



BlueCare[®]

801 Pine Street
Chattanooga, Tennessee 37402-2555

bcbst.com

Via FedEx USA Airbill # 8655 8212 4849

February 27, 2009

Ms. Lisa Jordan
Department of Commerce and Insurance
TennCareSM Division
500 James Robertson Parkway - Suite 750
Nashville, TN 37243-1169

RE: NAIC 2008 Annual Statement for Volunteer State Health Plan, Inc. (VSHP)

Dear Lisa:

Enclosed is the NAIC 2008 Annual Statement for Volunteer State Health Plan, Inc. TennCare Select and the Stabilization Plan have been treated as ASO business throughout the report. Supplemental statements of revenues and expenses for TennCare Select, Stabilization Plan, and BlueCare West appear on pages 5.1 and 5.2, and 5.3, respectively.

Also enclosed are reconciliations between this annual statement and the Medical Loss Ratio, Medical Fund Target, and Medical Services Monitoring Reports.

Please feel free to call me (423-535-7919) if you have any questions.

Sincerely,

Dana Hull
Manager, Subsidiary Accounting

Volunteer State Health Plan, Inc.
 Reconciliation of NAIC Filing to Medical Fund Target Report (MCO 4 and 11)
 December 31, 2008 Program to Date

	<u>TennCare Select</u>	<u>Total per DOI</u>
Incurring Claims (4th qtr 2008 YTD)	\$ 313,626,231	313,626,231 *
Incurring Claims (4th qtr 2007 YTD)	545,614,778	545,614,778 *
Incurring Claims (4th qtr 2006 YTD)	962,275,844	962,275,844 *
Incurring Claims (4th qtr 2005 YTD)	961,436,024	961,436,024 *
Incurring Claims (4th qtr 2004 YTD)	943,646,142	943,646,142 *
Incurring Claims (4th qtr 2003 YTD)	652,899,861	652,899,861 *
Incurring Claims (4th qtr 2002 YTD)	526,808,623	526,808,623 *
ITS Timing	1,039,609	
Directives not included on MFT	(221,094)	
Claims prior to July 2002	(276,187,808)	
Incurring Claims per MFT	\$ 4,630,938,210	

Volunteer State Health Plan, Inc.
Reconciliation of NAIC Filing to Medical Loss Ratio Report
December 31, 2008 Program to Date

	<u>BlueCare East</u>	<u>Exigency</u>	<u>Pre 7/1/00</u>	<u>ASO**</u>	<u>Total per DOI</u>
Revenues (4th qtr 2008 YTD)	\$ (34,459)				\$ (34,459)
Revenues (4th qtr 2007 YTD)	(85,979)				(85,979)
Revenues (4th qtr 2006 YTD)	(102,928)				(102,928)
Revenues (4th qtr 2005 YTD)	(185,017)	-	-	-	(185,017)
Revenues (4th qtr 2004 YTD)	1,048,821	-	-	-	1,048,821
Revenues (4th qtr 2003 YTD)	(3,418,182)	-	-	-	(3,418,182)
Revenues (4th qtr 2002 YTD)	289,998,226	622,732	-	-	290,620,958
Revenues (4th qtr 2001 YTD)	278,089,956	565,843,981	3,756,675	-	847,690,612
*BHO-offset to incurred claims on MLR (Dec. 2001 YTD)	(1,120,534)				
Additional Funds billed State (> \$28M)	(797,170)				
Revenues per MLR	\$ 563,392,734				
Incurring Claims (4th qtr 2008 YTD)	\$ (29,702)				\$ (29,702)
Incurring Claims (4th qtr 2007 YTD)	(84,259)	8,675	(923,930)	1,122	(998,392)
Incurring Claims (4th qtr 2006 YTD)	(100,869)	20,017	(399,131)	44,067	(435,916)
Incurring Claims (4th qtr 2005 YTD)	(181,317)	15,630	(238,228)	690,962	287,047
Incurring Claims (4th qtr 2004 YTD)	1,009,772	101,346	(682,855)	1,944,278	2,372,541
Incurring Claims (4th qtr 2003 YTD)	(3,241,660)	(48,570)	(660,683)	-	(3,950,913)
Incurring Claims (4th qtr 2002 YTD)	284,176,410	1,652,336	(2,241,685)	-	283,587,061
Incurring Claims (4th qtr 2001 YTD)	257,972,960	491,252,887	(1,297,785)	-	747,928,062
*BHO-offset to incurred claims on MLR (Dec. 2001 YTD)	(1,120,534)				
Incurring Claims per MLR	\$ 538,400,801				

* Note: BHO Subcapitation is a component of revenue on December 2001 YTD NAIC filing. BHO Subcapitation is a contra claims expense on December 2002 YTD NAIC filing.

**Note: VSHP accepted the risk for ASO claims overpayments for which VSHP determined the State is not responsible.

Volunteer State Health Plan, Inc.
 Reconciliation of NAIC Filing to Medical Services Monitoring Report (MCO 2 and 19)
 December 31, 2008 Program to Date

	<u>BlueCare East Stabilization</u>	<u>Total per DOI</u>
Incurring Claims (4th qtr 2008 YTD)	\$ 457,815,670	457,815,670 *
Incurring Claims (4th qtr 2007 YTD)	451,282,851	451,282,851 *
Incurring Claims (4th qtr 2006 YTD)	410,704,993	410,704,993 *
Incurring Claims (4th qtr 2005 YTD)	474,054,554	474,054,554 *
Incurring Claims (4th qtr 2004 YTD)	490,386,334	490,386,334 *
Incurring Claims (4th qtr 2003 YTD)	523,363,062	523,363,062 *
Incurring Claims (4th qtr 2002 YTD)	306,468,208	306,468,208 *
Directives not included on MFT	(118,653)	
Incurring Claims per MFT	\$ 3,113,957,019	

* Report #2A Stabilization Plan only

Volunteer State Health Plan, Inc.
 Reconciliation of NAIC Filing to West (Insured) Medical Loss Ratio Report
 December 31, 2008 Program to Date

	<u>West - Insured</u>	<u>Total per DOI</u>
Revenues (4th qtr 2008 YTD)	\$ 78,007,924	\$ 78,007,924
Pre-Insured (ASO revenue/claims)	\$ (46,847)	
Revenues per MLR	\$ 77,961,077	
Incurred Claims (4th qtr 2008 YTD)	\$ 76,223,541	\$ 76,223,541
Pre-Insured (ASO revenue/claims)	(46,847)	
Rounding	\$ (1)	
Incurred Claims per MLR	\$ 76,176,693	

ANNUAL STATEMENT

OF THE

Volunteer State Health Plan, Inc.

of

Chattanooga

in the state of

Tennessee

TO THE

Insurance Department

OF THE STATE OF

Tennessee

For the Year Ending
December 31, 2008

2008



ANNUAL STATEMENT

For the Year Ending December 31, 2008

OF THE CONDITION AND AFFAIRS OF THE

Volunteer State Health Plan, Inc.

NAIC Group Code	0000 <small>(Current Period)</small>	0000 <small>(Prior Period)</small>	NAIC Company Code	Employer's ID Number	62-1656610
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee	
Country of Domicile	United States of America				
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]	Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]	Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]		
Incorporated/Organized	07/11/1996		Commenced Business	11/01/1996	
Statutory Home Office	801 Pine Street <small>(Street and Number)</small>		Chattanooga, TN 37402 <small>(City or Town, State and Zip Code)</small>		
Main Administrative Office	Chattanooga, TN 37402 <small>(City or Town, State and Zip Code)</small>		801 Pine Street <small>(Street and Number)</small> (423)535-5600 <small>(Area Code) (Telephone Number)</small>		
Mail Address	801 Pine Street <small>(Street and Number or P.O. Box)</small>		Chattanooga, TN 37402 <small>(City or Town, State and Zip Code)</small> (423)535-5600 <small>(Area Code) (Telephone Number)</small>		
Primary Location of Books and Records	Chattanooga, TN 37402 <small>(City or Town, State and Zip Code)</small>		801 Pine Street <small>(Street and Number)</small> (423)535-5600 <small>(Area Code) (Telephone Number)</small>		
Internet Website Address	www.bcbst.com				
Statutory Statement Contact	Dana Elaine Hull <small>(Name)</small> Dana_Hull@BCBST.com <small>(E-Mail Address)</small>		(423)535-7919 <small>(Area Code)(Telephone Number)(Extension)</small> (423)535-8331 <small>(Fax Number)</small>		

OFFICERS

Name	Title
Vicky Brown Gregg	Chairman
Sonya Kay Nelson	President & CEO
Steven Lee Coulter MD	Managing Director
Robert Stanley DeMerritt	Chief Financial Officer #
Albert Irving Koehler	Chief Operating Officer #
Daniel Paul Timblin	Treasurer #
Alaine Marie Zachary	Assistant Treasurer #
Shelia Dian Clemons	Secretary
Katharine Anne Laurance	Assistant Secretary #

OTHERS

DIRECTORS OR TRUSTEES

Vicky Brown Gregg John Francis Giblin	Steven Lee Coulter MD
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State of Tennessee
County of Hamilton ss

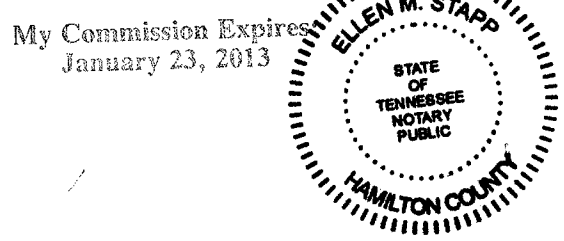
The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from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

 _____ <small>(Signature)</small> Sonya Kay Nelson <small>(Printed Name)</small> 1. President & CEO <small>(Title)</small>	 _____ <small>(Signature)</small> Shelia Dian Clemons <small>(Printed Name)</small> 2. Secretary <small>(Title)</small>	 _____ <small>(Signature)</small> John Francis Giblin <small>(Printed Name)</small> 3. Executive VP & CFO <small>(Title)</small>
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Subscribed and sworn to before me this
20th day of February, 2009

- a. Is this an original filing? Yes[X] No[]
 b. If no, 1. State the amendment number _____
 2. Date filed _____
 3. Number of pages attached _____

(Notary Public Signature)



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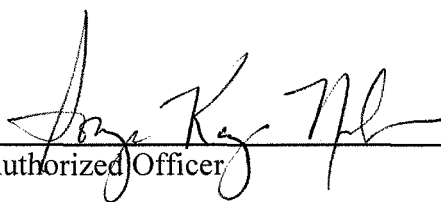


STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

**CERTIFICATE OF COMPLIANCE COVERING ADVERTISEMENT
OF ACCIDENT AND HEALTH POLICIES**

This is to certify that to the best of my knowledge, information and belief, the advertisements disseminated* by **Volunteer State Health Plan, Inc.**, during the preceding year, complied with or were made to comply in all respects with the provisions of the Insurance Laws and Rules of Tennessee as prescribed in Tenn. Comp. R & Regs., Department of Commerce Insurance, ch. 0780-1-8.17 and the ruling issued thereunder by the State Commissioner of Commerce and Insurance of the State of Tennessee.

*Volunteer State Health Plan, Inc. did not disseminate any advertisements during the preceding year.

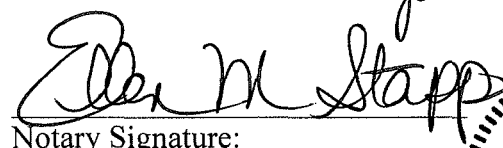

Authorized Officer _____ Date _____

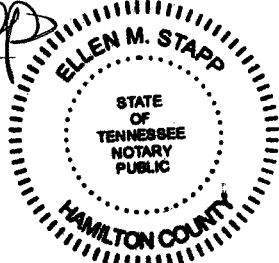
President & CEO

Officers Title

Subscribed and sworn to before me this 2/20/09
(date)

My Commission Expires January 23, 2013
(date)


Notary Signature:



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Statement of Actuarial Opinion

I, James Howard Srite, FSA, MAAA, Vice President of Actuary, am an employee of BlueCross BlueShield of Tennessee, Inc. (BCBST). I am a member of the American Academy of Actuaries. I meet the American Academy of Actuaries qualification standards for issuing an opinion on the unpaid claims liability of health insurers. I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities, and related items as shown in the annual statement of Volunteer State Health Plan (the Company) as prepared for filing with the Tennessee Department of Insurance for the period ending December 31, 2008.

Item	Statement Reference		Amount
	Page – Line		
Claims Unpaid	3-1		\$ 62,220,304
Accrued medical incentive & bonus payments	3-2		\$ 0
Unpaid claims adjustment expenses	3-3		\$ 8,798,831
Aggregate policy reserves	3-4		\$ 0
Aggregate health claim reserves	3-7		\$ 42,663,267
Any other actuarial liabilities	3-21		\$ 0

My examination included such review of the assumptions and methods used and of the underlying basic records and/or summaries and such tests and calculations, as I considered necessary. In making my examination, I have relied on Norman John Zwitter, FSA, MAAA, an employee of BlueCross BlueShield of Tennessee, Inc. (BCBST) for making the underlying calculations of the reserve liability and reviewing the underlying data as required by actuarial standards of practice. I have relied on listings and summaries of claims and other relevant data, and upon representations regarding the consistency of paid claims data and un-paid claims reported in the Underwriting and Investment Exhibit – Part 2B of the Annual Statement as prepared by Dana Elaine Hull, Manager of Subsidiary Accounting. I have also relied on the calculation of the unpaid expense reserve as prepared by William Hurst, Director of Financial Reporting and on the accuracy and consistency of the electronic systems and databases used as the basis of my analysis as provided by John Timothy Morgan, Senior Manager Information Management Finance.

My review did not include asset adequacy analysis, as such analysis is not in the scope of my assignment. I have not reviewed any of the Company's assets and I have not formed an opinion as to the validity or value. The following opinion rests on the assumption that the Company's December 31, 2008 statutory-basis unpaid claims liability is funded by valid assets that have suitably scheduled maturities and/or adequate liquidity to meet cash flow requirements.

In my opinion, the amounts carried on the balance sheet on account of the items identified above for December 31, 2008:

- (a) Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial standards,
- (b) Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared,
- (c) Meet the requirements of the insurance laws and regulations of the state of Tennessee,
- (d) Make a good and sufficient provision for all unpaid claims liabilities and other actuarial liabilities of the corporation under the terms of its contracts and agreements,
- (e) 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,
- (f) Include appropriate provision for all actuarial reserves and related actuarial items that ought to be established.

The Underwriting and Investment Exhibit – Part 2B was prepared consistent with "Standard of Practice No. 3.6 Follow-Up Studies" contained in the Actuarial standards of Practice No. 5, "Incurred Health and Disability Claims" as adopted by the Actuarial Standards Board of the American Academy of Actuaries in December 2000.

Actuarial methods, considerations, and analyses used in forming this opinion conform to the relevant Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

Considerable uncertainty and variability are inherent in estimating the unpaid claim liability. Accordingly, the subsequent development may not conform to the assumptions inherent in its determination and therefore may cause fluctuations in the ultimate amount of claims that are paid.

My review related only to the statutory-basis items identified herein, and I do not express an opinion on the Company's financial statements taken as a whole. This opinion has been prepared solely for the Board and the management of the Company, for filing with insurance regulatory agencies of states in which the Company is licensed, and for the Blue Cross and Blue Shield Association and is not intended for any other purpose.

James Howard Srite, FSA, MAAA
BlueCross BlueShield of Tennessee, Inc.

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ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1. Bonds (Schedule D)	27,615,542		27,615,542	26,433,012
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 \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....17,632,258 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....49,105,689 Schedule DA)	66,737,947		66,737,947	9,500,226
6. Contract loans (including \$.....0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	94,353,489		94,353,489	35,933,238
11. Title plants less \$.....0 charged off (for Title insurers only)				
12. Investment income due and accrued	390,187		390,187	368,927
13. Premiums and considerations				
13.1 Uncollected premiums and agents' balances in the course of collection	5,885,037		5,885,037	
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 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	2,881,638		2,881,638	6,781,994
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset	17,112,641	4,043,067	13,069,574	
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$.....0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	32,837,848		32,837,848	
22. Health care (\$.....1,910,049) and other amounts receivable	1,910,049		1,910,049	
23. Aggregate write-ins for other than invested assets	315,000		315,000	585,623
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	155,685,889	4,043,067	151,642,822	43,669,782
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	155,685,889	4,043,067	151,642,822	43,669,782
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301. Prepaid Expenses	315,000		315,000	
2302. Insured Receivable from State of Tennessee				585,623
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	315,000		315,000	585,623

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	62,220,304		62,220,304	
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	8,798,831		8,798,831	
4. Aggregate health policy reserves	42,663,267		42,663,267	
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	818,453		818,453	1,771,342
9. General expenses due or accrued	4,497,863		4,497,863	842,803
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 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	387,744		387,744	69,090
13. Remittances and items not allocated	129		129	19,336
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates				7,270,099
16. Payable for securities				
17. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 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	3,821,953		3,821,953	1,993,775
21. Aggregate write-ins for other liabilities (including \$.....0 current)	1,577,977		1,577,977	340,120
22. Total liabilities (Lines 1 to 21)	124,786,521		124,786,521	12,306,565
23. Aggregate write-ins for special surplus funds	X X X	X X X		
24. Common capital stock	X X X	X X X	10	10
25. Preferred capital stock	X X X	X X X		
26. Gross paid in and contributed surplus	X X X	X X X	44,299,990	99,990
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	25,326,692	25,703,132
29. Unassigned funds (surplus)	X X X	X X X	(42,770,391)	5,560,085
30. Less treasury stock, at cost:				
30.1 .....0 shares common (value included in Line 24 \$.....0)	X X X	X X X		
30.2 .....0 shares preferred (value included in Line 25 \$.....0)	X X X	X X X		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	26,856,301	31,363,217
32. Total Liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	151,642,822	43,669,782
DETAILS OF WRITE-INS				
2101. Insured Premium Tax Payable	1,560,158		1,560,158	
2102. Stale Dated Checks	17,534		17,534	78,919
2103. Exigency Post Settlement Activity	285		285	261,201
2198. Summary of remaining write-ins for Line 21 from overflow page				
2199. TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	1,577,977		1,577,977	340,120
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 (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801. Legally Required Reserves	X X X	X X X	25,326,692	25,703,132
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 (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X	25,326,692	25,703,132

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	369,733	
2. Net premium income (including \$.....0 non-health premium income)	X X X	77,924,108	(85,979)
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$.....0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		8,500,283
8. Total revenues (Lines 2 to 7)	X X X	77,924,108	8,414,304
Hospital and Medical:			
9. Hospital/medical benefits		63,861,440	(518,592)
10. Other professional services		9,499,193	(352,142)
11. Outside referrals			
12. Emergency room and out-of-area		2,620,763	(1,254)
13. Prescription drugs			(564,067)
14. Aggregate write-ins for other hospital and medical		139,336	437,663
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)		76,120,732	(998,392)
Less:			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)		76,120,732	(998,392)
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....5,643,287 cost containment expenses		18,622,849	772,985
21. General administrative expenses		11,153,144	1,086,872
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)		42,663,267	
23. Total underwriting deductions (Lines 18 through 22)		148,559,992	861,465
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(70,635,884)	7,552,839
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,531,325	1,871,221
26. Net realized capital gains (losses) less capital gains tax of \$.....0			(2,597)
27. Net investment gains (losses) (Lines 25 plus 26)		1,531,325	1,868,624
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29. Aggregate write-ins for other income or expenses			(8,500,283)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(69,104,559)	921,180
31. Federal and foreign income taxes incurred	X X X	(7,328,071)	316,073
32. Net income (loss) (Lines 30 minus 31)	X X X	(61,776,488)	605,107
DETAILS OF WRITE-INS			
0601. Meharry, Critical Access, and EPP Revenues	X X X		100,546,064
0602. Meharry, Critical Access, and EPP Premium Taxes	X X X		(2,010,921)
0603. Critical Access Payments	X X X		(3,247,543)
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		(95,287,600)
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701. Shared Health, Inc. Revenue	X X X		8,500,283
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 0703 plus 0798) (Line 7 above)	X X X		8,500,283
1401. Exigency Post-Settlement Activity		139,336	437,663
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		139,336	437,663
2901. Shared Health, Inc. Expense			(8,500,283)
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			(8,500,283)

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	31,363,217	30,758,110
34.	Net income or (loss) from Line 32	(61,776,488)	605,107
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	16,858,525	(12,616)
39.	Change in nonadmitted assets	(3,788,951)	12,616
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	44,200,000	
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus	(2)	
48.	Net change in capital and surplus (Lines 34 to 47)	(4,506,916)	605,107
49.	Capital and surplus end of reporting year (Line 33 plus 48)	26,856,301	31,363,217
DETAILS OF WRITE-INS			
4701.	Rounding	(2)	
4702.	.....	
4703.	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	(2)	

Report #2A: TennCare Select Only			
	Current Year		Previous Year
	Current Period	Year-to-date Total	Total
MEMBER MONTHS	281,294	1,213,001	2,191,170
REVENUES:			
1. TennCare Capitation	76,128,341	348,691,309	596,133,180
2. Adverse Selection	-	-	-
3. Total TennCare Revenue (Lines 1 and 2)	76,128,341	348,691,309	596,133,180
4. Investment	-	-	-
5. Other Revenue (Provide Detail)	-	-	8,500,283
6. TOTAL REVENUES (Lines 1 to 5)	76,128,341	348,691,309	604,633,463
EXPENSES:			
Medical and Hospital Services:			
7. Capitated Physician Services	367,243	1,595,426	2,661,665
8. Fee-for Service Physician Services	14,606,061	61,326,683	130,324,312
9. Inpatient Hospital Services	19,228,405	86,302,245	152,727,784
10. Outpatient Services	8,671,056	36,211,459	66,607,587
11. Emergency Room Services	1,969,009	9,380,153	16,360,133
12. Mental Health Services	-	-	-
13. Dental Services	-	1,775	1,966
14. Vision Services	68,019	244,907	337,481
15. Pharmacy Services	-	-	(29,956)
16. Home Health Services	16,319,952	87,087,535	126,624,309
17. Chiropractic Services	-	-	-
18. Radiology Services	611,969	2,528,144	7,282,867
19. Laboratory Services	674,381	2,794,614	6,110,293
20. Durable Medical Services	3,937,542	12,486,079	10,264,895
21. Transportation Services	1,503,897	6,385,619	10,908,439
22. Outside Referrals	-	-	-
23. Medical Incentive Pool and Withhold Adjustments	-	-	-
24. Occupancy, Depreciation, and Amortization	-	-	-
25. Other Medical and Hospital Services (Provide Detail)	1,526,275	10,163,707	18,970,010
26. Subtotal (Lines 7 to 25)	69,483,809	316,508,346	549,151,785
LESS:			
27. Reinsurance Expenses Net of Recoveries	-	-	-
28. Copayments	5,351	22,560	122,597
29. Subrogation and Coordination of Benefits	716,287	2,859,555	3,414,410
30. Subtotal (Lines 27 to 29)	721,638	2,882,115	3,537,007
31. TOTAL MEDICAL AND HOSPITAL (Lines 26 minus line 30)	68,762,171	313,626,231	545,614,778
Administration:			
32. Compensation	5,086,373	18,203,148	24,642,226
33. Marketing	-	-	-
34. Interest Expense	-	-	-
35. Premium Tax Expense	1,522,567	6,973,826	11,922,664
36. Occupancy, Depreciation and Amortization	(288,573)	997,564	2,416,238
37. Other Administration (Provide Detail)	1,767,133	7,971,092	20,155,533
38. TOTAL ADMINISTRATION (Lines 32 to 37)	8,087,500	34,145,630	59,136,661
39. TOTAL EXPENSES (Lines 31 and 38)	76,849,671	347,771,861	604,751,439
40. Extraordinary Item	-	-	-
41. Provision for Federal Income Taxes	(252,466)	321,807	(41,292)
42. NET INCOME/(LOSS) (Line 6 less Lines 39,40 and 41))	(468,864)	597,641	(76,684)
DETAILS OF WRITE-INS			
0501. Shared Health, Inc. Revenue	-	-	8,500,283
0599. TOTALS	-	-	8,500,283
2501. PT/OT/ST, Supplies, Prosthetics, etc.	680,426	6,332,491	12,075,914
2502. Bad Debt Expense	471,351	2,179,755	1,989,672
2503. Out of Area Claims Expense	374,498	1,651,461	4,904,424
2599. TOTALS	1,526,275	10,163,707	18,970,010
3701. Equipment Rental	525,529	3,338,953	5,285,521
3702. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	1,037,302	1,783,426	1,401,728
3703. Auditing, Actuarial, and Other Consulting	20,801	935,936	1,719,246
3704. Postage/Telephone	82,764	890,721	1,517,892
3705. Outsourced Services	102,306	751,558	1,219,736
3706. Printing and Stationary	(1,569)	270,498	511,127
3707. Shared Health, Inc. Expense	-	-	8,500,283
3799. TOTALS	1,767,133	7,971,092	20,155,533

Report #2A: Stabilization Plan Only			
	Current Year		Previous Year
	Current Period	Year-to-date Total	Total
MEMBER MONTHS	622,644	2,500,560	2,500,656
REVENUES:			
1. TennCare Capitation	117,745,616	497,990,610	489,389,514
2. Adverse Selection	-	-	-
3. Total TennCare Revenue (Lines 1 and 2)	117,745,616	497,990,610	489,389,514
4. Investment	-	-	-
5. Other Revenue (Provide Detail)	-	-	-
6. TOTAL REVENUES (Lines 1 to 5)	117,745,616	497,990,610	489,389,514
EXPENSES:			
Medical and Hospital Services:			
7. Capitated Physician Services	499,772	1,988,864	1,990,084
8. Fee-for Service Physician Services	38,159,734	163,478,157	161,175,307
9. Inpatient Hospital Services	25,043,350	105,917,297	101,326,857
10. Outpatient Services	15,586,110	63,000,278	63,703,486
11. Emergency Room Services	3,634,674	15,799,339	16,175,181
12. Mental Health Services	-	-	-
13. Dental Services	685	3,116	4,012
14. Vision Services	95,425	358,555	333,815
15. Pharmacy Services	-	-	(35,220)
16. Home Health Services	10,223,723	55,266,366	59,650,629
17. Chiropractic Services	-	-	-
18. Radiology Services	2,459,821	9,859,762	9,716,646
19. Laboratory Services	2,307,586	9,834,192	9,875,585
20. Durable Medical Services	3,673,852	11,736,207	9,054,924
21. Transportation Services	3,195,356	13,647,758	11,216,975
22. Outside Referrals	-	-	-
23. Medical Incentive Pool and Withhold Adjustments	-	-	-
24. Occupancy, Depreciation, and Amortization	-	-	-
25. Other Medical and Hospital Services (Provide Detail)	1,971,720	8,692,859	9,169,697
26. Subtotal (Lines 7 to 25)	106,851,808	459,582,750	453,357,978
LESS:			
27. Reinsurance Expenses Net of Recoveries			
28. Copayments	58,289	209,112	220,571
29. Subrogation and Coordination of Benefits	305,984	1,557,968	1,854,556
30. Subtotal (Lines 27 to 29)	364,273	1,767,080	2,075,127
31. TOTAL MEDICAL AND HOSPITAL (Lines 26 minus line 30)	106,487,535	457,815,670	451,282,851
Administration:			
32. Compensation	10,378,734	33,741,779	18,105,240
33. Marketing	-	-	-
34. Interest Expense	-	-	-
35. Premium Tax Expense	2,345,951	9,959,812	9,799,831
36. Occupancy, Depreciation and Amortization	(441,702)	1,849,109	1,775,268
37. Other Administration (Provide Detail)	3,725,178	14,775,403	8,563,396
38. TOTAL ADMINISTRATION (Lines 32 to 37)	16,008,161	60,326,103	38,243,735
39. TOTAL EXPENSES (Lines 31 and 38)	122,495,696	518,141,773	489,526,586
40. Extraordinary Item			
41. Provision for Federal Income Taxes	(1,662,528)	(7,052,907)	(47,975)
42. NET INCOME/(LOSS) (Line 6 less Lines 39,40 and 41))	(3,087,552)	(13,098,256)	(89,097)
DETAILS OF WRITE-INS			
2501. PT/OT/ST, Supplies, Prosthetics, etc.	744,944	5,226,939	7,281,198
2502. Bad Debt Expense	1,011,827	2,389,583	83,139
2503. Out of Area Claims Expense	214,949	1,076,337	1,805,360
2599. TOTALS	1,971,720	8,692,859	9,169,697
3701. Equipment Rental	1,178,012	6,189,162	3,883,400
3702. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	1,976,837	3,305,800	1,029,882
3703. Auditing, Actuarial, and Other Consulting	104,873	1,734,873	1,263,173
3704. Postage/Telephone	211,962	1,651,061	1,115,234
3705. Outsourced Services	236,687	1,393,106	896,170
3706. Printing and Stationary	16,807	501,401	375,537
3799. TOTALS	3,725,178	14,775,403	8,563,396

Report #2A: BlueCare West Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	369,531	369,531	
Estimated Revenues:			
1. TennCare Capitation	78,007,924	78,007,924	
2. Investment	282,694	282,694	
3. Other Revenues	-	-	
4. Total Estimated Revenues (Lines 1 to 3)	78,290,618	78,290,618	-
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	409,492	409,492	
6. Fee-for Service Physician Services	41,179,485	41,179,485	
7. Inpatient Hospital Services	13,957,028	13,957,028	
8. Outpatient Hospital Services	7,874,076	7,874,076	
9. Emergency Room Services	2,393,352	2,393,352	
10. Dental Services	-	-	
11. Vision Services	203,280	203,280	
12. Pharmacy Services	-	-	
13. Home Health Services	764,412	764,412	
14. Chiropractic Services	-	-	
15. Radiology Services	2,375,837	2,375,837	
16. Laboratory Services	2,781,843	2,781,843	
17. Durable Medical Equipment Services	1,271,999	1,271,999	
18. Transportation Services	2,005,801	2,005,801	
19. Outside Referrals	-	-	
20. Medical Incentive Pool and Withhold Adj	-	-	
21. Occupancy, Depreciation and Amortization	-	-	
22. Other Medical and Hospital Services - Write-Ins	639,108	639,108	-
23. Subtotal Medical and Hospital (Lines 5 to 22)	75,855,713	75,855,713	-
Mental Health and Substance Abuse Services			
24. Inpatient Psychiatric Facility Services	253,009	253,009	
25. Inpatient Substance Abuse Treatment and Detox	17,127	17,127	
26. Outpatient Mental Health Services	91,843	91,843	
27. Outpatient Substance Abuse Treatment and Detox	-	-	
28. Housing/Residential Treatment	-	-	
29. Specialized Crisis Services	-	-	
30. Psychiatric Rehab and Support Services	-	-	
31. Case Management	-	-	
32. Forensics	-	-	
33. Other Judicial	-	-	
34. Pharmacy	-	-	
35. Lab Services	3,984	3,984	
36. Transportation	-	-	
37. Medical Incentive Pool and Withhold Adjustments	-	-	
38. Occupancy, Depreciation and Amortization	-	-	
39. Other Mental Health and Substance Abuse Services	8,005	8,005	
40. PCP and Specialist Services	-	-	
41. Other Mental Health Services - Write-Ins	-	-	-
42. Subtotal MH & SAS (Lines 24 to 41)	373,968	373,968	-
43. Subtotal Hospital, Medical, MH & SAS (Lines 22 and 42)	76,229,681	76,229,681	-
LESS:			
44. Net Reinsurance Recoveries Incurred	-	-	
45. Copayments	6,140	6,140	
46. Subrogation and Coordination of Benefits	-	-	
47. Subtotal Reinsurance, Copay, Subrogation (Lines 44 to 46)	6,140	6,140	-
48. Total Hospital, Medical, MH & SAS (Lines 43 and 47)	76,223,541	76,223,541	-
Administration:			
49. Compensation	6,090,467	6,090,467	
50. Marketing	-	-	
51. Interest Expense	-	-	
52. Premium Tax Expense	1,560,158	1,560,158	
53. Occupancy, Depreciation, and Amortization	333,768	333,768	
54. Other Administration - Write-Ins	2,666,995	2,666,995	-
55. Total Administration Expenses (Lines 49 to 54)	10,651,388	10,651,388	-
56. Total Expenses (Lines 48 and 55)	86,874,929	86,874,929	-
57. Extraordinary Item	-	-	
58. Provision for Income Tax	(1,771,842)	(1,771,842)	
59. Net Income (Loss) (Line 48 Less Lines 56, 57 and 58)	(6,812,469)	(6,812,469)	-
Write-Ins for Other Expense			
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	413,128	413,128	
2202. Out of Area Claims Expense	225,980	225,980	
2203.	-	-	
2299. Total Other Medical and Hospital	639,108	639,108	-
Detail of Other MH & SAS:			
4101.	-	-	
4102.	-	-	
4103.	-	-	
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5401. Equipment Rental	1,117,158	1,117,158	
5402. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	596,705	596,705	
5403. Auditing, Actuarial, and Other Consulting	313,149	313,149	
5404. Postage/Telephone	298,020	298,020	
5405. Outsourced Services	251,459	251,459	
5406. Printing and Stationary	90,504	90,504	
5499. Total Other Administration	2,666,995	2,666,995	-

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CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	113,749,449	1,685,363
2.	Net investment income	1,646,535	2,037,168
3.	Miscellaneous income		8,500,283
4.	Total (Lines 1 through 3)	115,395,984	12,222,814
5.	Benefit and loss related payments	56,563,695	(998,392)
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	11,593,568	7,172,987
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	(7,328,071)	316,073
10.	Total (Lines 5 through 9)	60,829,192	6,490,668
11.	Net cash from operations (Line 4 minus 10)	54,566,792	5,732,146
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	7,000,000	13,200,000
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	7,000,000	13,200,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	8,319,000	11,212,040
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	8,319,000	11,212,040
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)	(1,319,000)	1,987,960
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock	44,200,000	
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(40,210,071)	(7,134,419)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	3,989,929	(7,134,419)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	57,237,721	585,687
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	9,500,226	8,914,539
19.2	End of year (Line 18 plus Line 19.1)	66,737,947	9,500,226

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & 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	77,924,108							77,924,108		
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$.....0 medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
6. Aggregate write-ins for other non-health care related revenues										
7. Total revenues (Lines 1 to 6)	77,924,108							77,924,108		
8. Hospital/medical benefits	63,861,440							63,861,440		X X X
9. Other professional services	9,499,193							9,499,193		X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area	2,620,763							2,620,763		X X X
12. Prescription drugs										X X X
13. Aggregate write-ins for other hospital and medical	139,336							139,336		X X X
14. Incentive pool, withhold adjustments and bonus amounts										X X X
15. Subtotal (Lines 8 to 14)	76,120,732							76,120,732		X X X
16. Net reinsurance recoveries										X X X
17. Total hospital and medical (Lines 15 minus 16)	76,120,732	X X X	X X X	X X X	X X X	X X X	X X X	76,120,732	X X X	X X X
18. Non-health claims (net)										
19. Claims adjustment expenses including \$.....5,643,287 cost containment expenses	18,622,849							6,675,023	11,947,826	
20. General administrative expenses	11,153,144							3,920,252	7,232,892	
21. Increase in reserves for accident and health contracts	42,663,267							42,663,267		X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
23. Total underwriting deductions (Lines 17 to 22)	148,559,992							129,319,274	19,180,718	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(70,635,884)							(51,455,166)	(19,180,718)	
DETAILS OF WRITE-INS										
0501.										X X X
0502.										X X X
0503.										X X X
0598.										X X X
0599.										X X X
0601.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
0698.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
0699.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
1301.	139,336							139,336		X X X
1302.										X X X
1303.										X X X
1398.										X X X
1399.	139,336							139,336		X X X

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical)				
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan				
6. Title XVIII - Medicare				
7. Title XIX - Medicaid	77,924,108			77,924,108
8. Other health				
9. Health subtotal (Lines 1 through 8)	77,924,108			77,924,108
10. Life				
11. Property/casualty				
12. TOTALS (Lines 9 to 11)	77,924,108			77,924,108

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & 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	13,900,428							13,900,428		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	13,900,428							13,900,428		
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	62,220,304							62,220,304		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	62,220,304							62,220,304		
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	76,120,732							76,120,732		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded										
12.4 Net	76,120,732							76,120,732		
13. Incurred medical incentive pools and bonuses										

(a) Excludes \$.....0 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	Compre- hensive (Hospital & 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	2,256,500							2,256,500		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	2,256,500							2,256,500		
2. Incurred but Unreported:										
2.1 Direct	59,963,804							59,963,804		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	59,963,804							59,963,804		
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	62,220,304							62,220,304		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	62,220,304							62,220,304		

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 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year			
1. Comprehensive (hospital and medical)							
2. Medicare Supplement							
3. Dental only							
4. Vision only							
5. Federal Employees Health Benefits Plan							
6. Title XVIII - Medicare							
7. Title XIX - Medicaid		13,900,428		62,220,304			
8. Other health							
9. Health subtotal (Lines 1 to 8)		13,900,428		62,220,304			
10. Healthcare receivables (a)							
11. Other non-health							
12. Medical incentive pool and bonus amounts							
13. TOTALS (Lines 9 - 10 + 11 + 12)		13,900,428		62,220,304			

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

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

Section A - Paid Health Claims

	Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior	1,036,124	1,036,411	1,036,330	1,035,332	1,035,332
2.	2004	463	463	463	463	463
3.	2005	X X X	X X X	44	44	44
4.	2006	X X X	X X X			
5.	2007	X X X	X X X	X X X		
6.	2008	X X X	X X X	X X X	X X X	13,900

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 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior	1,036,124	1,036,411	1,036,330	1,035,332	1,035,332
2.	2004	463	463	463	463	463
3.	2005	X X X	X X X	44	44	44
4.	2006	X X X	X X X			
5.	2007	X X X	X X X	X X X		
6.	2008	X X X	X X X	X X X	X X X	76,121

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

	1	2	3	4	5	6	7	8	9	10
Years in Which Premiums were Earned and Claims were Incurred	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2004		463			463				463	
2. 2005		44			44				44	
3. 2006										
4. 2007										
5. 2008	77,924	13,900	9,824	70.676	23,724	30.445	62,221	8,799	94,744	121.585

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

Hospital and Medical

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	NONE				
2. 2004					
3. 2005					
4. 2006		X			
5. 2007		X	X X X		
6. 2008	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 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	NONE				
2. 2004					
3. 2005					
4. 2006		X			
5. 2007		X	X X X		
6. 2008	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 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2004	NONE									
2. 2005										
3. 2006										
4. 2007										
5. 2008										

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

Medicare Supplement

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	NONE				
2. 2004					
3. 2005					
4. 2006		X			
5. 2007		X	X X X		
6. 2008	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 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	NONE				
2. 2004					
3. 2005					
4. 2006		X			
5. 2007		X	X X X		
6. 2008	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 Claim Adjustment Expense Payments (Col. 3/2) Percent	5 Claim and Claim Adjustment Payments (Col. 2 + 3)	6 Claim Adjustment Expense Payments (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent
1. 2004										
2. 2005										
3. 2006										
4. 2007										
5. 2008										

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

Dental Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	NONE				
2. 2004					
3. 2005					
4. 2006		X			
5. 2007		X	X X X		
6. 2008	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 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	NONE				
2. 2004					
3. 2005					
4. 2006			X X X		
5. 2007		X X X	X X X	X X X	
6. 2008	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 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2004										
2. 2005										
3. 2006										
4. 2007										
5. 2008										

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

Vision Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	NONE				
2. 2004					
3. 2005					
4. 2006	X X X				
5. 2007	X X X				
6. 2008	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 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	NONE				
2. 2004					
3. 2005					
4. 2006	X X X				
5. 2007	X X X				
6. 2008	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 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2004	NONE									
2. 2005										
3. 2006										
4. 2007										
5. 2008										

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Federal Employees Health Benefits Plan Premiums
Section A - Paid Health Claims

	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
Year in Which Losses Were Incurred					
1. Prior	NONE				
2. 2004					
3. 2005					
4. 2006	X X				
5. 2007	X X X				
6. 2008	X X X				

Section B - Incurred Health Claims

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2004	2 2005	3 2006	4 2007	5 2008
Year in Which Losses Were Incurred					
1. Prior	NONE				
2. 2004					
3. 2005					
4. 2006	X X				
5. 2007	X X X				
6. 2008	X X X				

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

	1	2	3	4	5	6	7	8	9	10
Years in Which Premiums were Earned and Claims were Incurred	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2004	NONE									
2. 2005										
3. 2006										
4. 2007										
5. 2008										

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

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	NONE				
2. 2004					
3. 2005					
4. 2006		X			
5. 2007		X	X X X		
6. 2008	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 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	NONE				
2. 2004					
3. 2005					
4. 2006		X			
5. 2007		X	X X X		
6. 2008	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 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2004	NONE									
2. 2005										
3. 2006										
4. 2007										
5. 2008										

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

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	1,036,124	1,036,411	1,036,330	1,035,332	1,035,332
2. 2004	463	463	463	463	463
3. 2005	X X X	X X X	44	44	44
4. 2006	X X X	X X X			
5. 2007	X X X	X X X	X X X		
6. 2008	X X X	X X X	X X X	X X X	13,900

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 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	1,036,124	1,036,411	1,036,330	1,035,332	1,035,332
2. 2004	463	463	463	463	463
3. 2005	X X X	X X X	44	44	44
4. 2006	X X X	X X X			
5. 2007	X X X	X X X	X X X		
6. 2008	X X X	X X X	X X X	X X X	76,121

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2004		463			463				463	
2. 2005		44			44				44	
3. 2006										
4. 2007										
5. 2008	77,924	13,900	4,074	29,309	17,974	23,066	62,221	2,601	82,796	106,252

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

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior					
2. 2004					
3. 2005	X X X				
4. 2006	X X X	X X X			
5. 2007	X X X	X X X	X X X		
6. 2008	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 2004	2 2005	3 2006	4 2007	5 2008
1. Prior					
2. 2004					
3. 2005	X X X				
4. 2006	X X X	X X X			
5. 2007	X X X	X X X	X X X		
6. 2008	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 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2004										
2. 2005										
3. 2006										
4. 2007										
5. 2008			5,750		5,750			6,198	11,948	

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

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)	42,663,267							42,663,267	
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$.....0) for investment income									
5. Aggregate write-ins for other policy reserves									
6. Totals (gross)	42,663,267							42,663,267	
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)	42,663,267							42,663,267	
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)									
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)									

(a) Includes \$.....42,663,267 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building)	164,883	379,231	280,301		824,415
2. Salaries, wages and other benefits	11,578,347	26,630,199	19,683,190		57,891,736
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)					
4. Legal fees and expenses	118,349	272,203	201,194		591,746
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	629,908	1,448,789	1,070,844		3,149,541
7. Traveling expenses	219,383	504,581	372,951		1,096,915
8. Marketing and advertising	134,913	310,300	229,353		674,566
9. Postage, express and telephone	599,477	1,378,798	1,019,111		2,997,386
10. Printing and office supplies	182,052	418,719	309,488		910,259
11. Occupancy, depreciation and amortization	70,006	161,013	119,010		350,029
12. Equipment	1,197,856	2,755,068	2,036,355		5,989,279
13. Cost or depreciation of EDP equipment and software	1,049,343	2,413,488	1,783,882		5,246,713
14. Outsourced services including EDP, claims, and other services	505,817	1,163,380	859,890		2,529,087
15. Boards, bureaus and association fees	204,110	469,452	346,986		1,020,548
16. Insurance, except on real estate	86,877	199,817	147,691		434,385
17. Collection and bank service charges	19,246	44,266	32,719		96,231
18. Group service and administration fees					
19. Reimbursements by uninsured plans	(12,644,010)	(29,081,222)	(38,528,783)		(80,254,015)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses	436,497	1,003,943	742,045		2,182,485
22. Real estate taxes	53,967	124,124	91,744		269,835
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes			18,593,520		18,593,520
23.3 Regulator authority licenses and fees	24,422	56,171	41,518		122,111
23.4 Payroll taxes	672,822	1,547,491	1,143,798		3,364,111
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere				365,270	365,270
25. Aggregate write-ins for expenses	339,022	779,750	576,338		1,695,110
26. Total expenses incurred (Lines 1 to 25)	5,643,287	12,979,561	11,153,145	365,270	(a) 30,141,263
27. Less expenses unpaid December 31, current year		8,798,831	4,497,863		13,296,694
28. Add expenses unpaid December 31, prior year			842,803		842,803
29. Amounts receivable relating to uninsured plans, prior year			6,781,994		6,781,994
30. Amounts receivable relating to uninsured plans, current year			2,832,281		2,832,281
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	5,643,287	4,180,730	3,548,372	365,270	13,737,659
DETAILS OF WRITE-INS					
2501. Claims Adjustment Expense (change in accrual)	346,946	797,976	589,809		1,734,731
2502. Other Miscellaneous Expense	(7,924)	(18,226)	(13,471)		(39,621)
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. Totals (Lines 2501 through 2503 + 2598) (Line 25 above)	339,022	779,750	576,338		1,695,110

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 721,663	764,390
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 502,866	445,630
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) 650,804	686,575
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	1,875,333	1,896,595
11. Investment expenses		(g) 365,270
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. Total deductions (Lines 11 through 15)		365,270
17. Net Investment income (Line 10 minus Line 16)		1,531,325

DETAILS OF WRITE-INS

0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

- (a) Includes \$ 9,128 accrual of discount less \$ (145,598) amortization of premium and less \$ 525 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 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) (Columns 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)					
NONE					
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. TOTALS (Lines 0901 through 0903 plus 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 occupied 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. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Invested income due and accrued			
13. Premium 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			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	4,043,067	254,116	(3,788,951)
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			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets			
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	4,043,067	254,116	(3,788,951)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	4,043,067	254,116	(3,788,951)
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page			
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)			
2301.			
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

	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	
Source of Enrollment						
1. Health Maintenance Organizations	369,733
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	189,281	369,733
DETAILS OF WRITE-INS						
0601.
0602.
0603.
0698. Summary of remaining write-ins for Line 6 from overflow page
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)

EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1	2	3	4	5	6	7
Name of Debtor	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Admitted
0199999 Total individuals						
Group Subscribers:						
Premium Withhold 10%	4,084,034					4,084,034
Premium Accrual	1,669,639	131,364				1,801,003
0299997 Subtotal - Group Subscribers:	5,753,673	131,364				5,885,037
0299998 Premium due and unpaid not individually listed						
0299999 Total group	5,753,673	131,364				5,885,037
0399999 Premiums due and unpaid from Medicare entities						
0499999 Premiums due and unpaid from Medicaid entities						
0599999 Accident and health premiums due and unpaid (Page 2, Line 13)	5,753,673	131,364				5,885,037

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
0199998 Pharmaceutical Rebate Receivables - Not Individually Listed						
0199999 Subtotal - Pharmaceutical Rebate Receivables						
0299998 Claim Overpayment Receivables - Not Individually Listed						
0299999 Subtotal - Claim Overpayment Receivables						
Loans and Advances to Providers						
Pathways of Tennessee, Inc.	250,000	250,000				500,000
Case Management Inc.	184,250	184,250				368,500
Comprehensive Counseling Network	156,000	156,000				312,000
Quinco CMHC	120,000	120,000				240,000
Professional Care Services of West Tennessee	225,000					225,000
0399998 Loans and Advances to Providers - Not Individually Listed						
0399999 Subtotal - Loans and Advances to Providers	935,250	710,250				1,645,500
0499998 Capitation Arrangement Receivables - Not Individually Listed						
0499999 Subtotal - Capitation Arrangement Receivables						
0599998 Risk Sharing Receivables - Not Individually Listed						
0599999 Subtotal - Risk Sharing Receivables						
Other Receivables						
Provider receivables	160,350	104,199				264,549
0699998 Other Receivables - Not Individually Listed						
0699999 Subtotal - Other Receivables	160,350	104,199				264,549
0799999 Gross health care receivables	1,095,600	814,449				1,910,049

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
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	225,650	2,030,850				2,256,500
0499999 Subtotals	225,650	2,030,850				2,256,500
0599999 Unreported claims and other claim reserves						59,963,804
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						62,220,304
0899999 Accrued Medical Incentive Pool and Bonus Amounts						

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	7 Admitted		8 Non-Current
						Current		
Individually listed receivables								
BCBST - Capital Contribution (\$40M) offset by Administrative Services, ITS claims and Miscellaneous	32,837,848					32,837,848		
0199999 Total - Individually listed receivables	32,837,848					32,837,848		
0299999 Receivables not individually listed								
0399999 Total gross amounts receivable	32,837,848					32,837,848		

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current
	N O N E			
0399999 Total gross payables	XXX			

EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total Payments	3 Total Members Covered	4 Column 3 as a % of Total Members	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups	87,447	0.629				87,447
2. Intermediaries	1,500,246	10.793				1,500,246
3. All other providers	322,022	2.317				322,022
4. Total capitation payments	1,909,715	13.739				1,909,715
Other Payments:						
5. Fee-for-service			X X X	X X X		
6. Contractual fee payments	11,990,713	86.261	X X X	X X X		11,990,713
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	11,990,713	86.261	X X X	X X X		11,990,713
13. Total (Line 4 plus Line 12)	13,900,428	100.000	X X X	X X X		13,900,428

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC
	SOUTHEAS TRANS	1,500,246	750,123		
9999999		1,500,246	X X X	X X X	X X X

EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

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

NONE

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Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Volunteer State Health Plan, Inc. (VSHP) (the Company) are presented on the basis of accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance (TDCI).

The TDCI, TennCare Division, recognizes only statutory accounting practices prescribed or permitted by the State of Tennessee for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Tennessee Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective January 1, 2008, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Tennessee. The Commissioner of Insurance has the right to permit specific practices that deviate from prescribed practices.

Since 2004, VSHP has accepted the risk for uninsured claims overpayments for which the Company determined the State was not responsible. At the direction of the TDCI, TennCare Division, the Company recorded the uninsured claims overpayments as claims expense instead of reporting the net gain/(loss) on the general administrative expense line as required by NAIC SAP.

The Company, at the direction of the Commissioner of Insurance of the State of Tennessee, records premium and claims equivalents for the uninsured Exigency period (July 1, 2000 – June 30, 2001), instead of reporting the net gain/(loss) in the general administrative expense line of the current year column as required by NAIC SAP. If premium equivalents were not recorded, revenues would not be decreased and claims would be increased \$1,148 YTD. Since 2003, activity has been settled monthly on a cash basis.

At the request of the TDCI, TennCare Division, VSHP no longer reports for ASOs the receivables and associated payables to the State of Tennessee for premium taxes. The rationale behind the exclusion is that these assets have no economic benefit to VSHP. In addition to the aforementioned request, the TDCI has also requested VSHP show Shared Health, Inc. revenue on line 7 of the Statement of Revenues and Expenses as an aggregate write-in for other non-health revenues. The related off-setting expense is shown on line 29, aggregate write-ins for other income or expenses. This practice differs from the NAIC's *Accounting Practices and Procedures Manual* which requires the netting of revenues and expenses for ASO business in administrative expenses.

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

Not applicable

C. Accounting Policy

Not applicable

2. Accounting Changes and Corrections of Errors

A. Disclosure of material changes in accounting principles and/or correction of errors.

Not applicable

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

Not applicable

7. Investment Income

Not applicable

8. Derivative Instruments

Not applicable

Notes to Financial Statement

9. Income Taxes

- A. The components of the net deferred tax asset recognized in the Company's Assets, Liabilities, Surplus, and Other Funds are as follows:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
(1) Total of gross deferred tax assets (admitted and nonadmitted)	\$ 17,112,641	\$ 259,794
(2) Total of deferred tax liabilities	<u>0</u>	<u>5,678</u>
(3) Net deferred tax assets	17,112,641	254,116
(4) Deferred tax assets nonadmitted	<u>4,043,067</u>	<u>254,116</u>
(5) Net admitted deferred tax assets	\$ 13,069,574	\$ 0
(6) Increase (decrease) in nonadmitted asset	<u>\$ 3,788,951</u>	<u>\$ (12,616)</u>

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

- (1) Policyholder Surplus – Not applicable
- (2) Foreign Subsidiaries – Not applicable

- C. The provisions for incurred taxes on earnings for the periods ended December 31, 2008 and December 31, 2007 are:

	<u>2008</u>	<u>2007</u>
Federal	\$ (7,328,071)	\$ 316,073
Foreign	<u>0</u>	<u>0</u>
	(7,328,071)	316,073
Federal income tax on capital gains	0	0
Utilization of capital loss carry-forwards	0	0
Federal and foreign income taxes incurred	<u>\$ (7,328,071)</u>	<u>\$ 316,073</u>

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

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Deferred tax assets:		
Receivables	\$ 257,281	\$ 259,794
Premium deficiency reserve	14,932,143	0
Discounting of outstanding claims liability	1,637,431	0
Contingency	<u>285,786</u>	<u>0</u>
Total deferred tax assets	17,112,641	259,794
Nonadmitted deferred tax assets	<u>(4,043,067)</u>	<u>(254,116)</u>
Admitted deferred tax assets	13,069,574	5,678
Deferred tax liabilities:		
Bond discount accruals	<u>0</u>	<u>5,678</u>
Total deferred tax liabilities	0	5,678
Net admitted deferred tax asset	<u>\$ 13,069,574</u>	<u>\$ 0</u>

The change in net deferred income taxes is comprised of the following:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>	<u>Change</u>
Total deferred tax assets (admitted and non-admitted)	\$ 17,112,641	\$ 259,794	\$ 16,852,847
Total deferred tax liabilities	<u>0</u>	<u>5,678</u>	<u>(5,678)</u>
Net deferred tax assets (deferred assets less liabilities)	<u>\$ 17,112,641</u>	<u>\$ 254,116</u>	16,858,525
Tax effect of non-admitted assets			0
Change in net deferred income tax			<u>\$ 16,858,525</u>

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

	<u>December 31, 2008</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$ (24,186,596)	(35.0)%
Federal and foreign income taxes incurred	\$ (7,328,071)	(10.6)%
Change in net deferred income taxes	<u>(16,858,525)</u>	<u>(24.4)</u>
Total statutory income taxes without effects of deferred tax assets & liabilities	<u>\$ (24,186,596)</u>	<u>(35.0)%</u>

- E. The Company has no net capital loss carry-forwards.

Notes to Financial Statement

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

BlueCross BlueShield of Tennessee, Inc.
 Golden Security Insurance Company
 Group Insurance Services, Inc.
 Southern Diversified Business Services, Inc.
 RiverTrust Solutions, Inc.
 Security Care, Inc.
 Riverbend Government Benefits Administrator, Inc.
 Shared Health, Inc.
 Gordian Health Solutions, Inc.
 Continental Health Promotion, Inc.
 Eris Survey Systems, Inc.
 BeneVive, Inc.

(2) The method of tax allocation between members of the affiliated group is subject to written agreement, approved by the Board of Directors. Allocation is based upon a percentage calculation. Intercompany tax balances are settled monthly.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. BCBST owns 100% of BeneVive, Inc. (BeneVive) and Southern Diversified Business Services, Inc. (SDBS). BCBST also owns a 20% interest in TriServ Alliance, LLC (TriServ) and approximately 12% interest in TZ Holdings, LP.

BeneVive owns 100% of the for-profit corporations Shared Health, Inc (Shared Health), Gordian Health Solutions, Inc. (Gordian), Riverbend Government Benefits Administrator, Inc. (Riverbend), Security Care, Inc. (Security Care), and RiverTrust Solutions, Inc. (RiverTrust). Shared Health is a health information technology company. Gordian, in conjunction with its wholly-owned subsidiaries, Continental Health Promotion, Inc. (CHP) and Eris Survey Systems, Inc. (ESS), mitigates the rising cost of health care by encouraging the formation of healthy lifestyle behaviors and providing case management for existing illnesses. CHP and ESS were merged with and into Gordian effective December 31, 2008, with Gordian as the surviving entity. Riverbend performs services as a Medicare Administrative Contractor or subcontractor for the Centers for Medicare and Medicaid Services (Medicare) pursuant to the Medicare Modernization Act of 2003. Riverbend owns 50% interest in Capstone Government Solutions, LLC (Capstone), a joint venture limited liability company with GIGNA Government Services, LLC, created for the purpose of bidding on and administering future Medicare fee-for-service contracts. Capstone discontinued active operations as of December 31, 2006, and Riverbend and CIGNA intend to dissolve Capstone in the first quarter of 2009. Security Care is pursuing business with the Federal government as a Zone Program Integrity Contractor (ZPIC) to promote the prevention, detection and investigation of fraud in Medicare and Medicaid. RiverTrust is a Qualified Independent Contractor performing work under a Medicare appeals contract.

From January 1, 2007 through December 31, 2008, 800 shares of RiverTrust stock have been issued to BeneVive in exchange for \$4,000,000 while 478 shares of Shared Health stock have been issued to BeneVive in exchange for \$11,950,000 during the same period. BCBST transferred \$18,082,749 in 2008 and \$12,362,946 in 2007 to BeneVive as additional capital contributions. These additional capital contributions were passed through to the following entities in the following amounts:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Gordian	\$ 8,705,749	\$ 2,512,946
Riverbend	2,500,000	0
RiverTrust	2,100,000	1,900,000
Shared Health.	4,450,000	7,500,000
BeneVive	327,000	450,000
Total	<u>\$ 18,082,749</u>	<u>\$ 12,362,946</u>

SDBS owns 100% of the for-profit corporations Golden Security Insurance Company (Golden Security), Group Insurance Services, Inc. (GIS), and Volunteer State Health Plan, Inc. (VSHP). Golden Security, an inactive corporation, is licensed to provide health, term life, disability and other insurance coverage to its policyholders in several states. GIS is an insurance broker. BCBST participates in the TennCareSM program through its Managed Care Organization (MCO), VSHP, which is contracted by the State of Tennessee to provide services for TennCareSM members. In 2008, BCBST transferred \$4,200,000 to SDBS as additional capital contributions. These additional contributions were passed on through SDBS to VSHP. In 2008, SDBS exchanged the 10% interest it owned in US Able Life (US Able) as well as the US Able profit sharing rights held by GIS for a 6.6% interest in Life and Specialty Ventures, LLC (LSV), which is the parent company of US Able.

TriServ is a limited liability company formed in 2007 by BCBST and six other non-investor owned Blue Cross and Blue Shield plans. TriServ's primary purpose is to jointly pursue an opportunity with TRICARE, a service of the U.S. Department of Defense, to administer the Managed Care Support contract for the South Region. BCBST transferred \$2,400,000 and \$3,000,000 to TriServ in 2008 and 2007, respectively.

Notes to Financial Statement

BCBST and two partners, The Regence Group (an affiliation of four BlueCross and/or BlueShield plans in the Pacific Northwest) and Apax Partners (a global private equity investment group) have acquired The TriZetto Group, Inc. (TriZetto) through TZ Holdings LP, the indirect parent company. Apax is the majority owner, while BCBST and Regency are minority owners in TZ Holdings. BCBST has representation on the Board of Directors of the General Partner for TZ Holdings. TriZetto provides information technology solutions that enable payers and other constituents in the healthcare supply chain to improve the coordination of benefits and care for healthcare consumers. BCBST transferred \$113,850,000 to TZ in 2008 in exchange for its minority interest.

GDRG, LLC (GDRG) was absorbed by BCBST in 2007 and all of the assets and liabilities of GDRG were transferred by operation of law to the accounts of the parent. Formed in 2004, GDRG's primary purpose was to acquire, own, hold, maintain, operate, and develop real property. This move consolidated the ownership of BCBST's new campus property into a single entity at the parent level. Prior to the transfer, GDRG was a wholly-owned subsidiary of BCBST.

Tennessee Health Foundation, Inc. (THF), doing business as BlueCross BlueShield of Tennessee Health Foundation, is a public benefit nonprofit Tennessee corporation that promotes charitable activities. BCBST appoints the board of directors of THF, which has been granted a 501(c) (3) tax exemption by the Internal Revenue Service.

Southern Health Plan, Inc. (SHP), doing business as BlueCross BlueShield of Tennessee Community Trust, is a Tennessee corporation created for the purpose of improving the quality of health care in Tennessee, primarily through contributions to other tax-exempt organizations. SHP has been granted a 501(c) (4) tax exemption by the Internal Revenue Service.

- B. Not applicable
 - C. The Company paid \$43,837,831 and \$73,627,933 in 2008 and 2007 respectively, to the Parent for services performed under the administrative services agreements.
 - D. The Company reported \$32,837,848 as due from the Parent and \$7,270,099 as amounts due to the Parent in 2008 and 2007 respectively.
 - E. Not applicable
 - F. Not applicable
 - G. Not applicable
 - H. Not applicable
 - I. Not applicable
 - J. Not applicable
 - K. Not applicable
 - L. Not applicable
11. Debt
- Not applicable
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
- Not applicable
13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations.
- (9) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:
 - a. unrealized gains and losses: Not Applicable
 - b. nonadmitted asset values: \$4,043,067
 - c. separate account business: Not Applicable
 - d. asset valuation: Not Applicable
 - e. provision for reinsurance: Not Applicable
14. Contingencies
- Not applicable
15. Leases
- Not applicable

Notes to Financial Statement

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations Of Credit Risk

Not applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfer and Servicing of Financial Assets

Not applicable

C. Wash Sales

Not applicable

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

A. ASO Plans

TennCareSM Select, effective July 1, 2001, and the Stabilization Plan, effective July 1, 2002, are ASO arrangements with the State. TennCareSM Select is reported on the supplemental income statement (Report #2A, p. 5.2). The Stabilization Plan is reported on the supplemental income statement (Report #2A, p. 5.3). Cash and invested assets related to TennCareSM Select and the Stabilization Plan are reported in their appropriate categories on the balance sheet. Other assets related to TennCareSM Select and the Stabilization Plan are netted on p. 2, line 15. Assets deemed to have no economic benefit to VSHP, such as premium tax receivable from the State of Tennessee, are netted against premium tax payable to the State of Tennessee to avoid overstatement of assets and liabilities. Liabilities for the ASO plans are netted on page 3, line 20 in the category labeled "Liability for amounts held under uninsured accident and health plans", excluding any 'due to/from' transactions occurring between the ASO, insured business, and BCBST.

The amounts receivable relating to uninsured plans reflected on page Q2, line 15, are as follows:

Uninsured Receivables	Amount
a. Minimum Financial Guaranty	\$ 4,159,486*
b. Pay for Performance	1,300,328
c. TPL Recovery Expenses	235,060
d. Case Management	178,000
e. Retroactive Premium Accrual	65,000
f. Transplant Safety Net	8,858
f. Unbilled Expenses (timing differences)	(3,065,094)
Total Amounts Receivable Relating to Uninsured Plans	\$ 2,881,638

* *Represents the difference between the administrative fee reimbursements from January through October received by VSHP and the State of Tennessee contractual guaranty of five million dollars per month, in accordance with the Umbrella Agreement.*

The loss from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans were as follows during 2008:

	(1)	(2)	(3)
	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for Administrative Expenses (including Administrative Fees) in excess of actual expenses	\$ (19,180,718)	0	\$ (19,180,718)
b. Total Net Other Income or Expenses (including interest paid to or received from plans)	(50,997)	0	(50,997)
c. Net Gain or (Loss) from operations	<u>\$ (19,231,715)</u>	<u>0</u>	<u>\$ (19,231,715)</u>
d. Total Claims Payment Volume	\$ 784,394,015	0	\$ 784,394,015

Notes to Financial Statement

- B. ASC Plans
- The Company operated under an Exigency agreement with the State for the period July 1, 2000 through June 30, 2001. At the direction of the TDCI, premium and claims equivalents are disseminated throughout the NAIC filing.
- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract:
- Not Applicable
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
- Not applicable
20. Other Items
- Not applicable
21. Events Subsequent
- At December 31, 2008, BCBST accrued an intercompany payable to VSHP in the amount of \$40,000,000. This amount represents a capital contribution on behalf of BCBST in order for VSHP to maintain statutory minimum net worth requirements. Funds were transferred to VSHP, through its parent holding company SDBS, prior to the March 1, 2009 annual statement filing due date.
22. Reinsurance
- Not applicable
23. Retrospectively Rated Contracts and Contracts Subject to Redetermination
- Not applicable
24. Change in Incurred Claims and Claim Adjustment Expenses
- Reserves as of December 31, 2008 were \$71,019,135. Since November 1, 2008 was the beginning of the insured contract, there was no adjustment made for expenses attributable to insured events of prior years.
25. Intercompany Pooling Arrangements
- Not applicable
26. Structured Settlements
- Not applicable
27. Health Care Receivables
- Not applicable
28. Participating Policies
- Not applicable
29. Premium Deficiency Reserve
- As of December 31, 2008 the Company had liabilities of \$42,663,267 related to premium deficiency reserves. The Company did consider anticipated investment income when calculating its premium deficiency reserves.
30. Anticipated Salvage and Subrogation
- Not applicable

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[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[] N/A[]
- 1.3 State Regulating? Tennessee
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 06/30/2006
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 06/30/2006
- 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). 05/11/2007
- 3.4 By what department or departments?
Tennessee Department of Commerce and Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[X] No[] N/A[]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[] N/A[]
- 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 the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? 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, 0.000%
- 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
.....

- 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
.....	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young - Republic Centre, Suite 1500 - 633 Chestnut Street - Chattanooga, TN 37450
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?
James Howard Srite, FSA, MAAA - Vice President, Chief Actuary - BlueCross BlueShield of Tennessee, Inc.
- 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 0
- 11.13 Total book/adjusted carrying value \$ 0
- 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[] No[] N/A[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes[] No[] N/A[X]

GENERAL INTERROGATORIES (Continued)

- 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: Yes[] No[X]
- 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[]

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 \$ 0
- 18.12 To stockholders not officers \$ 0
- 18.13 Trustees, supreme or grand (Fraternal only) \$ 0
- 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 \$ 0
- 18.22 To stockholders not officers \$ 0
- 18.23 Trustees, supreme or grand (Fraternal only) \$ 0
- 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 \$ 0
- 19.22 Borrowed from others \$ 0
- 19.23 Leased from others \$ 0
- 19.24 Other \$ 0
- 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 \$ 0
- 20.22 Amount paid as expenses \$ 0
- 20.23 Other amounts paid \$ 0
- 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: \$ 32,837,848

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? (other than securities lending programs addressed in 22.3) Yes[] No[X]
- 22.2 If no, give full and complete information, relating thereto:
Securities are held in trust at Regions Bank 1100 Ridgeway Loop Road, Ste 100 Memphis, TN 38120
- 22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 16 where this information is also provided)
- 22.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes[] No[] N/A[X]
- 22.5 If answer to 22.4 is YES, report amount of collateral \$ 0
- 22.6 If answer to 22.4 is NO, report amount of collateral \$ 0
- 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 and 22.3). Yes[] No[X]
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Subject to repurchase agreements \$ 0
- 23.22 Subject to reverse repurchase agreements \$ 0
- 23.23 Subject to dollar repurchase agreements \$ 0
- 23.24 Subject to reverse dollar repurchase agreements \$ 0
- 23.25 Pledged as collateral \$ 0
- 23.26 Placed under option agreements \$ 0
- 23.27 Letter stock or securities restricted as to sale \$ 0
- 23.28 On deposit with state or other regulatory body \$ 0
- 23.29 Other \$ 0
- 23.3 For category (23.27) 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? Yes[] No[] N/A[X]
If no, attach a description with this statement.
- 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]

GENERAL INTERROGATORIES (Continued)

25.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

26. Excluding items in Schedule E - Part 3 - Special Deposits, 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, F - 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
Regions Morgan Keegan Trust	1100 Ridgeway Loop, Ste 100, Memphis, TN 38120

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 advisers, 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
4161	Regions Morgan Keegan Trust	1100 Ridgeway Loop, Ste 100, Memphis, TN 38120

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
27.2999 Total

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
.....

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or 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	76,721,230	76,966,173	244,943
28.2 Preferred stocks .....	.....	.....	.....
28.3 Totals	76,721,230	76,966,173	244,943

28.4 Describe the sources of methods utilized in determining the fair values
Fair values were obtained from the NAIC. If not available, then fair values were obtained from the custodian - Regions Morgan Keegan Trust.

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? \$ 1,020,548

GENERAL INTERROGATORIES (Continued)

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? \$..... 591,746

31.2 List the name of the firm and the amount paid if any such payments 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 department of government, if any? \$..... 0

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only: \$ 0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ 0
- 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. \$ 0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ 0
- 1.6 Individual policies - Most current three years:
- 1.61 Total premium earned \$ 0
- 1.62 Total incurred claims \$ 0
- 1.63 Number of covered lives 0
- All years prior to most current three years:
- 1.64 Total premium earned \$ 0
- 1.65 Total incurred claims \$ 0
- 1.66 Number of covered lives 0
- 1.7 Group policies - Most current three years:
- 1.71 Total premium earned \$ 0
- 1.72 Total incurred claims \$ 0
- 1.73 Number of covered lives 0
- All years prior to most current three years:
- 1.74 Total premium earned \$ 0
- 1.75 Total incurred claims \$ 0
- 1.76 Number of covered lives 0

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator	77,924,108	(85,979)
2.2 Premium Denominator	77,924,108	(85,979)
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000
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[X] No []
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No[X]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes [] No[X]
- 5.2 If no, explain:
The Company is sufficient size to cover full-risk.
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical \$ 0
- 5.32 Medical Only \$ 0
- 5.33 Medicare Supplement \$ 0
- 5.34 Dental & Vision \$ 0
- 5.35 Other Limited Benefit Plan \$ 0
- 5.36 Other \$ 0
- 6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
If insolvency occurs, BCBST satisfies claims for the covered period. All agreements with providers include statutory hold harmless provisions. Other MCOs in the State would be required to take enrollees.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date base? Yes[X] No []
- 7.2 If no, give details:
- 8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 17,339
- 8.2 Number of providers at end of reporting year 18,704
- 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 0
- 9.22 Business with rate guarantees over 36 months 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes[X] No []
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ 0
- 10.22 Amount actually paid for year bonuses \$ 0
- 10.23 Maximum amount payable withholds \$ 0
- 10.24 Amount actually paid for year withholds \$ 0
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes [] No[X]
- 11.13 An Individual Practice Association (IPA), or, Yes [] No[X]
- 11.14 A Mixed Model (combination of above)? Yes [] No[X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes[X] No []
- 11.3 If yes, show the name of the state requiring such net worth.
Tennessee
- 11.4 If yes, show the amount required. \$ 25,326,692
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes[X] No []
- 11.6 If the amount is calculated, show the calculation.
4% times the first \$150M in dollars projected plus 1.5% for any dollars projected over the first \$150M
- 12. List service areas in which the reporting entity is licensed to operate:

	1
Name of Service Area	
First Tennessee CSA, TN	
Southeast CSA, TN	
Upper Cumberland CSA, TN	
Hamilton County CSA, TN	
Mid-Cumberland CSA, TN	
South Central CSA, TN	

GENERAL INTERROGATORIES (Continued)

1 Name of Service Area
Davidson County CSA, TN
Northwest CSA, TN
Southwest CSA, TN
Shelby County CSA, TN
East Tennessee CSA, TN
Knox County CSA, TN

FIVE-YEAR HISTORICAL DATA

	1 2008	2 2007	3 2006	4 2005	5 2004
BALANCE SHEET (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	151,642,822	43,669,782	46,712,157	41,099,031	37,254,193
2. Total liabilities (Page 3, Line 22)	124,786,521	12,306,565	15,954,047	10,678,255	6,237,101
3. Statutory surplus	25,326,692	25,703,132	27,775,339	26,903,259	22,214,872
4. Total capital and surplus (Page 3, Line 31)	26,856,301	31,363,217	30,758,110	30,420,776	31,017,092
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	77,924,108	8,414,304	6,447,672	(185,017)	1,048,821
6. Total medical and hospital expenses (Line 18)	76,120,732	(998,392)	(435,916)	287,047	2,372,541
7. Claims adjustment expenses (Line 20)	18,622,849	772,985	727,156	695,148	1,266,410
8. Total administrative expenses (Line 21)	11,153,144	1,086,872	1,003,582	949,354	1,145,074
9. Net underwriting gain (loss) (Line 24)	(70,635,884)	7,552,839	5,152,850	(2,116,566)	(3,735,204)
10. Net investment gain (loss) (Line 27)	1,531,325	1,868,624	1,806,399	1,144,402	643,634
11. Total other income (Lines 28 plus 29)		(8,500,283)	(6,550,600)		
12. Net income or (loss) (Line 32)	(61,776,488)	605,107	337,334	(596,280)	(1,746,350)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	54,566,792	5,732,146	(6,099,469)	(1,890,442)	(3,375,782)
RISK-BASED CAPITAL ANALYSIS					
14. Total adjusted capital	26,856,301	31,363,217	30,758,110	30,420,776	31,017,092
15. Authorized control level risk-based capital	4,445,487	1,047,185	1,376,566	1,598,944	2,026,136
ENROLLMENT (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	189,281				
17. Total members months (Column 6, Line 7)	369,733				
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	97.7	1,161.2	423.5	(155.1)	226.0
20. Cost containment expenses	7.2	(135.8)	(168.5)	(74.3)	24.7
21. Other claims adjustment expenses	16.7	(763.3)	(537.9)	(301.4)	96.1
22. Total underwriting deductions (Line 23)	190.6	(1,001.9)	(1,258.0)	(1,044.0)	456.1
23. Total underwriting gain (loss) (Line 24)	(91)	(8,785)	(5,006)	1,144	(356)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5)		(998,392)	(435,916)	287,047	1,909,105
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]					
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 25, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 53, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31					



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION: Volunteer State Health Plan, Inc. 2. LOCATION: BUSINESS IN THE STATE OF TENNESSEE DURING THE YEAR

	NAIC Group Code 0000		NAIC Company Code 00000							
	1	2	3	4	5	6	7	8	9	10
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year										
2. First Quarter										
3. Second Quarter										
4. Third Quarter										
5. Current Year	189,281								189,281	
6. Current Year Member Months	369,733								369,733	
Total Member Ambulatory Encounters for Year:										
7. Physician	183,285								183,285	
8. Non-Physician	15,938								15,938	
9. Total	199,223								199,223	
10. Hospital Patient Days Incurred	16,700								16,700	
11. Number of Inpatient Admissions	3,340								3,340	
12. Health Premiums Written (b)	77,924,108								77,924,108	
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	77,924,108								77,924,108	
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	13,900,428								13,900,428	
18. Amount Incurred for Provision of Health Care Services	76,120,732								76,120,732	

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons insured under indemnity only products 0.
 (b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ 0



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION: 2. LOCATION:
 BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR

	NAIC Group Code 0000		NAIC Company Code 00000							
	1	2	3	4	5	6	7	8	9	10
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year										
2. First Quarter										
3. Second Quarter										
4. Third Quarter										
5. Current Year	189,281								189,281	
6. Current Year Member Months	369,733								369,733	
Total Member Ambulatory Encounters for Year:										
7. Physician	183,285								183,285	
8. Non-Physician	15,938								15,938	
9. Total	199,223								199,223	
10. Hospital Patient Days Incurred	16,700								16,700	
11. Number of Inpatient Admissions	3,340								3,340	
12. Health Premiums Written (b)	77,924,108								77,924,108	
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	77,924,108								77,924,108	
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	13,900,428								13,900,428	
18. Amount Incurred for Provision of Health Care Services	76,120,732								76,120,732	

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons insured under indemnity only products 0.
 (b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ 0

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											
0399999 Totals											

SCHEDULE S - PART 2

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

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Company	5 Location	6 Paid Losses	7 Unpaid Losses
<div style="border: 1px solid black; padding: 10px; display: inline-block;"> <h1 style="margin: 0;">N O N E</h1> </div>						
0799999 Totals - Life, Annuity and Accident and Health						

SCHEDULE S - PART 3 - SECTION 2

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

1	2	3	4	5	6	7	8	9	Outstanding Surplus Relief		13	
NAIC Company Code	Federal ID Number	Effective Date	Name of Company	Location	Type	Premiums	Unearned Premiums (estimated)	Reserve Credit Taken Other than for Unearned Premiums	10 Current Year	11 Prior Year	12 Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
NONE												
1599999 Totals												

SCHEDULE S - PART 4
Reinsurance Ceded To Unauthorized Companies

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Reserve Credit Taken	6 Paid and Unpaid Losses Recoverable (Debit)	7 Other Debits	8 Totals (Cols. 5 + 6 + 7)	9 Letters of Credit	10 Trust Agreements	11 Funds Deposited by and Withheld from Reinsurers	12 Other	13 Miscellaneous Balances (Credit)	14 Sum of Cols. 9+10+11+12+13 But Not in Excess of Col. 8
NONE													
1199999 Totals (General Account and Separate Accounts combined)													

SCHEDULE S - PART 5
Five-Year Exhibit of Reinsurance Ceded Business
(000 Omitted)

	1 2008	2 2007	3 2006	4 2005	5 2004
A. OPERATIONS ITEMS					
1. Premiums					
2. Title XVIII-Medicare					
3. Title XIX - Medicaid					
4. Commissions and reinsurance expense allowance					
5. Total hospital and medical expenses					
B. BALANCE SHEET ITEMS					
6. Premiums receivable					
7. Claims payable	NONE				
8. Reinsurance recoverable on paid losses					
9. Experience rating refunds due or unpaid					
10. Commissions and reinsurance expense allowances unpaid					
11. Unauthorized reinsurance offset					
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
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)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 10)			
2. Accident and health premiums due and unpaid (Line 13)			
3. Amounts recoverable from reinsurers (Line 14.1)			
4. Net credit for ceded reinsurance	X X X		
5. All other admitted assets (Balance)			
6. Total assets (Line 26)			
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
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 reinsurers (Line 17)			
11. Reinsurance in unauthorized companies (Line 18)			
12. All other liabilities (Balance)			
13. Total liabilities (Line 22)			
14. Total capital and surplus (Line 31)		X X X	
15. Total liabilities, capital and surplus (Line 32)			
NET CREDIT FOR CEDED REINSURANCE			
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 reinsurers ...			
24. Unauthorized reinsurance			
25. Other ceded reinsurance payables/offsets			
26. Total ceded reinsurance payables/offsets			
27. Total net credit for ceded reinsurance			

N O N E

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS ALLOCATED BY STATES AND TERRITORIES

State, Etc.	1 Active Status	Direct Business Only								
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit - Type Contracts	
1. Alabama (AL)	N									
2. Alaska (AK)	N									
3. Arizona (AZ)	N									
4. Arkansas (AR)	N									
5. California (CA)	N									
6. Colorado (CO)	N									
7. Connecticut (CT)	N									
8. Delaware (DE)	N									
9. District of Columbia (DC)	N									
10. Florida (FL)	N									
11. Georgia (GA)	N									
12. Hawaii (HI)	N									
13. Idaho (ID)	N									
14. Illinois (IL)	N									
15. Indiana (IN)	N									
16. Iowa (IA)	N									
17. Kansas (KS)	N									
18. Kentucky (KY)	N									
19. Louisiana (LA)	N									
20. Maine (ME)	N									
21. Maryland (MD)	N									
22. Massachusetts (MA)	N									
23. Michigan (MI)	N									
24. Minnesota (MN)	N									
25. Mississippi (MS)	N									
26. Missouri (MO)	N									
27. Montana (MT)	N									
28. Nebraska (NE)	N									
29. Nevada (NV)	N									
30. New Hampshire (NH)	N									
31. New Jersey (NJ)	N									
32. New Mexico (NM)	N									
33. New York (NY)	N									
34. North Carolina (NC)	N									
35. North Dakota (ND)	N									
36. Ohio (OH)	N									
37. Oklahoma (OK)	N									
38. Oregon (OR)	N									
39. Pennsylvania (PA)	N									
40. Rhode Island (RI)	N									
41. South Carolina (SC)	N									
42. South Dakota (SD)	N									
43. Tennessee (TN)	L			77,924,108				77,924,108		
44. Texas (TX)	N									
45. Utah (UT)	N									
46. Vermont (VT)	N									
47. Virginia (VA)	N									
48. Washington (WA)	N									
49. West Virginia (WV)	N									
50. Wisconsin (WI)	N									
51. Wyoming (WY)	N									
52. American Samoa (AS)	N									
53. Guam (GU)	N									
54. Puerto Rico (PR)	N									
55. U.S. Virgin Islands (VI)	N									
56. Northern Marianas Islands (MP)	N									
57. Canada (CN)	N									
58. Aggregate other alien (OT)	X X X									
59. Subtotal	X X X			77,924,108				77,924,108		
60. Reporting entity contributions for Employee Benefit Plans	X X X									
61. TOTAL (Direct Business)	(a) ... 1			77,924,108				77,924,108		
DETAILS OF WRITE-INS										
5801.	X X X									
5802.	X X X									
5803.	X X X									
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X									
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X									

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE T - PART 2
INTERSTATE COMPACT - EXHIBIT OF PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES

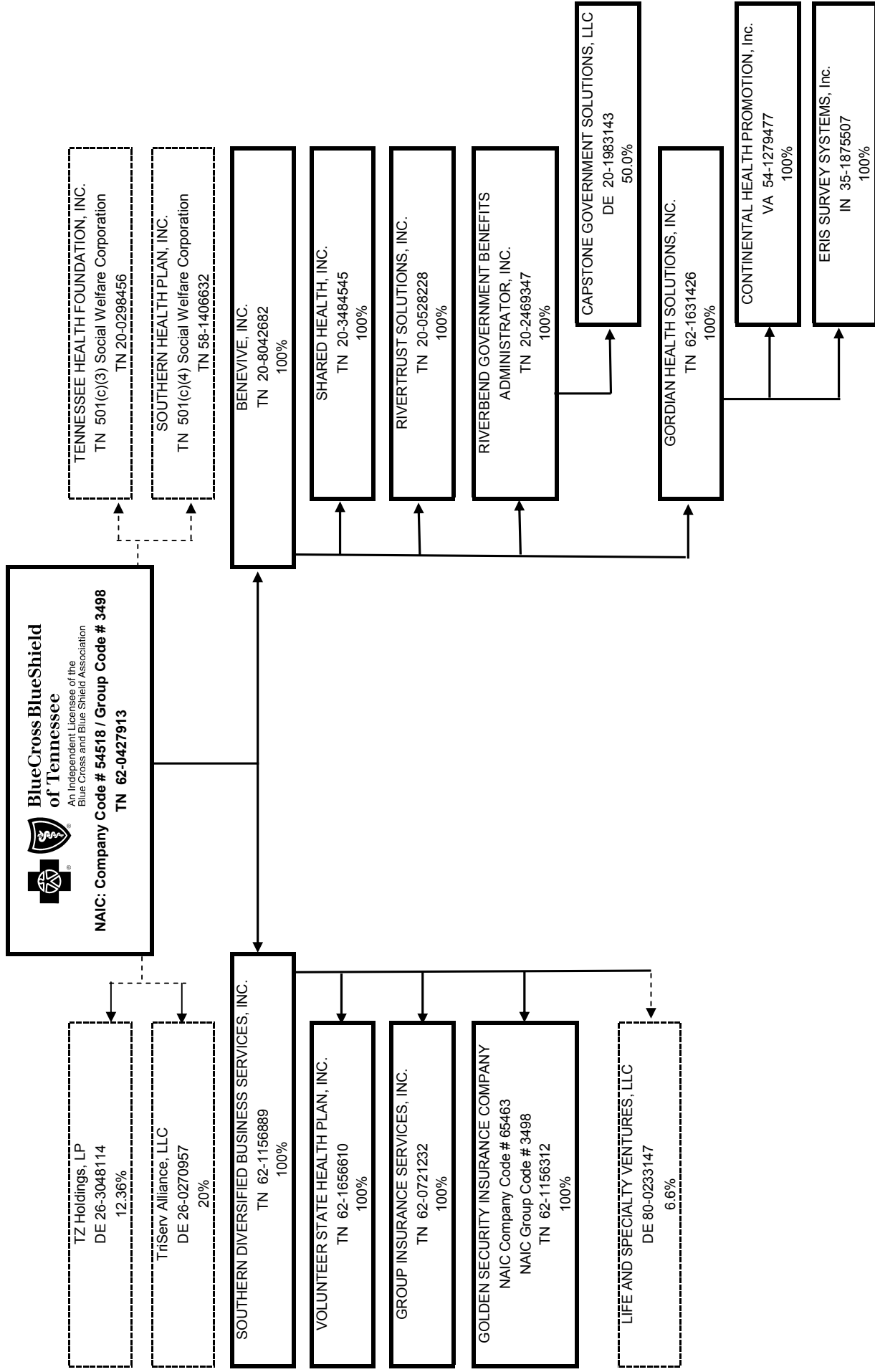
		Direct Business only				
States, Etc.	1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	6 Totals
1. Alabama (AL)						
2. Alaska (AK)						
3. Arizona (AZ)						
4. Arkansas (AR)						
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 (MO)						
27. Montana (MT)						
28. Nebraska (NE)						
29. Nevada (NV)						
30. New Hampshire (NH)						
31. New Jersey (NJ)						
32. New Mexico (NM)						
33. New York (NY)						
34. North Carolina (NC)						
35. North Dakota (ND)						
36. Ohio (OH)						
37. Oklahoma (OK)						
38. Oregon (OR)						
39. Pennsylvania (PA)						
40. Rhode Island (RI)						
41. South Carolina (SC)						
42. South Dakota (SD)						
43. Tennessee (TN)						
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

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y (Continued)
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)
.. 54518 ..	.. 62-0427913 ..	BlueCross BlueShield of Tennessee, Inc. (BCBST)	.....	.. (44,200,000) ..	.....	.....	.. 55,310,721 ..	.....	.....	.....	.. 11,110,721 ..	.....
.. 00000 ..	.. 62-1656610 ..	Volunteer State Health Plan, Inc. (VSHP)	.....	.. 44,200,000 ..	.....	.....	.. (55,310,721) ..	.....	.....	.....	.. (11,110,721) ..	.....
9999999 Totals												

Schedule Y Part 2 Explanation:

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

Response

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

- | | |
|---|-----------------|
| 1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1? | Yes |
| 2. Will an actuarial opinion be filed by March 1? | Yes |
| 3. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1? | See Explanation |
| 4. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required by March 1? | Yes |

APRIL FILING

- | | |
|--|-----|
| 5. Will Management's Discussion and Analysis be filed by April 1? | Yes |
| 6. Will the Supplemental Investment Risks Interrogatories be filed by April 1? | Yes |
| 7. Will the Accident and Health Policy Experience Exhibit be filed by April 1? | Yes |

JUNE FILING

- | | |
|---|-----|
| 8. Will an audited financial report be filed by June 1? | Yes |
|---|-----|

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 it is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING

- | | |
|--|----|
| 9. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? | No |
| 10. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC? | No |
| 11. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC? | No |
| 12. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1? | No |
| 13. Will the actuarial opinion on participating and non-participating policies as required in Interrogatories 1 and 2 on Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1? | No |
| 14. Will the actuarial opinion on non-guaranteed elements as required in Interrogatory 3 to Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1? | No |
| 15. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1? | No |

APRIL FILING

- | | |
|---|----|
| 16. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1? | No |
| 17. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC? | No |
| 18. Will the Supplemental Property/Casualty Insurance Expense Exhibit due April 1 be filed with any state that requires it, and, if so, the NAIC? | No |

Explanations:

3. Not a required filing

Bar Codes:

Medicare Supplement Insurance Experience Exhibit



00000200836000000 (NAIC code not entered) 2008 Document Code: 360

Health Life Supplement



00000200820500000 (NAIC code not entered) 2008 Document Code: 205

Health Property / Casualty Supplement



00000200820700000 (NAIC code not entered) 2008 Document Code: 207

Schedule SIS



00000200842000000 (NAIC code not entered) 2008 Document Code: 420

Actuarial Opinion on Participating and Non-Participating Policies



00000200837100010 (NAIC code not entered) 2008 Document Code: 371

Statement of Non-Guaranteed Elements for Exhibit 5



00000200837000000 (NAIC code not entered) 2008 Document Code: 370

Medicare Part D Coverage Supplement



00000200836500000 (NAIC code not entered) 2008 Document Code: 365

LTC Experience Reporting Form C



00000200833000000 (NAIC code not entered) 2008 Document Code: 330

Health Life Supplement - LHA Guaranty Association Reconciliation



00000200821100000 (NAIC code not entered) 2008 Document Code: 211

Health Property / Casualty Supplement



00000200820700000 (NAIC code not entered) 2008 Document Code: 207

OVERFLOW PAGE FOR WRITE-INS

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2104.				
2105.				
2197. Summary of remaining write-ins for Line 21 (Lines 2104 through 2196)				

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
0604. Meharry Payments	X X X		(6,500,000)
0605. Trauma Center Payments	X X X		(13,787,600)
0606. Essential Provider Payments (EPP)	X X X		(75,000,000)
0607.	X X X		
0697. Summary of remaining write-ins for Line 6 (Line 0604 through 0696)	X X X		(95,287,600)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
4704.		
4705.		
4706.		
4707.		
4708.		
4709.		
4710.		
4711.		
4712.		
4713.		
4714.		
4715.		
4716.		
4717.		
4718.		
4797. Summary of remaining write-ins for Line 47 (Lines 4704 through 4796)		

OVERFLOW PAGE FOR WRITE-INS

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
0504.
0505.
0506.
0507.
0597.
	Summary of remaining write-ins for Line 5 (Lines 0504 through 0596) .....	.....	.....	.....	.....	.....	.....	.....	.....	.....

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				
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	20,454,510	21.679	20,454,510	21.679
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)	7,161,032	7.590	7,161,032	7.590
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 \$.....0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities				
8. Cash, cash equivalents and short-term investments	66,737,947	70.732	66,737,947	70.732
9. Other invested assets				
10. Total invested assets	94,353,489	100.000	94,353,489	100.000

SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 6)		
2.2 Additional investment made after acquisition (Part 2, Column 9)		
3. Current year change in encumbrances:		
3.1 Totals, Part 1, Column 13		
3.2 Totals, Part 3, Column 11		
4. Total gain (loss) on disposals, Part 3, Column 18		
5. Deduct amounts received on disposals, Part 3, Column 15		
6. Total foreign exchange change in book/adjusted carrying value		
6.1 Totals, Part 1, Column 15	NONE	
6.2 Totals, Part 3, Column 13		
7. Deduct current year's other than temporary impairment recognized:		
7.1 Totals, Part 1, Column 12		
7.2 Totals, Part 3, Column 10		
8. Deduct current year's depreciation:		
8.1 Totals, Part 1, Column 11		
8.2 Totals, Part 3, Column 9		
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Lines 9 minus 10)		

SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 7)		
2.2 Additional investment made after acquisition (Part 2, Column 8)		
3. Capitalized deferred interest and other:		
3.1 Totals, Part 1, Column 12		
3.2 Totals, Part 3, Column 11		
4. Accrual of discount		
5. Unrealized valuation increase (decrease):		
5.1 Totals, Part 1, Column 9		
5.2 Totals, Part 3, Column 8		
6. Total gain (loss) on disposals, Part 3, Column 18		
7. Deduct amounts received on disposals, Part 3, Column 15	NONE	
8. Deduct amortization of premium and mortgage interest		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
9.1 Totals, Part 1, Column 13		
9.2 Totals, Part 3, Column 13		
10. Deduct current year's other than temporary impairment recognized:		
10.1 Totals, Part 1, Column 11		
10.2 Totals, Part 3, Column 10		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		
12. Total valuation allowance		
13. Subtotal (Lines 11 plus 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

SCHEDULE BA - VERIFICATION BETWEEN YEARS

Other Long-Term Invested Assets

1.	Book/adjusted carrying value, December 31 of prior year		
2.	Cost of acquired:		
2.1	Actual cost at time of acquisition (Part 2, Column 8)		
2.2	Additional investment made after acquisition (Part 2, Column 9)		
3.	Capitalized deferred interest and other:		
3.1	Totals, Part 1, Column 16		
3.2	Totals, Part 3, Column 12		
4.	Accrual of discount		
5.	Unrealized valuation increase (decrease):		
5.1	Totals, Part 1, Column 13		
5.2	Totals, Part 3, Column 9		
6.	Total gain (loss) on disposals, Part 3, Column 19	NONE	
7.	Deduct amounts received on disposals, Part 3, Co		
8.	Deduct amortization of premium and depreciation		
9.	Total foreign exchange change in book/adjusted carrying value:		
9.1	Totals, Part 1, Column 17		
9.2	Totals, Part 3, Column 14		
10.	Deduct current year's other than temporary impairment recognized:		
10.1	Totals, Part 1, Column 15		
10.2	Totals, Part 3, Column 11		
11.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		
12.	Deduct total nonadmitted amounts		
13.	Statement value at end of current period (Line 11 minus Line 12)		

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1.	Book/adjusted carrying value, December 31 of prior year		26,433,012
2.	Cost of bonds and stocks acquired, Column 7, Part 3		8,319,000
3.	Accrual of Discount		9,128
4.	Unrealized valuation increase (decrease):		
4.1	Column 12, Part 1		
4.2	Column 15, Part 2, Section 1		
4.3	Column 13, Part 2, Section 2		
4.4	Column 11, Part 4		
5.	Total gain (loss) on disposals, Column 19, Part 4		
6.	Deduction consideration for bonds and stocks disposed of, Column 7, Part 4		7,000,000
7.	Deduct amortization of premium		145,598
8.	Total foreign exchange change in book/adjusted carrying value:		
8.1	Column 15, Part 1		
8.2	Column 19, Part 2, Section 1		
8.3	Column 16, Part 2, Section 2		
8.4	Column 15, Part 4		
9.	Deduct current year's other than temporary impairment recognized:		
9.1	Column 14, Part 1		
9.2	Column 17, Part 2, Section 1		
9.3	Column 14, Part 2, Section 2		
9.4	Column 13, Part 4		
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)		27,615,542
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)		27,615,542

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
BONDS	1. United States	20,454,510	20,839,114	20,452,563	20,350,000
Governments (Including all obligations guaranteed by governments)	2. Canada				
	3. Other Countries				
	4. Totals	20,454,510	20,839,114	20,452,563	20,350,000
States, Territories and Possessions (Direct and Guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	8. Totals				
	9. United States				
	10. Canada				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	11. Other Countries				
	12. Totals				
	13. United States				
Public Utilities (unaffiliated)	14. Canada				
	15. Other Countries				
	16. Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	17. United States				
	18. Canada	7,161,032	7,021,370	7,591,020	7,000,000
	19. Other Countries				
Parent, Subsidiaries and Affiliates	20. Totals	7,161,032	7,021,370	7,591,020	7,000,000
	21. United States				
	22. Canada				
PREFERRED STOCKS	23. Other Countries				
	24. Totals				
	25. Total Bonds	27,615,542	27,860,484	28,043,583	27,350,000
Public Utilities (unaffiliated)	26. Total Preferred Stocks				
	27. United States				
	28. Canada				
Banks, Trust and Insurance Companies (unaffiliated)	29. Other Countries				
	30. Totals				
	31. United States				
Industrial and Miscellaneous (unaffiliated)	32. Canada				
	33. Other Countries				
	34. Totals				
Parent, Subsidiaries and Affiliates	35. United States				
	36. Canada				
	37. Other Countries				
COMMON STOCKS	38. Totals				
	39. Total Preferred Stocks				
	40. Total Common Stocks				
Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
Banks, Trust and Insurance Companies (unaffiliated)	44. Totals				
	45. United States				
	46. Canada				
Industrial and Miscellaneous (unaffiliated)	47. Other Countries				
	48. Totals				
	49. United States				
Parent, Subsidiaries and Affiliates	50. Canada				
	51. Other Countries				
	52. Totals				
Total	53. Totals				
	54. Total Common Stocks				
	55. Total Stocks				
	56. Total Bonds and Stocks	27,615,542	27,860,484	28,043,583	

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, (Group 1)											
1.1 Class 1	6,200,000	14,254,510				20,454,510	26.66	15,138,871	50.71	20,454,510	
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 TOTALS	6,200,000	14,254,510				20,454,510	26.66	15,138,871	50.71	20,454,510	
2. All Other Governments, (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, (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 & Possessions, Guaranteed, (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 & Special Assessment Obligations etc., Non-Guaranteed, (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											

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)
6. Public Utilities (Unaffiliated), (Group 6)											
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											
7. Industrial & Miscellaneous (Unaffiliated), (Group 7)											
7.1 Class 1	51,146,080	5,120,641				56,266,721	73.34	14,712,087	49.29	56,266,720	
7.2 Class 2											
7.3 Class 3											
7.4 Class 4											
7.5 Class 5											
7.6 Class 6											
7.7 TOTALS	51,146,080	5,120,641				56,266,721	73.34	14,712,087	49.29	56,266,720	
8. Credit Tenant Loans, (Group 8)											
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											
9. Parent, Subsidiaries and Affiliates, (Group 9)											
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											

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)
10. Total Bonds Current Year											
10.1 Class 1	(d) 57,346,080	19,375,151				76,721,231	100.00	XX X	XX X	76,721,230	
10.2 Class 2	(d)							XX X	XX X		
10.3 Class 3	(d)							XX X	XX X		
10.4 Class 4	(d)							XX X	XX X		
10.5 Class 5	(d)					(c)		XX X	XX X		
10.6 Class 6	(d)					(c)		XX X	XX X		
10.7 TOTALS	57,346,080	19,375,151				76,721,231	100.00	XX X	XX X	76,721,230	
10.8 Line 10.7 as a % of Column 6	74.75	25.25				100.00	XXX	XXX	XXX	100.00	
11. Total Bonds Prior Year											
11.1 Class 1	10,413,158	19,437,799				XX X	XX X	29,850,957	100.00	29,850,957	
11.2 Class 2						XX X	XX X				
11.3 Class 3						XX X	XX X				
11.4 Class 4						XX X	XX X				
11.5 Class 5						XX X	XX X	(c)			
11.6 Class 6						XX X	XX X	(c)			
11.7 TOTALS	10,413,158	19,437,799				XX X	XX X	29,850,957	100.00	29,850,957	
11.8 Line 11.7 as a % of Col. 8	34.88	65.12				XXX	XXX	100.00	XXX	100.00	
12. Total Publicly Traded Bonds											
12.1 Class 1	57,346,080	19,375,151				76,721,231	100.00	29,850,957	100.00	76,721,231	XX X
12.2 Class 2											XX X
12.3 Class 3											XX X
12.4 Class 4											XX X
12.5 Class 5											XX X
12.6 Class 6											XX X
12.7 TOTALS	57,346,080	19,375,151				76,721,231	100.00	29,850,957	100.00	76,721,231	XX X
12.8 Line 12.7 as a % of Col. 6	74.75	25.25				100.00	XXX	XXX	XXX	100.00	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	74.75	25.25				100.00	XXX	XXX	XXX	100.00	XXX
13. Total Privately Placed Bonds											
13.1 Class 1										XX X	
13.2 Class 2										XX X	
13.3 Class 3										XX X	
13.4 Class 4										XX X	
13.5 Class 5										XX X	
13.6 Class 6										XX X	
13.7 TOTALS										XX X	
13.8 Line 13.7 as a % of Col. 6										XXX	
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10										XXX	

(a) Includes \$.....0 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$.....0 current year, \$.....0 prior year of bonds with Z designations and \$.....0 current year, \$.....0 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 \$.....0 current year, \$.....0 prior year of bonds with 5* designations and \$.....0 current year, \$.....0 prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments. "6*" 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.

(d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

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, (Group 1)											
1.1 Issuer Obligations	6,200,000	14,254,510				20,454,510	26.66	15,138,871	50.71	20,454,510	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities											
1.7 TOTALS	6,200,000	14,254,510				20,454,510	26.66	15,138,871	50.71	20,454,510	
2. All Other Governments, (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, (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 & Possessions, Guaranteed, (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 & Special Assessment Obligations etc., Non-Guaranteed, (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											

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

	1	2	3	4	5	6	7	8	9	10	11
	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Column 6 as a % of Line 10.7	Total From Column 6 Prior Year	% From Column 7 Prior Year	Total Publicly Traded	Total Privately Placed
Distribution by Type											
6. Public Utilities (Unaffiliated), (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 & Miscellaneous (Unaffiliated), (Group 7)											
7.1 Issuer Obligations	51,146,080	5,120,641				56,266,721	73.34	14,712,087	49.29	56,266,720	
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	51,146,080	5,120,641				56,266,721	73.34	14,712,087	49.29	56,266,720	
8. Credit Tenant Loans, (Group 8)											
8.1 Issuer Obligations											
8.7 TOTALS											
9. Parent, Subsidiaries and Affiliates, (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											

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

	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	57,346,080	19,375,151				76,721,231	100.00	X X X	X X X	76,721,230	
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	57,346,080	19,375,151				76,721,231	100.00	X X X	X X X	76,721,230	
10.8 Line 10.7 as a % of Column 6	74.75	25.25				100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year											
11.1 Issuer Obligations	10,413,158	19,437,799				X X X	X X X	29,850,957	100.00	29,850,957	
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	10,413,158	19,437,799				X X X	X X X	29,850,957	100.00	29,850,957	
11.8 Line 11.7 as a % of Column 8	34.88	65.12				X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	57,346,080	19,375,151				76,721,231	100.00	29,850,957	100.00	76,721,231	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	57,346,080	19,375,151				76,721,231	100.00	29,850,957	100.00	76,721,231	X X X
12.8 Line 12.7 as a % of Column 6	74.75	25.25				100.00	X X X	X X X	X X X	100.00	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	74.75	25.25				100.00	X X X	X X X	X X X	100.00	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 - 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	3,417,945	3,417,945			
2. Cost of short-term investments acquired	134,470,278	134,470,278			
3. Accrual of discount					
4. Unrealized valuation increase (decrease)					
5. Total gain (loss) on disposals					
6. Deduct consideration received on disposals	88,782,534	88,782,534			
7. Deduct amortization of premium					
8. Total foreign exchange change in book/adjusted carrying value					
9. Deduct current year's other than temporary impairment recognized					
10. Book adjusted carrying value at end of current period (Lines 1+2-3+4+5-6-7+8-9)	49,105,689	49,105,689			
11. Deduct total nonadmitted amounts					
12. Statement value at end of current period (Line 10 minus Line 11)	49,105,689	49,105,689			

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment: 0

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 (Lines 1 + 2 + 3 + 4 - 5 - 6 - 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, 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 14)		
5.	Consideration Received (or Paid) on Terminations (Section 3, Column 14)		
6.	Used to Adjust Basis of Hedged Item on Open Contracts		
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 (Lines 1+2+3+4-5-6-7)		

NONE

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 the Year (Section 3, Column 6)		
4.2	Less:		
4.21	Gain/(Loss) Recognized in Current Year (Section 3, Column 6)		
4.22	Gain/(Loss) Used to Adjust Basis of Hedge (Section 3, Column 6)		
4.3	Subtotal (Line 4.1 minus Line 4.2)		
5.1	Net Additions to Cash Deposits (Section 2, Column 7)		
5.2	Less: Net Reductions to Cash Deposits (Section 3, Column 9)		
6.	Subtotal (Lines 1 - 2 + 3.1 + 3.2 - 4.3 + 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 (Lines 6 + 7.1 + 7.2)		

NONE

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 - 12		
5.	Lines (1) - (2) + (3) + (4)		
6.	Part E, Section 1, Column 4		
7.	Part E, Section 1, Column 5		
8.	Lines (5) - (6) - (7)		
		Fair Value	
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.	Lines (9) - (10) + (11) + (12)		
14.	Part E, Section 1, Column 7		
15.	Part E, Section 1, Column 8		
16.	Lines (13) - (14) - (15)		

NONE

SCHEDULE DB - PART F - SECTION 1

Summary of Replicated (Synthetic) Assets Open

1 Replication RSAT Number	Replicated (Synthetic) Asset		Components of the Replicated (Synthetic) Asset					12 NAIC Designation or Other Description				
	2 Description	3 NAIC Designation or Other Description	4 Statement Value	5 Fair Value	6 Derivative Instruments Open Description	7 Fair Value	8 CUSIP		9 Description	10 Statement Value	11 Fair Value	
	NONE											
9999999	Totals		XXX		XXX			XXX				XXX

SCHEDULE DB - PART F - SECTION 2
Reconciliation of Replicated (Synthetic) Assets Open

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

NONE

SCHEDULE E - VERIFICATION BETWEEN YEARS

Part 2 - Cash Equivalents

	1 Total	2 Bonds	3 Other (a)
1. Book/adjusted carrying value, December 31 of prior year			
2. Cost of cash equivalents acquired			
3. Accrual of discount			
4. Unrealized valuation increase (decrease)			
5. Total gain (loss) on disposals			
6. Deduct consideration received on disposals			
7. Deduct amortization of premium			
8. Total foreign exchange change in book/adjusted carrying value			
9. Deduct current year's other than temporary impairment recognized			
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)			
11. Deduct total nonadmitted amounts			
12. Statement value at end of current period (Lines 10 minus 11)			

N O N E

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

SCHEDULE A - PART 1
Showing all Real Estate OWNED December 31 of Current Year

1 Description of Property	2 Code	3 Location		4 State	5 Date Acquired	6 Date of Last Appraisal	7 Actual Cost	8 Amount of Encumbrances	9 Book/Adjusted Carrying Value Less Encumbrances	10 Fair Value Less Encumbrances	11 Current Year's Depreciation	12 Current Year's Other Than Temporary Impairment Recognized	13 Current Year's Change in Encumbrances	14 Total Change in B./A.C.V. (13 - 11 - 12)	15 Total Foreign Exchange Change in B./A.C.V.	16 Gross Income Earned Less Interest Incurred on Encumbrances	17 Taxes, Repairs, and Expenses Incurred
NONE																	
069999 Totals																	

SCHEDULE A - PART 2
Showing all Real Estate ACQUIRED and Additions Made During the Year

1 Description of Property	2 Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	City	State						
NONE								
0399999 Totals								

SCHEDULE A - PART 3

Showing all Real Estate DISPOSED During the Year, Including Payments During the Final Year on "Sales Under Contract"

1 Description of Property	Location		4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Expended for Additions, Permanent Improvements and Change in Encumbrances	8 Book Adjusted Carrying Value Less Encumbrances Prior Year	9 Change in Book/Adjusted Carrying Value Less Encumbrances			12 Total Change in B/A.C.V. (11 - 9 - 10)	13 Total Foreign Exchange Change in B/A.C.V.	14 Book/Adjusted Carrying Value Less Encumbrances	15 Amount Received During Year	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	19 Gross Income Earned Less Interest Incurred on Encumbrances	20 Taxes, Repairs and Expenses Incurred
	2 City	3 State						9 Current Year's Depreciation	10 Current Year's Other Than Temporary Impairment Recognized	11 Current Year's Change in Encumbrances									
NONE																			
0399999 Totals																			

SCHEDULE B - PART 1
Showing All Mortgage Loans OWNED December 31 of Current Year

1 Loan Number	2		3		4 State	5 Loan Type	6 Date Acquired	7 Rate of Interest	8 Book Value/Recorded Investment Excluding Accrued Interest	Change in Book Value/Recorded Investment					14 Value of Land and Buildings	15 Date of Last Appraisal or Valuation
	9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Amortization)/ Accretion	11 Current Year's Other than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other						13 Total Foreign Exchange Change in Book Value						
NONE																
3399999 Total Mortgages (sum of Lines 0899999, 1699999, 2499999 and 3299999)																

General Interrogatory:

1. Mortgages in good standing \$0 unpaid taxes \$0 interest due and unpaid.
2. Restructured mortgages \$0 unpaid taxes \$0 interest due and unpaid.
3. Mortgages with overdue interest over 90 days not in process of foreclosure \$0 unpaid taxes \$0 interest due and unpaid.
4. Mortgages in process of foreclosure \$0 unpaid taxes \$0 interest due and unpaid.

SCHEDULE B - PART 2
Showing All Mortgage Loans ACQUIRED During the Current Year

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Rate of Interest	7 Actual Cost at Time of Acquisition	8 Additional Investment Made After Acquisition	9 Value of Land and Buildings
	2 City	3 State						
NONE								
3399999 Total Mortgages (sum of Lines 0899999, 1699999, 2499999 and 3299999) X X X								

SCHEDULE B - PART 3

Showing all Mortgage Loans Disposed, Transferred or Repaid During the Current Year

1 Loan Number	2 City	3 State	4 Loan Type	5 Date Acquired	6 Disposal Date	7 Book Value/ Recorded Investment Excluding Accrued Interest Prior Year	8 Unrealized Valuation Increase (Decrease)	9 Current Year's (Amortization)/ Accretion	10 Current Year's Other than Temporary Impairment Recognized	11 Capitalized Deferred Interest and Other	12 Total Change in Book Value (8+9-10+11)	13 Total Foreign Exchange Change in Book Value	14 Book Value/ Recorded Investment Excluding Accrued Interest on Disposal	15 Consideration	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal
NONE																	
0599999 Totals																	

SCHEDULE BA - PART 1

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
CUSIP Identification	Name or Description	Code	City	State	Name of Vendor or General Partner	NAIC Designation	Date Originally Acquired	Type and Strategy	Actual Cost	Fair Value	Book/ Adjusted Carrying Value Less Encumbrances	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation) or (Amortization)/ Accretion	Current Year's Other than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Foreign Exchange Change in B./A. C. V.	Investment Income	Commitment for Additional Investment	Percentage of Ownership	
							NONE													
4199999 Totals																			X X X	

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED During the Year December 31 of Current Year

1 CUSIP Identification	2 Name or Description	Location		3 City	4 State	5 Name of Vendor or General Partner	6 Date Originally Acquired	7 Type and Strategy	8 Actual Cost at Time of Acquisition	9 Additional Investment Made After Acquisition	10 Amount of Encumbrances	11 Percentage of Ownership
NONE												
4199999 Totals .....												. . . . . X X X

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets Disposed, Transferred or Repaid During the Current Year

1	2	3		4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
CUSIP Identification	Name or Description	Location			Name of Purchaser or Nature of Disposal	Date Originally Acquired	Disposal Date	Book/ Adjusted Carrying Value Less Encumbrances, Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation) or (Amortization)/ Accretion	Change in Book/Adjusted Carrying Value Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in B./A. C. V. (9 + 10 - 11 + 12)	Total Foreign Exchange Change in B./A. C. V.	Book/ Adjusted Carrying Value Less Encumbrances on Disposal	Consideration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Investment Income
NONE																				
4199999 Totals																				

SCHEDULE D - PART 1

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

1	2	3			7	8	9	10	11	12			13	14	15			16			18	19	20	21	22
		Code	CHAR	NAIC Designation						Actual Cost	Rate Used to Obtain Fair Value	Fair Value			Par Value	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.						Rate of Interest	Effective Rate of Interest	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Dates
U.S. Government - Issuer Obligations																									
3128XIN56	FEDERAL HOME LN MTG CORP MTN	SD		1	1,190,250	100.6240	1,207,488	1,200,000	1,195,112				2,089						5.250	5.528	FA	22,225	63,000	08/01/2006	02/4/2011
3133XKW27	FEDERAL HOME LOAN BANK	SD		1	2,200,000	101.6250	2,235,750	2,200,000	2,200,000									5.200	5.268	MN	12,393	114,400	05/17/2007	05/22/2012	
3133XKX75	FEDERAL HOME LOAN BANK	SD		1	4,000,000	101.6560	4,066,240	4,000,000	4,000,000									5.250	5.319	MN	23,333	210,000	05/17/2007	05/21/2012	
3133XS4K1	FEDERAL HOME LOAN BANK	SD		1	4,087,500	103.2190	4,128,760	4,000,000	4,082,923				(4,577)					4.500	4.053	MS	52,000		09/16/2008	09/17/2013	
3133XSCK2	FEDERAL HOME LOAN BANK	SD		1	4,231,500	103.0630	4,228,646	4,200,000	4,230,309				(1,191)					4.500	4.378	AO	39,900		10/15/2008	10/15/2013	
3128XANS1	FEDERAL HOME LOAN MORT CORP	SD		1	3,998,000	102.8390	4,113,560	4,000,000	3,998,439				365					5.050	5.125	AO	42,644	202,000	10/03/2007	10/15/2012	
31359MK93	FEDERAL NATL MTG ASSOC	SD		1	745,313	101.1560	758,670	750,000	747,727				919					5.250	5.467	AO	9,297	39,375	04/01/2006	04/06/2011	
0199999	Subtotal - U.S. Governments - Issuer Obligations				20,452,563	X X X	20,839,114	20,350,000	20,454,510				(2,395)					X X X	X X X	X X X	201,792	628,775	X X X	X X X	X X X
0399999	Subtotal - U.S. Governments				20,452,563	X X X	20,839,114	20,350,000	20,454,510				(2,395)					X X X	X X X	X X X	201,792	628,775	X X X	X X X	X X X
Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations																									
046003DC0	ASSOCIATES CORP	SD		1FE	2,273,300	99.8580	1,997,160	2,000,000	2,040,391				(72,260)					8.550	4.769	JJ	78,850	171,000	08/05/2005	07/15/2009	
638585BH1	BANK OF AMERICA	SD		1	3,239,790	101.1430	3,034,290	3,000,000	3,074,340				(51,214)					6.600	4.771	MN	25,300	198,000	08/02/2005	05/15/2010	
084670AS7	BERKSHIRE HATHAWAY	SD		1	1,014,040	102.6530	1,026,530	1,000,000	1,010,808				(2,911)					4.750	4.450	MN	6,069	47,500	11/20/2007	05/15/2012	
359262AT9	FROST NATIONAL BANK	SD		1	1,063,890	96.3390	963,390	1,000,000	1,035,493				(12,478)					6.875	5.458	FA	28,646	68,750	08/22/2006	08/01/2011	
3999999	Subtotal - Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations				7,591,020	X X X	7,021,370	7,000,000	7,161,032				(138,863)					X X X	X X X	X X X	138,865	485,250	X X X	X X X	X X X
4599999	Subtotal - Industrial & Miscellaneous (Unaffiliated)				7,591,020	X X X	7,021,370	7,000,000	7,161,032				(138,863)					X X X	X X X	X X X	138,865	485,250	X X X	X X X	X X X
5499999	Subtotal - Issuer Obligations				28,043,583	X X X	27,860,484	27,350,000	27,615,542				(141,258)					X X X	X X X	X X X	340,657	1,114,025	X X X	X X X	X X X
6099999	Grand Total - Bonds				28,043,583	X X X	27,860,484	27,350,000	27,615,542				(141,258)					X X X	X X X	X X X	340,657	1,114,025	X X X	X X X	X X X

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/Adjusted Carrying Value	9 Fair Value		11 Actual Cost	12 Declared but Unpaid	Dividends		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	Change in Book/Adjusted Carrying Value		20 NAIC Designation	21 Date Acquired		
		3 Code	4 For- eign					13 Amount Received During Year	18 Total Change in B./A.C.V. (15+16-17)			19 Total Foreign Exchange Change in B./A.C.V.											
6599999 Total Preferred Stocks																							

NONE

SCHEDULE D - PART 2 - SECTION 2

Showing All Common Stocks Owned December 31 of Current Year

1 CUSIP Identification	2 Description	3 Codes		4 For- eign Code	5 Number of Shares	6 Book/Adjusted Carrying Value	7 Rate per Share Used to Obtain Fair Value	8 Fair Value	9 Actual Cost	10 Declared but Unpaid	11 Dividends			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. (Col. 13-14)	16 Total Foreign Exchange Change in B./A.C.V.	17 NAIC Market Indicator (a)	18 Date Acquired
											10	11	12							
NONE																				
7399999	Total Preferred and Common Stocks																			
(a) For all common stocks bearing the NAIC market indicator "U" provide: the number of such issues .....0, the total \$ value (included in Column 8) of all such issues \$0.																				

SCHEDULE D - PART 3
Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
Bonds - U.S. Governments								
3133XSAK1	FEDERAL HOME LOAN BANK		09/16/2008	Regions Trust	X X X	4,087,500	4,000,000.00	
3133XSCK2	FEDERAL HOME LOAN BANK		10/15/2008	Regions Trust	X X X	4,231,500	4,200,000.00	525
0399999	Subtotal - Bonds - U.S. Governments					8,319,000	8,200,000.00	525
6099997	Subtotal - Bonds - Part 3					8,319,000	8,200,000.00	525
6099998	Summary item from Part 5 for Bonds							
6099999	Subtotal - Bonds					8,319,000	8,200,000.00	525
6599998	Summary item from Part 5 for Preferred Stocks						X X X	
7299998	Summary item from Part 5 for Common Stocks						X X X	
7399999	Subtotal - Preferred and Common Stocks						X X X	
7499999	Totals					8,319,000	X X X	525

SCHEDULE D - PART 4

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

1 CUSIP Identification	2 Description	3 F o r e i g n Disposal Date	4 Name of Purchaser	5 Number of Shares of Stock	6 Consideration	7 Par Value	8 Actual Cost	9 Prior Year Book/Adjusted Carrying Value	10 Unrealized Valuation Increase/ (Decrease)	11 Change in Book/Adjusted Carrying Value			14 Total Change in B./A.C.V. (Cols. 11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.	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
										12 Current Year (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V.								
Bonds - U.S. Governments																				
313XCW58	FEDERAL HOME LOAN BANK	02/24/2008	CALLED @ 100.00000000	X X X	2,000,000	2,000,000.00	2,000,000	2,000,000						2,000,000					48,750	08/24/2010
3133XCX5	FEDERAL HOME LOAN BANK	09/09/2008	CALLED @ 100.00000000	X X X	1,000,000	1,000,000.00	1,003,125	1,000,967		(967)		(967)		1,000,000					47,500	09/09/2010
0399999	Subtotal - Bonds - U.S. Governments				3,000,000	3,000,000.00	3,003,125	3,000,967		(967)		(967)		3,000,000					96,250	X X X
Bonds - Industrial and Miscellaneous (Unaffiliated)																				
22237LNR9	COUNTRYWIDE HOME LNS MTN	05/21/2008	MATURITY	X X X	1,000,000	1,000,000.00	969,094	994,953		5,047		5,047		1,000,000					16,250	05/21/2008
7591EPAA8	REGIONS FINANCIAL	08/08/2008	MATURITY	X X X	3,000,000	3,000,000.00	2,996,670	2,999,293		707		707		3,000,000					135,000	08/08/2008
4599999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				4,000,000	4,000,000.00	3,965,764	3,994,246		5,754		5,754		4,000,000					151,250	X X X
6099997	Subtotal - Bonds - Part 4				7,000,000	7,000,000.00	6,968,889	6,995,213		4,787		4,787		7,000,000					247,500	X X X
6099998	Summary Item from Part 5 for Bonds																			
6099999	Subtotal - Bonds				7,000,000	7,000,000.00	6,968,889	6,995,213		4,787		4,787		7,000,000					247,500	X X X
6599998	Summary Item from Part 5 for Preferred Stocks																			
7299998	Summary Item from Part 5 for Common Stocks																			
7399999	Subtotal - Preferred and Common Stocks																			
7499999	Totals				7,000,000	7,000,000	6,968,889	6,995,213		4,787		4,787		7,000,000					247,500	X X X

SCHEDULE D - PART 5

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

1	2	3	4	5	6	7	8	9	10	11	Change in Book/Adjusted Carrying Value				17	18	19	20	21	
CUSIP Identification	Description	F O R E I G N	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) Number of Shares (Stock)	Actual Cost	Consideration	Book/Adjusted Carrying Value at Disposal Date	12	13	14	15	16	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
										NONE										
7499999 Totals																				

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									
1999999 Total - Preferred and Common Stocks .....								... X X X ...	... X X X ...

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: \$.....0.
2. Total amount of intangible assets nonadmitted \$.....0.

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					
0399999 Total - Preferred and Common Stocks .....				... X X X ...	... X X X ...

SCHEDULE DA - PART 1

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

1 Description	Codes		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	3				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 When Paid	19 Amount Received During Year
6099999 Subtotal - Bonds																		
Class One Money Market Mutual Funds																		
FEDERATED TREASURY OBLIGATION				12/09/2008	Non Broker Trade	49,105,689					49,105,689							315,430
8099999 Subtotal - Class One Money Market Mutual Funds						49,105,689					49,105,689							315,430
8299999 Total Short-term Investments						49,105,689					49,105,689							315,430

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
9999999 Total								XXX					

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
9999999 Total						

SCHEDULE DB - PART A - SECTION 3

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
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	Indicate Exercise, Expiration, Maturity or Sale	Termination Date	Book Value	*	Consideration Received on Terminations	Increase/ (Decrease) by Adjustment	Recognized	Used to Adjust Basis of Hedged Item	Deferred	Other Investment/ Miscellaneous Income
						NONE		X X X		X X X						
9999999 Total							X X X	X X X		X X X						

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	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 Issuance/ Purchase	Exchange or Counterparty	Consideration Received	Book Value	*	Statement Value	Fair Value	Increase/ (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income
						NONE							
9999999 Total								X X X					

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						
9999999 Grand Total						

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																
9999999 Grand Total																

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									
9999999 Grand Total								XX						

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	
9999999 Grand Total						

SCHEDULE DB - PART C - SECTION 3

Showing all Collar, Swap and Forwards Terminated During Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	Gain/(Loss) on Termination			17
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)	Indicate Exercise, Expiration, Maturity or Sale	Termination Date	Book Value	*	Consideration Received or (Paid) on Terminations	Increase (Decrease) by Adjustment	14	15	16	Other Investment/ Miscellaneous Income
						NONE										
9999999 Grand Total										XXX						

SCHEDULE DB - PART D - SECTION 1

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

1	2	3	4	5	6	7	8	9	Variation Margin Information			13
Description	Number of Contracts	Maturity Date	Original Value	Current Value	Variation Margin	Date of Opening Position	Exchange of Counterparty	Cash Deposit	10	11	12	Potential Exposure
9999999 Grand Total												

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						
9999999 Grand Total				XXX	XXX	

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 Value	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												
9999999 Grand Total						XXX	XXX		XXX			

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									
0899999 Totals									

SCHEDULE E - PART 1 - CASH

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Year	5 Amount of Interest Accrued December 31 of Current Year	6 Balance	7 *	
open depositories							
Regions Bank	601 Market Street, Chattanooga, TN 37402 .....	.....	.....	.....	11,231,278	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402 .....	.....	.....	.....	7,033,496	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402 .....	.....	.....	.....	1,588,529	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402 .....	.....	.....	.....	(2,244,991)	X X X
Regions Bank .....	.....	.....	.....	.....	.....	X X X
0199998 Deposits in .....4 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories							
						X X X	
0199999 Totals - Open Depositories						23,946	X X X
0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories						X X X	X X X
0299999 Totals - Suspended Depositories						X X X	X X X
0399999 Total Cash On Deposit						X X X	X X X
0499999 Cash in Company's Office						X X X	X X X
0599999 Total Cash						X X X	X X X

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

1. January	26,854,696	4. April	12,285,519	7. July	30,316,888	10. October	14,328,347
2. February	8,983,997	5. May	8,454,143	8. August	8,923,514	11. November	6,240,129
3. March	7,219,408	6. June	7,331,762	9. September	9,399,720	12. December	17,632,258

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned December 31 of Current Year

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
NONE							
8799999 Total Cash Equivalents							

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 (NV)						
30.	New Hampshire (NH)						
31.	New Jersey (NJ)						
32.	New Mexico (NM)						
33.	New York (NY)						
34.	North Carolina (NC)						
35.	North Dakota (ND)						
36.	Ohio (OH)						
37.	Oklahoma (OK)						
38.	Oregon (OR)						
39.	Pennsylvania (PA)						
40.	Rhode Island (RI)						
41.	South Carolina (SC)						
42.	South Dakota (SD)						
43.	Tennessee (TN)	B	State Requirement	26,169,422	26,391,262		
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)	X X X	X X X				
59.	Total	X X X	X X X	26,169,422	26,391,262		
DETAILS OF WRITE-INS							
5801.							
5802.							
5803.							
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X	X X X				
5899.	Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	X X X				



SUPPLEMENTAL COMPENSATION EXHIBIT

For the Year Ended December 31, 2008
(To be filed by March 1)

PART 1 - INTERROGATORIES

The reporting insurer is a member of a group of insurers or other holding company system:
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:
or 2) allocation to each insurer:

Yes[X] No[]

Yes[] No[X]

Yes[X] No[]

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]

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[X] No[]

PART 2 - OFFICERS AND EMPLOYEES COMPENSATION

1 Name and Principal Position	2 Year	Annual Compensation			
		3 Salary	4 Bonus	5 All Other Compensation	6 Totals
1. Vicky Gregg Chairman	2008	145,781		231,412	377,193
	2007	141,513		137,738	279,251
	2006	163,076		207,109	370,176
2. Steven Coulter, MD Managing Director	2008	134,866		158,610	293,476
	2007	117,413		102,007	219,420
	2006	125,571		113,887	239,458
3. Sonya Nelson President and CEO	2008	201,022		92,222	293,244
	2007	184,098		57,787	241,885
	2006	169,255		75,567	244,822
4. Albert Koehler Chief Operating Officer	2008	102,609		21,441	124,050
	2007	16,844		3,424	20,268
	2006	15,742		3,639	19,381
5. John Giblin Director	2008	67,255		40,226	107,481
	2007	45,521		12,099	57,620
	2006				
6. Deborah Webb, MD Medical Director Government Medical Management	2008	237,712		42,074	279,786
	2007	141,346		20,750	162,096
	2006				
7. Amber Cambron Director Service Operations	2008	150,088		48,779	198,867
	2007	151,962		30,070	182,032
	2006	157,470		40,455	197,925
8. Phillip Smith Medical Director	2008	143,156		8,504	151,660
	2007	37,692		10,500	48,192
	2006				
9. Sheila Keith Manager Disease Management and Outreach	2008	114,237		29,581	143,818
	2007	19,675		3,923	23,598
	2006	18,933		3,843	22,776
10. Rhonda Jordan Manager Medicaid System Coordinator	2008	110,716		30,701	141,417
	2007	110,060		20,159	130,219
	2006	105,903		29,789	135,692

PART 3 - DIRECTOR COMPENSATION

1 Name and Principal Position or Occupation	2 Compensation Paid or Deferred for Services as Director	3 All Other Compensation Paid or Deferred	4 Totals
NONE			
9999999			

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT
For The Year Ended December 31, 2008
 (To be filed by March 1)
 FOR THE STATE OF TENNESSEE

NAIC Group Code: 0000 NAIC Company Code: 00000
 Address (City, State and Zip Code): Chattanooga, TN 37402
 Person Completing This Exhibit: _____

Title: _____ Telephone: _____

1 Compliance with OBRA	2 Policy Form Number	3 Standardized Medicare Supplement Benefit Plan	4 Medicare Select	5 Plan Characteristics	6 Date Approved	7 Date Approval Withdrawn	8 Date Last Amended	9 Date Closed	10 Policy Marketing Trade Name	Policies Issued Through 2005			Policies Issued in 2006, 2007, 2008				
										11 Premiums Earned	12 Amount	13 Percent of Premiums Earned	14 Number of Covered Lives	15 Premiums Earned	16 Amount	17 Percent of Premiums Earned	18 Number of Covered Lives
NONE																	
0299999 Total Experience on Group Policies																	

GENERAL INTERROGATORIES

1. If response in Column 1 is no, give full and complete details:
2. Claims address and contact person provided to the Secretary of Health and Human Services as required by 42 U.S.C. 1395ss(c)(3)(E) for this state.
 2.1 Address:
 2.2 Contact Person and Phone Number:
3. Billing address and contact person for user fees established under 41 U.S.C. 1395u(h)(3)(B)
 3.1 Address:
 3.2 Contact Person and Phone Number:
4. Explain any policies identified above as policy type "O":



2008

Document Code: 360



NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

SCHEDULE SIS

STOCKHOLDER INFORMATION SUPPLEMENT

REQUIRED BY THE APPLICABLE QUESTIONS AND HEARINGS INTERROGATORIES FOR THE PROPERTIES AND HEALTH AND ACCIDENT AND HEALTH, TITLE AND SCHEDULES

NONE

TO ANNUAL STATEMENT OF THE

Volunteer State Health Plan, Inc.

COMPANY

FOR THE YEAR ENDED

December 31, 2008

(To Be Filed by March 1)

GENERAL INSTRUCTIONS

The Stockholder Information Supplement shall be completed by all stock companies incorporated in the U.S.A., which have 100 or more stockholders. Such supplement shall be filed with the Insurance Commissioner of the company's domiciliary state as a part of its Annual Statement. The information required to be contained in this supplement is to be furnished to the best of the knowledge of the company. Where appropriate, the company should obtain the required information, in writing, from its Directors or Officers and from any person known to the company to be the official owner of more than 10% of any class of its equity securities.

The term "officer" means a President, Vice-President, Treasurer, Actuary, Secretary, Controller and any other person who performs for the company functions corresponding to those performed by the foregoing officers.

FINANCIAL REPORTING TO STOCKHOLDERS

1. Did the company distribute to its stockholders prior to the Annual Meeting during the year an Annual Report for the previous year? Yes [] No[X]
If answer is "Yes" attach copy. If answer is "No" explain in detail below. Attach separate sheet if necessary.:

2. Will the company distribute to its stockholders prior to the Annual Meeting during the following year an Annual Report for the current year? Yes [] No[X]
If answer is "Yes" a copy of the report shall be forwarded to the Insurance Commissioner of the company's domiciliary state at the same time as it is distributed to stockholders. If answer is "No" explain in detail below. Attach separate sheet if necessary.:

3. If an Annual Report to stockholders was distributed for the previous year to the Annual Meeting? Yes [] No[X]
If answer is "No" explain in detail below. Attach separate sheet if necessary.:

NONE

to or contemporaneous with the solicitation of proxies in respect to the Annual Meeting?

	Column A	Column B
To be answered by Life and A & H Companies:		
a. Statement of Assets, Liabilities, Surplus and Other Funds	Yes [] No[X]	Yes [] No[X]
b. Summary of Operations	Yes [] No[X]	Yes [] No[X]
c. Surplus Account	Yes [] No[X]	Yes [] No[X]
To be answered by Property and Casualty Companies:		
a. Statement of Assets, Liabilities, Surplus and Other Funds	Yes [] No[X]	Yes [] No[X]
b. Statement of Income	Yes [] No[X]	Yes [] No[X]
c. Capital and Surplus Account	Yes [] No[X]	Yes [] No[X]
To be answered by Title Insurance Companies		
a. Statement of Assets, Liabilities, Surplus and Other Funds	Yes [] No[X]	Yes [] No[X]
b. Statement of Income - Operations and Investment Exhibit	Yes [] No[X]	Yes [] No[X]
c. Capital and Surplus Account	Yes [] No[X]	Yes [] No[X]
To be answered by Health Insurance Companies:		
a. Statement of Assets, Liabilities, Capital and Surplus	Yes [] No[X]	Yes [] No[X]
b. Statement of Revenues and Expenses	Yes [] No[X]	Yes [] No[X]
c. Capital and Surplus Account	Yes [] No[X]	Yes [] No[X]

STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

(See Instructions Below)

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

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

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

INSTRUCTIONS FOR STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Column 1 - Name and Title

Indicate relationship of the person to the Company, for example: "Director," "Director and Vice-President," "Beneficial owner of more than 10% of the Company's common stock," etc.

Column 2 - Title of Security

NONE

The statement of the title of a security should be such as to clearly identify the security. There may be only one class, for example: "Common stock," "4% convertible preferred stock," etc.

Column 3 - Nature of Ownership

Under the "Nature of Ownership" state whether ownership of securities is "direct" or "indirect." If the ownership is indirect, i.e., through a partnership, corporation, trust or other entity, indicate in a footnote or other appropriate manner the name of the medium through which the securities are indirectly owned. The fact that securities are held in the name of a broker or other nominee does not, of itself, constitute indirect ownership. Securities owned indirectly shall be reported on separate lines from those owned directly and from those owned through a different type of indirect ownership.

Columns 4 to 8 - Number of Shares

In the case of securities owned indirectly, the entire amount of securities owned by the partnership, corporation, trust or other entity shall be stated. There may also be indicated in a footnote or other appropriate manner the extent of the security holder's interest in such partnership, corporation, trust or other entity.

If a transaction in securities of the Company was with the Company or one of its subsidiaries, so state. If it involved the purchase of securities through the exercise of options, so state. If any other purchase or sale was effected otherwise than in the open market, that fact shall be indicated. If the transaction was not a purchase or sale, indicate its character, for example, gift, stock dividend, etc., as the case may be. The foregoing information may be indicated in a footnote or other appropriate manner.

Any additional information deemed relevant by the Company should be included as a footnote or in other appropriate manner.



Medicare Part D Coverage Supplement (Net of Reinsurance) (To be Filed By March 1)

NAIC Group Code: 0000

NAIC Company Code: 00000

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected					
1.1 Standard Coverage					
1.11 With Reinsurance Coverage		X X X		X X X	
1.12 Without Reinsurance Coverage		X X X		X X X	
1.13 Risk-Corridor Payment Adjustments		X X X		X X X	
1.2 Supplemental Benefits		X X X		X X X	
2. Premiums Due and Uncollected - change					
2.1 Standard Coverage					
2.11 With Reinsurance Coverage		X X X		X X X	X X X
2.12 Without Reinsurance Coverage		X X X		X X X	X X X
2.2 Supplemental Benefits		X X X		X X X	X X X
3. Unearned Premium and Advance Premium - change					
3.1 Standard Coverage					
3.11 With Reinsurance Coverage		X X X		X X X	X X X
3.12 Without Reinsurance Coverage		X X X		X X X	X X X
3.2 Supplemental Benefits		X X X		X X X	X X X
4. Risk-Corridor Payment Adjustments - change					
4.1 Receivable		X X X		X X X	X X X
4.2 Payable		X X X		X X X	X X X
5. Earned Premiums					
5.1 Standard Coverage					
5.11 With Reinsurance Coverage		X X X		X X X	X X X
5.12 Without Reinsurance Coverage		X X X		X X X	X X X
5.13 Risk-Corridor Payment Adjustments		X X X		X X X	X X X
5.2 Supplemental Benefits		X X X		X X X	X X X
6. Total Premiums		X X X		X X X	
7. Claims Paid					
7.1 Standard Coverage					
7.11 With Reinsurance Coverage	NONE			X X X	
7.12 Without Reinsurance Coverage	NONE			X X X	
7.2 Supplemental Benefits	NONE			X X X	
8. Claim Reserves and Liabilities - change					
8.1 Standard Coverage					
8.11 With Reinsurance Coverage		X X X		X X X	X X X
8.12 Without Reinsurance Coverage		X X X		X X X	X X X
8.2 Supplemental Benefits		X X X		X X X	X X X
9. Healthcare Receivables - change					
9.1 Standard Coverage					
9.11 With Reinsurance Coverage		X X X		X X X	X X X
9.12 Without Reinsurance Coverage		X X X		X X X	X X X
9.2 Supplemental Benefits		X X X		X X X	X X X
10. Claims Incurred					
10.1 Standard Coverage					
10.11 With Reinsurance Coverage		X X X		X X X	X X X
10.12 Without Reinsurance Coverage		X X X		X X X	X X X
10.2 Supplemental Benefits		X X X		X X X	X X X
11. Total Claims		X X X		X X X	
12. Reinsurance Coverage and Low Income Cost Sharing					
12.1 Claims Paid - net to reimbursements applied	X X X		X X X		
12.2 Reimbursements Received but Not Applied - change	X X X		X X X		
12.3 Reimbursements Receivable - change	X X X		X X X		X X X
12.4 Healthcare Receivables - change	X X X		X X X		X X X
13. Aggregate Policy Reserves - change					X X X
14. Expenses Paid		X X X		X X X	
15. Expenses Incurred		X X X		X X X	X X X
16. Underwriting Gain/Loss		X X X		X X X	X X X
17. Cash Flow Results	X X X	X X X	X X X	X X X	

LONG-TERM CARE (LTC) EXPERIENCE REPORTING FORM-A (Continued)

PART 2 - LTC INSURANCE EXPERIENCE BY LINE OF BUSINESS

	1 Earned Premiums By Duration	2 Incurred and Paid	3 Reserve for Incurred But Unpaid	4 Total Incurred Claims
1. Individual	NONE			
2. Group Direct Response				
3. Other Group				
4. TOTAL (Sum of Lines 1 to 3)				

PART 3 - EXPERIENCE FOR PRODUCTS PROVIDING LTC INSURANCE OTHER THAN ON A STAND-ALONE BASIS

	Premiums and Annuity Considerations		Benefits	
	1 Total	2 Long-Term Care Benefit Component	3 Total	4 Applied to Provide Long-Term Care Benefits
A. Products Providing LTC Benefits With Distinct LTC Premiums	NONE			
1. Individual - Life				
2. Individual - Annuity				
3. Individual - Disability				
4. Individual - Other				
5. Group - Life				
6. Group - Annuity				
7. Group - Disability				
8. Group - Other				
B. Products Providing LTC Benefits Without Distinct LTC Premiums				
1. Individual - Life				
2. Individual - Annuity				
3. Individual - Disability				
4. Individual - Other				
5. Group - Life				
6. Group - Annuity				
7. Group - Disability				
8. Group - Other				

LONG-TERM CARE EXPERIENCE REPORTING FORM-B

	3	4	5	6	7	8
1. Individual			XXX	XXX	XXX	XXX
2. Group direct response			XXX	XXX	XXX	XXX
3. Other group			XXX	XXX	XXX	XXX
4. Total (sum of Lines 1 to 3)	NONE					
5. Actual total reported experience through statement year			XXX	XXX	XXX	XXX
6. Actual total reported experience through prior year			XXX	XXX	XXX	XXX
7. Calendar year reported experience (Lines 5 minus 6)			XXX	XXX	XXX	XXX

Note: a. Was experience prior to 1991 used in preparing this form? Yes[] No[X]

b. If yes, indicate the calendar years that were included:

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Underwriting and Investment Exhibit - Part 2B	11
Underwriting and Investment Exhibit - Part 2C	12
Underwriting and Investment Exhibit - Part 2D	13
Underwriting and Investment Exhibit - Part 3	14

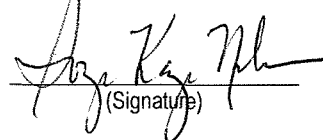
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COMPANY INFORMATION PAGE (JURAT)
Health Risk-Based Capital
For the Year Ending December 31, 2008

Company Name	<u>Volunteer State Health Plan, Inc.</u>				
NAIC Group Code	<u>0000</u>	NAIC Company Code	<u>00000</u>	Employer's ID Number	<u>62-1656610</u>
Organized under the Laws of the State of	<u>Tennessee</u>				
Contact Person for Health Risk-Based Capital:					
First Name	<u>Dana</u>	Middle	<u>E.</u>	Last Name	<u>Hull</u>
Mail Address of Contact Person	<u>801 Pine Street 3P</u>				
	<small>(Street and Number of P.O. Box)</small>				
City	<u>Chattanooga</u>	State	<u>TN</u>	Zip	<u>37402-2555</u>
Phone Number of RBC Contact Person	<u>(423)535-7919</u>				
E-mail address of RBC Contact Person	<u>Dana_Hull@BCBST.com</u>				
Date Prepared	<u></u>				
Preparer (if different than Contact)					
First Name	<u>M.</u>	Middle	<u>Ann</u>	Last Name	<u>Tate</u>
Is this filing an Original, Amended or Refiling?	<u>Original</u>				
If Amended, Amendment Number:	<u></u>				
Were any items that come directly from the annual statement entered manually to prepare this filing?	<u>Yes</u>				
Was the entity in business for the entire reporting year?	<u>No</u>				
Officer's Name:	<u>Sonya Kay Nelson</u>		<u>Shelia Dian Clemons</u>		<u>John Francis Giblin</u>
Officer's Title:	<u>First</u> <u>President & CEO</u> <u>First</u>		<u>Second</u> <u>Secretary</u> <u>Second</u>		<u>Third</u> <u>Executive VP & CFO</u> <u>Third</u>

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)

XR001

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AFFILIATED COMPANIES RISK - DETAILS

(1) Name of Affiliate	(2) Affil Type Code	(3) NAIC Company Code or Allen ID Number	(4) Affiliate's RBC After Covariance	(5) Book/Adj Carrying Value of Affiliate's Common Stock	(6) Valuation Basis of Col. (5) F - Fair A - All Other	(7) Total Value of Affiliate's Outstanding Common Stock	(8) Total Statutory Surplus of Affiliate Subject to RBC	(9) Book/Adj Carrying Value of Affiliate's Preferred Stock	(10) Total Value of Affiliate's Outstanding Preferred Stock	(11) Percent Owned (Cols 5+9) / (Cols 7+10)	(12) H0 Component RBC Required	(13) H1 Component RBC Required
NONE										X X X		
9999999 TOTAL	X X X	X X X			X X X					X X X		

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) = 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

AFFILIATED COMPANIES RISK

Type of Affiliate	Type Code	Basis	(1) RBC	(2) 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		
7. Directly Owned Alien Insurer	7	0		
8. Indirectly Owned Alien Insurers	8	0		
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		

NONE

*Capped at carrying value on parent's statement

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		X X X	X X X
3. U.S. Life Insurers	0399999		X X X	X X X
4. U.S. Health Entity			X X X	X X X
5. Total P&C, Life and Health Insurers				
6. Alien Insurer				
7. Non-Insurer Which Controls Insurers				
8. Investment Subsidiary	0799999			
9. Other Affiliates	0899999			
10. Subtotal	0999999			

NONE

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		X X X	X X X
13. U.S. Life Insurers	1299999		X X X	X X X
14. U.S. Health Entity			X X X	X X X
15. Total P&C, Life and Health Insurers				
16. Alien Insurer				
17. Non-Insurer Which Controls Insurers				
18. Investment Subsidiary	1699999			
19. Other Affiliates	1799999			
20. Subtotal	1899999			

NONE

OFF-BALANCE SHEET RISK (See Instructions for Explanation)

	Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
1. Loaned to Others - Conforming Securities Lending Program	General Interrogatories Part 1 Line 22.5			
2. Loaned to Others - Securities Lending Program - Other	General Interrogatories Part 1 Line 22.6			
3. Subject to Repurchase Agreements	General Interrogatories Part 1 Line 23.21			
4. Subject to Reverse Repurchase Agreements	General Interrogatories Part 1 Line 23.22			
5. Subject to Dollar Repurchase Agreements	General Interrogatories Part 1 Line 23.23			
6. Subject to Reverse Dollar Repurchase Agreements	General Interrogatories Part 1 Line 23.24			
7. Pledged as Collateral	NONE			
8. Assets Placed Under Option Agreements	General Interrogatories Part 1 Line 23.25			
9. Letter Stock or Other Securities Restricted	General Interrogatories Part 1 Line 23.26			
10. On Deposit with State or Other Regulatory Body	General Interrogatories Part 1 Line 23.27			
11. Other	General Interrogatories Part 1 Line 23.28			
12. Total Non-controlled Assets	General Interrogatories Part 1 Line 23.29			
13. Guarantees for Affiliates	Sum of Lines (1) through (11)			
14. Contingent Liabilities	Notes to Financial Statements 10E			
15. Total Miscellaneous Off Balance Sheet Items	Notes to Financial Statements 14A01			
	Lines (12) + (13) + (14)			

OFF-BALANCE SHEET COLLATERAL

Asset Category	Annual Statement Source	Book/Adjusted Carrying Value (1)	Factor	RBC Requirement (2)
Fixed Income Assets				
Bonds				
1. Class 01 - U.S. Government - Direct and Guaranteed	Company Records	.....	.....	.....
2. Other Class 01 Bonds	Company Records	.....	.....	.....
3. Total Class 01 Bonds	Line (1) + Line (2)	.....	.....	.....
4. Total Class 02 Bonds	Company Records	.....	.....	.....
5. Total Class 03 Bonds	Company Records	.....	.....	.....
6. Total Class 04 Bonds	Company Records	.....	.....	.....
7. Total Class 05 Bonds	Company Records	.....	.....	.....
8. Total Class 06 Bonds	Company Records	.....	.....	.....
9. Total Bonds	+ (8)	.....	.....	.....
Equity Assets				
Preferred Stock - Unaffiliated				
10. Class 01 Unaffiliated Preferred Stock	NONE	.....	.....	.....
11. Class 02 Unaffiliated Preferred Stock	NONE	.....	.....	.....
12. Class 03 Unaffiliated Preferred Stock	NONE	.....	.....	.....
13. Class 04 Unaffiliated Preferred Stock	NONE	.....	.....	.....
14. Class 05 Unaffiliated Preferred Stock	NONE	.....	.....	.....
15. Class 06 Unaffiliated Preferred Stock	NONE	.....	.....	.....
16. Total Unaffiliated Preferred Stock	Sum of Lines (10) thru (15)	.....	.....	.....
17. Common Stock	Company Records	.....	.....	.....
18. Property & Equipment Assets	Company Records	.....	.....	.....
19. Other Invested Assets	Company Records	.....	.....	.....
20. Total	Lines (9) + (16) + (17) + (18) + (19)	.....	.....	.....

FIXED INCOME ASSETS

BONDS	Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
1. Class 01 - U.S. Government - Direct and Guaranteed	Sch D, Pt 1A, Sn 1, Col. 6, Line 1.1	20,454,510		
2. Total Class 01 Bonds	Sch D, Pt 1A, Sn 1, Col. 6, Line 10.1	76,721,231		
3. Other Class 01 Bonds	Line (2) - Line (1)	56,266,721	0.003	168,800
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		76,721,231		168,800

MISCELLANEOUS FIXED INCOME ASSETS	Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
10. Cash	Page 2, Line 5, inside amount 1	17,632,258	0.003	52,897
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, Col. 6, Line 6099999 in part			
13. Net Cash Equivalents	Lines (11) - (12)		0.003	
14. Short-Term Investments	Page 2, Line 5, inside amount 3	49,105,689		
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	49,105,689		
18. Total Other Short-Term Investments	Lines (14) - (15) - (16) - (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)	Lines (23) + (24)			
26. Total Fixed Income Assets RBC	Lines (9) + (10) + (13) + (18) + (19) + (20) + (21) + (22) + (23) + (24)			221,697

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

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
X X X	X X X	X X X	N O N E	X X X		
		9999999 Total				

EQUITY ASSETS

	Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
PREFERRED STOCK - UNAFFILIATED				
1. Class 01 Unaffiliated Preferred Stock (excluding Hybrids)	Included in Sch D, Part 2, Sn 1			
2. Class 02 Unaffiliated Preferred Stock (excluding Hybrids)	Included in Sch D, Part 2, Sn 1			
3. Class 03 Unaffiliated Preferred Stock (excluding Hybrids)	Included in Sch D, Part 2, Sn 1			
4. Class 04 Unaffiliated Preferred Stock (excluding Hybrids)	Included in Sch D, Part 2, Sn 1			
5. Class 05 Unaffiliated Preferred Stock (excluding Hybrids)	Included in Sch D, Part 2, Sn 1			
6. Class 06 Unaffiliated Preferred Stock (excluding Hybrids)	NONE			
7. Class 01 Hybrids Reported as Preferred Stock				
8. Class 02 Hybrids Reported as Preferred Stock				
9. Class 03 Hybrids Reported as Preferred Stock				
10. Class 04 Hybrids Reported as Preferred Stock	Included in Sch D, Part 2, Sn 1			
11. Class 05 Hybrids Reported as Preferred Stock	Included in Sch D, Part 2, Sn 1			
12. Class 06 Hybrids Reported as Preferred Stock	Included in Sch D, Part 2, Sn 1			
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)			
COMMON STOCK - UNAFFILIATED				
14. Federal Home Loan Bank Stock	Company Records			
15. Non-Government Money Market Funds	NONE			
16. Total Common Stock				
17. Affiliated Common Stock				
18. Other Unaffiliated Common Stock				
19. Total Unaffiliated Common Stock	Lines (14) + (15) + (18)			

PROPERTY & EQUIPMENT ASSETS

	Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement	
1. Properties occupied by the company	Page 2, Col 3, Line 4.1				
2. Encumbrances (Property occupied by the company)	Page 2, Line 4.1, inside amount				
3. Properties held for the production of income	Page 2, Col 3, Line 4.2				
4. Encumbrances (Property held for production of income)	Page 2, Line 4.2, inside amount				
5. Properties held for sale	NONE				
6. Encumbrances (Property held for sale)					
7. Furniture and equipment					
7.1 Health Care Delivery subject to statutory acct depreciation limits		Line (7.1) + Line 19)			
7.2 All other furniture and equipment		Company Records			
8. Electronic Data Processing equipment and software		Company Records			
9. TOTAL Property and Equipment		Page 2, Col 3, Line 18			
		Lines 1 + 2 + 3 + 4 + 5 + 6 + 7.1 + 7.2 + 8			

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Class 2 Preferred Stock (excluding Hybrids)	NONE		
8. Class 3 Preferred Stock (excluding Hybrids)			
9. Class 4 Preferred Stock (excluding Hybrids)			
10. Class 5 preferred Stock (excluding Hybrids)			
11. Class 2 Hybrids Reported as Preferred Stock			
12. Class 3 Hybrids Reported as Preferred Stock			
13. Class 4 Hybrids Reported as Preferred Stock			
14. Class 5 Hybrids Reported as Preferred Stock			
15. Other Long-Term Invested Assets			
16. Unaffiliated Common Stock			
17. Total of Issuer = Lines (1) through (16)			

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Class 2 Preferred Stock (excluding Hybrids)	NONE		
8. Class 3 Preferred Stock (excluding Hybrids)			
9. Class 4 Preferred Stock (excluding Hybrids)			
10. Class 5 preferred Stock (excluding Hybrids)			
11. Class 2 Hybrids Reported as Preferred Stock			
12. Class 3 Hybrids Reported as Preferred Stock			
13. Class 4 Hybrids Reported as Preferred Stock			
14. Class 5 Hybrids Reported as Preferred Stock			
15. Other Long-Term Invested Assets			
16. Unaffiliated Common Stock			
17. Total of Issuer = Lines (1) through (16)			

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Class 2 Preferred Stock (excluding Hybrids)	NONE		
8. Class 3 Preferred Stock (excluding Hybrids)			
9. Class 4 Preferred Stock (excluding Hybrids)			
10. Class 5 preferred Stock (excluding Hybrids)			
11. Class 2 Hybrids Reported as Preferred Stock			
12. Class 3 Hybrids Reported as Preferred Stock			
13. Class 4 Hybrids Reported as Preferred Stock			
14. Class 5 Hybrids Reported as Preferred Stock			
15. Other Long-Term Invested Assets			
16. Unaffiliated Common Stock			
17. Total of Issuer = Lines (1) through (16)			

XR011.1

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Class 2 Preferred Stock (excluding Hybrids)	NONE		
8. Class 3 Preferred Stock (excluding Hybrids)			
9. Class 4 Preferred Stock (excluding Hybrids)			
10. Class 5 preferred Stock (excluding Hybrids)			
11. Class 2 Hybrids Reported as Preferred Stock			
12. Class 3 Hybrids Reported as Preferred Stock			
13. Class 4 Hybrids Reported as Preferred Stock			
14. Class 5 Hybrids Reported as Preferred Stock			
15. Other Long-Term Invested Assets			
16. Unaffiliated Common Stock			
17. Total of Issuer = Lines (1) through (16)			

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Class 2 Preferred Stock (excluding Hybrids)	NONE		
8. Class 3 Preferred Stock (excluding Hybrids)			
9. Class 4 Preferred Stock (excluding Hybrids)			
10. Class 5 preferred Stock (excluding Hybrids)			
11. Class 2 Hybrids Reported as Preferred Stock			
12. Class 3 Hybrids Reported as Preferred Stock			
13. Class 4 Hybrids Reported as Preferred Stock			
14. Class 5 Hybrids Reported as Preferred Stock			
15. Other Long-Term Invested Assets			
16. Unaffiliated Common Stock			
17. Total of Issuer = Lines (1) through (16)			

XR011.2

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Class 2 Preferred Stock (excluding Hybrids)	NONE		
8. Class 3 Preferred Stock (excluding Hybrids)			
9. Class 4 Preferred Stock (excluding Hybrids)			
10. Class 5 preferred Stock (excluding Hybrids)			
11. Class 2 Hybrids Reported as Preferred Stock			
12. Class 3 Hybrids Reported as Preferred Stock			
13. Class 4 Hybrids Reported as Preferred Stock			
14. Class 5 Hybrids Reported as Preferred Stock			
15. Other Long-Term Invested Assets			
16. Unaffiliated Common Stock			
17. Total of Issuer = Lines (1) through (16)			

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Class 2 Preferred Stock (excluding Hybrids)	NONE		
8. Class 3 Preferred Stock (excluding Hybrids)			
9. Class 4 Preferred Stock (excluding Hybrids)			
10. Class 5 preferred Stock (excluding Hybrids)			
11. Class 2 Hybrids Reported as Preferred Stock			
12. Class 3 Hybrids Reported as Preferred Stock			
13. Class 4 Hybrids Reported as Preferred Stock			
14. Class 5 Hybrids Reported as Preferred Stock			
15. Other Long-Term Invested Assets			
16. Unaffiliated Common Stock			
17. Total of Issuer = Lines (1) through (16)			

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Class 2 Preferred Stock (excluding Hybrids)	NONE		
8. Class 3 Preferred Stock (excluding Hybrids)			
9. Class 4 Preferred Stock (excluding Hybrids)			
10. Class 5 preferred Stock (excluding Hybrids)			
11. Class 2 Hybrids Reported as Preferred Stock			
12. Class 3 Hybrids Reported as Preferred Stock			
13. Class 4 Hybrids Reported as Preferred Stock			
14. Class 5 Hybrids Reported as Preferred Stock			
15. Other Long-Term Invested Assets			
16. Unaffiliated Common Stock			
17. Total of Issuer = Lines (1) through (16)			

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Class 2 Preferred Stock (excluding Hybrids)	NONE		
8. Class 3 Preferred Stock (excluding Hybrids)			
9. Class 4 Preferred Stock (excluding Hybrids)			
10. Class 5 preferred Stock (excluding Hybrids)			
11. Class 2 Hybrids Reported as Preferred Stock			
12. Class 3 Hybrids Reported as Preferred Stock			
13. Class 4 Hybrids Reported as Preferred Stock			
14. Class 5 Hybrids Reported as Preferred Stock			
15. Other Long-Term Invested Assets			
16. Unaffiliated Common Stock			
17. Total of Issuer = Lines (1) through (16)			

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Class 2 Preferred Stock (excluding Hybrids)	NONE		
8. Class 3 Preferred Stock (excluding Hybrids)			
9. Class 4 Preferred Stock (excluding Hybrids)			
10. Class 5 preferred Stock (excluding Hybrids)			
11. Class 2 Hybrids Reported as Preferred Stock			
12. Class 3 Hybrids Reported as Preferred Stock			
13. Class 4 Hybrids Reported as Preferred Stock			
14. Class 5 Hybrids Reported as Preferred Stock			
15. Other Long-Term Invested Assets			
16. Unaffiliated Common Stock			
17. Total of Issuer = Lines (1) through (16)			

ASSET CONCENTRATION

Issuer Name: Grand Total

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Class 2 Preferred Stock (excluding Hybrids)			
8. Class 3 Preferred Stock (excluding Hybrids)			
9. Class 4 Preferred Stock (excluding Hybrids)			
10. Class 5 preferred Stock (excluding Hybrids)			
11. Class 2 Hybrids Reported as Preferred Stock			
12. Class 3 Hybrids Reported as Preferred Stock			
13. Class 4 Hybrids Reported as Preferred Stock			
14. Class 5 Hybrids Reported as Preferred Stock			
15. Other Long-Term Invested Assets			
16. Unaffiliated Common Stock			
17. Total of Issuer = Lines (1) through (16)			

NONE

UNDERWRITING RISK Experience Fluctuation Risk

Line of Business	(1) Comprehensive Medical	(2) Medicare Supplement	(3) Dental & Vision	(4) Stand-Alone Medicare Part D Coverage	(5) Other	(6) Total
1. Premium						
2. Title XVIII - Medicare		X X X	X X X	X X X	X X X	
3. Title XIX - Medicaid	77,924,108	X X X	X X X	X X X	X X X	77,924,108
4. Other Health Risk Revenue		X X X				
5. Underwriting Risk Revenue = Lines 1 + 2 + 3 + 4	77,924,108					77,924,108
6. Net Incurred Claims	76,120,732					76,120,732
7. Fee-for-service Offset		X X X				
8. Underwriting Risk Incurred Claims = Line 6 - Line 7	76,120,732					76,120,732
9. Underwriting Risk Claims Ratio = Line 8 / Line 5	0.977					0.977
10. Underwriting Risk Factor*	0.109	0.105	0.120	0.141	0.130	X X X
11. Base Underwriting Risk RBC = Lines 5 x 9 x 10	8,298,372					8,298,372
12. Managed Care Discount Factor	0.788	0.788	0.788	1.000	1.000	X X X
13. RBC after Managed Care Discount = Lines 11 x 12	6,539,117					6,539,117
14. Maximum per-individual Risk after Reinsurance						X X X
15. Alternate Risk Charge**	1,500,000					X X X
16. Alternate Risk Adjustment						X X X
17. Net Alternate Risk Charge***	1,500,000					1,500,000
18. Net Underwriting Risk RBC (MAX ((Line 13, Line 17)))	6,539,117					6,539,117

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

*** Limited to the largest of the applicable alternate risk adjustments, prorated if necessary.
* This column is for a single result for the Comprehensive Medical & Hospital, Medicare Supplement and Dental managed care discount factor.

ANNUAL STATEMENT SOURCES

	(1)	(2)	(3)	(4)	(5)	(6)
Line of Business	Comprehensive Medical	Medicare Supplement	Dental & Vision	Stand-Alone Medicare Part D Coverage	Other	Total
1. Premium	Page 7, Col. 2, Lines 1 + 2	Page 7, Col. 3, Lines 1 + 2	Pg 7, Cols 4 & 5, Lines 1 + 2			
2. Title XVIII - Medicare	Page 7, Col. 7, Lines 1 + 2	X X X	X X X	X X X	X X X	Page 7, Col. 7, Lines 1 + 2
3. Title XIX - Medicaid	Page 7, Col. 8, Lines 1 + 2	X X X	X X X	X X X	X X X	Page 7, Col. 8, Lines 1 + 2
4. Other Health Risk Revenue	Page 7, Col. 2, Line 4	X X X	Page 7, Cols 4 & 5, Line 4			
6. Net Incurred Claims	Page 7, Line 17, Cols 2 + 7 + 8	Page 7, Col. 3, Line 17	Page 7, Cols 4 & 5, Line 17			
7. Fee-for-service Offset	Page 7, Col. 2, Line 3	X X X	Page 7, Cols 4 & 5, Line 3			
14. Maximum per-individual Risk after Reinsurance	Gen. Int. Pt 2, Line 5.31 + 5.32	Gen. Int. Pt 2, Line 5.33	Gen. Int. Pt 2, Line 5.34			X X X

LONG-TERM CARE Premiums

	Annual Statement Source	1 Amount	Factor (a)	2 RBC Requirement
30. Long-Term Care (LTC) Insurance Premium	Company Records			
31. Noncancellable LTC Premium - Rate Risk	Line (34.1)			
32. All LTC Premium - Morbidity Risk (to \$50 million)	Remainder			
LTC Premium (over \$50 million) - Morbidity Risk	million			
33. Premium-based RBC	Col. (2), Lines (30) + (31) + (32)			

NONE

Claims

	Annual Statement Source	1 Premiums	2 Incurred Claims	3 Col. 2/1 Loss Ratio (d)	4 RBC Requirement
34.1 Historical Loss Ratio Experience	Company Records				
34.2 Current Year	Company Records				
34.3 Immediate Prior Year	If loss ratios are used, [Col. 3, Line 34.1 + 34.2 / 2, otherwise zero]				
35. Average Loss Ratio	If Col. 3, Ln 34.3 <= 0, then [Col. 1, Ln 31 + Line 32] X Col. 3, Ln 34.3				
35.1 Adjusted LTC Claims for RBC	Lower of Col. 2, Line 34.3 or Col. 3, Line 35.1				
35.2 Claims (to \$35 million) - Morbidity Risk	Excess of Col. 2, Line 34.3 over Col. 3, Line 35.1			(b)	
36. Claims (over \$35 million) - Morbidity Risk	Company Records			(c)	
37. LTC Claims Reserves	Col. 4, Lines 35.1 + 35.2				
38. Claims-based RBC	Col. 2, Line 33 + Col. 4, Lines 36 + 37				

NONE

(a) The factor applies to all Non-cancelable premium.
 (b) 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.
 (c) 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.
 (d) 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.

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 in part			
39.1 50,000 if Line 39 is greater than zero				
39.2 Total Hospital Indemnity and Specified Disease	Lines (39) + (39.1)			
40. Accidental Death & Dismemberment	Included in Page 7, Col. 9, Line 1 and 2 in part			
40.1 First 10 Million Earned Premium of Line 40	NONE			
40.2 Over 10 Million Earned Premium of Line 40				
40.3 Maximum Retained Risk for any single claim				
40.4 Three times Line 40.3				
40.5 Lesser of Line 40.4 or \$300,000				
40.6 Total AD&D				
41. Other Accident	Included in Page 7, Col. 9, Line 1 and 2 in part			
42. Premium Stabilization Reserves	Included in U & I, Part 2D, Col. 1, Line 4		*	
43. Total, Other Underwriting Risk	Lines (22.2)+(23.3)+(24.3)+(25.3)+(26.3)+(27.6) +(28.3)+(29.3)+(38)+(39.2)+(40.6)+(41)+(42)			

* This is limited to the total Net Underwriting RBC on XR012, Col (6), Line (18) less Col (4), and XR014, Col (2), Lines (22.2), (23.3), (24.3), (25.3), (26.3), (27.6), (28.3), (29.3), and XR015 Col (2), Line (33), and XR016 Col (2), Lines (39.2), (40.6) and (41).

UNDERWRITING RISK - Managed Care Credit Calculation

	(1) Factor*	(2) Paid Claims	(3) Weighted Claims (a)	(4) Part D Weighted Claims (b)
Managed Care Claims Payments				
1. Category 0 - Arrangements not Included in Other Categories	0.000			
2. Category 1 - Payments Made According to Contractual Arrangements	0.150	11,990,713	1,798,607	
3. Category 2a - Subject to Withholds or Bonuses - Otherwise Category 0				
4. Category 2b - Subject to Withholds or Bonuses - Otherwise Category 1	0.150			
5. Category 3a - Capitated Payments Directly to Providers	0.600	409,469	245,681	
5.1 Capitation Payments - Medical Group - Category 3a		87,447		
5.2 Capitation Payments - All Other Providers - Category 3a		322,022		
6. Category 3b - Capitated Payments to Regulated Intermediaries	0.600			
7. Category 3c - Capitated Payments to Non-Regulated Intermediaries	0.600	1,500,246	900,148	
8. Category 4 - Medical & Hospital Expense Paid as Salary to Providers	0.750			
8.1 Non-contingent Salaries - Category 4				
8.2 Aggregate Cost Arrangements - Category 4				
8.3 Less Fee For Service revenue from ASC or ASO				
9. Subtotal Paid Claims		13,900,428	2,944,436	
Medicare Part D Coverage Claims Payments				
10. Category 0 - No Federal Reinsurance or Risk Corridor Protection				
11. Category 1 - Federal Reinsurance but no Risk Corridor Protection	X X X	X X X		X X X
12. Category 2a - No Federal Reinsurance but Risk Corridor Protection	X X X	X X X		X X X
13. Category 3a - Federal Reinsurance And Risk Corridor Protection apply	0.500			
14. Sub-Total Paid Claims	0.650			
15. Total Paid Claims		13,900,428		
16. Weighted Average Managed Care Discount			0.212	
17. Weighted Average Managed Care Risk Adjustment Factor			0.788	1.000

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

(b) This column is for the Medicare Part D managed care discount factor.

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

(d) The factor is calculated on page XR018.

	*Calculation of Category 2 Managed Care Factor	Annual Statement Source	(1) Amount
18.	Withhold & bonus payments, prior year	Company Records	
19.	Withhold & bonuses available, prior year	Company Records	
20.	MCC Multiplier - average withhold returned [Line (18) / Line (19)]	Company Records	
21.	Withholds & bonuses available, prior year	Company Records	
22.	Claims payments subject to withhold, prior year	Company Records	
23.	Average withhold rate, prior year [Line (21) / Line (22)]		
24.	MCC Discount Factor, Category 2 Minimum {25, [Line (20) x Line (23)]}		

CREDIT RISK

	Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
Reinsurance Ceded				
1.	Recoverables on Paid Losses - 100% owned affiliates	Included in Sch S, Pt 2, Col 6, Line 0499999		
2.	Recoverables on Paid Losses - other affiliates	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) (Sch S, Pt 2, Col 6, Line 0699999)		
5.	Recoverables on Unpaid Losses - 100% owned affiliates	Included in Sch S, Pt 2, Col 7, Line 0499999		
6.	Recoverables on Unpaid Losses - other affiliates	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) (Sch S, Pt 2, Col 7, Line 0699999)		
9.	Unearned premiums - 100% owned affiliates	Included in Sch S, Pt 3, Sn 2, Col 8, Line 0199999 + Line 0499999		
10.	Unearned premiums - other affiliates	Included in Sch S, Pt 3, Sn 2, Col 8, Line 0199999 + Line 0499999	0.005	
11.	Unearned premiums - Non-affiliates	Included in Sch S, Pt 3, Sn 2, Col 8, Line 0299999 + Line 0599999	0.005	
12.	Total unearned premiums	Lines (9) + (10) + (11)		
13.	Other Reserve Credits - 100% owned affiliates	Included in Sch S, Pt 3, Sn 2, Col 9, Line 0199999 + Line 0499999		
14.	Other Reserve Credits - other affiliates	Included in Sch S, Pt 3, Sn 2, Col 9, Line 0199999 + Line 0499999	0.005	
15.	Other Reserve Credits - Non-affiliates	Included in Sch S, Pt 3, Sn 2, Col 9, Line 0299999 + Line 0599999	0.005	
16.	Total Other Reserve Credits	Lines (13) + (14) + (15)		
17.	Total Reinsurance RBC	Lines (4) + (8) + (12) + (16)		
Capitations to Intermediaries				
18.	Total Capitations Paid Directly to Providers	XR017, Col (2), Line (5)		409,469
19.	Less Secured Capitations to Providers	Company Records		
20.	Capitations to Providers subject to Credit Risk Charge	Lines (18) - (19)	0.020	8,189
21.	Total Capitations to Intermediaries	XR017, Col (2), Line (6) + (7)		1,500,246
22.	Less Secured Capitations to Intermediaries	Company Records		
23.	Capitations to Intermediaries Subject to Credit Risk Charge	Lines (21) - (22)		1,500,246
24.	Capitation Credit Risk RBC	Lines (20) + (23)	0.040	60,010
				68,199

CREDIT RISK - Other Receivables

	Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
Other Receivables				
25.	Investment Income Receivable			
26.	Health Care Receivables	390,187	0.010	3,902
26.1	Pharmaceutical Rebate Receivables	1,910,049	0.050	
26.2	Claim Overpayment Receivables		0.050	
26.3	Loan and Advances to Providers	1,645,500	0.050	82,275
26.4	Capitation Arrangement Receivables		0.050	
26.5	Risk Sharing Receivables		0.050	
26.6	Other Health Care Receivables	264,549	0.050	13,227
27.	Amounts Receivable relating to uninsured accident and health plans	2,881,638	0.050	144,082
28.	Amounts Due from Parents, Subs, and Affiliates	32,837,848	0.050	1,641,892
29.	Aggregate Write-Ins for other than invested assets	315,000	0.050	15,750
30.	Total Other Receivables RBC			1,901,128
31.	Total Credit RBC			1,969,327

BUSINESS RISK

	Annual Statement Source	(1) Amount	Factor*	(2) RBC Requirement
Administrative Expense Risk				
1. Claims adjustment expenses	Page 4, Col. 2, Line 20	18,622,849		
2. General administrative expenses	Page 4, Col. 2, Line 21	11,153,144		
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	19,180,718		
5. less Administrative Expenses for Commission & Premium Taxes	U & I, Part 3, Line 3, in part			
6. Administrative Expenses Base RBC	Lines (1) + (2) - (3) - (4) - (5)	10,595,275	0.050	529,764
7. Proration of Administrative Expense to Experience Fluctuation Risk	Lines (6) x (20) / ((21) + (22))			529,764
Non-Underwritten and Limited-Risk				
8. Administrative expenses for ASC arrangements	Company Records		0.020	
9. Administrative expenses for ASO arrangements	Company Records	94,471,733	0.020	1,889,435
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		94,471,733		1,889,435
Guaranty Fund Assessment Risk				
12. Premiums Subject to Guaranty Fund Assessment	Included in Sch T - Company Records		0.005	
Excessive Growth Risk				
13. Underwriting Risk Revenue, Prior Year	2007 XR011, Col (6), Line (5) (manual entry)	(85,979)		
14. Underwriting Risk Revenue, Current Year	2008 XR012, Col (6), Line (5)	77,924,108		
15. Net Underwriting Risk RBC, Prior Year	2007 XR011, Col (6), Line (18) (manual entry)			
16. Net Underwriting Risk RBC, Current Year	2008 XR012, Col (6), Line (18)	6,539,117		
17. RBC Growth Safe Harbor	[Line (14) / Line (13) + .10] x Line (15)			
18. Excess of RBC Growth Over Safe Harbor	Max {0, Line (16) - Line (17)}	6,539,117		
19. Excessive Growth Risk RBC	.5 x Line (18)			3,269,559

*The factor for the Administrative Expenses Base RBC is calculated as a weighted average, based on premium volume from XR012

	Annual Statement Source	(1) Premium	Weight	(2) Weighted Premium
20. Experience Fluctuation Risk Revenue	XR012, Col (6), Line (5)	77,924,108		
21. Premiums Earned	Page 4, Col 2, Line 2 + 3	77,924,108		
22. Risk Revenue	Page 4, Col 2, Line 5			
23. Tier 1 - \$0 to \$25 million of Line (20)		25,000,000	0.070	1,750,000
24. Tier 2 - Amount over \$25 million of Line (20)		52,924,108	0.040	2,116,964
25. Total Experience Fluctuation Risk Revenue	Lines (23) + (24)	77,924,108		3,866,964
26. Administrative Expenses Base RBC Factor	Col (2), Line (25) / Col (1), Line (25)			0.050

Calculation of Total Risk-Based Capital After Covariance

		(1) RBC Amount
H0 - ASSET RISK - AFFILIATES W/RBC		
1.	Off-Balance Sheet Items	
2.	Directly Owned Insurer Subject to RBC	
3.	Indirectly Owned Insurer Subject to RBC	
4.	Directly Owned MCO Subject to RBC	
5.	Indirectly Owned MCO Subject to RBC	
6.	Directly Owned Alien Insurer	
7.	Indirectly Owned Alien Insurers	
8.	TOTAL H0	
H1 - ASSET RISK - OTHER		
9.	Investment Subsidiary	
10.	Holding Company Excess of Subsidiaries	
11.	Investment in Parent	
12.	Other Affiliates	
13.	Fair Value Excess Affiliate Common Stock	
14.	Fixed Income Assets	
15.	Replication & Mandatorily Convertible Securities	
16.	Unaffiliated Preferred Stock including Hybrids	
17.	Unaffiliated Common Stock	
18.	Property & Equipment	
19.	Asset Concentration	
20.	TOTAL H1	221,697
H2 - UNDERWRITING RISK		
21.	Net Underwriting Risk	
22.	Other Underwriting Risk	
23.	Disability Income	
24.	Long-Term Care	
25.	Limited Benefit Plans	
26.	Premium Stabilization Reserve	
27.	TOTAL H2	6,539,117
	XR005, Off-Balance Sheet Page - Line 14	
	XR003, Affiliates Page - Line 1	
	XR003, Affiliates Page - Line 2	
	XR003, Affiliates Page - Line 3	
	XR003, Affiliates Page - Line 4	
	XR003, Affiliates Page - Line 7	
	XR003, Affiliates Page - Line 8	
	Sum of Lines 1 through 7	
	XR003, Affiliates Page - Line 5	
	XR003, Affiliates Page - Line 6	
	XR003, Affiliates Page - Line 9	
	XR003, Affiliates Page - Line 10	
	XR003, Affiliates Page - Line 11	
	XR006, Off-Balance Sheet Collateral, Line 9 + Line 16 + Line 19 + XR007, Fixed Income Assets Page - Line 26	
	XR008, Replication/MCS Page - Line 9999999	
	XR009, Equity Assets Page - Line 13	
	XR006, Off-Balance Sheet Collateral, Line 17 + XR009, Equity Assets Page - Line 19	
	XR006, Off-Balance Sheet Collateral, Line 18 + XR010, Prop/Equip Assets Page - Line 9	
	XR011, Grand Total Asset Concentration Page - Line 17	
	Sum of Lines 9 through 19	221,697
	XR012, Underwriting Risk Page - Line 18	
	XR014, Underwriting Risk Page - Line 22.2	
	XR014, Underwriting Risk Page - Lines 23.3 + 24.3 + 25.3	
	+ 26.3 + 27.6 + 28.3 + 29.3	
	XR015, Underwriting Risk Page - Line 38	
	XR016, Underwriting Risk Page - Lines 39.2 + 40.6 + 41	
	XR016, Underwriting Risk Page - Line 42	
	Sum of Lines 21 through 26	6,539,117

Calculation of Total Risk-Based Capital After Covariance (continued)

		(1) RBC Amount
H3 - CREDIT RISK		
28.	Total Reinsurance RBC	
29.	Intermediaries Credit Risk RBC	68,199
30.	Total Other Receivables RBC	1,901,128
31.	TOTAL H3	1,969,327
H4 - BUSINESS RISK		
32.	Administrative Expense RBC	529,764
33.	Non-Underwritten and Limited Risk Business RBC	1,889,435
34.	Premiums Subject to Guaranty Fund Assessments	
35.	Excessive Growth RBC	3,269,559
36.	TOTAL H4	5,688,758
37.	RBC after Covariance	8,890,974
38.	Authorized Control Level RBC	4,445,487
	XR019, Credit Risk Page - Line 17	
	XR019, Credit Risk Page - Line 24	
	XR020, Credit Risk Page - Line 30	
	Sum of Lines 28 through 30	
	XR021, Business Risk Page - Line 7	
	XR021, Business Risk Page - Line 11	
	XR021, Business Risk Page - Line 12	
	XR021, Business Risk Page - Line 19	
	Sum of Lines 32 through 35	
	H0 + Square Root of (H1 ² + H2 ² + H3 ² + H4 ²)	
	.50 x RBC after Covariance	

CALCULATION OF TOTAL ADJUSTED CAPITAL

	(1) Amount	Factor	(2) Adjusted Capital
Company Amounts			
1. Capital and Surplus	26,856,301	1.000	26,856,301
Subsidiary Adjustments			
2. AVR - Life Subsidiaries		1.000	
3. Dividend Liability - Life Subsidiaries		0.500	
4. Tabular Discounts - P&C Subsidiaries		(1.000)	
5. Non-Tabular Discounts - P&C Subsidiaries		(1.000)	
6. Total Adjusted Capital, Post-deferred Tax	26,856,301		26,856,301
SENSITIVITY TEST:			
7. DTA Value for Company	13,069,574	1.000	13,069,574
8. DTL Value for Company		1.000	
9. DTA Value for Insurance Subsidiaries		1.000	
10. DTL Value for Insurance Subsidiaries		1.000	
11. Total Adjusted Capital, Pre-deferred Tax (sensitivity)			13,786,727

COMPARISON OF TOTAL ADJUSTED CAPITAL TO RISK-BASED CAPITAL

	(1) Amount
1. Total Adjusted Capital, Post Tax	26,856,301
2. Company Action Level = 200% of Authorized Control Level	8,890,974
3. Regulatory Action Level = 150% of Authorized Control Level	6,668,231
4. Authorized Control Level = 100% of Authorized Control Level	4,445,487
5. Mandatory Control Level = 70% of Authorized Control Level	3,111,841
6. Level of Action, if Any	None
THE FOLLOWING NUMBERS MUST BE REPORTED IN THE FIVE YEAR HISTORY EXHIBIT ON THE INDICATED LINE	
Total Adjusted Capital on Line 14 of the Five-Year Historical Data Page	26,856,301
Authorized Control Level Risk-Based Capital on Line 15 of the Five-Year Historical Data Page	4,445,487

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SUPPLEMENTAL COMPENSATION EXHIBIT

For the Year Ended December 31, 2008
(To be filed by March 1)

PART 1 - INTERROGATORIES

Reporting insurer is a member of a group of insurers or other holding company system:
to the below amounts represent 1) total gross compensation paid to each individual by or on behalf of all companies which are part of
it;
location to each insurer:

Yes[X] No[]
Yes[] No[X]
Yes[X] No[]

person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this
ent any commission on the business transactions of the reporting entity?

Yes[] No[X]

for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than
its with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall
directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the
ent?

Yes[X] No[]

PART 2 - OFFICERS AND EMPLOYEES COMPENSATION

1 Name and Principal Position	2 Year	Annual Compensation			
		3 Salary	4 Bonus	5 All Other Compensation	6 Totals
Vicky Gregg Chairman	2008	145,781		231,412	377,193
	2007	141,513		137,738	279,251
	2006	163,076		207,100	370,176
Steven Coulter, MD Managing Director	2008	134,866		158,610	293,476
	2007	117,413		102,007	219,420
	2006	125,571		113,887	239,458
Sonya Nelson President and CEO	2008	201,022		92,222	293,244
	2007	184,098		57,787	241,885
	2006	169,255		75,567	244,822
Albert Koehler Chief Operating Officer	2008	102,609		21,441	124,050
	2007	16,844		3,424	20,268
	2006	15,742		3,639	19,381
John Giblin Director	2008	67,255		40,226	107,481
	2007	45,521		12,099	57,620
	2006				
Deborah Webb, MD Medical Director Government Medical Management	2008	237,712		42,074	279,786
	2007	141,346		20,750	162,096
	2006				
Amber Cambron Director Service Operations	2008	150,088		48,779	198,867
	2007	151,962		30,070	182,032
	2006	157,470		40,455	197,925
Phillip Smith Medical Director	2008	143,156		8,504	151,660
	2007	37,692		10,500	48,192
	2006				
Sheila Keith Manager Disease Management and Outreach	2008	114,237		29,581	143,818
	2007	19,675		3,923	23,598
	2006	18,933		3,843	22,776
Rhonda Jordan Manager Medicaid System Coordinator	2008	110,716		30,701	141,417
	2007	110,060		20,159	130,219
	2006	105,903		29,789	135,692

PART 3 - DIRECTOR COMPENSATION

1 Name and Principal Position or Occupation	2 Compensation Paid or Deferred for Services as Director	3 All Other Compensation Paid or Deferred	4 Totals
NONE			
99999			