreign Income       | <u>0.00</u>         |
| i. Line 26 | Net Realized Cap. Gains (Loss) | <u>0.00</u>         |
| j. Line 32 | Net Income                     | <u>\$15,085,339</u> |
5. Investments
- A. Mortgage Loans  
N/A
  - B. Debt Restructuring  
N/A
  - C. Reverse Mortgages  
N/A
  - D. Loan Backed Securities  
N/A
  - E. Repurchase Agreements  
N/A

## NOTES TO FINANCIAL STATEMENTS

- F. Real Estate  
N/A
  - G. Investments in low Income housing tax credits (LIHTC)  
N/A
6. Joint Ventures, Partnerships and Limited Liability Companies
- A. Investments in Joint Ventures, Partnerships and LLC Companies that exceed 10% of the admitted assets of the insurer.  
N/A
  - B. For impaired investments in Joint Ventures, Partnerships and LLC Companies.  
N/A
7. Investment Income
- A. N/A
  - B. Total Amount excluded was \$0
8. Derivative Instruments
- A. N/A
  - B. N/A
  - C. N/A
  - D. N/A
  - E. N/A
  - F. N/A
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. Operating loss and tax credit carry forwards
    - 1. N/A
    - Recoupment of Income taxes available in the event of future losses
    - 2. 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  
N/A
  - C. Dollar amount of Transactions  
N/A
  - D. At December 31, 2007 the company had \$162,451 due to Midsouth Health Solutions.
  - E. Guarantees or undertakings for the benefit of an affiliate  
N/A
  - F. Description of any material management contracts with related parties

## NOTES TO FINANCIAL STATEMENTS

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, 2007 were \$1,200,609 and \$162,451 respectively.

Memphis Managed Care Corporation's share of Net Income (Loss) of Midsouth Health Solutions was (\$214,577) as of December 31, 2007

J. Investment in SCA entity

N/A

K. Investment in a Foreign insurance Subsidiary

N/A

L. Investment in downstream non-insurance holding company

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

N/A

C. Multiemployer Plans

N/A

D. Consolidated/Holdings Company Plans

N/A

E. Post employment Benefits and Compensated Absences

N/A

F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

1. a. Medicare Modernization Act on Postretirement Benefits signed into law in 12-2003
- b. MMCC does not have a post retirement benefit plan
2. N/A
3. N/A

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

## NOTES TO FINANCIAL STATEMENTS

### Reorganizations.

- 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 2,000,000
- 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 727,727
  - 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
- 13) Dates of Dividend Paid:
 

12-01-05	3,000,000
12-01-06	5,000,000
12-01-07	37,180,000

 These were all ordinary dividends Paid

### 14. Contingencies

#### A. Contingent Commitments

N/A

#### B. Assessments

N/A

#### C. Gain Contingencies

N/A

#### D. Claims Related extra contractual obligation and bad faith losses stemming from lawsuits

N/A

#### E. All Other Contingencies

N/A

.

### 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

## NOTES TO FINANCIAL STATEMENTS

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

The Gain from Operations from ASO uninsured plans and uninsured Portion of partially insured plans was as follows during 2007:

	(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	\$3,297,410		\$3,297,410
b. Total Net Other Income or Expenses (Including Interest paid to or received from Plans)	\$11,787,929		\$11,787,929
c. Net Gain or Loss from Operations	\$15,085,339		\$15,085,339
d. Total Claim Payment Volume	\$276,426,394		\$276,426,394

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. Other Items

A. Extraordinary Items

On November 1, 2007, Amerigroup Tennessee purchased the fixed assets of Memphis Managed Care Corporation, and Midsouth Health Solutions. Memphis Managed Care Corporation received \$10,000,000.00 for its assets and \$100,000.00 for Midsouth Health Solutions assets.

Included in this agreement was the assumption by Amerigroup Tennessee of the ASO contract with the State of Tennessee.

All revenue and Claim payments were assumed by Amerigroup Tennessee as of 11-1-07.

B. Troubled Debt Restructuring

N/A

C. Other Disclosures

NONE

D. NONE

E. Business Interruption Insurance Recoveries

NONE

F. State Transferable Tax Credits

NONE

**NOTES TO FINANCIAL STATEMENTS**

---

G. Aggregate Deposits Admitted under section 6603  
NONE

H. Hybrid Securities  
NONE

I. Sublime Mortgage Related Risk Exposure  
NONE

21. Events Subsequent

N/A

22. Reinsurance

N/A

23. Retrospectively Rated Contracts

N/A

24. Change in Incurred Claims and Claim Adjustment Expenses

N/A

25. Intercompany Pooling Arrangements

NONE

26. Structured Settlements

NONE

27. Health Care Receivables

A. N/A

B. N/A

28. Participating Policies

N/A

29. Premium Deficiency Reserves

N/A

30. Anticipated Salvage & Subrogation

NONE

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE MEMPHIS MANAGED CARE CORPORATION  
**NOTES TO FINANCIAL STATEMENTS - ITEM 1A**

1 State Prescribed Practices	2 Current	3 Prior	4 State of Domicile
01A01 - Net Income, state basis .....	15,218,523	8,205,507	

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

1 Percent Reduced	2 Investment Excluding Accrued Interest	3 Number of Mortgages
----------------------	--	--------------------------

**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
---	------------------	--------------------	---------------------------------------	-----------------------------	--	---	---	-----------------------

**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
-----------------------------------	------------------------	---

**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
---	------	--------------------	---------------------------	---------------------------	---

**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 20F**

Description of State Transferable Tax Credits	State	Carrying Value	Unused Amount
---	-------	----------------	---------------

**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 20H**

CUSIP #	Name of Issuer	General Description	Book/Adjusted Carrying Value
---------	----------------	---------------------	------------------------------

**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEMS 22B and 22C**

Name of Reinsurer	Amount
-------------------	--------

**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 27A**

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
--------------	---	--	--	---	---

**NONE**

**NOTES TO FINANCIAL STATEMENTS - ITEM 27B**

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
--------------------	------------------------------------	---	---	-------------------------------------	---	--	---	--	--

**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	814,032	9.632	814,032	9.632
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	6,437,119	76.163	6,437,119	76.163
9. Other invested assets	1,200,609	14.205	1,200,609	14.205
10. Total invested assets	8,451,760	100.000	8,451,760	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 ( ) N/A (X)
- 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. 12/31/2006
- 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. 12/31/2006
- 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). 11/08/2007
- 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?  
 WATKINS & UBERALL  
 6584 Poplar Ave, Suite 200 Memphis, TN 38138
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
 REDEN & ANDERS LTD.  
 200 W. Madison St, Suite 200 Chicago, TN 60606
- 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)
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes (X) No ( )
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 (c) Compliance with applicable governmental laws, rules and regulations;  
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 (e) Accountability for adherence to the code.
- 13.11 If the response to 13.1 is No, please explain:  
 .....  
 .....
- 13.2 Has the code of ethics for senior managers been amended? Yes ( ) No (X)
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).  
 .....  
 .....
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes ( ) No (X)
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).  
 .....  
 .....

**BOARD OF DIRECTORS**

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

**GENERAL INTERROGATORIES**

**FINANCIAL**

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

**INVESTMENT**

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? Yes (X) No ( )
- 22.2 If no, give full and complete information relating thereto:  
 .....  
 .....
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1) Yes ( ) No (X)
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- |  |  |          |
|--|--|----------|
|  | 23.21 Loaned to others                                 | \$ ..... |
|  | 23.22 Subject to repurchase agreements                 | \$ ..... |
|  | 23.23 Subject to reverse repurchase agreements         | \$ ..... |
|  | 23.24 Subject to dollar repurchase agreements          | \$ ..... |
|  | 23.25 Subject to reverse dollar repurchase agreements  | \$ ..... |
|  | 23.26 Pledged as collateral                            | \$ ..... |
|  | 23.27 Placed under option agreements                   | \$ ..... |
|  | 23.28 Letter stock or securities restricted as to sale | \$ ..... |
|  | 23.29 On deposit with state or other regulatory body   | \$ ..... |
|  | 23.291 Other   | \$ ..... |

23.3 For category (23.28) provide the following:

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

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

**GENERAL INTERROGATORIES**

**INVESTMENT**

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

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

1 Name of Custodian(s)	2 Custodian's Address
SUNTRUST BANK .....	P.O. BOX 622227 ORLANDO, FL 32862-2227 .....
REGIONS BANK .....	6000 POPLAR SUITE 300 MEMPHIS TN 38119 .....
.....	.....

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

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

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

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

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

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

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

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

27.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....	.....	.....
.....	.....	.....
.....	.....	.....
Line 27.2998 from Overflow page .....	.....	.....
Line 27.2999 TOTAL (9999999) .....	.....	.....

27.3 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**

28. 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 (+)
28.1 Bonds .....	\$ ..... 814,032	\$ ..... 922,347	\$ ..... 108,315
28.2 Preferred stocks .....	\$ .....	\$ .....	\$ .....
28.3 Totals .....	\$ ..... 814,032	\$ ..... 922,347	\$ ..... 108,315

28.4 Describe the sources or methods utilized in determining the fair values:  
The percentage used by the bank (Suntrust) is the % used to state FMV  
.....

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

29.2 If no, list exceptions:  
.....

**OTHER**

30.1 Amount of payments to Trade Associations, service organizations and statistical or Rating Bureaus, if any? \$ .....

30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

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

31.1 Amount of payments for legal expenses, if any? \$ .....

31.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

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

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

32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

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

**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 ( ) No (X)
- 5.2 If no, explain:  
 .....  
 .....
- 5.3 Maximum 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 ( ) No (X)
- 7.2 If no, give details:  
 .....  
 .....
8. Provide the following information regarding participating providers:
- |     |  |       |
|-----|--|-------|
| 8.1 | Number of providers at start of reporting year | ..... |
| 8.2 | Number of providers at end of reporting year   | ..... |
- 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 ( ) No (X)

11.3 If yes, show the name of the state requiring such net worth. .....

11.4 If yes, show the amount required. \$ .....

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

## FIVE - YEAR HISTORICAL DATA

	1	2	3	4	5
	2007	2006	2005	2004	2003
<b>BALANCE SHEET (Page 2 and Page 3)</b>					
1. Total admitted assets (Page 2, Line 26)	11,085,683	32,597,102	28,851,568	26,142,734	14,504,707
2. Total liabilities (Page 3, Line 22)	1,779,985	2,387,264	2,313,261	5,023,796	1,487,029
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 31)	9,305,697	30,209,838	26,538,308	21,118,938	13,017,478
<b>INCOME STATEMENT (Page 4)</b>					
5. Total revenues (Line 8)	10,537,867				1,100,424
6. Total medical and hospital expenses (Line 18)					(3,127,356)
7. Claims adjustment expenses (Line 20)			4,968,166	3,083,974	
8. Total administrative expenses (Line 21)	(3,297,410)	(6,777,943)	(10,991,407)	(10,408,590)	(12,135,658)
9. Net underwriting gain (loss) (Line 24)	13,835,277	6,777,943	6,023,241	7,324,616	13,476,694
10. Net investment gain (loss) (Line 27)	1,250,062	1,313,408	864,208	247,606	105,122
11. Total other income (Line 28 plus Line 29)		114,156	1,085,237	783,223	
12. Net income or (loss) (Line 32)	15,085,339	8,205,507	7,972,686	8,355,445	13,581,816
<b>CASH FLOW (Page 6)</b>					
13. Net cash from operations (Line 11)	19,322,604	30,480,574	26,538,308	21,118,938	13,017,478
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. Total adjusted capital	8,932,450	26,451	25,572	16,261,582	10,023,458
15. Authorized control level risk-based capital	32,368				
<b>ENROLLMENT (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7)		169,031	2,246,795	193,868	194,981
17. Total members months (Column 6, Line 7)		2,054,603	2,246,795	2,314,367	2,314,367
<b>OPERATING PERCENTAGE (Page 4)</b> (Item divided by Page 4, sum of Line 2, Line 3, and Line 5) X 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Line 3 plus Line 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)					
20. Cost containment expenses					X X X
21. Other claims adjustment expenses					
22. Total underwriting deductions (Line 23)					
23. Total underwriting gain (loss) (Line 24)					
<b>UNPAID CLAIMS ANALYSIS</b> (U and I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5)					(103,720)
25. Estimated liability of unpaid claims of prior year (Line 13, Column 6)					3,113,636
<b>INVESTMENTS IN PARENT, SUBSIDIARIES, AND AFFILIATES</b>					
26. Affiliated bonds (Schedule D Summary, Line 25, Column 1)					
27. Affiliated preferred stocks (Schedule D Summary, Line 39, Column 1)					
28. Affiliated common stocks (Schedule D Summary, Line 53, Column 2)					
29. Affiliated short-term investments (subtotal included in Schedule DA, Part 2, Column 5, Line 11)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Line 26 to Line 31					



ANNUAL STATEMENT FOR THE YEAR 2007 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 TENNESSEE DURING THE YEAR 2007

	1 Total	Comprehensive (Hospital and Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year .....										
2. First Quarter .....										
3. Second Quarter .....										
4. Third Quarter .....										
5. Current Year .....										
6. Current Year Member Months .....										
Total Member Ambulatory Encounters for Year:										
7. Physician .....										
8. Non-Physician .....										
9. Total .....										
10. Hospital Patient Days Incurred .....										
11. Number of Inpatient Admissions .....										
12. Health Premiums Written (b) .....										
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 .....										

**NONE**

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

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ .....



ANNUAL STATEMENT FOR THE YEAR 2007 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 2007

	1 Total	Comprehensive (Hospital and Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year .....										
2. First Quarter .....										
3. Second Quarter .....										
4. Third Quarter .....										
5. Current Year .....										
6. Current Year Member Months .....										
Total Member Ambulatory Encounters for Year:										
7. Physician .....										
8. Non-Physician .....										
9. Total .....										
10. Hospital Patient Days Incurred .....										
11. Number of Inpatient Admissions .....										
12. Health Premiums Written (b) .....										
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 .....										

**NONE**

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

(b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ .....

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 8 .....	_____
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 10 .....	_____
5. Total profit (loss) on sales, Part 3, Column 15 ..	_____
6. Increase (decrease) by foreign exchange adjustm	
6.1 Totals, Part 1, Column 12 .....	_____
6.2 Totals, Part 3, Column 9 .....	_____
7. Amounts received on sales, Part 3, Column 12 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 .....	1,415,186
2. Cost of acquisitions during year:	
2.1 Actual cost at time of acquisitions .....	_____
2.2 Additional investment made after acquisitions .....	_____
3. Accrual of discount .....	_____
4. Increase (decrease) by adjustment .....	(214,577)
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 .....	1,200,609
10. Total valuation allowance .....	_____
11. Subtotal (Line 9 plus Line 10) .....	1,200,609
12. Total nonadmitted amounts .....	_____
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3) .....	1,200,609

**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 .....	814,032	922,347	892,969	900,000
	2. Canada .....				
	3. Other Countries .....				
	4. Totals .....	814,032	922,347	892,969	900,000
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 .....				
	22. Canada .....				
	23. Other Countries .....				
	24. Totals .....				
Parent, Subsidiaries and Affiliates	25. Totals .....				
	26. Total Bonds .....	814,032	922,347	892,969	900,000
<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 .....	814,032	922,347	892,969	

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year .....	20,291,225	7. Amortization of premium .....	(247,992)
2. Cost of bonds and stocks acquired, Column 7, Part 3 .....	11,148,377	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 .....	814,032
4.4 Column 11 minus Column 13, Part 4 .....		10. Total valuation allowance .....	
5. Total gain (loss), Column 19, Part 4 .....	146,577	11. Subtotal (Line 9 plus Line 10) .....	814,032
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4 .....	31,020,139	12. Total nonadmitted amounts .....	
		13. Statement value of bonds and stocks, current period .....	814,032

ANNUAL STATEMENT FOR THE YEAR 2007 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)
1. U.S. Governments, Schedules D and DA (Group 1)											
1.1 Class 1	814,032					814,032	100.0			814,032	
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 Totals	814,032					814,032	100.0			814,032	
2. All Other Governments, Schedules D and DA (Group 2)											
2.1 Class 1											
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
2.7 Totals											
3. States, Territories and Possessions etc., Guaranteed, Schedules D and DA (Group 3)											
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											
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D and DA (Group 4)											
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											
5. Special Revenue and Special Assessment Obligations etc., Non-Guaranteed, Schedules D and DA (Group 5)											
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 2007 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 .....											
7.2 Class 2 .....											
7.3 Class 3 .....											
7.4 Class 4 .....											
7.5 Class 5 .....											
7.6 Class 6 .....											
7.7 Totals .....											
<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 2007 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	814,032					814,032	100.0	XXX	XXX	814,032	
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	814,032					(b) 814,032	100.0	XXX	XXX	814,032	
10.8 Line 10.7 as a % of Column 6	100.0					100.0	XXX	XXX	XXX	100.0	
<b>11. Total Bonds Prior Year</b>											
11.1 Class 1						XXX	XXX				
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						XXX	XXX	(b)			
11.8 Line 11.7 as a % of Column 8						XXX	XXX		XXX		
<b>12. Total Publicly Traded Bonds</b>											
12.1 Class 1	814,032					814,032	100.0			814,032	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	814,032					814,032	100.0			814,032	XXX
12.8 Line 12.7 as a % of Column 6	100.0					100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	100.0					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 2007 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	814,032					814,032	100.0			814,032	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities											
1.7 Totals	814,032					814,032	100.0			814,032	
2. All Other Governments, Schedules D and DA (Group 2)											
2.1 Issuer Obligations											
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											
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 2007 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											
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											
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 2007 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	814,032					814,032	100.0	X X X	X X X	814,032	
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	814,032					814,032	100.0	X X X	X X X	814,032	
10.8 Line 10.7 as a % of Column 6	100.0					100.0	X X X	X X X	X X X	100.0	
11. Total Bonds Prior Year											
11.1 Issuer Obligations						X X X	X X X				
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						X X X	X X X				
11.8 Line 11.7 as a % of Column 8						X X X	X X X		X X X		
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	814,032					814,032	100.0			814,032	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	814,032					814,032	100.0			814,032	X X X
12.8 Line 12.7 as a % of Column 6	100.0					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	100.0					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 2007 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	2	3	4	5	6	7
NAIC Company Code	Federal ID Number	Effective Date	Name of Company	Location	Paid Losses	Unpaid Losses

**NONE**

ANNUAL STATEMENT FOR THE YEAR 2007 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 2007 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 2007	2 2006	3 2005	4 2004	5 2003
<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) .....	8,451,760		8,451,760
2. Accident and health premiums due and unpaid (Line 13) .....			
3. Amounts recoverable from reinsurers (Line 14.1) .....			
4. Net credit for ceded reinsurance .....	X X X		
5. All other admitted assets (Balance) .....	2,633,923		2,633,923
6. Total assets (Line 26) .....	11,085,683		11,085,683
<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. Funds held under reinsurance treaties with authorized and unauthorized insurers (Line 17) .....			
11. Reinsurance in unauthorized companies (Line 18) .....			
12. All other liabilities (Balance) .....	1,779,985		1,779,985
13. Total liabilities (Line 22) .....	1,779,985		1,779,985
14. Total capital and surplus (Line 31) .....	9,305,697	X X X	9,305,697
15. Total liabilities, capital and surplus (Line 32) .....	11,085,682		11,085,682
<b>NET CREDIT FOR CEDED REINSURANCE</b>			
16. Claims unpaid .....			
17. Accrued medical incentive pool .....			
18. Premiums received in advance .....			
19. Reinsurance recoverable on paid losses .....			
20. Other ceded reinsurance recoverables .....			
21. Total ceded reinsurance recoverables .....			
22. Premiums receivable .....			
23. Funds held under reinsurance treaties with authorized and unauthorized insurers .....			
24. Unauthorized reinsurance .....			
25. Other ceded reinsurance payables/offsets .....			
26. Total ceded reinsurance payables/offsets .....			
27. Total net credit for ceded reinsurance .....			

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Direct Business Only Year to Date								
		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Column 2 Through Column 7	9 Deposit-Type Contracts	
1. Alabama	AL No									
2. Alaska	AK No									
3. Arizona	AZ No									
4. Arkansas	AR No									
5. California	CA No									
6. Colorado	CO No									
7. Connecticut	CT No									
8. Delaware	DE No									
9. District of Columbia	DC No									
10. Florida	FL No									
11. Georgia	GA No									
12. Hawaii	HI No									
13. Idaho	ID No									
14. Illinois	IL No									
15. Indiana	IN No									
16. Iowa	IA No									
17. Kansas	KS No									
18. Kentucky	KY No									
19. Louisiana	LA No									
20. Maine	ME No									
21. Maryland	MD No									
22. Massachusetts	MA No									
23. Michigan	MI No									
24. Minnesota	MN No									
25. Mississippi	MS No									
26. Missouri	MO No									
27. Montana	MT No									
28. Nebraska	NE No									
29. Nevada	NV No									
30. New Hampshire	NH No									
31. New Jersey	NJ No									
32. New Mexico	NM No									
33. New York	NY No									
34. North Carolina	NC No									
35. North Dakota	ND No									
36. Ohio	OH No									
37. Oklahoma	OK No									
38. Oregon	OR No									
39. Pennsylvania	PA No									
40. Rhode Island	RI No									
41. South Carolina	SC No									
42. South Dakota	SD No									
43. Tennessee	TN No									
44. Texas	TX No									
45. Utah	UT No									
46. Vermont	VT No									
47. Virginia	VA No									
48. Washington	WA No									
49. West Virginia	WV No									
50. Wisconsin	WI No									
51. Wyoming	WY No									
52. American Samoa	AS No									
53. Guam	GU No									
54. Puerto Rico	PR No									
55. U.S. Virgin Islands	VI No									
56. Northern Mariana Islands	MP No									
57. Canada	CN No									
58. Aggregate Other Alien	OT XXX									
59. Subtotal	XXX									
60. Reporting entity contributions for Employee Benefit Plans	XXX									
61. Total (Direct Business)	(a)									
<b>NONE</b>										
<b>DETAILS OF WRITE-INS</b>										
5801.										
5802.										
5803.										
5898.	Summary of remaining write-ins for Line 58 from overflow page									
5899.	Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)									
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

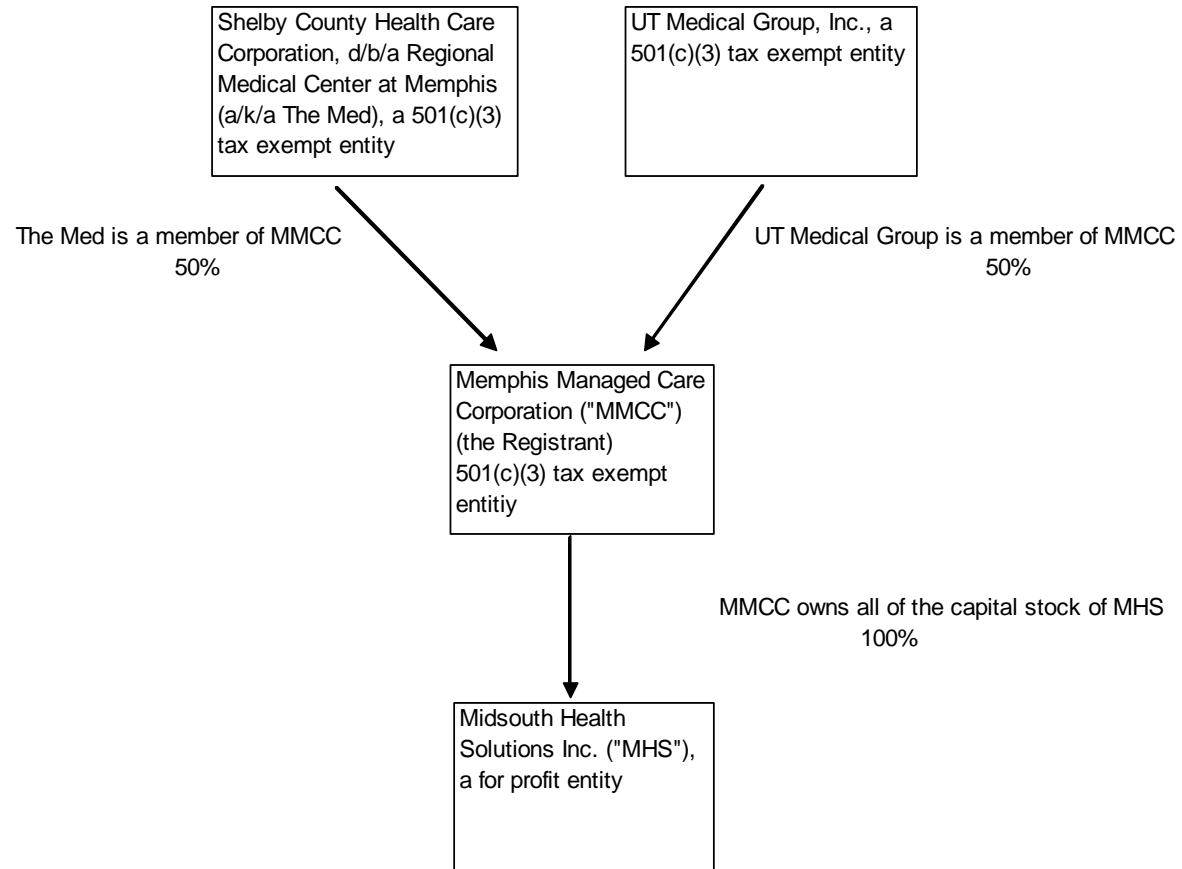
**PART 1 - ORGANIZATIONAL LISTING**

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/REGIONAL MEDICAL CENTER		TN	62-1539163	MEMPHIS MANAGED CARE INC.

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE MEMPHIS MANAGED CARE CORPORATION  
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

---



ANNUAL STATEMENT FOR THE YEAR 2007 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 confidential Risk-based Capital Report be filed with the NAIC by March 1?	YES
EXPLANATION: .....	
BARCODE: Document Identifier 390:	
4. Will the confidential 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 INSURANCE 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 &amp; CASUALTY COMPANY</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: NO STOCKHOLDERS</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: NO MEDICARE COVERAGES CARRIED BY COMPANY</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 and the NAIC by April 1?</p> <p>EXPLANATION: NO LONG TERM CARE COVERAGES CARRIED BY COMPANY</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: NO LIFE COVERAGES CARRIED BY COMPANY</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: NO PROPERTY/CASUALTY COVERAGES CARRIED BY COMPANY</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	17
Description of Property	2 City	3 State	Disposal Date	Name of Purchaser	Actual Cost	Book/Adjusted Carrying Value Less Encumbrances Prior Year	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 2007 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		MEMPHIS	TN			02/01/2006		15,000,000				1,200,609					100.000
1699999	- Subtotal - Joint Venture, Partnership or Limited Liability Company Interests that have the Underlying Characteristics of Common Stocks - Affiliated																	
4099999	- Subtotal - Affiliated																	
4199999	- TOTALS																	

**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 2007 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-FX-3	U. S. TREASURY			1		419,869	4,490	432,109	420,000	404,048		(4)		4,625	4,640		5,519	19,425	11/01/2006	11/01/2009	
912828-EG-1	U. S. TREASURY			1		473,100	3,790	490,238	480,000	409,984		(176)		3,875	4,370		2,508	17,083	08/01/2007	09/01/2010	
0199999 - U. S. Governments - Issuer Obligations																					
0399999 - Subtotal - U. S. Governments																					
						892,969		922,347	900,000	814,032		(180)					8,027	36,508			
5499999 - Total Bonds - Subtotal - Issuer Obligations						892,969		922,347	900,000	814,032		(180)						8,027	36,508		
6099999 - TOTALS						892,969		922,347	900,000	814,032		(180)						8,027	36,508		

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

Showing all PREFERRED STOCKS Owned December 31 of Current Year

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

**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 2007 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
6099998 - Summary Item from Part 5 for Bonds						11,148,377	11,205,000.00	
6099999 - Subtotal - Bonds						11,148,377	11,205,000.00	
7499999 - TOTALS						11,148,377		

ANNUAL STATEMENT FOR THE YEAR 2007 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)						
Bonds - U.S. Governments																			
912827-2J-0	U.S. TREASURY		02/15/2007	REGIONS BANK		106,719	100,000.00	101,406	100,115					100,000		6,719	6,719	3,125	02/01/2007
912828-AH-3	U.S. TREASURY		08/15/2007	SUNTRUST BANK		2,500,000	2,500,000.00	2,499,160	2,495,396	4,604		4,604		2,500,000				81,250	09/06/2007
912828-DK-3	U.S. TREASURY		12/18/2007	SUNTRUST BANK		2,001,328	2,000,000.00	1,995,646	1,991,279	7,314		7,314		1,998,593		2,735	2,735	90,428	02/15/2008
912828-CC-2	U.S. TREASURY		12/18/2007	SUNTRUST BANK		1,765,677	1,780,000.00	1,744,300	1,744,300		14,355		14,355	1,758,655		7,022	7,022	58,791	03/15/2009
912828-DT-4	U.S. TREASURY		12/18/2007	SUNTRUST BANK		2,504,395	2,500,000.00	2,496,973	2,498,531	966		966		2,499,527		4,868	4,868	102,249	05/15/2008
912828-FP-0	U.S. TREASURY		11/06/2007	REGIONS BANK		102,894	100,000.00	100,133	100,133	(57)		(57)		100,076		2,818	2,818	1,047	08/15/2009
0399999	Subtotal - Bonds - U.S. Governments					8,981,013	8,980,000.00	8,933,961	8,929,754	27,212		27,212		8,956,851		24,162	24,162	336,890	
Bonds - All Other Governments																			
31331S-NF-6	FEDERAL FARM CREDIT BANK		11/02/2007	REGIONS BANK		100,500	100,000.00	97,000	97,490	1,114		1,114		98,604		1,896	1,896	2,875	02/17/2007
3133MW-2K-6	FEDERAL HOME LOAN BANK		02/15/2007	SUNTRUST BANK		200,000	200,000.00	196,644	197,923	1,464		1,464		198,108		1,892	1,892	2,875	02/17/2007
3133X3-CQ-4	FEDERAL HOME LOAN BANK		01/29/2007	SUNTRUST BANK		180,000	180,000.00	178,819	178,883	1,117		1,117		180,000				2,925	01/28/2011
3133XA-GY-7	FEDERAL HOME LOAN BANK		02/23/2007	SUNTRUST BANK		100,000	100,000.00	99,820	100,000	180		180		100,000				1,687	02/23/2007
3133XG-3V-4	FEDERAL HOME LOAN BANK		01/17/2007	SUNTRUST BANK		500,000	500,000.00	500,280	500,000					500,000				14,375	01/17/2008
3133XG-DS-0	FEDERAL HOME LOAN BANK		02/01/2007	SUNTRUST BANK		695,000	695,000.00	695,000	695,000					695,000				19,634	08/20/2007
3133XH-U8-3	FEDERAL HOME LOAN BANK		02/21/2007	SUNTRUST BANK		1,060,000	1,060,000.00	1,060,000	1,060,000					1,060,000				14,018	11/21/2007
3133XH-ZX-3	FEDERAL HOME LOAN BANK		09/05/2007	SUNTRUST BANK		640,000	640,000.00	640,000	637,229	2,771		2,771		640,000				24,960	09/05/2007
3133XH-JS-2	FEDERAL HOME LOAN BANK		10/23/2007	SUNTRUST BANK		500,000	500,000.00	500,000	500,187	(187)		(187)		500,000				26,250	10/23/2008
3133XH-V4-1	FEDERAL HOME LOAN BANK		10/30/2007	SUNTRUST BANK		385,000	385,000.00	385,000	381,663	3,337		3,337		385,000				18,852	11/21/2007
3133X1-XC-6	FEDERAL HOME LOAN BANK		11/02/2007	SUNTRUST BANK		250,000	250,000.00	244,333	244,567	5,433		5,433		250,000				4,229	11/14/2008
3133XJ-EK-0	FEDERAL HOME LOAN BANK		10/30/2007	SUNTRUST BANK		800,000	800,000.00	800,000	800,000					800,000				35,707	12/21/2007
31359M-S5-3	FEDERAL HOME LOAN MORTGAGE ASSOC.		11/02/2007	REGIONS BANK		255,927	250,000.00	248,531	248,941	673		673		249,614		6,313	6,313	4,995	06/15/2008
31359M-U6-8	FEDERAL HOME LOAN MORTGAGE ASSOC.		11/02/2007	REGIONS BANK		257,839	250,000.00	252,965	252,721	(923)		(923)		251,798		6,041	6,041	2,874	08/15/2008
3128X4-H7-9	FEDERAL HOME LOAN MORTGAGE CORP.		10/30/2007	SUNTRUST BANK		150,000	150,000.00	149,663	149,686	314		314		150,000				9,006	02/22/2008
3134A4-RH-9	FEDERAL HOME LOAN MORTGAGE CORP.		09/17/2007	REGIONS BANK		252,063	250,000.00	244,763	247,330	2,656		2,656		249,986		2,077	2,077	4,375	09/15/2007
3137EA-AH-2	FEDERAL HOME LOAN MORTGAGE CORP.		10/30/2007	SUNTRUST BANK		500,000	500,000.00	499,480	499,563	437		437		500,000				28,125	09/16/2008
3134A4-US-1	FEDERAL HOME LOAN MORTGAGE CORP.		11/02/2007	REGIONS BANK		253,365	250,000.00	245,835	246,190	1,337		1,337		247,527		5,838	5,838	3,158	07/15/2009
3133XB-EE-1	FEDERAL HOME LOAN BANK CALLABLE		11/02/2007	REGIONS BANK		150,242	150,000.00	150,551	150,226	(190)		(190)		150,036		206	206	461	04/07/2008
3133XA-KC-0	FEDERAL HOME LOAN BANK CALLABLE		11/02/2007	REGIONS BANK		504,553	500,000.00	504,250	502,243	(1,020)		(1,020)		501,223		3,330	3,330	4,813	02/15/2008
3136F6-D7-1	FANNIE MAE		02/22/2007	REGIONS BANK		510,000	500,000.00	502,125	500,156	(156)		(156)		500,000		10,000	10,000	10,000	02/22/2007
36225D-MF-8	GOVERNMENT NATIONAL MEETING ASSN. POOL		11/21/2007	REGIONS BANK		111,724	110,362.00	111,845	152,203	(41,841)		(41,841)		110,362		1,362	1,362	2,741	02/20/2035
1099999	Subtotal - Bonds - All Other Governments					8,356,213	8,320,362.00	8,307,084	8,342,021	(23,484)		(23,484)		8,317,258		38,955	38,955	238,935	
Bonds - Industrial and Miscellaneous (Unaffiliated)																			
038222-AC-9	APPLIED MATERIALS INC.		10/15/2007	REGIONS BANK		103,250	100,000.00	106,878	102,098	(1,975)		(1,975)		100,123		3,127	3,127	3,375	10/15/2007
066050-CV-5	BANKAMERICA CORP.		11/06/2007	REGIONS BANK		102,805	100,000.00	102,230	102,149	(917)		(917)		101,232		1,573	1,573	1,322	02/15/2009
073902-EZ-0	BEAR STERNS CO		01/16/2007	REGIONS BANK		105,313	100,000.00	100,318	100,001	(1)		(1)		100,000		5,313	5,313	315	01/15/2007
17252M-AE-0	CINTAS CORP.		06/01/2007	REGIONS BANK		102,563	100,000.00	102,935	100,549	(549)		(549)		100,000		2,563	2,563	2,563	06/01/2007
22541L-AD-5	CREDIT SUISSE FB USA		04/16/2007	REGIONS BANK		102,875	100,000.00	100,937	100,207	(207)		(207)		100,000		2,875	2,875	2,875	04/15/2007
14912L-ZL-4	CATERPILLAR FINANCIAL SERVICES CORP		11/06/2007	REGIONS BANK		100,488	100,000.00	99,643	99,864	112		112		99,976		504	504	929	02/08/2008
263534-BJ-7	DU PONT E I DE NEMOURS & CO.		11/06/2007	REGIONS BANK		104,350	100,000.00	104,955	104,692	(4,692)		(4,692)		100,000		4,350	4,350	401	10/15/2009
36962G-F4-1	GENERAL ELECTRIC CAPITAL CORP.		01/16/2007	REGIONS BANK		101,400	100,000.00	98,397	100,000					100,000		1,400	1,400	1,400	01/15/2007
38143U-AA-9	GOLDMAN SACHS		11/06/2007	REGIONS BANK		99,925	100,000.00	97,022	97,424	1,142		1,142		98,566		1,359	1,359	1,195	01/15/2009
437076-AL-6	HOME DEPOT		11/06/2007	REGIONS BANK		97,931	100,000.00	96,697	96,790	1,051		1,051		97,841		90	90	531	09/15/2009
441812-JX-3	HOUSEHOLD FINANCE CORP.		01/30/2007	REGIONS BANK		102,875	100,000.00	100,514	100,000					100,000		2,875	2,875	2,875	01/30/2007
46625H-AP-5	JP MORGAN CHASE & CO		05/30/2007	REGIONS BANK		102,628	100,000.00	100,648	100,158	(156)		(156)		100,002		2,623	2,623	2,625	05/30/2007
244217-BH-7	JOHN DEERE CAPITAL CORP		08/22/2007	REGIONS BANK		102,250	100,000.00	99,262	99,705	(295)		(295)		100,000		2,250	2,250	2,250	08/22/2007
524908-CK-4	LEHMAN BROTHERS HOLDING INC.		06/15/2007	REGIONS BANK		104,125	100,000.00	101,822	101,148	(1,148)		(1,148)		100,000		4,125	4,125	4,125	06/15/2007

ANNUAL STATEMENT FOR THE YEAR 2007 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)						
Bonds - Industrial and Miscellaneous (Unaffiliated) (continued)																			
617446-HB-8	MORGAN STANLEY GROUP INC.		04/02/2007	REGIONS BANK		102,750	100,000.00	100,527	100,135	(135)		(135)	100,000		2,750	2,750	2,900	04/01/2007	
59018Y-NZ-0	MERRILL LYNCH & CO. INC.		11/06/2007	REGIONS BANK		101,847	100,000.00	98,388	98,912	1,088		1,088	100,000		1,847	1,847	1,900	11/15/2007	
634906-CD-1	NATIONAL CITY BANK INDIANA		09/28/2007	REGIONS BANK		102,000	100,000.00	100,288	100,084	(75)		(75)	100,009		1,991	1,991	2,000	09/28/2007	
717081-AK-9	PFIZER INC.		03/15/2007	REGIONS BANK		102,063	100,000.00	97,505	99,603	397		397	100,000		2,063	2,063	1,250	03/15/2007	
742718-BM-0	PROCTOR & GAMBLE CO.		11/06/2007	REGIONS BANK		105,174	100,000.00	105,261	104,841	(1,586)		(1,586)	103,255		1,919	1,919	974	09/15/2009	
854616-AH-2	STANLEY WORKS CALLABLE		11/01/2007	REGIONS BANK		102,188	100,000.00	99,136	99,727	273		273	100,000		2,188	2,188	1,750	11/01/2007	
78387G-AN-3	SBC COMMUNICATIONS		11/06/2007	REGIONS BANK		99,164	100,000.00	97,655	97,721	746		746	98,467		697	697	584	09/15/2009	
87612E-AD-8	TARGET CORP.		04/02/2007	REGIONS BANK		102,750	100,000.00	103,549	100,419	(419)		(419)	100,000		2,750	2,750	2,750	04/01/2007	
87612E-AJ-5	TARGET CORP.		11/06/2007	REGIONS BANK		103,175	100,000.00	100,486	100,431	(164)		(164)	100,267		2,908	2,908	2,105	06/15/2009	
928903-AD-4	WACHOVIA CORP.		11/06/2007	REGIONS BANK		100,095	100,000.00	96,486	96,943	1,299		1,299	98,242		1,853	1,853	795	02/17/2009	
4599999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					2,453,984	2,400,000.00	2,411,539	2,403,601	(6,211)		(6,211)	2,397,980		55,993	55,993	43,789		
6099997	Subtotal - Bonds - Part 4					19,791,210	19,700,362.00	19,652,584	19,675,376	(2,483)		(2,483)	19,672,089		119,110	119,110	619,614		
6099998	Summary Item from Part 5 for Bonds					11,228,929	11,205,000.00	11,148,377		(53,085)		(53,085)	11,201,461		27,467	27,467	206,191		
6099999	Subtotal - Bonds					31,020,139	30,905,362.00	30,800,961	19,675,376	(55,568)		(55,568)	30,873,550		146,577	146,577	825,805		
7499999	TOTALS					31,020,139		30,800,961	19,675,376	(55,568)		(55,568)	30,873,550		146,577	146,577	825,805		



**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**

**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
------------------	---	--	----------------------------------	---------------------------------	-------------------------------	-----------------------------	-----------------	--------	-----------------------	------------------	--	----------------------------	--

**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
------------------	---	--	----------------------------------	----------------------------------	-------------------------------	-----------------------------

**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**

E20

**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
------------------	--------------------------	--------------------	---------------------	-------------------------------	-------------------------------	-------------------------------------

**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							
REGIONS	REGIONS-TN-GENERAL OPERATING					2,569,192	
REGIONS	REGIONS-TN-CLAIMS					233,142	
REGIONS	REGIONS-TN-ESCROW CASH					2,000,000	
REGIONS	REGIONS-TN-TRUST					1,634,285	
0199999 - TOTAL - Open Depositories						6,436,619	
0399999 - TOTAL Cash on Deposit						6,436,619	
0499999 - Cash in Company's Office						500	
0599999 - TOTAL Cash						6,437,119	

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

1. January	4,417,998	4. April	2,386,375	7. July	3,840,327	10. October	23,797,280
2. February	8,057,577	5. May	5,558,174	8. August	4,146,827	11. November	7,894,850
3. March	5,695,389	6. June	5,341,877	9. September	4,198,720	12. December	6,437,119

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

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due and Accrued	8 Gross Investment Income
------------------	-----------	--------------------	-----------------------	--------------------	--------------------------------------	--	---------------------------------

**NONE**

---

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

States, Etc.	1 Type of Deposit	2 Purpose of Deposit	Deposits 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						
30. New Hampshire						
31. New Jersey						
32. New Mexico						
33. New York						
34. North Carolina						
35. North Dakota						
36. Ohio						
37. Oklahoma						
38. Oregon						
39. Pennsylvania						
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 Alien and Other	OT	XXX	XXX			
59. Total		XXX	XXX			
<b>NONE</b>						
<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 2007 OF THE MEMPHIS MANAGED CARE CORPORATION

**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, 2007:

Claims Unpaid (restated April 2002) (Page 3, Line 1)	\$0
Remaining IBNR as of 12/31/2007	\$45,584,673

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 2007 OF THE MEMPHIS MANAGED CARE CORPORATION

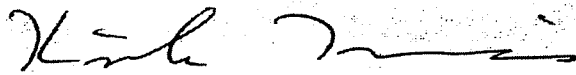
**STATEMENT OF ACTUARIAL OPINION**

---

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.




---

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

Reden & Anders, Ltd.  
 200 W. Madison Street, Suite 2000  
 Chicago, Tennessee 60606  
 (312) 429-3905

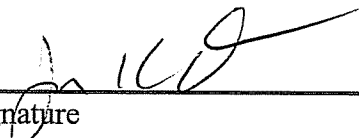
AKT:bc

February 25, 2008



**Management Reliance Statement to the Actuarial Opinion  
For Annual Statement  
December 2007**

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, 2007**, 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, 2007**.

  
\_\_\_\_\_  
Signature

1407 Union Ave, Memphis TN 38104  
Address

901-515-3003  
Telephone

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE MEMPHIS MANAGED CARE CORPORATION

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES**

**For The Year Ended December 31, 2007**

**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. \$ ..... 11,085,683

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

	1	2	3	4
	Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2.01	U.S. TREASURY	BONDS	\$ ..... 814,032	..... 0.070 %
2.02	.....	.....	\$ .....	..... %
2.03	.....	.....	\$ .....	..... %
2.04	.....	.....	\$ .....	..... %
2.05	.....	.....	\$ .....	..... %
2.06	.....	.....	\$ .....	..... %
2.07	.....	.....	\$ .....	..... %
2.08	.....	.....	\$ .....	..... %
2.09	.....	.....	\$ .....	..... %
2.10	.....	.....	\$ .....	..... %

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

	Bonds	1	2	Preferred Stocks	3	4
3.01	NAIC-1	\$ ..... 814,032	..... 0.070 %	3.07 P/RP-1	\$ .....	..... %
3.02	NAIC-2	\$ .....	..... %	3.08 P/RP-2	\$ .....	..... %
3.03	NAIC-3	\$ .....	..... %	3.09 P/RP-3	\$ .....	..... %
3.04	NAIC-4	\$ .....	..... %	3.10 P/RP-4	\$ .....	..... %
3.05	NAIC-5	\$ .....	..... %	3.11 P/RP-5	\$ .....	..... %
3.06	NAIC-6	\$ .....	..... %	3.12 P/RP-6	\$ .....	..... %

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?		Yes ( ) No (X)
(4.02) Total admitted assets held in foreign investment.	\$ .....	..... %
(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 ( ) No (X)

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 ( ) No (X)

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 ( ) No (X)

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

1

2

3

<u>Name of Issuer</u>		
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 ( ) No (X)

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 ( ) No (X)

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 ( ) No (X)

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 ( ) No (X)

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 ( ) No (X)

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	\$ .....	..... %	\$ .....	\$ .....	\$ .....



**NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS**

**SCHEDULES SIS**

**STOCKHOLDER INFORMATION SUPPLEMENT**

For The Year Ended December 31, 2007

(To Be Filed by March 1)

REQUIRED BY THE APPLICABLE QUESTION ON THE SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES  
FOR THE PROPERTY/CASUALTY, LIFE ACCIDENT AND HEALTH,  
TITLE, AND HEALTH INSURANCE BLANKS

TO ANNUAL STATEMENT OF THE

MEMPHIS MANAGED CARE CORPORATION

SUPPLEMENT FOR THE YEAR 2007 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		2007	.....	.....	.....	.....
		2006	.....	.....	.....	.....
		2005	.....	.....	.....	.....
1. CFO	JIM PROCTOR	2007	.... 89,483	..... 9,000	.....	..... 98,483
CFO	JIM PROCTOR	2006	.... 97,753	..... 9,200	.....	..... 106,953
CFO	ART ANSERT	2005	.... 114,449	..... 10,983	.....	..... 125,432
2.		2007	.....	.....	.....	.....
MEDICAL DIRECTOR	DIANNA GRANT	2006	.... 137,395	..... 25,226	.....	..... 162,621
MEDICAL DIRECTOR	DIANNA GRANT	2005	.... 250,027	..... 22,073	.....	..... 272,100
3. PRESIDENT	AL KING	2007	.... 226,071	..... 30,720	.....	..... 256,791
		2006	.... 206,071	..... 32,356	.....	..... 238,427
		2005	.... 186,098	..... 30,720	.....	..... 216,818
4. VP MEDICAL	JAMIE PATTERSON	2007	.... 108,755	..... 13,000	.....	..... 121,755
		2006	.... 126,854	..... 12,202	.....	..... 139,056
		2005	.... 121,646	..... 10,575	.....	..... 132,221
5. VP HUMAN RES.	KATHY LONDOW	2007	.... 104,908	..... 12,000	.....	..... 116,908
		2006	.... 119,570	..... 11,550	.....	..... 131,120
		2005	.... 113,596	..... 10,010	.....	..... 123,606
6. VP CLAIMS	MICHAEL JONES	2007	.... 94,438	..... 10,000	.....	..... 104,438
		2006	.... 104,085	..... 10,184	.....	..... 114,269
		2005	.... 99,121	..... 8,784	.....	..... 107,905
7. VP ADMINISTRATION	MICHAEL SCARBROUGH	2007	.... 115,496	..... 12,000	.....	..... 127,496
		2006	.... 127,591	..... 12,474	.....	..... 140,065
		2005	.... 119,524	..... 10,511	.....	..... 130,035
8. ASSOCIATE MED. DIR.	CLARENCE DAVIS	2007	.... 167,448	..... 20,000	.....	..... 187,448
		2006	.... 212,372	..... 19,375	.....	..... 231,747
		2005	.....	.....	.....	.....
9.		2007	.....	.....	.....	.....
		2006	.....	.....	.....	.....
		2005	.....	.....	.....	.....



## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

### INTRODUCTION

#### **History**

Memphis Managed Care Corporation (MMCC) d/b/a TLC Family Care Healthplan was incorporated on July 7, 1993. MMCC is owned equally by The Regional Medical Center at Memphis (The MED) and UT Medical Group, Inc. On November 24, 1993 MMCC was licensed as an HMO in Tennessee. MMCC formally commenced operations on January 1, 1994 managing the health care needs of 22,000 Shelby county residents. MMCC currently provides care for approximately 200,000 members. MMCC provides coverage for TennCare members only. MMCC provides services to Community Service Areas (CSAs) in Western Tennessee. For the period July 1, 2002 through December 31, 2003 the State of Tennessee converted all managed care organizations (MCO's), to administrative services only (ASO) arrangements. This conversion is called the Stabilization Plan.

**Vision:** "Leadership in shaping the standard in healthcare and service by continually raising the bar."

**Mission Statement:** "Our mission is to promote wellness and ensure access to quality health care through a comprehensive, university-affiliated provider network devoted to enabling our West Tennessee members to lead healthier, longer, and more enriched lives."

**Motto:** The Health Plan You Can Trust"

### Results of Operations.

#### **A. Revenue**

Premium Revenue remained at \$ 0 since the company continues to operate under an ASO Agreement. The ASO payments were \$20,530,739 during 2007. The change in the contractual relationship with TennCare with the implementation of the Stabilization Period continued thru 2007.

Member months decreased in 2007 due to only ten months of operations. Member months for 2007 were 1,679,159 compared to 2,054,603 in 2006. Starting in July of 2005 our administration fee was reduced to 11.45 pmpm.

Also in July the State included incentive provisions to our contract that put 10% of our administration fees at risk with the potential to earn a 15% bonus predicated on hitting quarterly targets set by the State. The evaluation process is to take place 90 days after the end of each year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

### **B. Medical Expenses**

Medical expenses for which MMCC was liable were insignificant in 2007. Comparison between periods is not meaningful. During 2007 MMCC paid \$276,426,394 in medical claims for TennCare members.

### **C. Administrative Expenses**

Effective and efficient administration of the program continues to be a strong point for Memphis Managed Care Corporation. Administration expenses were \$16,799,804 (\$ 10.00 PMPM) vs. \$17,562,563 (\$ 8.55PMPM) in the prior year excluding premium tax. Mostly due to an increase in Legal Expenses and Professional Services for the 2007 year.

## **PROSPECTIVE INFORMATION**

November 1<sup>st</sup> 2007 AMERIGROUP Community Care of Tennessee purchased the assets of Memphis Managed Care Corp. As part of the purchase agreement MMCC's ASO contract was assigned to Amerigroup.

## **MATERIAL CHANGES**

### **Assets**

In 2007 MMCC sold substantial all of its operating assets to Amerigroup of Tennessee.

## **LIQUIDITY**

### Short-term liquidity

Short-term liquidity as measure by our current ration is very strong. Our current ratio as of December 31, 2007 was **10.17**. Because of our ASO arrangement with the State we have a \$1,391,737 receivable at year end that represents medical payments made but not funded. The trimming between when medical payments are made and then funded is 3 days. As of this writing all payments have been funded and have never been an issue in terms of cash flow. Budget cash from operations will more than cover any short-term liquidity need MMCC has for 2008.

### Long-tem liquidity

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

MMCC has in the past used equity to finance all of its long-term capital assets minimizing long term debt. For 2008 there are no long-term capital projects planned.

4/14/2008  
11:43 AM

**Memphis Managed Care Inc.  
Reconciliation of Medical Services Monitoring Report (MSMR)  
to Report 2A  
As of December 31, 2007**

**MSMR REPORT**

UB 92 Payments	160,183,441
HCFA 1500 Payments	<u>105,396,135</u>
Total Claim Payments	<b>265,579,576</b>

No Check Adjustments	
Capitation	12,037,419
Reinsurance	
Off Lag Adjustments	3,112,457
IBNR	45,584,673
COB Subro Adjustments	

<b>Total Medical Payments</b>	<b>326,314,125</b>
-------------------------------	--------------------

**Medical Services Monitoring Report**  
**GRAND REGION**      WEST

**MCO**

Memphis Managed Care Corporation	2007												TOTAL
Reporting Month	Incurred Month												
Dec-07	January	February	March	April	May	June	July	August	September	October	November	December	
Enrollment	172,364	169,263	168,748	168,573	167,811	167,226	170,835	170,101	170,310	170,078	168,688	162,868	2,026,865
<b>Payments for Medical Services for the Month</b>													
UB 92 Payments by the Claims Processing System	17,523,028	14,122,698	15,159,144	14,952,331	14,717,810	15,141,044	15,690,237	15,919,444	13,278,125	12,404,788	8,050,822	3,223,971	160,183,441
HCFA1500 Payments by the Claims Processing System	10,806,442	9,533,833	10,172,471	9,613,863	10,057,016	9,249,525	9,668,334	10,492,440	8,624,937	8,579,942	6,039,666	2,557,665	105,396,135
Dental Payments by the Claims Processing System	0	0	0	0	0	0	0	0	0	0	0	0	0
Capitation Payments	1,726,343	521,153	514,832	514,754	2,486,082	591,191	596,193	590,614	1,622,224	631,610	571,883	1,670,540	12,037,419
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	184,536	120,060	293,179	380,139	274,636	358,242	89,375	230,940	148,692	454,255	438,139	140,264	3,112,457
Less:													0
BHO Capitation Revenue													0
Pharmacy Rebates													0
Recoveries not Claims Payments													0
Total Payments for the month	30,240,349	24,297,744	26,139,626	25,461,086	27,535,545	25,340,002	26,044,139	27,233,438	23,673,978	22,070,595	15,100,510	7,592,440	280,729,453
Remaining IBNR for the month	20,000	46,452	140,517	212,842	339,457	551,329	921,867	1,531,602	2,382,156	4,953,057	12,225,333	22,260,062	45,584,673
<b>Payments and Remaining IBNR for the month</b>	30,260,350	24,344,196	26,280,143	25,673,929	27,875,002	25,891,331	26,966,006	28,765,040	26,056,134	27,023,652	27,325,843	29,852,502	326,314,126
Per Member Expense	175.56	143.82	155.74	152.30	166.11	154.83	157.85	169.11	152.99	158.89	161.99	183.29	160.99
Per Member Month Exp. For Quarter			158.48			157.74			159.98			167.86	
Per Member Month Exp. For Quarter in 2006			147.50			144.54			154.84			150.73	
Per Member Month Exp. For Quarter in 2005			148.40			146.60			146.95			137.51	
Percent Change from 2003 to 2004			-0.006075			-0.014074			0.0536814			0.0961733	
Medical Services Budget for 2006 Quarter			146.61			142.50			163.15			165.23	
(Over)/Under Budget			(12)			(15)			3			(3)	

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

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	168,990	1,679,159	2,246,795
<b>REVENUES:</b>			
1 TennCare Capitation	53,326,145	335,229,520	373,474,597
2 Investment	369,223	1,250,062	1,313,408
3 Other Revenue	10,412,649	10,323,290	53,226
4 Total Revenue	64,108,017	346,802,871	374,841,231
<b>EXPENSES:</b>			
Medical and Hospital Services			
5 Capitated Physician Services	631,610	9,004,848	12,172,604
6 Fee for Service Physician Services	3,902,813	36,811,426	39,294,873
7 Inpatient Hospital Services	6,268,553	55,725,026	56,586,552
8 Outpatient Services	371,276	2,648,059	85,315
9 Emergency Room Services	2,048,475	22,221,413	24,010,446
10 Mental Health Services	6,350	23,783	24,488
11 Dental Services	14,923	126,867	0
12 Vision Services	228,751	2,014,602	2,118,889
13 Pharmacy Services	(294)	(294)	(255)
14 Home Health Services	1,261,987	8,772,271	6,529,248
15 Chiropractic Services	0	0	0
16 Radiology Services	1,626,021	11,244,606	1,521,329
17 Laboratory Services	706,701	7,908,286	8,432,875
18 Durable Medical Equipment Services	220,575	1,099,913	298,038
19 Transportation Services	123,848	1,474,165	3,802,540
20 Outside Referrals	0	0	0
21 Medical incentive Pool and Withhold Adjustments	0	0	0
22 Occupancy Depreciation and Amortization	0	0	0
23 Other Medical and Hospital Services	10,443,556	110,038,861	151,258,715
24 <b>IBNR</b>	22,260,062	45,584,673	35,904,045
25 <b>Subtotal</b>	<b>50,115,205</b>	<b>314,698,503</b>	<b>342,039,702</b>
26 Reinsurance Expense Net of Recoveries	277	277	0
<b>LESS:</b>			
27 Copayments	0	0	0
28 Subrogation			0
29 Coordination of Benefits			0
30 <b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>30 TOTAL MEDICAL, HOSPITAL &amp; IBNR</b>	<b>50,115,482</b>	<b>314,698,780</b>	<b>342,039,702</b>
<b>Administration</b>			
31 Compensation	684,530	6,923,535	8,510,052
32 Marketing	0	0	0
33 Interest Expense	0	0	92
34 Premium Tax Expense	2,664,459	7,784,457	6,514,857
35 Occupancy Depreciation and Amortization	58,946	605,167	598,436
36 Other Administration	(871,352)	1,705,593	8,948,701
<b>37 TOTAL ADMINISTRATION</b>	<b>2,536,583</b>	<b>17,018,752</b>	<b>24,572,138</b>
<b>38 TOTAL EXPENSES</b>	<b>52,652,065</b>	<b>331,717,532</b>	<b>366,611,840</b>
<b>39 NET INCOME (LOSS)</b>	<b>11,455,953</b>	<b>15,085,339</b>	<b>8,229,391</b>

# BestESP<sup>®</sup> Services

## 2007 MANAGEMENT REPORTS

FOR: MEMPHIS MANAGED CARE CORPORATION  
 TYPE: CASH FLOW WORKSHEETS  
 NAIC #: 00000

PAGE: 1

Generation Date: 04-21-2008

This report shows the calculations used by the Best ESP System to build your Cash Flow page according to the Annual Statement Instructions. Each section includes a line to let you make adjustments according to your company's needs. You can manually change any of the calculated lines after they have been automatically calculated by the Best ESP System. Prior Year refers to the Prior Year column on the Current Year Page. PREVIOUS YEAR PAGE refers to the prior year statement page.

### Cash From Operations Worksheet

#### **Premiums Collected Net of Reinsurance**

1.1 Statement of Revenue and Expenses (Page 4, Column 2), Current Year	+ Line 2	0	
(Page 5, Line 35, Column 1 in part for policy reserves)	+ Line 35	0	
Sub-Total Ref. 1.1			0
1.2 Assets (Page 2, Column 1), Current Year	+ Line 13.1	0	
(Line 14.2 in part for amount related to earned premiums; Line 14.3 in part for experience rating and other refunds)	+ Line 13.2	0	
	+ Line 13.3	0	
	+ Line 14.2	0	
	+ Line 14.3	0	
Assets (Page 2, Column 1), PREVIOUS YEAR PAGE	- Line 12.1	0	
(Line 13.2 in part for amount related to earned premiums; Line 13.3 in part for experience rating and other refunds)	- Line 12.2	0	
	- Line 12.3	0	
	- Line 13.2	0	
	- Line 13.3	0	
Sub-Total for Ref. 1.2			0
1.3 Liabilities (Page 3, Column 3), Current Year	+ Line 4	0	
	+ Line 5	0	
	+ Line 6	0	
	+ Line 8	0	
	+ Line 11	0	
Liabilities (Page 3, Column 4), Prior Year	- Line 4	0	
	- Line 5	0	
	- Line 6	0	
	- Line 8	0	
	- Line 11	0	
Sub-Total for Ref. 1.3			0
1.4			0
1.5 Total of 1.1 - 1.2 + 1.3 + 1.4 (Report on Line 1 of the Cash Flow)			0

#### **Net Investment Income**

2.1 Statement of Revenue and Expenses (Page 4, Column 2), Current Year	+ Line 25	1,250,062	
2.2 Assets (Page 2, Column 1), Current Year	+ Line 12	8,027	
	+ Line 20	0	
Assets (Page 2, Column 1), PREVIOUS YEAR PAGE	- Line 11	217,686	
	- Line 19	0	
Sub-Total for Ref. 2.2			(209,659)
2.3 Liabilities (Page 3, Column 3), Current Year	+ Line 9	0	
(Line 9 in part for investment related expenses)	+ Line 19	0	
Liabilities (Page 3, Column 4), Prior Year	- Line 9	0	
(Line 9 in part for investment related expenses)	- Line 19	0	
Sub-Total for Ref. 2.3			0
2.4 Amortization of Premium from Investment Worksheet	+ Line B8	(247,992)	
	+ Line S8	0	
	+ Line M9	0	
	+ Line O9	146,577	
Sub-Total for Ref. 2.4			(101,415)
2.5 Accrual of Discount from Investment Worksheet	+ Line B9	0	
	+ Line S9	0	
	+ Line M5	0	
	+ Line O5	0	
Sub-Total for Ref. 2.5			0
2.6 Depreciation expense (included in 2.1)			0
2.7			0
2.8 Total of 2.1 - 2.2 + 2.3 + 2.4 - 2.5 + 2.6 + 2.7 (Report on Line 2 of the Cash Flow)			1,358,306

# BestESP<sup>®</sup> Services

## 2007 MANAGEMENT REPORTS

FOR: MEMPHIS MANAGED CARE CORPORATION  
 TYPE: CASH FLOW WORKSHEETS  
 NAIC #: 00000

PAGE: 2

Generation Date: 04-21-2008

<b><u>Miscellaneous Income</u></b>			
3.1	Statement of Revenue and Expenses (Page 4, Column 2), Current Year	+ Line 4	0
		+ Line 5	0
		+ Line 6	0
		+ Line 7	10,537,867
	Sub-Total for Ref. 3.1		10,537,867
3.2	Assets (Page 2, Column 1), Current Year (Line 14.2 in part for all amounts not reported in Line 1.2 above; Line 14.3 in part for all the amounts not reported in Line 1.2 above or Line 7.2 below; Line 22 in part excluding claim related receivables included in Line 5.2 below)	+ Line 14.2	0
	Assets (Page 2, Column 1), PREVIOUS YEAR PAGE	+ Line 14.3	0
		+ Line 22	0
		- Line 13.2	0
		- Line 13.3	0
		- Line 21	0
	Sub-Total for Ref. 3.2		0
3.3			0
3.4	Total of 3.1 - 3.2 + 3.3 (Report on Line 3 of the Cash Flow)		10,537,867
<b><u>Benefit and Loss Related Payments</u></b>			
5.1	Statement of Revenue and Expenses (Page 4, Column 2), Current Year (Page 5, Column 1, Line 35 in part for claim reserves)	+ Line 18	0
		+ Line 19	0
		+ Line 22	0
		+ Line 35	0
	Sub-Total for Ref. 5.1		0
5.2	Assets (Page 2, Column 1), Current Year (Line 22 in part for claim related receivables)	+ Line 14.1	0
	Assets (Page 2, Column 1), PREVIOUS YEAR PAGE (Line 21 in part for claim related receivables)	+ Line 22	0
		- Line 13.1	0
		- Line 21	0
	Sub-Total for Ref. 5.2		0
5.3	Liabilities (Page 3, Column 3), Current Year	+ Line 1	0
		+ Line 2	0
		+ Line 7	0
	Liabilities (Page 3, Column 4), Prior Year	- Line 1	0
		- Line 2	0
		- Line 7	0
	Sub-Total for Ref. 5.3		0
5.4			0
5.5	Total of 5.1 + 5.2 - 5.3 + 5.4 (Report on Line 5 of the Cash Flow)		0
<b><u>Commissions, Expenses Paid and Aggregate Write-ins for Deductions</u></b>			
7.1	Statement of Revenue and Expenses (Page 4, Column 2), Current Year	+ Line 20	0
		+ Line 21	(3,297,410)
		- Line 28	0
		- Line 29	0
	Sub-Total for Ref. 7.1		(3,297,410)
7.2	Assets (Page 2, Column 1), Current Year (Line 14.3 in part for commissions and expense allowance due)	+ Line 14.3	0
		+ Line 15	1,391,737
		+ Line 17	0
	Assets (Page 2, Column 1), PREVIOUS YEAR PAGE (Line 13.3 in part for commissions and expense allowance due)	- Line 13.3	4,716,674
		- Line 14	0
		- Line 16	0
	Sub-Total for Ref. 7.2		(3,324,937)
7.3	Liabilities (Page 3, Column 3), Current Year (Line 9 in part for amounts not included in Line 2.3 above (i.e. non investment related expenses))	+ Line 3	0
		+ Line 9	0
		+ Line 20	756,509
	Liabilities (Page 3, Column 3), PREVIOUS YEAR PAGE (Line 9 in part for amounts not included in Line 2.3 above (i.e. non investment related expenses))	- Line 3	0
		- Line 9	0
		- Line 20	659,007
	Sub-Total for Ref. 7.3		97,502
7.4	Depreciation expense (included in 7.1)		605,167
7.5			0
7.6	Total of 7.1 + 7.2 - 7.3 - 7.4 + 7.5 (Report on Line 7 of the Cash Flow)		(7,325,016)
<b><u>Federal and Foreign Income Taxes Paid (Recovered)</u></b>			
9.1	Statement of Revenue and Expenses and Capital and Surplus Accounts (Page 4, Column 2), (note that Line 38 reduces surplus); Current Year Tax amount included in Lines 26, 36 and 37	+ Line 31	0
		- Line 38	0
	Sub-Total for Ref. 9.1	+ Tax	0
9.2	Assets (Page 2, Column 1), Current Year	+ Line 16.1	0
		+ Line 16.2	0
	Assets (Page 2, Column 1), PREVIOUS YEAR PAGE	- Line 15.1	0
		- Line 15.2	0
	Sub-Total for Ref. 9.2		0
9.3	Liabilities (Page 3, Column 3), Current Year	+ Line 10.1	0
		+ Line 10.2	0
	Liabilities (Page 3, Column 4), Prior Year	- Line 10.1	0
		- Line 10.2	0
	Sub-Total for Ref. 9.3		0
9.4	Total of 9.1 + 9.2 - 9.3 (Report on Line 9 of the Cash Flow)		0

# BestESP<sup>®</sup> Services

## 2007 MANAGEMENT REPORTS

FOR: MEMPHIS MANAGED CARE CORPORATION  
 TYPE: CASH FLOW WORKSHEETS  
 NAIC #: 00000

PAGE: 3

Generation Date: 04-21-2008

### Cash From Investment Worksheet

**Bonds**

B1	Bonds - Net Admitted Assets (Page 2, Column 3), Current Year	+ Line 1	814,032	
	Bonds - Net Admitted Assets (Page 2, Column 4), Prior Year	- Line 1	20,291,225	
	Sub-Total for Ref. B1			(19,477,193)
B2	Bonds - Nonadmitted Assets (Page 2, Column 2), Current Year	+ Line 1	0	
	Bonds - Nonadmitted Assets (Page 2, Column 2), PREVIOUS YEAR PAGE	- Line 1	0	
	Sub-Total for Ref. B2			0
B3	Sum of B1 + B2			(19,477,193)
B4	Acquisition (Schedule D-Verification between Years, Line 2, in part)(Report on Line 13.1 of Cash Flow)			11,148,377
B5	Increase (Decrease) by Adjustment (Schedule D-Verification Between Years, Line 4 + Line 8, in part)			0
B6	Realized Gain (Loss)(Schedule D-Verification Between Years, Line 5, in part)			146,577
B7	Consideration of Sale (Schedule D-Verification Between Years, Line 6, in part)(report on Line 12.1 of Cash Flow)			31,020,139
B8	Amortization of Premium (Schedule D-Verification Between Years, Line 7, in part)			(247,992)
B9	Accrual of Discount (Schedule D-Verification Between Years, Line 3, in part)			0
B10	Other amount increases (decreases) - combine increases with Line B4 and decreases with Line B7 for reporting			0
B11	Total of B4 + B5 +B6 - B7 - B8 + B9 + B10			(19,477,193)
	B3 - B11 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in B10)			0

**Stocks**

S1	Stocks - net admitted assets (Page 2, Column 3), Current Year	+ Line 2.1	0	
		+ Line 2.2	0	
	Stocks - net admitted assets (Page 2, Column 4), Prior Year	- Line 2.1	0	
		- Line 2.2	0	
	Sub-Total for Ref. S1			0
S2	Stocks - nonadmitted assets (Page 2, Column 2), Current Year	+ Line 2.1	0	
		+ Line 2.2	0	
	Stocks - nonadmitted assets (Page 2, Column 2), PREVIOUS YEAR PAGE	- Line 2.1	0	
		- Line 2.2	0	
	Sub-Total for Ref. S2			0
S3	Sum of S1 + S2			0
S4	Acquisition (Schedule D-Verification Between Years, Line 2, in part)(Report on Line 13.2 of Cash Flow)			0
S5	Increase (Decrease) by adjustment (Schedule D-Verification Between Years, Line 4 + Line 8, in part)			0
S6	Realized Gain (Loss)(Schedule D-Verification Between Years, Line 5, in part)			0
S7	Consideration on Sale (Schedule D-Verification Between Years, Line 6, in part)(report on Line 12.2 of Cash Flow)			0
S8	Amortization of Premium (Schedule D-Verification Between Years, Line 7, in part)			0
S9	Accrual of Discount (Schedule D-Verification Between Years, Line 3, in part)			0
S10	Other amount increases (decreases) - combine increases with Line S4 and decreases with Line S7 for reporting			0
S11	Total of S4 + S5 +S6 - S7 - S8 + S9 + S10			0
	S3 - S11 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in S10)			0

**Reconciliation of Bonds and Stocks to Schedule D - Verification Between Years (Page 32)**

Cost of Bonds and Stocks acquired	+ Line 2	11,148,377	
should equal B4 + S4		11,148,377	0
Increase (Decrease) by Adjustment	+ Lines 4.1	0	
	+ Lines 4.2	0	
	+ Lines 4.3	0	
	+ Lines 4.4	0	
plus Foreign Exchange Adjustment	+ Lines 8.1	0	
	+ Lines 8.2	0	
	+ Lines 8.3	0	
	+ Lines 8.4	0	
should equal B5 + S5		0	0
Total Gains (Losses)	+ Line 5	146,577	
should equal B6 + S6		146,577	0
Considerations for Bonds and Stocks and Stocks Disposed	+ Line 6	31,020,139	
should equal B7 + S7		31,020,139	0

# BestESP<sup>®</sup> Services

## 2007 MANAGEMENT REPORTS

FOR: MEMPHIS MANAGED CARE CORPORATION  
 TYPE: CASH FLOW WORKSHEETS  
 NAIC #: 00000

PAGE: 4

Generation Date: 04-21-2008

### Mortgage Loans

M1	Mortgage loans - Net Admitted Assets (Page 2, Column 3), Current Year	+ Line 3.1	0	
		+ Line 3.2	0	
	Mortgage loans - Net Admitted Assets (Page 2, Column 4), Prior Year	- Line 3.1	0	
		- Line 3.2	0	
	Sub-Total for Ref. M1			0
M2	Mortgage loans - Nonadmitted Assets (Page 2, Column 2), Current Year	+ Line 3.1	0	
		+ Line 3.2	0	
	Mortgage loans - Nonadmitted Assets (Page 2, Column 2), PREVIOUS YEAR PAGE	- Line 3.1	0	
		- Line 3.2	0	
	Sub-Total for Ref. M2			0
M3	Sum of M1 + M2			0

### Schedule B Verification Between Years (Page 31)

M4	Line 2. Amount loaned during period (report on Line 13.3 of Cash Flow)	+ Line 2.1	0	
		+ Line 2.2	0	
	Sub-Total for Ref. M4			0
M5	Line 3. Accrual of discount and mortgage interest points and fees	+ Line 3		0
M6	Line 4. Increase (decrease) by adjustment	+ Line 4	0	
	Line 8. Increase (decrease) by foreign exchange adjustment	+ Line 8	0	
	Line 10. valuation allowance, current period	+ Line 10	0	
	Line 10. valuation allowance, PREVIOUS YEAR PAGE	- Line 10	0	
	Sub-Total for Ref. M6			0
M7	Line 5. Realized Gain (Loss)	+ Line 5		0
M8	Line 6. Amount Paid (report on Line 12.3 of Cash Flow)	+ Line 6		0
M9	Line 7. Amortization of Premium	+ Line 7		0
M10	Other amount increases (decreases) - combine increases with Line M4 and decreases with Line M8 for reporting			0
M11	Total of M4 + M5 + M6 + M7 -M8 - M9 + M10			0
	M3 - M11 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in M10)			0

### Real Estate

R1	Real estate - Net Admitted Assets (Page 2, Column 3), Current Year	+ Line 4.1	0	
		+ Line 4.2	0	
		+ Line 4.3	0	
	Real estate - Net Admitted Assets (Page 2, Column 4), Prior Year	- Line 4.1	0	
		- Line 4.2	0	
		- Line 4.3	0	
	Sub-Total for Ref. R1			0
R2	Real estate - Nonadmitted Assets (Page 2, Column 2), Current Year	+ Line 4.1	0	
		+ Line 4.2	0	
		+ Line 4.3	0	
	Real estate - Nonadmitted Assets (Page 2, Column 2), PREVIOUS YEAR PAGE	- Line 4.1	0	
		- Line 4.2	0	
		- Line 4.3	0	
	Sub-Total for Ref. R2			0
R3	Total of R1 + R2			0

### Schedule A Verification Between Years (Page 31)

R4	Line 2. Increase (decrease) by adjustment	+ Line 2.1	0	
		+ Line 2.2	0	
	Line 6. Increase (decrease) by foreign exchange adjustment	+ Line 6.1	0	
		+ Line 6.2	0	
	Line 9. valuation allowance, current period	+ Line 9	0	
	Line 9. valuation allowance, PREVIOUS YEAR PAGE	- Line 9	0	
	Sub-Total for Ref. R4			0
R5	Line 3. Cost of Acquired	+ Line 3	0	
	Line 4. Cost of Additions and Improvements	+ Line 4.1	0	
		+ Line 4.2	0	
	Sub-Total for Ref. R5 (report on Line 13.4 of Cash Flow)			0
R6	Line 5. Realized Gain (Loss)	+ Line 5		0
R7	Line 7. Amount received on Sale (report on Line 12.4 of Cash Flow)	+ Line 7		0
R8	Other amount increases (decreases) - combine increases with Line R5 and decreases with Line R7 for reporting			0
R9	Total of R4 + R5 + R6 - R7 + R8			0
	R3 - R9 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in R8)			0

# BestESP® Services

## 2007 MANAGEMENT REPORTS

FOR: MEMPHIS MANAGED CARE CORPORATION  
 TYPE: CASH FLOW WORKSHEETS  
 NAIC #: 00000

PAGE: 5

Generation Date: 04-21-2008

**Other Invested Assets**

O1	Other invested assets - net admitted assets (Page 2, Column 3), Current Year	+ Line 7	1,200,609	
	Other invested assets - net admitted assets (Page 2, Column 4), Prior Year	- Line 7	1,415,186	
	Sub-Total for Ref. O1			(214,577)
O2	Other invested assets - nonadmitted Assets (Page 2, Column 2), Current Year	+ Line 7	0	
	Other invested assets - nonadmitted Assets (Page 2, Column 2), PREVIOUS YEAR PAGE	- Line 7	0	
	Sub-Total for Ref. O2			0
O3	Total of O1 + O2			(214,577)

**Schedule BA Verification Between Years (Page 31)**

O4	Line 2. Cost of Acquisition	+ Line 2.1	0	
		+ Line 2.2	0	
	Sub-Total for Ref. O4 (report on Line 13.5 of Cash Flow)			0
O5	Line 3. Accrual of Discount	+ Line 3		0
O6	Line 4. Increase (decrease) by adjustment	+ Line 4	(214,577)	
	Line 8. Increase (decrease) by foreign exchange adjustment	+ Line 8	0	
	Line 10. valuation allowance, current period	+ Line 10	0	
	Line 10. valuation allowance, PREVIOUS YEAR PAGE	- Line 10	0	
	Sub-Total for Ref. O6			(214,577)
O7	Line 5. Realized Gain (Loss)	+ Line 5		146,577
O8	Line 6. Amount Paid on Account (report on Line 12.5 of Cash Flow)	+ Line 6		0
O9	Line 7. Amortization of Premium	+ Line 7		146,577
O10	Other amounts increases (decreases) - combine increases with Line O4 and decreases with Line O8 for reporting			0
O11	Total of O4 + O5 + O6 + O7 -O8 -O9 + O10			(214,577)
	O3 - O11 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in O10)			0

**Contract Loans and Premium Notes**

P1	Contract loans - net admitted assets (Page 2, Column 3), Current Year	+ Line 6	0	
	Contract loans - net admitted assets (Page 2, Column 4), Prior Year	- Line 6	0	
	Sub-Total for Ref. P1			0
P2	Contract loans - nonadmitted assets (Page 2, Column 2), Current Year	+ Line 6	0	
	Contract loans - nonadmitted assets (Page 2, Column 2), PREVIOUS YEAR PAGE	- Line 6	0	
	Sub-Total for Ref. P2			0
P3	Total of P1 + P2			0
P4	Increase (decrease) by adjustment			0
P5	Net Increase (Decrease) in Amount Paid and Received (report on Line 14 of Cash Flow)			0
P6	Realized Gain (Loss)			0
P7	Other amount increases (decreases) - Combine increases and decreases with Line P5 for reporting			0
P8	Total of P4 + P5 + P6 + P7			0
	P3 - P8 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in P7)			0

**Aggregate Write-ins for Invested Assets**

W1	Net admitted assets (Page 2, Column 3), Current Year	+ Line 9	0	
	Net admitted assets (Page 2, Column 4), Prior Year	- Line 9	0	
	Sub-Total for Ref. W1			0
W2	Nonadmitted assets (Page 2, Column 2), Current Year	+ Line 9	0	
	Nonadmitted assets (Page 2, Column 2), PREVIOUS YEAR PAGE	- Line 9	0	
	Sub-Total for Ref. W2			0
W3	Total of W1 + W2			0
W4	Increase (decrease) by adjustment			0
W5	Net increase (decrease) in Amounts Paid and Received (report as cash from investments misc. on Line 12.7 if amount is a decrease and Line 13.6 if amount is an increase)			0
W6	Realized Gain (Loss)			0
W7	Other amount increases (decreases) - Combine increases and decreases wit			0
W8	Total of W4 + W5 + W6 + W7			0
	W3 - W8 (If difference is not = 0, identify differences and add to amount(s) in the appropriate line(s) or in W7)			0

# BestESP® Services

## 2007 MANAGEMENT REPORTS

FOR: MEMPHIS MANAGED CARE CORPORATION  
 TYPE: CASH FLOW WORKSHEETS  
 NAIC #: 00000

PAGE: 6

Generation Date: 04-21-2008

**Receivable (Payable) for Securities**

X1	Net admitted assets (Page 2, Column 3), Current Year	+ Line 8	0	
	Net admitted assets (Page 2, Column 4), Prior Year	- Line 8	0	
	Sub-Total for Ref. X1			0
<hr/>				
X2	Nonadmitted assets (Page 2, Column 2), Current Year	+ Line 8	0	
	Nonadmitted assets (Page 2, Column 2), PREVIOUS YEAR PAGE	- Line 8	0	
	Sub-Total for Ref. X2			0
<hr/>				
X3	Liabilities (Page 3, Column 3), Current Year.	+ Line 16	0	
	Liabilities (Page 3, Column 4), Prior Year	- Line 16	0	
	Sub-Total for Ref. X3			0
<hr/>				
X4	Total of X1 + X2 - X3 (report absolute value as cash from investments misc. on Line 12.7 if amount is a decrease and Line 13.6 if amount is an increase)			0

**Reconcile Unrealized Capital Gains (Losses)**

1.	Statement of Revenue and Expenses (Page 5) (Line 36 and Line 37 in part excluding taxes)	+ Line 36	0	
	Sub-Total for Ref. 7	+ Line 37	0	
<hr/>				
2.	Increase (Decrease) by Adjustment from Investment worksheet (Ref. # B5 + S5 + M6 + R4 + O6 + P4 + W4)			(214,577)
<hr/>				
3.	Increase (Decrease) on Cash, Cash Equivalents and Short-term Investments (report on line 12.6 of Cash Flow)			0
<hr/>				
4.	Depreciation (included in Line 2 and reported on Line 2.6 of Cash from Operations Worksheet)			0
<hr/>				
5.	Total of 1 - 2 - 3 - 4 (amount should = 0, if not = 0 balance should be reported as cash from investments miscellaneous on Line 12.7 if amount is an increase and Line 13.6 if amount is a decrease)			214,577

**Reconcile Realized Capital Gains (Losses)**

1.	Statement of Revenue and Expenses (Page 4), Current Year before transfer to IMR and before taxes	+ Line 26	0	
<hr/>				
2.	Realized Gain (Loss) from Investment Worksheet (Ref. # B6 + S6 + M7 + R6 + O7 + P6 + W6)			293,154
<hr/>				
3.	Gain (Loss) on Cash, Cash Equivalents and Short-term Investments (report on line 12.6 of Cash Flow)			0
<hr/>				
4.	Total of 1 - 2 - 3 (amount should = 0, if not = 0 balance should be reported as cash from investments miscellaneous on Line 12.7 if amount is an increase and Line 13.6 if amount is a decrease)			(293,154)

# BestESP® Services

## 2007 MANAGEMENT REPORTS

FOR: MEMPHIS MANAGED CARE CORPORATION  
 TYPE: CASH FLOW WORKSHEETS  
 NAIC #: 00000

PAGE: 7

Generation Date: 04-21-2008

### Cash From Financing Worksheet

These lines calculate Line 16 of the Cash Flow.

#### Cash Provided (Applied): Surplus Notes and Capital Notes

1.1	Surplus notes (Page 3, Column 3) Current Year	+ Line 27	0	
	Surplus notes (Page 3, Column 4) Prior Year	- Line 27	0	
	Sub-Total for Ref. 1.1			0
1.2	Capital notes (Page 3, Column 3) Current Year	+	0	
	Capital notes (Page 3, Column 4) Prior Year	-	0	
	Sub-Total for Ref. 1.2			0
1.3				0
1.4	Total of 1.1 + 1.2 + 1.3 (report on Line 16.1 of Cash flow)			0

#### Capital and Paid in Surplus, less Treasury Stock

2.1	Common Capital Stock (Page 3, Column 3) Current Year	+ Line 24	0	
	Preferred Capital Stock (Page 3, Column 3) Current Year	+ Line 25	0	
	Common Capital Stock (Page 3, Column 4) Prior Year	- Line 23	0	
	Preferred Capital Stock (Page 3, Column 4) Prior Year	- Line 24	0	
	Sub-Total for Ref. 2.1			0
2.2	Paid in Surplus (Page 3, Column 3) Current Year	+ Line 26	3,699,498	
	Paid in Surplus (Page 3, Column 4) Prior Year	- Line 25	3,699,498	
	Sub-Total for Ref. 2.2			0
2.3	Treasury Stock (Page 3, Column 3) Current Year	+ Line 30.1	0	
		+ Line 30.2	0	
	Treasury Stock (Page 3, Column 4) Prior Year	- Line 29.1	0	
		- Line 29.2	0	
	Sub-Total for Ref. 2.3			0
2.4	Transfer from Unassigned Surplus to lines included in 2.1 or 2.2			0
2.5				0
2.6	Total of 2.1 + 2.2 - 2.3 - 2.4 + 2.5 (report on Line 16.2 of Cash Flow)			0

#### Borrowed Money

3.1	Borrowed Money (Page 3, Column 3) Current Year	+ Line 14	0	
	Barrowed Money (Page 3, Column 4) Prior Year	- Line 14	0	
	Sub-Total for Ref. 3.1			0
3.2				0
3.3	Total of 3.1 + 3.2 (report on Line 16.3 of Cash Flow)			0

#### Dividends to Stockholders

5.1	Dividends to Stockholders (Page 5, Column 1) Current Year	+ Line 46	37,180,000	
5.2	Dividends to Stockholders (Page 3, Column 3) Current Year (in part)	+ Line 21	0	
	Dividends to Stockholders (Page 3, Column 4) Prior Year (in part)	- Line 21	0	
	Sub-Total for Ref. 5.2			0
5.3	Total of 5.1 - 5.2 (report on Line 16.5 of Cash Flow)			37,180,000

#### Other Cash Provided (applied)

6.1	Aggregate Write-ins for Gains (Losses) (Page 5, Column 1) Current Year	+ Line 47	0	
6.2	Miscellaneous Liabilities (Page 3, Column 3) Current Year	+ Line 12	7,633	
	(Line 21 in part excluding dividends included in Line 5.2 above)	+ Line 13	0	
		+ Line 15	162,451	
		+ Line 17	0	
		+ Line 21	0	
		+ Line 23	0	
		+ Line 28	0	
	Miscellaneous Liabilities (Page 3, Column 3) PREVIOUS YEAR PAGE	- Line 12	661,718	
	(Line 21 in part excluding dividends included in Line 5.2 above)	- Line 15	192,695	
		- Line 17	0	
		- Line 21	0	
		- Line 27	0	
	Sub-Total for Ref. 6.2			(684,329)
6.3	Miscellaneous Assets (Page 2, Column 1) Current Year	+ Line 18	0	
	(Line 18, Line 19, Line 21) (Line 22 in part for amounts not included elsewhere)	+ Line 19	0	
		+ Line 21	3,000	
	(Line 23 in part for amounts not included in Line 5.2 above)	+ Line 22	1,989,495	
		+ Line 23	0	
	Miscellaneous Assets (Page 2, Column 1), PREVIOUS YEAR PAGE	- Line 17	0	
	(Line 21 in part for amounts not included elsewhere; Line 23 in part for amounts not included in 5.2 above)	- Line 18	0	
		- Line 20	0	
		- Line 21	285,864	
		- Line 22	576,410	
		- Line 23	163,664	
	Sub-Total for Ref. 6.3			966,557
6.4	Transfer from Unassigned Surplus to lines included in 6.2			0
6.5	Depreciation (included on Line 7.4 of Cash from Operations Worksheet)			605,167
6.6				0
6.7	Total of 6.1 + 6.2 - 6.3 - 6.4 + 6.5 + 6.6 (report on Line 16.6 of Cash Flow)			(1,045,719)

# BestESP<sup>®</sup> Services

## 2007 MANAGEMENT REPORTS

FOR: MEMPHIS MANAGED CARE CORPORATION  
 TYPE: CASH FLOW WORKSHEETS  
 NAIC #: 00000

PAGE: 8

Generation Date: 04-21-2008

**Reconcile Change in Liability in Reinsurance in Unauthorized Companies**

1.	Change in Liability for Reinsurance in Unauthorized Companies-Capital and Surplus Account (Page 5, Column 1) Current Year	+ Line 40		0
2.	Reinsurance in unauthorized companies (Page 3, Column 3) Current Year	+ Line 18	0	
	Reinsurance in unauthorized companies (Page 3, Column 4) Prior Year	- Line 18	0	
	Sub-Total for Ref. 2			0
3.	Total of 1 - 2 (amount should = 0, if not = 0 balance should be reported as an adjustment to the appropriate line of the Cash Flow Statement)			0

**Reconcile of Nonadmitted Assets**

1.	Capital and Surplus Account (Page 5, Column 1) Current Year	+ Line 39		1,190,520
2.	Nonadmitted assets (Page 2, Column 2) Current Year	+ Line 26	730,727	
	Nonadmitted assets (Page 2, Column 2), PREVIOUS YEAR PAGE	- Line 26	1,921,247	
	Adjustments for amounts reported in unrealized capital gains/losses	+	0	
	Sub-Total for Ref. 2			(1,190,520)
3.	Other adjustments			0
4.	Total of 1 + 2 + 3 (amount should = 0, if not = 0 balance should be reported as cash from financing on Line 16.6)			0

**Reconcile of Change in Accounting**

1.	Capital and Surplus Account (Page 5, Column 1) Current Year	+ Line 43		0
	Allocate all amounts due to change in accounting to the appropriate section of the worksheet			

# RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION



**COMPANY INFORMATION PAGE (JURAT)**

**Health Risk-Based Capital  
For the Year Ending December 31, 2007**

(A) Company Name MEMPHIS MANAGED CARE CORPORATION

(B) NAIC Group Code 0000 (C) NAIC Company Code 00000 (D) Employer's ID Number 62-1539163

(E) Organized under the Laws of the State of TN

Contact Person for Health Risk-Based Capital:

(F) First Name CHERYLL (G) Middle A (H) Last Name MILLER

(I) Mail Address of Contact Person 1407 UNION AVENUE SUITE 200  
(Street and Number or P.O. Box)

(J) City MEMPHIS (K) State TN (L) Zip 38104

(M) Phone Number of RBC Contact Person 901 - 515 - 3022 Extension \_\_\_\_\_

(N) Email Address of RBC Contact Person CMILLER@MMCC-TLC.COM

(O) Date Prepared 02/26/2007

(P) Preparer (if different than Contact)  
First Name CHERYLL Middle Name A Last Name MILLER

(Q) Is this filing an Original, Amended or Refiling ? (O,A,R) O  
(Q1) If Amended, Amendment Number \_\_\_\_\_

(R) Were any items that come directly from the annual statement entered manually to prepare this filing? (Yes/No) Y

(S) Was the entity in business for the entire reporting year? Y

Officers Name: STEVEN BURKETT JEFF BRANDON

Officers Title: PRESIDENT & CEO SECRETARY

Each says that they are the above described officers of the said insurer, and that this risk-based capital report is a true and fair representation of the company's affairs and has been completed in accordance with the NAIC instructions, according to the best of their information, knowledge and belief, respectively.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

# RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

## AFFILIATED COMPANIES RISK - DETAILS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Name of Affiliate	Affil Type Code	NAIC Company Code or Alien ID Number	Affiliate's RBC After Covariance	Book/ Adjusted Carrying Value of Affiliate's Common Stock	Valuation Basis of Col (5) F - Fair A - All Other	Total Value of Affiliate's Outstanding Common Stock	Total Statutory Surplus of Affiliate Subject to RBC	Book/ Adjusted Carrying Value of Affiliate's Preferred Stock	Total Value of Affiliate's Outstanding Preferred Stock	Percent Owned (Cols 5 + 9) / (Cols 7 + 10)	H0 Component RBC Required	H1 Component RBC Required
(01)										100.000%		
(02)										100.000%		
(03)										100.000%		
(04)										100.000%		
(05)										100.000%		
(06)										100.000%		
(07)										100.000%		
(08)										100.000%		
(09)										100.000%		
(10)										100.000%		
(11)										100.000%		
(12)										100.000%		
(13)										100.000%		
(14)										100.000%		
(15)										100.000%		
(16)										100.000%		
(17)										100.000%		
(18)										100.000%		
(19)										100.000%		
(20)										100.000%		
(21)										100.000%		
(22)										100.000%		
(23)										100.000%		
(24)										100.000%		
(25)										100.000%		
(26)										100.000%		
(27)										100.000%		
(28)										100.000%		
(29)										100.000%		
(30)										100.000%		
(31)										100.000%		
(32)										100.000%		
(33)										100.000%		
(34)										100.000%		
(35)										100.000%		
(36)										100.000%		
(37)										100.000%		
(38)										100.000%		
(39)										100.000%		
(40)										100.000%		
(41)										100.000%		
(42)										100.000%		
(43)										100.000%		
(44)										100.000%		
(45)										100.000%		
(46)										100.000%		
(47)										100.000%		
(48)										100.000%		
(49)										100.000%		
(50)										100.000%		
(51)										100.000%		
(52)										100.000%		
(53)										100.000%		
(54)										100.000%		
(55)										100.000%		
(56)										100.000%		
(57)										100.000%		
(58)										100.000%		
(59)										100.000%		
(60)										100.000%		

# RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

## AFFILIATED COMPANIES RISK - DETAILS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Name of Affiliate	Affil Type Code	NAIC Company Code or Alien ID Number	Affiliate's RBC After Covariance	Book/ Adjusted Carrying Value of Affiliate's Common Stock	Valuation Basis of Col (5) F - Fair A - All Other	Total Value of Affiliate's Outstanding Common Stock	Total Statutory Surplus of Affiliate Subject to RBC	Book/ Adjusted Carrying Value of Affiliate's Preferred Stock	Total Value of Affiliate's Outstanding Preferred Stock	Percent Owned (Cols 5 + 9) / (Cols 7 + 10)	H0 Component RBC Required	H1 Component RBC Required
(61)										100.000%		
(62)										100.000%		
(63)										100.000%		
(64)										100.000%		
(65)										100.000%		
(66)										100.000%		
(67)										100.000%		
(68)										100.000%		
(69)										100.000%		
(70)										100.000%		
(71)										100.000%		
(72)										100.000%		
(73)										100.000%		
(74)										100.000%		
(75)										100.000%		
(76)										100.000%		
(77)										100.000%		
(78)										100.000%		
(79)										100.000%		
(80)										100.000%		
(81)										100.000%		
(82)										100.000%		
(83)										100.000%		
(84)										100.000%		
(85)										100.000%		
(86)										100.000%		
(87)										100.000%		
(88)										100.000%		
(89)										100.000%		
(90)										100.000%		
(91)										100.000%		
(92)										100.000%		
(93)										100.000%		
(94)										100.000%		
(95)										100.000%		
(96)										100.000%		
(97)										100.000%		
(98)										100.000%		
(99)										100.000%		
(100)										100.000%		
(9999999)	Total	XXX	XXX			XXX				XXX		

**Logic**

If Col (6) = F and Col (4) > 0 Do Calculation

**Calculation**

Col (12) = Min [Col (8) x Col (11), Col (4) x Col (11)]

If [Col (4) x Col (11)] > [Col (5) + Col (9)] then

Col (13) = [Col (5) + Col (9) - Col (12)]

If [Col (4) x Col (11)] <= [Col (5) + Col (9)] then

Col (13) = Max [[Col (5) + Col (9) - Col (8) x Col (11)] x .225, [(Col (4) x Col (11)) - Col (12)]

Col (13) cannot be less than 0

**RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION**

**AFFILIATED COMPANIES RISK**

				(1)	(2)
	Type of Affiliate	Type Code	Basis	RBC	Count
(1)	Directly Owned Insurer Subject to RBC	1	Affiliate's RBC*		
(2)	Indirectly Owned Insurer Subject to RBC	2	Affiliate's RBC*		
(3)	Directly Owned MCO Subject to RBC	3	Affiliate's RBC*		
(4)	Indirectly Owned MCO Subject to RBC	4	Affiliate's RBC*		
(5)	Investment Subsidiary	5	Affiliate's RBC*		
(6)	Holding Company Excess of Subsidiaries	6	0.300		
(7)	Directly Owned Alien Insurer	7	1.000		
(8)	Indirectly Owned Alien Insurers	8	1.000		
(9)	Investment in Parent	9	0.300		
(10)	Other Affiliates	10	0.300		
(11)	Fair Value Excess Affiliate Common Stock	11	Total of Type Codes 1 through 5 of XR002, Col 13		

\*Capped at carrying value on parent's statement

# RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

## CROSSCHECKING FOR AFFILIATED INVESTMENTS

### Schedule D, Part 6, Section 1

		Preferred Stock			
		Annual Statement Line Number	(1) Annual Statement Total Preferred Stock	(2) Total From RBC Report	(3) Difference
(1)	Parent	0199999			
(2)	U.S. P&C Insurers	0299999		XXX	XXX
(3)	U.S. Life Insurers	0399999		XXX	XXX
(4)	U.S. Health Entity	0499999		XXX	XXX
(5)	Total P&C, Life and Health Insurers				
(6)	Alien Insurer	0599999			
(7)	Non-Insurer which controls Insurers	0699999			
(8)	Investment Subsidiary	0799999			
(9)	Other Affiliates	0899999			
(10)	Subtotal	0999999			

		Common Stock			
		Annual Statement Line Number	(1) Annual Statement Total Common Stock	(2) Total From RBC Report	(3) Difference
(11)	Parent	1099999			
(12)	U.S. P&C Insurers	1199999		XXX	XXX
(13)	U.S. Life Insurers	1299999		XXX	XXX
(14)	U.S. Health Entity	1399999		XXX	XXX
(15)	Total P&C, Life and Health Insurers				
(16)	Alien Insurer	1499999			
(17)	Non-Insurer which controls Insurers	1599999			
(18)	Investment Subsidiary	1699999			
(19)	Other Affiliates	1799999			
(20)	Subtotal	1899999			

# RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

## AFFILIATES RISK

	Annual Statement Source	(1) Bk/Adj Carrying Value	Factor	(2) RBC Requirement
<b>OFF-BALANCE SHEET RISK (See instructions for explanation)</b>				
(1) Loaned to Others	General Interrogatories Part 1 Line 23.21	_____	0.010	_____
(2) Subject to Repurchase Agreements	General Interrogatories Part 1 Line 23.22	_____	0.010	_____
(3) Subject to Reverse Repurchase Agreements	General Interrogatories Part 1 Line 23.23	_____	0.010	_____
(4) Subject to Dollar Repurchase Agreements	General Interrogatories Part 1 Line 23.24	_____	0.010	_____
(5) Subject to Reverse Dollar Repurchase Agreements	General Interrogatories Part 1 Line 23.25	_____	0.010	_____
(6) Pledged as Collateral	General Interrogatories Part 1 Line 23.26	_____	0.010	_____
(7) Assets Placed Under Option Agreements	General Interrogatories Part 1 Line 23.27	_____	0.010	_____
(8) Letter Stock or Other Securities Restricted	General Interrogatories Part 1 Line 23.28	_____	0.010	_____
(9) On Deposit with State or Other Regulatory Body	General Interrogatories Part 1 Line 23.29	_____	0.010	_____
(10) Other	General Interrogatories Part 1 Line 23.291	_____	0.010	_____
(11) Total Non-controlled Assets	Sum of Lines (1) through (10)	_____	0.010	_____
(12) Guarantees for Affiliates	Notes to Financial Statements 10E	_____	0.010	_____
(13) Contingent Liabilities	Notes to Financial Statements 14A01	_____	0.010	_____
(14) Total Miscellaneous Off-Balance Sheet Items	=L(11)+L(12)+L(13)	=====		=====

# RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

## FIXED INCOME ASSETS

	Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
<b>BONDS</b>				
(1)	Class 01 - U.S. Government - Direct and Guaranteed	Sch D, Pt 1A, Sn 1, Col 6, Line 1.1	<u>814,032</u>	
(2)	Total Class 01 Bonds	Sch D, Pt 1A, Sn 1, Col 6, Line 10.1	<u>814,032</u>	
(3)	Other Class 01 Bonds	L(2)-L(1)		0.003
(4)	Total Class 02 Bonds	Sch D, Pt 1A, Sn 1, Col 6, Line 10.2		0.010
(5)	Total Class 03 Bonds	Sch D, Pt 1A, Sn 1, Col 6, Line 10.3		0.020
(6)	Total Class 04 Bonds	Sch D, Pt 1A, Sn 1, Col 6, Line 10.4		0.045
(7)	Total Class 05 Bonds	Sch D, Pt 1A, Sn 1, Col 6, Line 10.5		0.100
(8)	Total Class 06 Bonds	Sch D, Pt 1A, Sn 1, Col 6, Line 10.6		0.300
(9)	Total Bonds		<u>814,032</u>	
<b>MISCELLANEOUS FIXED INCOME ASSETS</b>				
(10)	Cash	Page 2, Line 5, inside amount 1	<u>6,437,119</u>	0.003
(11)	Cash Equivalents	Page 2, Line 5, inside amount 2		
(12)	Less: Cash Equivalent, Bonds included in Schedule D, Part 1A	Sch E Pt 2, C7 L0199999 in part		
(13)	Net Cash Equivalents	L(11)-L(12)		0.003
(14)	Short-Term Investments	Page 2, Line 5, inside amount 3		
(15)	Short-Term Bonds *	Sch DA, Pt 1, Col 7, Line 6099999		
(16)	Exempt Money Market Mutual Funds *	Sch DA, Pt 1, Col 7, Line 7999999		
(17)	Class One Money Market Mutual Funds *	Sch DA, Pt 1, Col 7, Line 8099999		
(18)	Total Short-Term Investments	L(14)-L(15)-L(16)-L(17)		0.003
(19)	Mortgage Loans - First Liens	Page 2, Col 3, Line 3.1		0.050
(20)	Mortgage Loans - Other Than First Liens	Page 2, Col 3, Line 3.2		0.050
(21)	Receivable for Securities	Page 2, Col 3, Line 8		0.050
(22)	Aggregate write-ins for invested assets	Page 2, Col 3, Line 9		0.050
(23)	Collateral Loans	Included in Page 2, Col 3, Line 7		0.050
(24)	Other Long-Term Invested Assets	Included in Page 2, Col 3, Line 7		0.200
(25)	Total Other Long-term Invested Assets (Page 2, Col 3, Line 7)	L(23)+L(24)		
(26)	Total Fixed Income Assets RBC	L(9)+L(10)+L(13)+L(18)+L(19)+L(20) +L(21)+L(22)+L(23)+L(24)		<u>19,311</u>

\* These bonds appear in Schedule D Part 1A Section 1 and are already recognized in the Bond portion of the formula.

**RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION**

**REPLICATION (SYNTHETIC ASSET) TRANSACTIONS AND MANDATORILY CONVERTIBLE SECURITIES**

	(1) RSAT Number	(2) Type	(3) CUSIP	(4) Description of Asset(s)	(5) NAIC Designation or Other Description of Asset	(6) Value of Asset	(7) RBC Requirement
(1)			- -				
(2)			- -				
(3)			- -				
(4)			- -				
(5)			- -				
(6)			- -				
(7)			- -				
(8)			- -				
(9)			- -				
(10)			- -				
(11)			- -				
(12)			- -				
(13)			- -				
(14)			- -				
(15)			- -				
(16)			- -				
(17)			- -				
(18)			- -				
(19)			- -				
(20)			- -				
(21)			- -				
(22)			- -				
(23)			- -				
(24)			- -				
(25)			- -				
(26)			- -				
(27)			- -				
(28)			- -				
(29)			- -				
(30)			- -				
(31)			- -				
(32)			- -				
(33)			- -				
(34)			- -				
(35)			- -				
(9999999)	XXX	XXX	XXX	Total	XXX		

# RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

## EQUITY ASSETS

		(1)		(2)
		Book/Adjusted	Factor	RBC Requirement
		Carrying Value		
		Annual Statement Source		
<b>PREFERRED STOCK - UNAFFILIATED</b>				
(1)	Class 01 Preferred Stock (excluding Hybrids)	Included in Sch D, Part 2, Sn 1	0.003	
(2)	Class 02 Preferred Stock (excluding Hybrids)	Included in Sch D, Part 2, Sn 1	0.010	
(3)	Class 03 Preferred Stock (excluding Hybrids)	Included in Sch D, Part 2, Sn 1	0.020	
(4)	Class 04 Preferred Stock (excluding Hybrids)	Included in Sch D, Part 2, Sn 1	0.045	
(5)	Class 05 Preferred Stock (excluding Hybrids)	Included in Sch D, Part 2, Sn 1	0.100	
(6)	Class 06 Preferred Stock (excluding Hybrids)	Included in Sch D, Part 2, Sn 1	0.300	
(7)	Class 01 Hybrids Reported as Preferred Stock	Included in Sch D, Part 2, Sn 1	0.003	
(8)	Class 02 Hybrids Reported as Preferred Stock	Included in Sch D, Part 2, Sn 1	0.010	
(9)	Class 03 Hybrids Reported as Preferred Stock	Included in Sch D, Part 2, Sn 1	0.020	
(10)	Class 04 Hybrids Reported as Preferred Stock	Included in Sch D, Part 2, Sn 1	0.045	
(11)	Class 05 Hybrids Reported as Preferred Stock	Included in Sch D, Part 2, Sn 1	0.100	
(12)	Class 06 Hybrids Reported as Preferred Stock	Included in Sch D, Part 2, Sn 1	0.300	
(13)	Total Unaffiliated Preferred Stock, Including Hybrids Page 2, Col 3, Line 2.1 - Sch D Sum, Col 1, Line 39	Sum of Lines (1) through (12)		
<b>COMMON STOCK - UNAFFILIATED</b>				
(14)	Federal Home Loan Bank stock	Company Records	0.023	
(15)	Non-government money market funds	Sch D Pt 2 Sn 2 Col 6 Line 7199999	0.003	
(16)	Total Common Stock	Sch D, Summary, Col 1, Line 54		
(17)	Affiliated Common Stock	Sch D, Summary, Col 1, Line 53		
(18)	Other Unaffiliated Common Stock	L(16)-L(14)-L(15)-L(17)	0.150	
(19)	Total Unaffiliated Common Stock	L(14)+L(15)+L(18)		

**RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION**

**PROPERTY AND EQUIPMENT ASSETS**

	Annual Statement Source	(1) Bk/Adj Carrying Value	Factor	(2) RBC Requirement
(1) Properties occupied by the company	Page 2, Col 3, Line 4.1	_____	0.100	_____
(2) Encumbrances (Property occupied by the company)	Page 2, Line 4.1, inside amount	_____	0.100	_____
(3) Properties held for the production of income	Page 2, Col 3, Line 4.2	_____	0.100	_____
(4) Encumbrances (Property held for production of income)	Page 2, Line 4.2, inside amount	_____	0.100	_____
(5) Properties held for sale	Page 2, Col 3, Line 4.3	_____	0.100	_____
(6) Encumbrances (Property held for sale)	Page 2, Line 4.3, inside amount	_____	0.100	_____
(7) Furniture and Equipment	L(7.1) + L(7.2) (should equal Page 2, Col 3, Line 19)	_____		
(7.1) HC delivery subject to statutory account depreciation limits	Company Records	_____	0.100	_____
(7.2) All other furniture and equipment	Company Records	_____	0.100	_____
(8) EDP equipment and software	Page 2, Col 3, Line 18	_____	0.100	_____
(9) Total Property and Equipment	L(1)+L(2)+L(3)+L(4)+L(5)+L(6)+ L(7.1)+L(7.2)+L(8)	_____		_____

**RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION**

**ASSET CONCENTRATION**

(1)		(2)	(3)
Issuer Name _____		Bk/Adj Carrying Value	Additional RBC
Issuer		Factor	
01	(1)Class 2 Unaffiliated Bonds	0.010	
01	(2)Class 3 Unaffiliated Bonds	0.020	
01	(3)Class 4 Unaffiliated Bonds	0.045	
01	(4)Class 5 Unaffiliated Bonds	0.100	
01	(5)Collateral Loans	0.050	
01	(6)Mortgages	0.050	
01	(7) Class 2 Preferred Stock (excluding Hybrids)	0.010	
01	(8) Class 3 Preferred Stock (excluding Hybrids)	0.020	
01	(9) Class 4 Preferred Stock (excluding Hybrids)	0.045	
01	(10) Class 5 Preferred Stock (excluding Hybrids)	0.100	
01	(11)Class 2 Hybrids Reported as Preferred Stock	0.010	
01	(12)Class 3 Hybrids Reported as Preferred Stock	0.020	
01	(13)Class 4 Hybrids Reported as Preferred Stock	0.045	
01	(14)Class 5 Hybrids Reported as Preferred Stock	0.100	
01	(15)Other Long-Term Assets	0.100	
01	(16)Unaffiliated Common Stock	0.150	
01	(17)Total of Issuer = Lines (1) through (16)		

(1)		(2)	(3)
Issuer Name _____		Bk/Adj Carrying Value	Additional RBC
Issuer		Factor	
02	(1)Class 2 Unaffiliated Bonds	0.010	
02	(2)Class 3 Unaffiliated Bonds	0.020	
02	(3)Class 4 Unaffiliated Bonds	0.045	
02	(4)Class 5 Unaffiliated Bonds	0.100	
02	(5)Collateral Loans	0.050	
02	(6)Mortgages	0.050	
02	(7) Class 2 Preferred Stock (excluding Hybrids)	0.010	
02	(8) Class 3 Preferred Stock (excluding Hybrids)	0.020	
02	(9) Class 4 Preferred Stock (excluding Hybrids)	0.045	
02	(10) Class 5 Preferred Stock (excluding Hybrids)	0.100	
02	(11)Class 2 Hybrids Reported as Preferred Stock	0.010	
02	(12)Class 3 Hybrids Reported as Preferred Stock	0.020	
02	(13)Class 4 Hybrids Reported as Preferred Stock	0.045	
02	(14)Class 5 Hybrids Reported as Preferred Stock	0.100	
02	(15)Other Long-Term Assets	0.100	
02	(16)Unaffiliated Common Stock	0.150	
02	(17)Total of Issuer = Lines (1) through (16)		

**RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION**

**ASSET CONCENTRATION**

(1)				(2)			(3)
Issuer Name _____				Bk/Adj Carrying			Additional
Issuer				Value	Factor	RBC	
03	(1)Class 2 Unaffiliated Bonds			_____	0.010	_____	
03	(2)Class 3 Unaffiliated Bonds			_____	0.020	_____	
03	(3)Class 4 Unaffiliated Bonds			_____	0.045	_____	
03	(4)Class 5 Unaffiliated Bonds			_____	0.100	_____	
03	(5)Collateral Loans			_____	0.050	_____	
03	(6)Mortgages			_____	0.050	_____	
03	(7) Class 2 Preferred Stock (excluding Hybrids)			_____	0.010	_____	
03	(8) Class 3 Preferred Stock (excluding Hybrids)			_____	0.020	_____	
03	(9) Class 4 Preferred Stock (excluding Hybrids)			_____	0.045	_____	
03	(10) Class 5 Preferred Stock (excluding Hybrids)			_____	0.100	_____	
03	(11)Class 2 Hybrids Reported as Preferred Stock			_____	0.010	_____	
03	(12)Class 3 Hybrids Reported as Preferred Stock			_____	0.020	_____	
03	(13)Class 4 Hybrids Reported as Preferred Stock			_____	0.045	_____	
03	(14)Class 5 Hybrids Reported as Preferred Stock			_____	0.100	_____	
03	(15)Other Long-Term Assets			_____	0.100	_____	
03	(16)Unaffiliated Common Stock			_____	0.150	_____	
03	(17)Total of Issuer = Lines (1) through (16)			=====		=====	

(1)				(2)			(3)
Issuer Name _____				Bk/Adj Carrying			Additional
Issuer				Value	Factor	RBC	
04	(1)Class 2 Unaffiliated Bonds			_____	0.010	_____	
04	(2)Class 3 Unaffiliated Bonds			_____	0.020	_____	
04	(3)Class 4 Unaffiliated Bonds			_____	0.045	_____	
04	(4)Class 5 Unaffiliated Bonds			_____	0.100	_____	
04	(5)Collateral Loans			_____	0.050	_____	
04	(6)Mortgages			_____	0.050	_____	
04	(7) Class 2 Preferred Stock (excluding Hybrids)			_____	0.010	_____	
04	(8) Class 3 Preferred Stock (excluding Hybrids)			_____	0.020	_____	
04	(9) Class 4 Preferred Stock (excluding Hybrids)			_____	0.045	_____	
04	(10) Class 5 Preferred Stock (excluding Hybrids)			_____	0.100	_____	
04	(11)Class 2 Hybrids Reported as Preferred Stock			_____	0.010	_____	
04	(12)Class 3 Hybrids Reported as Preferred Stock			_____	0.020	_____	
04	(13)Class 4 Hybrids Reported as Preferred Stock			_____	0.045	_____	
04	(14)Class 5 Hybrids Reported as Preferred Stock			_____	0.100	_____	
04	(15)Other Long-Term Assets			_____	0.100	_____	
04	(16)Unaffiliated Common Stock			_____	0.150	_____	
04	(17)Total of Issuer = Lines (1) through (16)			=====		=====	

**RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION**

**ASSET CONCENTRATION**

(1)				(2)			(3)
Issuer Name _____				Bk/Adj Carrying			Additional
				Value	Factor		RBC
05	(1)Class 2 Unaffiliated Bonds			_____	0.010		_____
05	(2)Class 3 Unaffiliated Bonds			_____	0.020		_____
05	(3)Class 4 Unaffiliated Bonds			_____	0.045		_____
05	(4)Class 5 Unaffiliated Bonds			_____	0.100		_____
05	(5)Collateral Loans			_____	0.050		_____
05	(6)Mortgages			_____	0.050		_____
05	(7) Class 2 Preferred Stock (excluding Hybrids)			_____	0.010		_____
05	(8) Class 3 Preferred Stock (excluding Hybrids)			_____	0.020		_____
05	(9) Class 4 Preferred Stock (excluding Hybrids)			_____	0.045		_____
05	(10) Class 5 Preferred Stock (excluding Hybrids)			_____	0.100		_____
05	(11)Class 2 Hybrids Reported as Preferred Stock			_____	0.010		_____
05	(12)Class 3 Hybrids Reported as Preferred Stock			_____	0.020		_____
05	(13)Class 4 Hybrids Reported as Preferred Stock			_____	0.045		_____
05	(14)Class 5 Hybrids Reported as Preferred Stock			_____	0.100		_____
05	(15)Other Long-Term Assets			_____	0.100		_____
05	(16)Unaffiliated Common Stock			_____	0.150		_____
05	(17)Total of Issuer = Lines (1) through (16)			=====			=====

(1)				(2)			(3)
Issuer Name _____				Bk/Adj Carrying			Additional
				Value	Factor		RBC
06	(1)Class 2 Unaffiliated Bonds			_____	0.010		_____
06	(2)Class 3 Unaffiliated Bonds			_____	0.020		_____
06	(3)Class 4 Unaffiliated Bonds			_____	0.045		_____
06	(4)Class 5 Unaffiliated Bonds			_____	0.100		_____
06	(5)Collateral Loans			_____	0.050		_____
06	(6)Mortgages			_____	0.050		_____
06	(7) Class 2 Preferred Stock (excluding Hybrids)			_____	0.010		_____
06	(8) Class 3 Preferred Stock (excluding Hybrids)			_____	0.020		_____
06	(9) Class 4 Preferred Stock (excluding Hybrids)			_____	0.045		_____
06	(10) Class 5 Preferred Stock (excluding Hybrids)			_____	0.100		_____
06	(11)Class 2 Hybrids Reported as Preferred Stock			_____	0.010		_____
06	(12)Class 3 Hybrids Reported as Preferred Stock			_____	0.020		_____
06	(13)Class 4 Hybrids Reported as Preferred Stock			_____	0.045		_____
06	(14)Class 5 Hybrids Reported as Preferred Stock			_____	0.100		_____
06	(15)Other Long-Term Assets			_____	0.100		_____
06	(16)Unaffiliated Common Stock			_____	0.150		_____
06	(17)Total of Issuer = Lines (1) through (16)			=====			=====

**RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION**

**ASSET CONCENTRATION**

(1)		(2)	(3)
Issuer Name _____		Bk/Adj Carrying Value	Additional RBC
Issuer		Factor	
07	(1)Class 2 Unaffiliated Bonds	0.010	
07	(2)Class 3 Unaffiliated Bonds	0.020	
07	(3)Class 4 Unaffiliated Bonds	0.045	
07	(4)Class 5 Unaffiliated Bonds	0.100	
07	(5)Collateral Loans	0.050	
07	(6)Mortgages	0.050	
07	(7) Class 2 Preferred Stock (excluding Hybrids)	0.010	
07	(8) Class 3 Preferred Stock (excluding Hybrids)	0.020	
07	(9) Class 4 Preferred Stock (excluding Hybrids)	0.045	
07	(10) Class 5 Preferred Stock (excluding Hybrids)	0.100	
07	(11)Class 2 Hybrids Reported as Preferred Stock	0.010	
07	(12)Class 3 Hybrids Reported as Preferred Stock	0.020	
07	(13)Class 4 Hybrids Reported as Preferred Stock	0.045	
07	(14)Class 5 Hybrids Reported as Preferred Stock	0.100	
07	(15)Other Long-Term Assets	0.100	
07	(16)Unaffiliated Common Stock	0.150	
07	(17)Total of Issuer = Lines (1) through (16)		

(1)		(2)	(3)
Issuer Name _____		Bk/Adj Carrying Value	Additional RBC
Issuer		Factor	
08	(1)Class 2 Unaffiliated Bonds	0.010	
08	(2)Class 3 Unaffiliated Bonds	0.020	
08	(3)Class 4 Unaffiliated Bonds	0.045	
08	(4)Class 5 Unaffiliated Bonds	0.100	
08	(5)Collateral Loans	0.050	
08	(6)Mortgages	0.050	
08	(7) Class 2 Preferred Stock (excluding Hybrids)	0.010	
08	(8) Class 3 Preferred Stock (excluding Hybrids)	0.020	
08	(9) Class 4 Preferred Stock (excluding Hybrids)	0.045	
08	(10) Class 5 Preferred Stock (excluding Hybrids)	0.100	
08	(11)Class 2 Hybrids Reported as Preferred Stock	0.010	
08	(12)Class 3 Hybrids Reported as Preferred Stock	0.020	
08	(13)Class 4 Hybrids Reported as Preferred Stock	0.045	
08	(14)Class 5 Hybrids Reported as Preferred Stock	0.100	
08	(15)Other Long-Term Assets	0.100	
08	(16)Unaffiliated Common Stock	0.150	
08	(17)Total of Issuer = Lines (1) through (16)		

**RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION**

**ASSET CONCENTRATION**

(1)				(2)			(3)	
Issuer Name _____				Bk/Adj Carrying			Additional	
Issuer				Value	Factor			RBC
09	(1)Class 2 Unaffiliated Bonds			_____	0.010			_____
09	(2)Class 3 Unaffiliated Bonds			_____	0.020			_____
09	(3)Class 4 Unaffiliated Bonds			_____	0.045			_____
09	(4)Class 5 Unaffiliated Bonds			_____	0.100			_____
09	(5)Collateral Loans			_____	0.050			_____
09	(6)Mortgages			_____	0.050			_____
09	(7) Class 2 Preferred Stock (excluding Hybrids)			_____	0.010			_____
09	(8) Class 3 Preferred Stock (excluding Hybrids)			_____	0.020			_____
09	(9) Class 4 Preferred Stock (excluding Hybrids)			_____	0.045			_____
09	(10) Class 5 Preferred Stock (excluding Hybrids)			_____	0.100			_____
09	(11)Class 2 Hybrids Reported as Preferred Stock			_____	0.010			_____
09	(12)Class 3 Hybrids Reported as Preferred Stock			_____	0.020			_____
09	(13)Class 4 Hybrids Reported as Preferred Stock			_____	0.045			_____
09	(14)Class 5 Hybrids Reported as Preferred Stock			_____	0.100			_____
09	(15)Other Long-Term Assets			_____	0.100			_____
09	(16)Unaffiliated Common Stock			_____	0.150			_____
09	(17)Total of Issuer = Lines (1) through (16)			=====				=====

(1)				(2)			(3)	
Issuer Name _____				Bk/Adj Carrying			Additional	
Issuer				Value	Factor			RBC
10	(1)Class 2 Unaffiliated Bonds			_____	0.010			_____
10	(2)Class 3 Unaffiliated Bonds			_____	0.020			_____
10	(3)Class 4 Unaffiliated Bonds			_____	0.045			_____
10	(4)Class 5 Unaffiliated Bonds			_____	0.100			_____
10	(5)Collateral Loans			_____	0.050			_____
10	(6)Mortgages			_____	0.050			_____
10	(7) Class 2 Preferred Stock (excluding Hybrids)			_____	0.010			_____
10	(8) Class 3 Preferred Stock (excluding Hybrids)			_____	0.020			_____
10	(9) Class 4 Preferred Stock (excluding Hybrids)			_____	0.045			_____
10	(10) Class 5 Preferred Stock (excluding Hybrids)			_____	0.100			_____
10	(11)Class 2 Hybrids Reported as Preferred Stock			_____	0.010			_____
10	(12)Class 3 Hybrids Reported as Preferred Stock			_____	0.020			_____
10	(13)Class 4 Hybrids Reported as Preferred Stock			_____	0.045			_____
10	(14)Class 5 Hybrids Reported as Preferred Stock			_____	0.100			_____
10	(15)Other Long-Term Assets			_____	0.100			_____
10	(16)Unaffiliated Common Stock			_____	0.150			_____
10	(17)Total of Issuer = Lines (1) through (16)			=====				=====

**RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION**

**ASSET CONCENTRATION**

(1)		(2)		(3)
Issuer Name	Grand Total	Bk/Adj Carrying Value	Factor	Additional RBC
GT	(1)Class 2 Unaffiliated Bonds	_____	0.010	_____
GT	(2)Class 3 Unaffiliated Bonds	_____	0.020	_____
GT	(3)Class 4 Unaffiliated Bonds	_____	0.045	_____
GT	(4)Class 5 Unaffiliated Bonds	_____	0.100	_____
GT	(5)Collateral Loans	_____	0.050	_____
GT	(6)Mortgages	_____	0.050	_____
GT	(7) Class 2 Preferred Stock (excluding Hybrids)	_____	0.010	_____
GT	(8) Class 3 Preferred Stock (excluding Hybrids)	_____	0.020	_____
GT	(9) Class 4 Preferred Stock (excluding Hybrids)	_____	0.045	_____
GT	(10) Class 5 Preferred Stock (excluding Hybrids)	_____	0.100	_____
GT	(11)Class 2 Hybrids Reported as Preferred Stock	_____	0.010	_____
GT	(12)Class 3 Hybrids Reported as Preferred Stock	_____	0.020	_____
GT	(13)Class 4 Hybrids Reported as Preferred Stock	_____	0.045	_____
GT	(14)Class 5 Hybrids Reported as Preferred Stock	_____	0.100	_____
GT	(11)Other Long-Term Assets	_____	0.100	_____
GT	(12)Unaffiliated Common Stock	_____	0.150	_____
GT	(13)Total of Issuer = Lines (1) through (12)	=====		=====

## RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

### UNDERWRITING RISK

#### Experience Fluctuation Risk

	(1)	(2)	(3)	(4)	(5)	(6)
Line of Business	Comprehensive Medical	Medicare Supplement	Dental	Medicare Part D Coverage	Other	Total
(1) Premium						
(2) Title XVIII - Medicare		X X X	X X X		X X X	
(3) Title XIX - Medicaid		X X X	X X X		X X X	
(4) Other Health Risk Revenue		X X X				
(5) Underwriting Risk Revenue = L(1)+L(2)+L(3)+L(4)						
(6) Net Incurred Claims						
(7) Fee-for-service Offset		X X X				
(8) Underwriting Risk Incurred Claims = L(6)-L(7)						
(9) Underwriting Risk Claims Ratio = L(8)/L(5)						
(10) Underwriting Risk Factor*	0.150	0.105	0.120	0.141	0.130	X X X
(11) Base Underwriting Risk RBC = L(5) x L(9) x L(10)						
(12) Managed Care Discount Factor	1.000	1.000	1.000	1.000	1.000	X X X
(13) RBC after Managed Care Discount = L(11) x L(12)						
(14) Maximum per-individual Risk after Reinsurance						X X X
(15) Alternate Risk Charge **						X X X
(16) Alternate Risk Adjustment						X X X
(17) Net Alternate Risk Charge***						
(18) Net Underwriting Risk RBC (MAX{L(13),L(17)})						

TIERED RBC FACTORS *					
	Comprehensive Medical	Medicare Supplement	Dental	Medicare Part D Coverage	Other
\$0 - \$3 Million	0.150	0.105	0.120	0.141	0.130
\$3 - \$25 Million	0.150	0.067	0.076	0.141	0.130
Over \$25 Million	0.090	0.067	0.076	0.109	0.130
ALTERNATE RISK CHARGE**					
LESSER OF:	\$1,500,000 or 2 x Maximum Individual Risk	\$50,000 or 2 x Maximum Individual Risk	\$50,000 or 2 x Maximum Individual Risk	\$150,000 or 6 x Maximum Individual Risk	\$50,000 or 2 x Maximum Individual Risk

\*\*\* Limited to the largest of the applicable alternate risk adjustments, prorated if necessary.

## RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

### Annual Statement Source

		(1)	(2)	(3)	(4)	(5)	(6)
	Line of Business	Comprehensive Medical	Medicare Supplement	Dental	Medicare Part D Coverage	Other	Total
(1)	Premium	P7, C2, L1 + L2	P7, C3, L1 + L2	P7, C4, L1 + L2			
(2)	Title XVIII - Medicare	P7, C7, L1 + L2	X X X	X X X		X X X	P7, C7, L1 + L2
(3)	Title XIX - Medicaid	P7, C8, L1 + L2	X X X	X X X		X X X	P7, C8, L1 + L2
(4)	Other Health Risk Revenue	P7, C2, L4	X X X	P7, C4, L4			
(6)	Net Incurred Claims	P7, L17, C2 + C7 + C8	P7, C3, L17	P7, C4, L17			
(7)	Fee-for-service Offset	P7, C2, L3	X X X	P7, C4, L3			
(14)	Maximum per-individual Risk after Reinsurance	Gen Int Pt 2 5.31 + 5.32	Gen Int Pt 2 5.33	Gen Int Pt 2 5.34			X X X

## RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

	Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
<b>Other Underwriting Risk</b>				
(19) Business with Rate Guarantees Between 15-36 Months - Direct Premium Earned	Gen Int Pt 2, Line 9.21	_____	0.024	_____
(20) Business with Rate Guarantees Over 36 Months - Direct Premium Earned	Gen Int Pt 2, Line 9.22	_____	0.064	_____
(21) FEHBP and TRICARE Claims Incurred	UI, Pt 2, Col 6, Line 12.4	_____	0.020	_____
(22) Stop Loss and Minimum Premium	Company Records	_____	0.250	_____
(22.1) Supplemental Benefits within Medicare Part D Coverage	Company Records	_____	0.120	_____
(22.2) Total Other Underwriting Risk	Sum of lines (19) through (22.1)	_____		_____
<b>Disability Income Premium</b>				
(23) Noncancellable Disability Income - Individual Morbidity	Company Records	_____		
(23.1) First \$50 Million Earned Premium of L(23)		_____	0.350	_____
(23.2) Over \$50 Million Earned Premium of L(23)		_____	0.150	_____
(23.3) Total Noncancellable Disability Income - Individual Morbidity	L(23.1) + L(23.2)	_____		=====
(24) Other Disability Income - Individual Morbidity	Company Records	_____		
(24.1) Earned Premium of L(24) [up to \$50 million less Premium in L(23.1)]		_____	0.250	_____
(24.2) Earned Premium in L(24) not included in L(24.1)		_____	0.070	_____
(24.3) Total Other Disability Income - Individual Morbidity	L(24.1) + L(24.2)	_____		=====
(25) Disability Income - Credit Monthly Balance Plans	Company Records	_____		
(25.1) First \$50 Million Earned Premium of L(25)		_____	0.200	_____
(25.2) Over \$50 Million Earned Premium of L(25)		_____	0.030	_____
(25.3) Total Disability Income - Credit Morbidity	L(25.1) + L(25.2)	_____		=====
(26) Disability Income - Group Long-term	Company Records	_____		
(26.1) Earned Premium in L(26) [up to \$50 million less Premium in L(25.1)]		_____	0.150	_____
(26.2) Earned Premium in L(26) not included in L(26.1)		_____	0.030	_____
(26.3) Total Disability Income - Group Long-term	L(26.1) + L(26.2)	_____		=====
(27) Disability Income - Credit Single Premium with Additional Reserves	Company Records	_____		
(27.1) Additional Reserves for Credit Disability Plans	Company records	_____		
(27.2) Additional Reserves for Credit Disability Plans, prior year	Company records	_____		
(27.3) Sub-total Disability Income - Credit Single Prem with Additional Reserves	L(27) - L(27.1) + L(27.2)	_____		
(27.4) Earned Premium in L(27.3) [up to \$50 million less Premium in lines (25.1) + (26.1)]		_____	0.100	_____
(27.5) Earned Premium in L(27.3) not included in L(27.4)		_____	0.030	_____
(27.6) Total Disability Income - Credit Single Premium with Additional Reserves	L(27.4) + L(27.5)	_____		=====
(28) Disability Income - Credit Single Premium without Additional Reserves	Company Records	_____		
(28.1) Earned Prem in L(28) [up to \$50 million less Prem in Lines (25.1) + (26.1) + (27.4)]		_____	0.150	_____
(28.2) Earned Premium in L(28) not included in L(28.1)		_____	0.030	_____
(28.3) Total Disability Income - Credit Single Premium without Additional Reserves	L(28.1) + L(28.2)	_____		=====
(29) Disability Income - Group Short-term	Company Records	_____		
(29.1) Earned Prem in L(29) [up to \$50 million less Prem in Lines (25.1) + (26.1) + (27.4) + (28.1)]		_____	0.050	_____
(29.2) Earned Premium in L(29) not included in L(29.1)		_____	0.030	_____
(29.3) Total Disability Income - Group Short-term	L(29.1) + L(29.2)	_____		=====

# RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

<u>Long-Term Care (LTC) Insurance Premium</u>	<u>Annual Statement Source</u>	<u>(1)</u> <u>Amount</u>	<u>Factor*</u>	<u>(2)</u> <u>RBC Requirement</u>
(30) Noncancellable LTC - Premiums - Rate Risk	Included in Page 7, Col 11, Line 1 and 2	_____	0.100	* _____
(31) All LTC Premium - Morbidity Risk (to \$50 million)	Line (34.1) Column (1) up to 50 million	_____	0.100	_____
(32) LTC Premium (over \$50 million) - Morbidity Risk	Remainder of Line (34.1) column (1) over 50 million	_____	0.030	_____
(33) Premium-based RBC	Col (2), Line (30) + Line (31) + Line (32)	_____		_____

<u>Historical Loss Ratio Experience</u>	<u>Annual Statement Source</u>	<u>(1)</u> <u>Premiums</u>	<u>(2)</u> <u>Incurred Claims</u>	<u>(3)</u> <u>Col. (2)/(1)</u> <u>Loss Ratio</u>	<u>(4)</u> <u>§</u> <u>RBC Requirement</u>
(34.1) Current Year	Company Records	_____	_____	0.000	
(34.2) Immediate Prior Year	Company Records	_____	_____	0.000	
(34.3) Average Loss Ratio	If loss ratios are used, [Column (3), Line (34.1) +Line (34.2)/2, otherwise zero]			<u>0.000</u>	
(35) Adjusted LTC Claims for RBC	If Column (3) Line (34.3) <> 0, then [Columns (1), Line (31)+ Line (32)] x Column (3), Line (34.3), else Column (2), Line (34.1)		_____		
(35.1) Claims (to \$35 million) - Morbidty Risk	Lower of Col. (2), Line (35) to \$35 million		_____	0.370	† _____
(35.2) Claims (over \$35 million) - Morbidty Risk	Excess of Col. (2), Line (35) over \$35 million		_____	0.120	‡ _____
(36) LTC Claims Reserves	Company Records		_____	0.050	_____
(37) Claims-based RBC	Col. (4), Line (35.1) + Line (35.2)				_____
(38) LTC RBC	Col. (2), L(33)+ Col.(4), L(36)+ L(37)				_____

\* The factor applies to all Non-cancelable premium.

† If Column (1), Line (34.1) is positive, then a factor of 0.250 is used. Otherwise, a higher factor of 0.370 is used.

‡ If Column (1), Line (34.1) is positive, then a factor of 0.080 is used. Otherwise, a higher factor of 0.120 is used.

§ If Column (1), Line (34.1) or (34.2) are less than or equal to zero or if Column (2), Line (34.1) or (34.2) are less than zero, the loss ratios are not used and Column (3), Line (34.3) is set to zero.

## RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

Limited Benefit Plans (Individual and Group Combined)	Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
(39) Hospital Indemnity and Specified Disease	Included in Page 7, Col 9, Line 1 and 2	_____	0.035	_____
(39.1) 50,000 if L(39) is greater than zero				_____
(39.2) Total Hospital Indemnity and Specified Disease	L(39) + L(39.1)			=====
(40) Accidental Death & Dismemberment	Included in Page 7, Col 9, Line 1 and 2	_____		
(40.1) First 10 Million Earned Premium of L(40)		_____	0.055	_____
(40.2) Over 10 Million Earned Premium of L(40)		_____	0.015	_____
(40.3) Maximum Retained Risk for any single claim	Company Records	_____		
(40.4) Three times L(40.3)		_____		
(40.5) Lesser of L(40.4) or \$300,000				_____
(40.6) Total AD&D	L(40.1) + L(40.2) + L(40.5)			=====
(41) Other Accident	Included in Page 7, Col 9, Line 1 and 2	_____	0.050	_____
(42) Premium Stabilization Reserves	Included in U & I, Part 2D, Col 1, Line 4	_____	-0.500	** _____
(43) Total, Other Underwriting Risk	L(19)+L(20)+L(21)+L(22)+L(23.3)+L(24.3) +L(25.3)+L(26.3)+L(27.6)+L(28.3)+L(29.3) +L(38)+L(39.2)+L(40.6)+L(41)+L(42)			=====

\*\* This is limited to the total Net Underwriting RBC on XR011, Col (6), Line (18) Less Col (4) and XR013, Col (2), Lines (22), (23.3), (24.3), (25.3), (26.3), (27.6), (28.3), (29.3), and XR014 Col (2), Line (33), and XR015 Col (2), Line (39.2), (40.6), and (41)

# RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

## UNDERWRITING RISK - Managed Care Credit Calculation

	Annual Statement Source	(1) Factor*	(2) Paid Claims	(3) Weighted Claims †	(4) Part D Weighted Claims ‡
<b>Managed Care Claims Payments</b>					
(1) Category 0 - Arrangements not Included in Other Categories	Exhibit 7, Pt 1, Col 1, Line 5, in part §	0.000	_____	_____	
(2) Category 1 - Payments Made According to Contractual Arrangements	Exhibit 7, Pt 1, Col 1, Line 6, in part §	0.150	_____	_____	
(3) Category 2a - Subject to Withholds or Bonuses - Otherwise Category 0	Exhibit 7, Pt 1, Col 1, Line 7, in part §	0.000	_____	_____	
(4) Category 2b - Subject to Withholds or Bonuses - Otherwise Category 1	Exhibit 7, Pt 1, Col 1, Line 8, in part §	0.150	_____	_____	
(5) Category 3a - Capitated Payments Directly to Providers		0.600	_____	_____	
(5.1) Capitation Payments - Medical Group - Category 3a	Exhibit 7, Pt 1, Col 1, Line 1, in part §		_____		
(5.2) Capitation Payments - All Other Providers - Category 3a	Exhibit 7, Pt 1, Col 1, Line 3, in part §		_____		
(6) Category 3b - Capitated Payments to Regulated Intermediaries	Included in Exhibit 7, Pt 1, Col 1, Line 2 §	0.600	_____	_____	
(7) Category 3c - Capitated Payments to Non-Regulated Intermediaries	Included in Exhibit 7, Pt 1, Col 1, Line 2 §	0.600	_____	_____	
(8) Category 4 - Medical and Hospital Expense Paid as Salary to Providers		0.750	_____	_____	
(8.1) Non-contingent Salaries - Category 4	Exhibit 7, Pt 1, Col 1, Line 9, in part §		_____		
(8.2) Aggregate Cost Arrangements - Category 4	Exhibit 7, Pt 1, Col 1, Line 10, in part §		_____		
(8.3) Less Fee For Service revenue from ASC or ASO	Company Records		_____		
(9) Sub-total Paid Claims	Exhibit 7, Pt 1, Col 1, Line 13 - Line 11 - Line (8.3) - Line (12) - Line (13)		_____	_____	
Medicare Part D Coverage Claims Payments					
(10) Category 0 - No Federal Reinsurance or Risk Corridor Protection	Company Records	XXX	XXX		XXX
(11) Category 1 - Federal Reinsurance but no Risk Corridor Protection	Company Records	XXX	XXX		XXX
(12) Category 2a- No Federal Reinsurance but Risk Corridor Protection	Company Records	0.500	_____		
(13) Category 3a- Federal Reinsurance And Risk Corridor Protection apply	Company Records	0.650	_____		
(14) Sub-Total Paid Claims	Sum of Lines (10) through (13)		_____		
(15) Total Paid Claims	Sum of Lines (9) and (14)		_____		
(16) Weighted Average Managed Care Discount				_____	_____
(17) Weighted Average Managed Care Risk Adjustment Factor				1.000	1.000

† This column is for a single result for the Comprehensive Medical & Hospital, Medicare Supplement and Dental managed care discount factor.

‡ This Column is for the Medicare Part D managed care discount factor

§ Medicare Part D stand-alone business reported in Lines (12) and (13) would be excluded from these amounts.

**RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION**

	Annual Statement Source	(1) Amount
<b>*Calculation of Category 2 Managed Care Factor</b>		
(18) Withhold and bonus payments, prior year	Company Records	_____
(19) Withhold and bonuses available, prior year	Company Records	_____
(20) MCC Multiplier - average withhold returned [L(18)/L(19)]		_____
(21) Withholds and bonuses available, prior year	Company Records	_____
(22) Claims payments subject to withhold, prior year	Company Records	_____
(23) Average withhold rate, prior year [L(21)/L(22)]		_____
(24) MCC Discount Factor, Category 2 $\text{Min}\{.25, [L(20) \times L(23)]\}$		_____

## RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

### CREDIT RISK

	Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
<b>Reinsurance Ceded</b>				
(1) Recoverables on Paid Losses - 100% owned affils	Included in Sch S, Pt 2, Col 6, Line 0499999	_____		_____
(2) Recoverables on Paid Losses - other affils	Included in Sch S, Pt 2, Col 6, Line 0499999	_____	0.005	_____
(3) Recoverables on Paid Losses - Non-affiliates	Sch S, Pt 2, Col 6, Line 0599999	_____	0.005	_____
(4) Total Recoverables on Paid Losses	Lines (1) + (2) + (3)	_____		_____
(5) Recoverables on Unpaid Losses - 100% owned affils	Included in Sch S, Pt 2, Col 7, Line 0499999	_____		_____
(6) Recoverables on Unpaid Losses - other affils	Included in Sch S, Pt 2, Col 7, Line 0499999	_____	0.005	_____
(7) Recoverables on Unpaid Losses - Non-affiliates	Sch S, Pt 2, Col 7, Line 0599999	_____	0.005	_____
(8) Total Recoverables on Unpaid Losses	Lines (5) + (6) + (7)	_____		_____
(9) Unearned premiums - 100% owned affils	Included in Sch S, Pt 3, Sn 2, Col 8, Line 0199999 plus Line 0499999	_____		_____
(10) Unearned premiums - other affils	Included in Sch S, Pt 3, Sn 2, Col 8, Line 0199999 plus Line 0599999	_____	0.005	_____
(11) Unearned premiums - Non-affiliates	Sch S, Pt 3, Sn 2, Col 8, Line 0299999 plus Line 0599999	_____	0.005	_____
(12) Total unearned premiums	Lines (9) + (10) + (11)	_____		_____
(13) Other Reserve Credits - 100% owned affils	Included in Sch S, Pt 3, Sn 2, Col 9, Line 0199999 plus Line 0499999	_____		_____
(14) Other Reserve Credits - other affils	Included in Sch S, Pt 3, Sn 2, Col 9, Line 0199999 plus Line 0499999	_____	0.005	_____
(15) Other Reserve Credits - Non-affiliates	Sch S, Pt 3, Sn 2, Col 9, Line 0299999 plus Line 0599999	_____	0.005	_____
(16) Total Other Reserve Credits	Lines (13) + (14) + (15)	_____		_____
(17) Total Reinsurance RBC	L(4)+L(8)+L(12)+L(16)	_____		_____
<b>Capitations to Intermediaries</b>				
(18) Total Capitations Paid Directly to Providers	XR016, Col (2), Line (5)	_____		_____
(19) Less Secured Capitations to Providers	Company Records	_____		_____
(20) Capitation to Providers Subject to Credit Risk Charge	L(18)-L(19)	_____	0.020	_____
(21) Total Capitations to Intermediaries	XR016, Col (2), Line (6)+(7)	_____		_____
(22) Less Secured Capitations to Intermediaries	Company Records	_____		_____
(23) Capitations to Intermediaries Subject to Credit Risk Charge	L(21)-L(22)	_____	0.040	_____
(24) Capitation Credit Risk RBC	L(20)+L(23)	_____		_____

## RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

	Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
<b>Other Receivables</b>				
(25) Investment Income Receivable	Page 2, Col 3, Line 12	<u>8,027</u>	0.010	<u>80</u>
(26) Health Care Receivables	Exhibit 3, Col 7, Line 0799999	<u>1,234,158</u>		
(26.1) Pharmaceutical Rebate Receivables	Exhibit 3, Col 7, Line 0199999		0.050	
(26.2) Claim Overpayment Receivables	Exhibit 3, Col 7, Line 0299999		0.050	
(26.3) Loan and Advances to Providers	Exhibit 3, Col 7, Line 0399999		0.050	
(26.4) Capitation Arrangement Receivables	Exhibit 3, Col 7, Line 0499999		0.050	
(26.5) Risk Sharing Receivables	Exhibit 3, Col 7, Line 0599999		0.050	
(26.6) Other Health Care Receivables	Exhibit 3, Col 7, Line 0699999	<u>1,234,158</u>	0.050	<u>61,708</u>
(27) Amounts Receivable relating to uninsured accident and health plans	Included in Page 2, Col 3, Line 15		0.050	
(28) Amounts Due from Parents, Subs, and Affiliates	Page 2, Col 3, Line 21	<u>(19,741)</u>	0.050	
(29) Aggregate Write-ins for other than invested assets	Page 2, Col 3, Line 23		0.050	
(30) Total Other Receivables RBC	Sum L(25)+Sum L(26.1) through L(29)			<u>61,788</u>
(31) Total Credit RBC	L(17)+L(24)+L(30)			<u>61,788</u>

# RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

## BUSINESS RISK

			(1)		(2)
Annual Statement Source			Amount	Factor *	RBC Requirement
<b>Administrative Expense Risk</b>					
(1)	Claims adjustment expenses	Page 4, Col 2, Line 20	_____		
(2)	General administrative expenses	Page 4, Col 2, Line 21	(3,430,594)		
(3)	less the Net amount of ASC Revenue and Expenses included in Line 1 and Line 2	Company Records	_____		
(4)	less the Net amount of ASO Revenue and Expenses included in Line 1 and Line 2	Company Records	_____		
(5)	less Admin Expenses for Commission & Premium Taxes	Company Records	_____		
(6)	Administrative Expenses Base RBC	L(1)+L(2)-L(3)-L(4)-L(5)	(3,430,594)	0.070	_____
(7)	Proration of Admin Expense to Experience Fluctuation Risk	L(6) x L(20)/(L(21)+L(22))	_____		_____
<b>Non-Underwritten and Limited-Risk</b>					
(8)	Administrative expenses for ASC arrangements	Company Records	_____	0.020	_____
(9)	Administrative expenses for ASO arrangements	Company Records	_____	0.020	_____
(10)	Medical costs paid through ASC arrangements (Including Fee-for service received from other health entities)	Company Records	_____	0.010	_____
(11)	Non-Underwritten and Limited Risk Business RBC		_____		_____
<b>Guaranty Fund Assessment Risk</b>					
(12)	Premiums Subject to Guaranty Fund Assessment	Included in Sch T - Company Records	_____	0.005	_____
<b>Excessive Growth Risk</b>					
(13)	UW Risk Revenue, Prior Year	2006 XR011, Col (6), Line (5) (manual entry)	_____		
(14)	UW Risk Revenue, Current Year	2007 XR011, Col (6), Line (5)	_____		
(15)	Net UW Risk RBC, Prior Year	2006 XR011, Col (6), Line (18) (manual entry)	_____		
(16)	Net UW Risk RBC, Current Year	2007 XR011, Col (6), Line (18)	_____		
(17)	RBC Growth Safe Harbor	[L(14)/L(13)+.10] x L(15)	_____		
(18)	Excess of RBC Growth Over Safe Harbor	Max{0,L(16) - L(17)}	_____		
(19)	Excessive Growth Risk RBC	.5 x L(18)	_____		_____

\* The factor for the Administrative Expenses Base RBC is calculated as a weighted average, based on premium volume from XR011

			Premium	Weight	Weighted Premium
(20)	Experience Fluctuation Risk Revenue	XR011, Col (5), Line (5)	_____		
(21)	Premiums Earned	Page 4, Col 2, Line 2 + 3	_____		
(22)	Risk Revenue	Page 4, Col 2, Line 5	_____		
(23)	Tier 1 - \$0 to \$25 million of Line (20)		_____	0.070	_____
(24)	Tier 2 - Amount over \$25 million of Line (20)		_____	0.040	_____
(25)	Total Experience Fluctuation Risk Revenue	L(23)+L(24)	_____		_____
(26)	Administrative Expenses Base RBC Factor	Col (2), Line (25) / Col (1), Line (25)	_____		0.070

# RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

## Calculation of Total Risk-Based Capital After Covariance

### H0 - ASSET RISK - AFFILIATES W/RBC

		(1) RBC Amount
(1)	Off-Balance Sheet Items XR005, Off-Balance Sheet Page - L(14)	_____
(2)	Directly Owned Insurer Subject to RBC XR003, Affiliates Page - L(1)	_____
(3)	Indirectly Owned Insurer Subject to RBC XR003, Affiliates Page - L(2)	_____
(4)	Directly Owned MCO Subject to RBC XR003, Affiliates Page - L(3)	_____
(5)	Indirectly Owned MCO Subject to RBC XR003, Affiliates Page - L(4)	_____
(6)	Directly Owned Alien Insurer XR003, Affiliates Page - L(7)	_____
(7)	Indirectly Owned Alien Insurers XR003, Affiliates Page - L(8)	_____
(8)	Total H0 Sum L(1) through L(7)	=====

### H1 - ASSET RISK - OTHER

(9)	Investment Subsidiary XR003, Affiliates Page - L(5)	_____
(10)	Holding Company Excess of Subsidiaries XR003, Affiliates Page - L(6)	_____
(11)	Investment in Parent XR003, Affiliates Page - L(9)	_____
(12)	Other Affiliates XR003, Affiliates Page - L(10)	_____
(13)	Fair Value Excess Affiliate Common Stock XR003, Affiliates Page - L(11)	_____
(14)	Fixed Income Assets XR006, Fixed Income Assets Page - L(26)	19,311
(15)	Replication and Mandatorily Convertible Securities XR007, Replication/MCS Page - L(9999999)	_____
(16)	Unaffiliated Preferred Stock including Hybrids XR008, Equity Assets Page - L(13)	_____
(17)	Unaffiliated Common Stock XR008, Equity Assets Page - L(19)	_____
(18)	Property and Equipment XR009, Prop/Equip Assets Page - L(9)	_____
(19)	Asset Concentration XR010, Grand Total Asset Concentration Page - L(17)	_____
(20)	Total H1 Sum L(9) through L(19)	===== 19,311

### H2 - UNDERWRITING RISK

(21)	Net Underwriting Risk XR011, Underwriting Risk Page - L(18)	_____
(22)	Other Underwriting Risk XR013, Underwriting Risk Page - L(22.2)	_____
(23)	Disability Income XR013, Underwriting Risk Page - L(23.3)+L(24.3) +L(25.3)+L(26.3)+L(27.6)+L(28.3)+L(29.3)	_____
(24)	Long-Term Care XR014, Underwriting Risk Page - L(38)	_____
(25)	Limited Benefit Plans XR015, Underwriting Risk Page - L(39.2)+L(40.6)+L(41)	_____
(26)	Premium Stabilization Reserve XR015, Underwriting Risk Page - L(42)	_____
(27)	Total H2 Sum L(21) through L(26)	=====

**RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION**

(1)  
RBC Amount

**H3 - CREDIT RISK**

(28)	Total Reinsurance RBC	XR018, Credit Risk Page - L(17)	_____
(29)	Intermediaries Credit Risk RBC	XR018, Credit Risk Page - L(24)	_____
(30)	Total Other Receivables RBC	XR019, Credit Risk Page - L(30)	<u>61,788</u>
(31)	Total H3	Sum L(28) through L(30)	<u><u>61,788</u></u>

**H4 - BUSINESS RISK**

(32)	Administrative Expense RBC	XR020, Business Risk Page - L(7)	_____
(33)	Non-Underwritten and Limited Risk Business RBC	XR020, Business Risk Page - L(11)	_____
(34)	Premiums Subject to Guaranty Fund Assessments	XR020, Business Risk Page - L(12)	_____
(35)	Excessive Growth RBC	XR020, Business Risk Page - L(19)	_____
(36)	Total H4	Sum L(32) through L(35)	_____
(37)	RBC after Covariance	$H0 + \text{Square Root of } (H1^2 + H2^2 + H3^2 + H4^2)$	<u>64,735</u>
(38)	Authorized Control Level RBC *	.50 x RBC after Covariance	<u>32,368</u>

# RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

## CALCULATION OF TOTAL ADJUSTED CAPITAL

	Annual Statement Source	(1) Amount	Factor	(2) Adjusted Capital
<b>Company Amounts</b>				
(1) Capital and Surplus	Page 3, Col 3, Line 31	<u>8,932,450</u>	1.000	<u>8,932,450</u>
<b>Subsidiary Adjustments</b>				
(2) AVR - Life Subsidiaries	Affiliate's statement	_____	1.000	_____
(3) Dividend Liability - Life Subsidiaries	Affiliate's statement	_____	0.500	_____
(4) Tabular Discounts - P&C Subsidiaries	Affiliate's statement	_____	-1.000	_____
(5) Non-Tabular Discounts - P&C Subsidiaries	Affiliate's statement	_____	-1.000	_____
(6) Total Adjusted Capital, Post-deferred Tax				<u><u>8,932,450</u></u>

## SENSITIVITY TEST:

(7) DTA Value for Company	Page 2, Col 3, Line 16.2	_____	1.000	_____
(8) DTL Value for Company	Page 3, Col 3, Line 10.2	_____	1.000	_____
(9) DTA Value for Insurance Subsidiaries	Company Records	_____	1.000	_____
(10) DTL Value for Insurance Subsidiaries	Company Records	_____	1.000	_____
(11) Total Adjusted Capital, Pre-deferred Tax (sensitivity)	$L(6)-L(7)+L(8)-L(9)+L(10)$			<u><u>8,932,450</u></u>

**RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION**

**COMPARISON OF TOTAL ADJUSTED CAPITAL TO RISK-BASED CAPITAL**

	Abbreviation	(1) Amount
(1) Total Adjusted Capital, Post Tax		<u>8,932,450</u>
(2) Company Action Level=200% of Authorized Control Level	CAL	<u>64,736</u>
(3) Regulatory Action Level=150% of Authorized Control Level	RAL	<u>48,552</u>
(4) Authorized Control Level=100% of Authorized Control Level	ACL	<u>32,368</u>
(5) Mandatory Control Level=70% of Authorized Control Level	MCL	<u>22,658</u>
(6) Level of Action, if Any		<u>NONE</u>

**THE FOLLOWING NUMBERS MUST BE REPORTED IN THE FIVE YEAR HISTORY EXHIBIT ON THE INDICATED**

Total Adjusted Capital on Line 14 of the Five-Year Historical Data Page	8,932,450
Authorized Control Level Risk-Based Capital on Line 15 of the Five-Year Historical Data Page	32,368

# RBC STATEMENT FOR THE YEAR 2007 FOR MEMPHIS MANAGED CARE CORPORATION

## Other Data Entry

### Asset Page

Line	Annual Statement Line Description	Column	Value
7	Other Long-term Invested Assets (Schedule BA-Part 1)	3	1,259,658
2.1	Preferred Stocks (Schedule D-Part 2-Section 1)	3	
4.1	Properties occupied by the company	3	
4.2	Properties held for the production of income	3	
4.3	Properties held for sale	3	
18	EDP Equipment	3	
19	Furniture and Equipment	3	

### Analysis of Operations

Line	Annual Statement Line Description	Column	Value
1	Net Premium income - Vision Only	5	
1	Net Premium income - Other	9	
4	Risk Revenue - Vision Only	5	
4	Risk Revenue - Other	9	
17	Incurred Losses - Comprehensive Medical	2	
17	Incurred Losses - Medicare	7	
17	Incurred Losses - Medicaid	8	

### Schedule D, Summary by Country

Line	Annual Statement Line Description	Column	Value
39	Affiliate Preferred Stocks	1	

### Exhibit 7 - Part 1

Line	Annual Statement Line Description	Column	Value
1	Medical Groups	1	
2	Intermediaries	1	
3	All Other Providers	1	
5	Fee-for-Service	1	
6	Contractual Fee Payments	1	
7	Bonus/Withhold Arrangements - Fee-for-Service	1	
8	Bonus/Withhold Arrangements - Contractual Fee Paym	1	
9	Non-Contingent Salaries	1	
10	Aggregate Cost Arrangements	1	
11	All Other Payments	1	
13	Total Claims Payments	1	

### Schedule S, Part 2

Line	Annual Statement Line Description	Column	Value
0699999	Paid Losses Recoverable	6	
0699999	Unpaid Losses Recoverable	7	

### Schedule S, Part 3, Section 2

Line	Annual Statement Line Description	Column	Value
0399999	Unearned Premiums Ceded	8	
0399999	Other Reserve Credit Ceded	9	