



VSHP
Volunteer State Health Plan

1 Cameron Hill Circle
Chattanooga, TN 37402-2555
BCBST.com

BlueCare
TennCareSelect
a state of Tennessee program

Via FedEx USA Airbill # 8709 8295 1260

March 1, 2010

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

RE: NAIC Annual 2009 Statement for Volunteer State Health Plan, Inc. (VSHP)

Dear Ms. Jordan:

Enclosed is the NAIC Annual 2009 Statement for Volunteer State Health Plan, Inc. This report is a combination of all of the VSHP insured TennCare business. TennCare Select and the Stabilization Plan have been treated as ASO business throughout the report. Supplemental statements of revenues and expenses for TennCare Select, BlueCare West, and BlueCare East appear on pages 5.1, 5.2, and 5.3, respectively. The prior year column of supplements 5.2 and 5.3 contains the prior year Premium Deficiency Reserve accrual.

Enclosed are reconciliations of the Statement of Revenue and Expense to current contract supplemental exhibits and the 2008 Annual amended jurat pages.

Please feel free to call me (423-535-6773) if you have any questions.

Sincerely,

Ann Tate
Subsidiary Accounting

VSHP December 2009 YTD

	<u>TennCare Select Supplement 5.1</u>	<u>BlueCare West Supplement 5.2</u>	<u>BlueCare East Supplement 5.3</u>	<u>Other*</u>	<u>Total</u>
TennCare Revenue	\$ 400,087,885	\$ 501,533,700	\$ 698,000,959	\$ 8,769,110	\$ 1,608,391,654
Investment Income		1,062,767	1,367,739	21,765	2,452,271
Total Revenues	<u>400,087,885</u>	<u>502,596,467</u>	<u>699,368,698</u>	<u>8,790,875</u>	<u>1,610,843,925</u>
Claims Expenses	364,457,831	481,561,641	651,171,191	7,076,469	1,504,267,132
Administrative Expenses	35,910,409	67,876,807	94,514,883	3,903,670	202,205,769
Premium Deficiency Reserve		-	-		-
Pre-Tax Loss	<u>(280,355)</u>	<u>(46,841,981)</u>	<u>(46,317,376)</u>	<u>(2,189,264)</u>	<u>(95,628,976)</u>
Federal Income Tax Benefit	(91,508)	(15,289,233)	(15,118,002)	(714,576)	(31,213,319)
Net Loss	<u><u>\$ (188,847)</u></u>	<u><u>\$ (31,552,748)</u></u>	<u><u>\$ (31,199,374)</u></u>	<u><u>\$ (1,474,688)</u></u>	<u><u>\$ (64,415,657)</u></u>

*Reflects activity for contracts that have ended

Volunteer State Health Plan, Inc.
 Reconciliation of NAIC Filing to Medical Fund Target Report (MCO 4 and 11)
 December 31, 2009 Program to Date

	<u>TennCare Select Financials</u>	<u>Total per DOI</u>
Incurring Claims (4th qtr 2009 YTD)	\$ 364,457,831	\$ 364,457,831 *
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 *
Total		<u>\$ 5,270,765,334</u>

Directives not included on MFT (221,094)

Claims prior to July 2002 (276,901,022)

Incurring Claims per MFT	\$	4,993,643,218
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Volunteer State Health Plan, Inc.
 Reconciliation of NAIC Filing to Medical Services Monitoring Report (MCO 2 and 19)
 December 31, 2009 Program to Date

	<u>BlueCare East Stabilization</u>	<u>Total per DOI</u>
Incurring Claims (4th qtr 2009 YTD)	\$ 7,287,192	\$ 7,287,192 *
Incurring Claims (4th qtr 2008 YTD)	461,466,802	461,466,802 *
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 *
Total		<u>\$ 3,125,013,996</u>
Directives not included on MFT	(118,653)	
Rounding	(1)	
Incurring Claims per MFT	\$ 3,124,895,342	

* Report #2A Stabilization Plan only

Volunteer State Health Plan, Inc.
 Reconciliation of NAIC Filing to West (Insured) Medical Loss Ratio Report
 December 31, 2009 Program to Date

	<u>West - Insured</u>	<u>Total per DOI</u>
Revenues (4th qtr 2009 YTD)	\$ 501,533,700	\$ 501,533,700
Revenues (4th qtr 2008 YTD)	78,007,924	<u>78,007,924</u>
Total		\$ 579,541,624
Pre-Insured (ASO revenue)	(385,892)	
Premium receivable	(13,245,114)	
3.5% Premiums Rec'd	(92,628)	
Rounding	(2)	
Revenues per MLR	\$ 565,817,988	
Incurred Claims (4th qtr 2009 YTD)	\$ 481,561,641	\$ 481,561,641
Incurred Claims (4th qtr 2008 YTD)	97,374,827	<u>97,374,827</u>
Total		\$ 578,936,468
Pre-Insured (ASO claims)	(366,122)	
Change in PDR methodology	\$ (21,151,286)	
Incurred Claims per MLR	\$ 557,419,060	

Volunteer State Health Plan, Inc.
 Reconciliation of NAIC Filing to East (Insured) Medical Loss Ratio Report
 December 31, 2009 Program to Date

	<u>East - Insured</u>	<u>Total per DOI</u>
Revenues (4th qtr 2009 YTD)	\$ 698,000,959	\$ 698,000,959
Pre-Insured (ASO revenue)	(1,886,934)	
Premium receivable	(17,791,786)	
3.5% Premiums Rec'd	\$ (330,206)	
Revenues per MLR	\$ 677,992,033	
Incurred Claims (4th qtr 2009 YTD)	\$ 651,171,191	\$ 651,171,191
Incurred Claims (4th qtr 2008 YTD)	21,511,981	21,511,981
Total		<u>\$ 672,683,172</u>
Pre-Insured (ASO claims)	(1,831,426)	
Change in PDR methodology	(21,511,981)	
Rounding	(1)	
Incurred Claims per MLR	\$ 649,339,764	

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, 2009

2009



ANNUAL STATEMENT

For the Year Ending December 31, 2009

OF THE CONDITION AND AFFAIRS OF THE

Volunteer State Health Plan, Inc.

NAIC Group Code 0000 (Current Period), 0000 (Prior Period) 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[] Property/Casualty[] Hospital, Medical & Dental Service or Indemnity[]
 Dental Service Corporation[] Vision Service Corporation[] Health Maintenance Organization[X]
 Other[] Is HMO Federally Qualified? Yes[] No[X] N/A[]

Incorporated/Organized 07/11/1996 Commenced Business 11/01/1996

Statutory Home Office 1 Cameron Hill Circle Chattanooga, TN 37402
 (Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 1 Cameron Hill Circle
 (Street and Number)

Chattanooga, TN 37402 (423)535-5600
 (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1 Cameron Hill Circle 1.3 Chattanooga, TN 37402
 (Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 1 Cameron Hill Circle
 (Street and Number)

Chattanooga, TN 37402 (423)535-5600
 (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.vshptn.com

Statutory Statement Contact Dana Elaine Hull (423)535-7919
 (Name) (Area Code)(Telephone Number)(Extension)

Dana_Hull@BCBST.com (423)535-8331
 (E-Mail Address) (Fax Number)

OFFICERS

Name	Title	
Steven Edward Kerr	Vice President, Finance	#
Sonya Kay Nelson	President & CEO	
Steven Lee Coulter MD	Managing Director	
Robert Stanley DeMerritt	Chief Financial Officer	
David Matthew Moroney MD	VP and Chief Medical Officer	#
Daniel Paul Timblin	Treasurer	
Alaine Marie Zachary	Assistant Treasurer	
Shelia Dian Clemons	Secretary	
Katharine Anne Laurance	Assistant Secretary	
Amber Jeanine Cambron	Vice President, Operations	#

Other

Judy Messer Slagle, Interim Chief Operating Officer #

James Howard Srite, Actuary #

DIRECTORS OR TRUSTEES

Vicky Brown Gregg, Chairman
John Francis Giblin

Steven Lee Coulter MD

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.

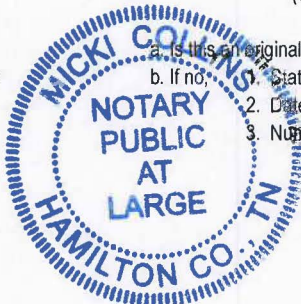
Sonya Kay Nelson
 (Signature)
 Sonya Kay Nelson
 (Printed Name)
 1.
 President & CEO
 (Title)

Shelia Dian Clemons
 (Signature)
 Shelia Dian Clemons
 (Printed Name)
 2.
 Secretary
 (Title)

Robert Stanley DeMerritt
 (Signature)
 Robert Stanley DeMerritt
 (Printed Name)
 3.
 Chief Financial Officer
 (Title)

Subscribed and sworn to before me this 26th day of FEB, 2010

Micki Collins
 (Notary Public Signature)



- a. Is this an original filing?
 b. If no:
1. State the amendment number
 2. Date filed
 3. Number of pages attached

Yes[X] No[]

My Commission Expires
August 18, 2010

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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.

Angela Kay Flon 2/24/10
Authorized Officer Date

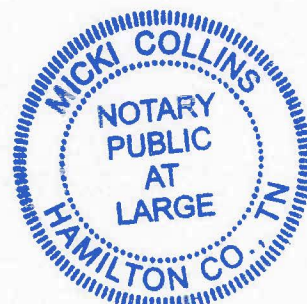
President & CEO

Officers Title

Subscribed and sworn to before me this 2/24/10
(date)

My Commission Expires 8/18/10
(date)

Micki Collins
Notary Signature:



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Statement of Actuarial Opinion

ACTUARIAL OPINION

TABLE of KEY INDICATORS

This Opinion is: Unqualified Qualified Adverse Inconclusive

IDENTIFICATION SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

SCOPE SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

RELIANCE SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

OPINION SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

RELEVANT COMMENTS

Revised Wording

The Actuarial Memorandum includes "Deviation from Standard" wording regarding conformity with an Actuarial Standard of Practice

IDENTIFICATION

I, James Howard Srite, FSA, MAAA, am an employee of Blue Cross and Blue Shield of Tennessee (BCBST), holding company for Volunteer State Health Plan, and a member of the American Academy of Actuaries. I was appointed on October 15, 2009 in accordance with the requirements of the annual statement instructions. I meet the Academy qualification standards for rendering the opinion.

SCOPE

I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities and related items listed below, as shown in the annual statement of Volunteer State Health Plan as prepared for filing with state regulatory officials, as of December 31, 2009.

A. Claims unpaid (Page 3, Line 1);	\$143,964,733
B. Accrued medical incentive pool and bonus payments (Page 3, Line 2);	\$0
C. Unpaid claims adjustment expenses (Page 3, Line 3);	\$8,923,076
D. Aggregate health policy reserves (Page 3, Line 4) including unearned premium reserves and additional policy reserves from the Underwriting and Investment Exhibit – Part 2D;	\$0
E. Aggregate life policy reserves (Page 3, Line 5);	\$0
F. Property/casualty unearned premium reserves (Page 3, Line 6);	\$0
G. Aggregate health claim reserves (Page 3, Line 7); and	\$0
H. Any actuarial reserves or liabilities not included in the items above.	\$0

RELIANCE

In forming my opinion on loss reserves, I relied upon data prepared by Norman John Zwitter, FSA, MAAA, Valuation Actuary, by Dana Elaine Hull, Manager of Subsidiary Accounting, by Kimberly Greene, Director of Financial Reporting, and by John Timothy Morgan, Manager Information Management Finance as certified in the attached statements. I evaluated that data for reasonableness and consistency. I also reconciled that data to the Underwriting and Investment Exhibit - Part 2B of the company's current annual statement. In other respects, my examination included review of the actuarial assumptions and actuarial methods used and tests of the calculations I considered necessary.

OPINION

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

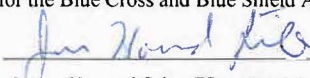
- Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles,
- Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared,
- Meet the requirements of the laws of Tennessee, and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed,
- Make good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements,
- Are computed on the basis of assumptions and methods consistent with those used in computing the corresponding items in the annual statement of the preceding year-end,
- Include appropriate provision for all actuarial items that ought to be established.

The Underwriting and Investment Exhibit – Part 2B was reviewed for reasonableness and consistency with the applicable Actuarial Standards of Practice.

Actuarial methods, considerations, and analyses used in forming my 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.

RELEVANT COMMENTS

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

2-23-10
Date

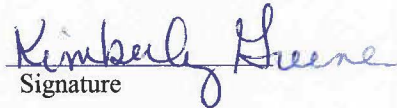
1 Cameron Hill Circle CH 1.3
Chattanooga, Tennessee 37402
423-535-8200

SAO

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Volunteer State Health Plan
2009 Reliance Statement

I, Kimberly Greene, Director Financial Reporting, hereby affirm the calculation of the unpaid expense reserve and the supporting detail listings provided to James Howard Srite, FSA, MAAA, are to the best of my knowledge and belief, accurate and complete.


Signature

Kimberly Greene
Printed Name

1 Cameron Hill Circle -- CH1.3
Chattanooga, TN 37402
Address

423-535-6081
Telephone Number

2-19-10
Date

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Volunteer State Health Plan, Inc.
2009 Reliance Statement

I, Norman John Zwitter, FSA, MAAA, Valuation Actuary of BCBST, meet the American Academy of Actuaries qualification standards for issuing an opinion on the unpaid claims liability of health insurers. I hereby affirm that all actuarial information submitted by me and under my direction to James Howard Srite, FSA, MAAA, is to the best of my knowledge and belief, accurate and complete. 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 my opinion, the amounts carried in the balance sheet as covered in the actuarial opinion:

- A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles,
- 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 laws of Tennessee, and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed,
- D. Make good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements,
- E. Are computed on the basis of assumptions and methods consistent with those used in computing the corresponding items in the annual statement of the preceding year-end, except that policy reserves for Individual Medical policies changed to the 2 year preliminary term methodology.
- F. Include appropriate provision for all actuarial items that ought to be established.


Signature

Norman John Zwitter
Printed Name

1 Cameron Hill Circle – CH1.3
Chattanooga, TN 37402
Address

423-535-5697
Telephone Number

Feb 19, 2010
Date

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Volunteer State Health Plan
Reliance Statement
2009 Annual Statement

I, John Timothy Morgan, Manager IM Finance of BlueCross BlueShield of Tennessee, Inc. hereby affirm that the data extracts from the electronic data warehouse and subsequent database structures provided to James Howard Srite, FSA, MAAA, as the basis of the reserve analysis were prepared under my direction and, to the best of my knowledge and belief, are substantially accurate and complete.


Signature

John Timothy Morgan
Printed Name

1 Cameron Hill Circle - M4
Chattanooga, TN 37402
Address

423-535-3072
Telephone Number

2/15/10
Date

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Volunteer State Health Plan
2009 Reliance Statement

I, Dana Elaine Hull, Manager of Subsidiary Accounting, hereby affirm that all accounting related information submitted by me or under my direction to James Howard Srite, FSA, MAAA, are to the best of my knowledge and belief, accurate and complete. This includes accounting information utilized in the amounts reported in the Underwriting and Investment Exhibit – Part 2B of the annual statement (NAIC format).

Dana Elaine Hull
Signature

Dana Elaine Hull
Printed Name

1 Cameron Hill Circle – CH1.3
Chattanooga, TN 37402
Address

423-535-7919
Telephone Number

2/15/10
Date

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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)	93,191,585		93,191,585	27,615,542
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 (\$.....6,838,683 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....80,553,492 Schedule DA)	87,392,175		87,392,175	66,737,947
6. Contract loans (including \$.....0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities	2,194		2,194	
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	180,585,954		180,585,954	94,353,489
11. Title plants less \$.....0 charged off (for Title insurers only)				
12. Investment income due and accrued	616,086		616,086	390,187
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	34,891,109		34,891,109	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	1,011,495		1,011,495	2,881,638
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset	5,001,547	1,562,551	3,438,996	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	48,983,035		48,983,035	32,837,848
22. Health care (\$.....655,890) and other amounts receivable	1,177,545	521,655	655,890	2,225,049
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)	272,266,771	2,084,206	270,182,565	151,642,822
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	272,266,771	2,084,206	270,182,565	151,642,822
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)				

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	143,964,733		143,964,733	62,220,304
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	8,923,076		8,923,076	8,798,831
4. Aggregate health policy reserves				42,663,267
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	510,762		510,762	818,453
9. General expenses due or accrued	6,164,242		6,164,242	4,497,863
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	398,379		398,379	387,744
13. Remittances and items not allocated	1,396,558		1,396,558	129
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates				
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	3,825,849		3,825,849	3,821,953
21. Aggregate write-ins for other liabilities (including \$.....0 current)	18,086,558		18,086,558	1,577,977
22. TOTAL Liabilities (Lines 1 to 21)	183,270,157		183,270,157	124,786,521
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	136,299,990	44,299,990
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	25,326,692
29. Unassigned funds (surplus)	X X X	X X X	(74,714,284)	(42,770,391)
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	86,912,408	26,856,301
32. TOTAL Liabilities, Capital and Surplus (Lines 22 and 31)	X X X	X X X	270,182,565	151,642,822
DETAILS OF WRITE-INS				
2101. Insured Premium Tax Payable	18,076,545		18,076,545	1,560,158
2102. Pending Escheatment to State	10,013		10,013	17,534
2103. Exigency Post Settlement Activity				285
2198. Summary of remaining write-ins for Line 21 from overflow page				
2199. TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	18,086,558		18,086,558	1,577,977
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	25,326,692
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	25,326,692

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	5,204,333	369,733
2. Net premium income (including \$.....0 non-health premium income)	X X X	1,197,311,190	77,924,108
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. TOTAL Revenues (Lines 2 to 7)	X X X	1,197,311,190	77,924,108
Hospital and Medical:			
9. Hospital/medical benefits		869,847,716	63,861,440
10. Other professional services		206,488,617	9,499,193
11. Outside referrals			
12. Emergency room and out-of-area		54,035,117	2,620,763
13. Prescription drugs			
14. Aggregate write-ins for other hospital and medical		285	139,336
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)		1,130,371,735	76,120,732
Less:			
17. Net reinsurance recoveries			
18. TOTAL Hospital and Medical (Lines 16 minus 17)		1,130,371,735	76,120,732
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....25,017,971 cost containment expenses		85,775,902	18,622,849
21. General administrative expenses		79,244,800	11,153,144
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)		1,295,392,437	148,559,992
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(98,081,247)	(70,635,884)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		2,430,370	1,531,325
26. Net realized capital gains (losses) less capital gains tax of \$.....0		21,901	
27. Net investment gains (losses) (Lines 25 plus 26)		2,452,271	1,531,325
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			
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	(95,628,976)	(69,104,559)
31. Federal and foreign income taxes incurred	X X X	(31,213,319)	(7,328,071)
32. Net income (loss) (Lines 30 minus 31)	X X X	(64,415,657)	(61,776,488)
DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401. Exigency Post-Settlement Activity		285	139,336
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)		285	139,336
2901.			
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)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	26,856,301	31,363,217
34.	Net income or (loss) from Line 32	(64,415,657)	(61,776,488)
35.	Change in valuation basis of aggregate policy and claim reserves	42,663,267	
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(39,268)	
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	(12,111,094)	16,858,525
39.	Change in nonadmitted assets	1,958,861	(3,788,951)
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	92,000,000	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)	(2)
48.	Net change in capital and surplus (Lines 34 to 47)	60,056,107	(4,506,916)
49.	Capital and surplus end of reporting year (Line 33 plus 48)	86,912,408	26,856,301
DETAILS OF WRITE-INS			
4701.	Rounding	(2)	(2)
4702.	0		
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)	(2)

Report #2A: TennCare Select Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	196,993	820,126	1,213,001
Estimated Revenues:			
1. TennCare Capitation	114,144,641	400,087,885	348,691,309
2. Investment	-	-	-
3. Other Revenues	-	-	-
4. Total Estimated Revenues (Lines 1 to 3)	114,144,641	400,087,885	348,691,309
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	329,990	1,355,084	1,595,426
6. Fee-for Service Physician Services	15,096,197	57,989,033	61,326,683
7. Inpatient Hospital Services	27,853,419	98,611,434	86,302,245
8. Outpatient Hospital Services	10,961,412	38,789,154	36,211,459
9. Emergency Room Services	1,860,131	7,172,161	9,380,153
10. Dental Services	-	-	1,775
11. Vision Services	85,591	297,614	244,907
12. Pharmacy Services	-	-	-
13. Home Health Services	29,397,773	115,710,386	87,087,535
14. Chiropractic Services	-	-	-
15. Radiology Services	517,397	2,186,016	2,528,144
16. Laboratory Services	532,413	2,049,227	2,794,614
17. Durable Medical Equipment Services	5,705,919	22,135,564	12,486,079
18. Transportation Services	967,744	3,949,939	6,385,619
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Other Medical and Hospital Services - Write-Ins	3,999,515	10,544,297	10,163,707
23. Subtotal Medical and Hospital (Lines 5 to 22)	97,307,501	360,789,909	316,508,346
Mental Health and Substance Abuse Services			
24. Inpatient Psychiatric Facility Services	683,667	690,430	-
25. Inpatient Substance Abuse Treatment and Detox	6,848	6,848	-
26. Outpatient Mental Health Services	1,147,347	1,167,266	-
27. Outpatient Substance Abuse Treatment and Detox	-	-	-
28. Housing/Residential Treatment	1,501,448	1,501,448	-
29. Specialized Crisis Services	487,997	487,997	-
30. Psychiatric Rehab and Support Services	5,325	5,325	-
31. Case Management	478,925	478,925	-
32. Forensics	-	-	-
33. Other Judicial	-	-	-
34. Pharmacy	-	-	-
35. Lab Services	33,091	35,686	-
36. Transportation	-	-	-
37. Medical Incentive Pool and Withhold Adjustments	-	-	-
38. Occupancy, Depreciation and Amortization	-	-	-
39. Other Mental Health and Substance Abuse Services	799,722	848,085	-
40. PCP and Specialist Services	-	-	-
41. Other Mental Health Services - Write-Ins	-	-	-
42. Subtotal MH & SAS (Lines 24 to 41)	5,144,370	5,222,010	-
43. Subtotal Hospital, Medical, MH & SAS (Lines 23 and 42)	102,451,871	366,011,919	316,508,346
LESS:			
44. Net Reinsurance Recoveries Incurred	-	-	-
45. Copayments	3,617	15,542	22,560
46. Subrogation and Coordination of Benefits	196,228	1,538,546	2,859,555
47. Subtotal Reinsurance, Copay, Subrogation (Lines 44 to 46)	199,845	1,554,088	2,882,115
48. Total Hospital, Medical, MH & SAS (Lines 43 and 47)	102,252,026	364,457,831	313,626,231
Administration:			
49. Compensation	2,286,027	12,185,232	18,203,148
50. Marketing	-	-	-
51. Interest Expense	-	-	-
52. Premium Tax Expense	6,173,699	15,363,179	6,973,826
53. Occupancy, Depreciation, and Amortization	419,544	962,038	997,564
54. Other Administration - Write-Ins	3,065,136	7,399,960	7,971,092
55. Total Administration Expenses (Lines 49 to 54)	11,944,406	35,910,409	34,145,630
56. Total Expenses (Lines 48 and 55)	114,196,432	400,368,240	347,771,861
57. Extraordinary Item	-	-	-
58. Provision for Income Tax	(11,510)	(91,508)	321,807
59. Net Income (Loss) (Line 4 Less Lines 56, 57 and 58)	(40,281)	(188,847)	597,641
Write-Ins for Other Expense			
Detail of Other Revenues			
0301.	-	-	-
0399. Total Other Revenues	-	-	-
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	2,512,735	7,863,005	6,332,491
2202. Out of Area Claims Expense	269,053	2,436,345	1,651,461
2203. Bad Debt Expense	1,217,727	244,947	2,179,755
2299. Total Other Medical and Hospital	3,999,515	10,544,297	10,163,707
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5401. Outsourced Services	2,057,352	2,466,063	751,558
5402. Equipment Rental	403,736	2,219,519	3,338,953
5403. Auditing, Actuarial, and Other Consulting	572,244	1,081,223	935,936
5404. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	(92,488)	877,370	1,783,426
5405. Postage/Telephone	62,978	547,369	890,721
5406. Printing and Stationary	61,314	208,416	270,498
5499. Total Other Administration	3,065,136	7,399,960	7,971,092

Report #2A: BlueCare West Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	554,214	2,282,053	369,733
Estimated Revenues:			
1. TennCare Capitation	128,821,420	501,533,700	78,007,924
2. Investment	254,516	1,062,767	282,694
3. Other Revenues	-	-	-
4. Total Estimated Revenues (Lines 1 to 3)	129,075,936	502,596,467	78,290,618
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	562,214	2,980,912	409,492
6. Fee-for Service Physician Services	37,387,046	137,400,196	41,179,485
7. Inpatient Hospital Services	33,348,270	131,149,960	13,957,028
8. Outpatient Hospital Services	21,814,994	77,617,665	7,874,076
9. Emergency Room Services	8,532,976	31,081,011	2,393,352
10. Dental Services	6,482	6,785	-
11. Vision Services	120,242	381,079	203,280
12. Pharmacy Services	-	-	-
13. Home Health Services	6,219,394	22,675,648	764,412
14. Chiropractic Services	-	-	-
15. Radiology Services	2,243,762	9,278,515	2,375,837
16. Laboratory Services	2,724,063	10,481,809	2,781,843
17. Durable Medical Equipment Services	3,110,961	11,284,105	1,271,999
18. Transportation Services	3,732,270	13,680,460	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	2,750,817	8,618,809	21,790,394
23. Subtotal Medical and Hospital (Lines 5 to 22)	122,553,491	456,636,954	97,006,999
Mental Health and Substance Abuse Services			
24. Inpatient Psychiatric Facility Services	1,736,582	5,420,028	253,009
25. Inpatient Substance Abuse Treatment and Detox	78,037	236,572	17,127
26. Outpatient Mental Health Services	983,336	2,858,460	91,843
27. Outpatient Substance Abuse Treatment and Detox	-	-	-
28. Housing/Residential Treatment	786,818	2,198,826	-
29. Specialized Crisis Services	1,073,446	1,820,609	-
30. Psychiatric Rehab and Support Services	17,885	82,310	-
31. Case Management	2,032,776	6,833,076	-
32. Forensics	-	-	-
33. Other Judicial	-	-	-
34. Pharmacy	-	-	-
35. Lab Services	41,284	183,574	3,984
36. Transportation	-	-	-
37. Medical Incentive Pool and Withhold Adjustments	-	-	-
38. Occupancy, Depreciation and Amortization	-	-	-
39. Other Mental Health and Substance Abuse Services	1,732,833	5,399,066	8,005
40. PCP and Specialist Services	-	-	-
41. Other Mental Health Services - Write-Ins	-	-	-
42. Subtotal MH & SAS (Lines 24 to 41)	8,482,997	25,032,521	373,968
43. Subtotal Hospital, Medical, MH & SAS (Lines 23 and 42)	131,036,488	481,669,475	97,380,967
LESS:			
44. Net Reinsurance Recoveries Incurred	-	-	-
45. Copayments	27,982	107,834	6,140
46. Subrogation and Coordination of Benefits	-	-	-
47. Subtotal Reinsurance, Copay, Subrogation (Lines 44 to 46)	27,982	107,834	6,140
48. Total Hospital, Medical, MH & SAS (Lines 43 and 47)	131,008,506	481,561,641	97,374,827
Administration:			
49. Compensation	5,243,484	28,971,809	6,090,467
50. Marketing	-	-	-
51. Interest Expense	-	-	-
52. Premium Tax Expense	7,085,178	19,023,374	1,560,158
53. Occupancy, Depreciation, and Amortization	987,003	2,287,357	333,768
54. Other Administration - Write-Ins	7,203,720	17,594,267	2,666,995
55. Total Administration Expenses (Lines 49 to 54)	20,519,385	67,876,807	10,651,388
56. Total Expenses (Lines 48 and 55)	151,527,891	549,438,448	108,026,215
57. Extraordinary Item	-	-	-
58. Provision for Income Tax	(6,116,190)	(15,289,233)	(1,367,077)
59. Net Income (Loss) (Line 4 Less Lines 56, 57 and 58)	(16,335,765)	(31,552,748)	(28,368,520)
Write-Ins for Other Expense			
Detail of Other Revenues			
0301.	-	-	-
0399. Total Other Revenues	-	-	-
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	2,750,470	8,380,663	413,128
2202. Out of Area Claims Expense	347	238,146	225,980
2203. (Dec)/Inc in Reserves for Life and Accident and Health Contracts	-	-	21,151,286
2204.	-	-	-
2299. Total Other Medical and Hospital	2,750,817	8,618,809	21,790,394
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5401. Outsourced Services	4,883,677	5,863,355	251,459
5402. Equipment Rental	924,743	5,277,163	1,117,158
5403. Auditing, Actuarial, and Other Consulting	1,350,714	2,570,734	313,149
5404. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	(238,698)	2,086,048	596,705
5405. Postage/Telephone	140,353	1,301,434	298,020
5406. Printing and Stationary	142,931	495,533	90,504
5499. Total Other Administration	7,203,720	17,594,267	2,666,995

Report #2A: BlueCare East Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	702,753	2,922,280	
Estimated Revenues:			
1. TennCare Capitation	181,360,621	698,000,959	-
2. Investment	323,929	1,367,739	-
3. Other Revenues	-	-	-
4. Total Estimated Revenues (Lines 1 to 3)	181,684,550	699,368,698	-
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	603,879	4,049,180	-
6. Fee-for Service Physician Services	58,568,600	239,025,020	-
7. Inpatient Hospital Services	37,673,441	145,167,823	-
8. Outpatient Hospital Services	21,421,283	91,977,535	-
9. Emergency Room Services	5,427,232	22,668,811	-
10. Dental Services	1,114	2,096	-
11. Vision Services	174,521	663,651	-
12. Pharmacy Services	-	-	-
13. Home Health Services	8,095,388	30,796,685	-
14. Chiropractic Services	-	-	-
15. Radiology Services	3,051,619	12,718,709	-
16. Laboratory Services	3,485,071	14,413,647	-
17. Durable Medical Equipment Services	5,617,441	21,606,168	-
18. Transportation Services	5,394,748	18,413,831	-
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Other Medical and Hospital Services - Write-Ins	2,065,620	9,389,880	21,511,981
23. Subtotal Medical and Hospital (Lines 5 to 22)	151,579,957	610,893,036	21,511,981
Mental Health and Substance Abuse Services			
24. Inpatient Psychiatric Facility Services	1,632,009	5,329,009	-
25. Inpatient Substance Abuse Treatment and Detox	192,222	520,129	-
26. Outpatient Mental Health Services	2,406,087	6,652,543	-
27. Outpatient Substance Abuse Treatment and Detox	-	-	-
28. Housing/Residential Treatment	2,199,051	6,791,007	-
29. Specialized Crisis Services	2,784,009	8,993,499	-
30. Psychiatric Rehab and Support Services	42,838	135,579	-
31. Case Management	1,100,129	3,505,871	-
32. Forensics	-	-	-
33. Other Judicial	-	-	-
34. Pharmacy	-	-	-
35. Lab Services	84,256	317,939	-
36. Transportation	-	-	-
37. Medical Incentive Pool and Withhold Adjustments	-	-	-
38. Occupancy, Depreciation and Amortization	-	-	-
39. Other Mental Health and Substance Abuse Services	4,118,065	8,292,228	-
40. PCP and Specialist Services	-	-	-
41. Other Mental Health Services - Write-Ins	-	-	-
42. Subtotal MH & SAS (Lines 24 to 41)	14,558,666	40,537,804	-
43. Subtotal Hospital, Medical, MH & SAS (Lines 23 and 42)	166,138,623	651,430,840	21,511,981
LESS:			
44. Net Reinsurance Recoveries Incurred	-	-	-
45. Copayments	78,535	259,649	-
46. Subrogation and Coordination of Benefits	-	-	-
47. Subtotal Reinsurance, Copay, Subrogation (Lines 44 to 46)	78,535	259,649	-
48. Total Hospital, Medical, MH & SAS (Lines 43 and 47)	166,060,088	651,171,191	21,511,981
Administration:			
49. Compensation	6,682,230	40,132,281	-
50. Marketing	-	-	-
51. Interest Expense	-	-	-
52. Premium Tax Expense	9,974,834	26,842,211	-
53. Occupancy, Depreciation, and Amortization	1,335,367	3,168,488	-
54. Other Administration - Write-Ins	9,724,247	24,371,903	-
55. Total Administration Expenses (Lines 49 to 54)	27,716,678	94,514,883	-
56. Total Expenses (Lines 48 and 55)	193,776,766	745,686,074	21,511,981
57. Extraordinary Item	-	-	-
58. Provision for Income Tax	(3,469,562)	(15,118,002)	-
59. Net Income (Loss) (Line 4 Less Lines 56, 57 and 58)	(8,622,654)	(31,199,374)	(21,511,981)
Write-Ins for Other Expense			
Detail of Other Revenues			
0301.	-	-	-
0399. Total Other Revenues	-	-	-
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	2,066,379	8,921,547	-
2202. Out of Area Claims Expense	(759)	468,333	-
2203. Decrease in Reserves for Life and Accident and Health Contracts	-	-	21,511,981
2204.	-	-	-
2299. Total Other Medical and Hospital	2,065,620	9,389,880	21,511,981
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5401. Outsourced Services	6,740,965	8,122,026	-
5402. Equipment Rental	1,174,373	7,310,024	-
5403. Auditing, Actuarial, and Other Consulting	1,841,153	3,561,026	-
5404. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	(387,584)	2,889,634	-
5405. Postage/Telephone	165,984	1,802,771	-
5406. Printing and Stationary	189,356	686,422	-
5499. Total Other Administration	9,724,247	24,371,903	-

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	1,167,997,427	113,749,449
2.	Net investment income	2,597,872	1,646,535
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	1,170,595,299	115,395,984
5.	Benefit and loss related payments	1,048,627,306	56,563,695
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	161,356,039	11,593,568
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	(31,213,319)	(7,328,071)
10.	Total (Lines 5 through 9)	1,178,770,026	60,829,192
11.	Net cash from operations (Line 4 minus Line 10)	(8,174,727)	54,566,792
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	27,553,189	7,000,000
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	2,933	
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	27,556,122	7,000,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	93,503,665	8,319,000
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications	41,462	
13.7	Total investments acquired (Lines 13.1 to 13.6)	93,545,127	8,319,000
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)	(65,989,005)	(1,319,000)
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	92,000,000	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)	2,817,960	(40,210,071)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	94,817,960	3,989,929
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)	20,654,228	57,237,721
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	66,737,947	9,500,226
19.2	End of year (Line 18 plus Line 19.1)	87,392,175	66,737,947

Note: 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	1,197,311,190							1,197,311,190		
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$.....0 medical expenses)										
4. Risk revenue										
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	
6. Aggregate write-ins for other non-health care related revenues										
7. TOTAL Revenues (Lines 1 to 6)	1,197,311,190							1,197,311,190		
8. Hospital/medical benefits	869,847,716							869,847,716		X X X
9. Other professional services	206,488,617							206,488,617		X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area	54,035,117							54,035,117		X X X
12. Prescription drugs										X X X
13. Aggregate write-ins for other hospital and medical	285							285		X X X
14. Incentive pool, withhold adjustments and bonus amounts										X X X
15. Subtotal (Lines 8 to 14)	1,130,371,735							1,130,371,735		X X X
16. Net reinsurance recoveries										X X X
17. TOTAL Hospital and Medical (Lines 15 minus 16)	1,130,371,735	X X X	X X X	X X X	X X X	X X X	X X X	1,130,371,735	X X X	X X X
18. Non-health claims (net)										
19. Claims adjustment expenses including \$.....25,017,971 cost containment expenses	85,775,902							84,366,050	1,409,852	
20. General administrative expenses	79,244,800							77,974,464	1,270,336	
21. Increase in reserves for accident and health contracts										
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
23. TOTAL Underwriting Deductions (Lines 17 to 22)	1,295,392,437							1,292,712,249	2,680,188	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(98,081,247)							(95,401,059)	(2,680,188)	
DETAILS OF WRITE-INS										
0501.										X X X
0502.										X X X
0503.										X X X
0598. Summary of remaining write-ins for Line 5 from overflow page										X X X
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										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
0602.		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
0698. Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X			X X X
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X			X X X
1301. Exigency Post-Settlement Activity	285							285		X X X
1302.										X X X
1303.										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	285							285		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	1,197,311,190			1,197,311,190
8. Other health				
9. Health subtotal (Lines 1 through 8)	1,197,311,190			1,197,311,190
10. Life				
11. Property/casualty				
12. TOTALS (Lines 9 to 11)	1,197,311,190			1,197,311,190

**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	1,048,627,306							1,048,627,306		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	1,048,627,306							1,048,627,306		
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	143,964,733							143,964,733		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	143,964,733							143,964,733		
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)	(495,907)							(495,907)		
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	62,220,304							62,220,304		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	62,220,304							62,220,304		
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	1,130,867,642							1,130,867,642		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded										
12.4 Net	1,130,867,642							1,130,867,642		
13. Incurred medical incentive pools and bonuses										

(a) Excludes \$.0000000000 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	10,108,767							10,108,767		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	10,108,767							10,108,767		
2. Incurred but Unreported:										
2.1 Direct	133,855,966							133,855,966		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	133,855,966							133,855,966		
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	143,964,733							143,964,733		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	143,964,733							143,964,733		

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	54,327,366	994,795,847	396,922	143,567,811		54,724,288	62,220,304
8. Other health							
9. Health subtotal (Lines 1 to 8)	54,327,366	994,795,847	396,922	143,567,811		54,724,288	62,220,304
10. Healthcare receivables (a)	105,704	390,203				105,704	
11. Other non-health							
12. Medical incentive pool and bonus amounts							
13. TOTALS (Lines 9 - 10 + 11 + 12)	54,221,662	994,405,644	396,922	143,567,811		54,618,584	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 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	287	206	(792)	(792)	295
2. 2005		44	44	44	44
3. 2006	X X X				
4. 2007	X X X	X X X			
5. 2008	X X X	X X X	X X X	13,900	68,122
6. 2009	X X X	X X X	X X X	X X X	994,406

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 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	287	206	(792)	(792)	295
2. 2005		44	44	44	44
3. 2006	X X X				
4. 2007	X X X	X X X			
5. 2008	X X X	X X X	X X X	76,121	68,519
6. 2009	X X X	X X X	X X X	X X X	1,137,974

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. 2005		44			44				44	
2. 2006										
3. 2007										
4. 2008	77,924	68,122	20,147	29.574	88,269	113.275	397	1,016	89,682	115.089
5. 2009	1,197,311	994,406	75,453	7.588	1,069,859	89.355	143,568	7,907	1,221,334	102.006

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 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005	XXX				
3. 2006	XXX	XXX			
4. 2007	XXX	XXX	XXX		
5. 2008	XXX	XXX	XXX	XXX	
6. 2009	XXX	XXX	XXX	XXX	XXX

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 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005	XXX				
3. 2006	XXX	XXX			
4. 2007	XXX	XXX	XXX		
5. 2008	XXX	XXX	XXX	XXX	
6. 2009	XXX	XXX	XXX	XXX	XXX

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 Expense 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. 2005										
2. 2006										
3. 2007										
4. 2008										
5. 2009										

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 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005	XXX				
3. 2006	XXX	XXX			
4. 2007	XXX	XXX	XXX		
5. 2008	XXX	XXX	XXX	XXX	
6. 2009	XXX	XXX	XXX	XXX	XXX

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 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005	XXX				
3. 2006	XXX	XXX			
4. 2007	XXX	XXX	XXX		
5. 2008	XXX	XXX	XXX	XXX	
6. 2009	XXX	XXX	XXX	XXX	XXX

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 Expense 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. 2005										
2. 2006										
3. 2007										
4. 2008										
5. 2009										

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 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior					
2.	2005					
3.	2006	X X X				
4.	2007	X X X	X X X			
5.	2008	X X X	X X X	X X X		
6.	2009	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 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior					
2.	2005					
3.	2006	X X X				
4.	2007	X X X	X X X			
5.	2008	X X X	X X X	X X X		
6.	2009	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 Expense 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. 2005										
2. 2006										
3. 2007										
4. 2008										
5. 2009										

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 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005	XXX				
3. 2006	XXX	XXX			
4. 2007	XXX	XXX	XXX		
5. 2008	XXX	XXX	XXX	XXX	
6. 2009	XXX	XXX	XXX	XXX	XXX

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 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005	XXX				
3. 2006	XXX	XXX			
4. 2007	XXX	XXX	XXX		
5. 2008	XXX	XXX	XXX	XXX	
6. 2009	XXX	XXX	XXX	XXX	XXX

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 Expense 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. 2005										
2. 2006										
3. 2007										
4. 2008										
5. 2009										

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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005	XXX				
3. 2006	XXX	XXX			
4. 2007	XXX	XXX	XXX		
5. 2008	XXX	XXX	XXX	XXX	
6. 2009	XXX	XXX	XXX	XXX	XXX

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 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005	XXX				
3. 2006	XXX	XXX			
4. 2007	XXX	XXX	XXX		
5. 2008	XXX	XXX	XXX	XXX	
6. 2009	XXX	XXX	XXX	XXX	XXX

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. 2005										
2. 2006										
3. 2007										
4. 2008										
5. 2009										

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 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior					
2.	2005					
3.	2006	X X X				
4.	2007	X X X	X X X			
5.	2008	X X X	X X X	X X X		
6.	2009	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 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior					
2.	2005					
3.	2006	X X X				
4.	2007	X X X	X X X			
5.	2008	X X X	X X X	X X X		
6.	2009	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	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. 2005										
2. 2006										
3. 2007										
4. 2008										
5. 2009										

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 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	287	206	(792)	(792)	295
2. 2005		44	44	44	44
3. 2006	X X X				
4. 2007	X X X	X X X			
5. 2008	X X X	X X X	X X X	13,900	68,122
6. 2009	X X X	X X X	X X X	X X X	994,406

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 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	287	206	(792)	(792)	295
2. 2005		44	44	44	44
3. 2006	X X X				
4. 2007	X X X	X X X			
5. 2008	X X X	X X X	X X X	76,121	68,519
6. 2009	X X X	X X X	X X X	X X X	1,137,974

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. 2005		44			44				44	
2. 2006										
3. 2007										
4. 2008	77,924	68,122	14,256	20.927	82,378	105.715	397	723	83,498	107.153
5. 2009	1,197,311	994,406	74,184	7.460	1,068,590	89.249	143,568	5,269	1,217,427	101.680

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 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	X X X				
4. 2007	X X X	X X X			
5. 2008	X X X	X X X	X X X		
6. 2009	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 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	X X X				
4. 2007	X X X	X X X			
5. 2008	X X X	X X X	X X X		
6. 2009	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. 2005										
2. 2006										
3. 2007										
4. 2008	5,891		5,891		5,891			293	6,184	
5. 2009	1,269		1,269		1,269			2,638	3,907	

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)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$#####) for investment income									
5. Aggregate write-ins for other policy reserves									
6. TOTALS (Gross)									
7. Reinsurance ceded									
8. TOTALS (Net) (Page 3, Line 4)									
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)									
NONE									
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 \$.....0 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)	1,315,284	3,194,262	1,753,713		6,263,259
2. Salaries, wages and other benefits	16,743,348	40,662,416	22,324,464		79,730,228
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)					
4. Legal fees and expenses	174,473	423,721	232,631		830,825
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	1,570,906	3,815,057	2,094,541		7,480,504
7. Traveling expenses	340,934	827,983	454,579		1,623,496
8. Marketing and advertising	189,416	460,011	252,555		901,982
9. Postage, express and telephone	795,272	1,931,374	1,060,362		3,787,008
10. Printing and office supplies	302,807	735,389	403,743		1,441,939
11. Occupancy, depreciation and amortization	64,427	156,466	85,903		306,796
12. Equipment	2,255,295	5,477,146	3,007,061		10,739,502
13. Cost or depreciation of EDP equipment and software	969,438	2,354,350	1,292,584		4,616,372
14. Outsourced services including EDP, claims, and other services	3,582,939	8,701,424	4,777,252		17,061,615
15. Boards, bureaus and association fees	350,534	851,297	467,379		1,669,210
16. Insurance, except on real estate	191,847	465,913	255,795		913,555
17. Collection and bank service charges	3	7	4		14
18. Group service and administration fees					
19. Reimbursements by uninsured plans	(4,851,768)	(11,782,865)	(23,570,680)		(40,205,313)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses	18,031	43,790	24,042		85,863
22. Real estate taxes	1,164	2,826	1,552		5,542
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes			62,989,158		62,989,158
23.3 Regulator authority licenses and fees	26,358	64,011	35,144		125,513
23.4 Payroll taxes	960,549	2,332,762	1,280,732		4,574,043
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere				127,372	127,372
25. Aggregate write-ins for expenses	16,714	40,591	22,286		79,591
26. TOTAL Expenses Incurred (Lines 1 to 25)	25,017,971	60,757,931	79,244,800	127,372	(a) 165,148,074
27. Less expenses unpaid December 31, current year		8,923,076	6,164,242		15,087,318
28. Add expenses unpaid December 31, prior year		8,798,831	4,497,863		13,296,694
29. Amounts receivable relating to uninsured plans, prior year			2,881,638		2,881,638
30. Amounts receivable relating to uninsured plans, current year			1,011,495		1,011,495
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	25,017,971	60,633,686	75,708,278	127,372	161,487,307
DETAILS OF WRITE-INS					
2501. Claims Adjustment Expense (change in accrual)	26,091	63,365	34,789		124,245
2502. Other Miscellaneous Expense	(9,377)	(22,774)	(12,503)		(44,654)
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	16,714	40,591	22,286		79,591

(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) 1,150,425	1,231,942
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 631,838	818,724
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) 549,579	507,076
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	2,331,842	2,557,742
11. Investment expenses		(g) 127,372
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)		127,372
17. Net Investment income (Line 10 minus Line 16)		2,430,370

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 \$ 21,397 accrual of discount less \$ (414,798) amortization of premium and less \$ 316,902 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 \$ (8,227) 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	(10,300)		(10,300)	(39,268)	
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	29,268		29,268		
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	2,933		2,933		
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	21,901		21,901	(39,268)	

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 held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. 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	1,562,551	4,043,067	2,480,516
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	521,655		(521,655)
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)	2,084,206	4,043,067	1,958,861
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	2,084,206	4,043,067	1,958,861
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

Source of Enrollment	Total Members at End of					Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	189,281	443,854	447,249	421,492	418,045	5,204,333
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	443,854	447,249	421,492	418,045	5,204,333
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						
0299998 Premium due and unpaid not individually listed						
0299999 Total group						
0399999 Premiums due and unpaid from Medicare entities						
0499999 Premiums due and unpaid from Medicaid entities	9,921,102	4,041,549	3,832,992	17,095,466		34,891,109
0599999 Accident and health premiums due and unpaid (Page 2, Line 13)	9,921,102	4,041,549	3,832,992	17,095,466		34,891,109

EXHIBIT 3 - HEALTH CARE RECEIVABLES

1	2	3	4	5	6	7
Name of Debtor	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Admitted
0199998 Pharmaceutical Rebate Receivables - Not Individually Listed						
0199999 Subtotal - Pharmaceutical Rebate Receivables						
0299998 Claim Overpayment Receivables - Not Individually Listed	85,901	97,143	18,303	294,560	294,560	201,347
0299999 Subtotal - Claim Overpayment Receivables	85,901	97,143	18,303	294,560	294,560	201,347
Loans and Advances to Providers						
Volunteer Behavioral Health	350,000	52,280				402,280
0399998 Loans and Advances to Providers - Not Individually Listed	21,519		30,744	227,095	227,095	52,263
0399999 Subtotal - Loans and Advances to Providers	371,519	52,280	30,744	227,095	227,095	454,543
0499998 Capitation Arrangement Receivables - Not Individually Listed						
0499999 Subtotal - Capitation Arrangement Receivables						
0599998 Risk Sharing Receivables - Not Individually Listed						
0599999 Subtotal - Risk Sharing Receivables						
0699998 Other Receivables - Not Individually Listed						
0699999 Subtotal - Other Receivables						
0799999 Gross health care receivables	457,420	149,423	49,047	521,655	521,655	655,890

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

Aging Analysis of Unpaid Claims

Account	1	2	3	4	5	6	7
	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Over 120 Days	Total	
0299999 Aggregate Accounts Not Individually Listed - Uncovered							
0399999 Aggregate Accounts Not Individually Listed - Covered	9,805,504	283,045	20,218			10,108,767	
0499999 Subtotals	9,805,504	283,045	20,218			10,108,767	
0599999 Unreported claims and other claim reserves							133,855,966
0699999 Total Amounts Withheld							
0799999 Total Claims Unpaid							143,964,733
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	Non-Current	
Individually listed receivables								
BCBST - Capital Contribution (\$60M) offset by Administrative Services, ITS claims and Miscellaneous	48,983,035						48,983,035	
0199999 Total - Individually listed receivables	48,983,035						48,983,035	
0299999 Receivables not individually listed								
0399999 Total gross amounts receivable	48,983,035						48,983,035	

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	4,406,247	0.420				4,406,247
2. Intermediaries	26,142,059	2.493				26,142,059
3. All other providers	11,575,679	1.104				11,575,679
4. TOTAL Capitation Payments	42,123,985	4.017				42,123,985
Other Payments:						
5. Fee-for-service			X X X	X X X		
6. Contractual fee payments	1,006,503,321	95.983	X X X	X X X		1,006,503,321
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	1,006,503,321	95.983	X X X	X X X		1,006,503,321
13. TOTAL (Line 4 plus Line 12)	1,048,627,306	100.000	X X X	X X X		1,048,627,306

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
9999999	SouthEas Transportation	26,142,059	2,178,504		
		26,142,059	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

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Volunteer State Health Plan, Inc. (VSHP or 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 and for determining its solvency under the Tennessee Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual (NAIC SAP), version effective January 1, 2009, had been adopted as a component of prescribed or permitted practices by the State of Tennessee. Prescribed accounting practices are those practices which are incorporated directly or by reference to state laws, regulations and general administrative rules applicable to all insurance enterprises domiciled in a particular state. Permitted accounting practices include deviations from NAIC Statutory Accounting Principles (SAP) specifically requested by an insurer and granted by the Commissioner of Insurance. These statements have no deviations from NAIC SAP other than as described in the following paragraph.

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.

At the request of the TDCI, TennCare Division, VSHP does not report the Administrative Service Only (ASO) 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.

Pursuant to Tennessee Code Annotated (TCA) §56-32-112 (a)(5)(D), VSHP may admit the most current 90 days of Health Care Receivables. The TDCI, TennCare Division, accepts VSHP's reporting of admitted net deferred tax asset.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Tennessee is shown below:

	<u>2009</u>	<u>2008</u>
(1) Net Loss Tennessee statutory basis	\$ (64,415,657)	\$ (61,776,488)
(2) Tennessee Prescribed Practices:	<u>0</u>	<u>0</u>
(3) Net Loss, NAIC SAP	<u>\$ (64,415,657)</u>	<u>\$ (61,776,488)</u>
(4) Statutory Surplus, State of Tennessee	86,912,408	26,856,301
(5) Tennessee Prescribed Practices (Surplus):		
Admission of Health Care Receivables > 90 Days	<u>(201,347)</u>	<u>0</u>
(6) Statutory Surplus, NAIC SAP	<u>\$ 86,711,061</u>	<u>\$ 26,856,301</u>

As a prescribed practice for NAIC filings, TDCI requests that VSHP report gross transactions on Schedule Y, effective with the annual 2009 filing.

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

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

C. Accounting Policy

Health premiums are recognized at contractual rates and are earned during the month member coverage is provided. Expenses are charged to operations as they are incurred.

In accordance with TCA §56-11-106(b), the maximum amount of dividends which can be paid by State of Tennessee insurance companies to shareholders without prior approval of the Insurance Commissioner is subject to restrictions relating to the greater of ten percent (10%) of net worth of the preceding December 31 or the net gain from operations for the preceding year. The Company may currently pay dividends of \$2,685,630 to BlueCross BlueShield of Tennessee, Inc. (the Parent) based on the 2008 net worth. Any material dividend distributions require approval by the TDCI. No dividends were paid to the Parent during 2008 or 2009.

Notes to Financial Statements

The Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the scientific amortization method.
- (3) The Company does not hold common stock.
- (4) The Company does not hold preferred stock.
- (5) The Company does not hold mortgage loans.
- (6) The Company does not hold loan-backed securities.
- (7) The Company does not hold investments in subsidiaries, controlled or affiliated companies.
- (8) The Company does not hold investments in joint ventures, partnerships or limited liability companies.
- (9) The Company does not carry derivatives.
- (10) The Company uses anticipated investment income as a factor in the premium deficiency calculation in accordance with SSAP No. 54, *Individual and Group Accident Health Contracts*.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates. While management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company does not have a capitalization policy because fixed assets are held by the Parent.
- (13) The Company does not have a receivable for pharmaceutical rebates.

2. Accounting Changes and Corrections of Errors

- A. At December 31, 2008, the Company reported a \$42,663,267 premium deficiency reserve for the East and West risk contracts. Using guidance provided by TDCI, TennCare Division, in an April 2009 letter, the Company changed its reserving methodology to include the full contract period. This change in reserving methodology eliminated the need for the reserve as of December 31, 2008. The change in the premium deficiency reserve as of December 31, 2008 was recorded directly to surplus in June 2009 and is shown on the Statement of Revenue and Expenses, line 35, Change in valuation basis of aggregate policy and claim reserves. The Company had no premium deficiency reserve at December 31, 2009.
- B. The Company reclassified \$315,000 from prepaid expenses to health care receivables in the prior year column on the March 31, 2009 filing.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

No business combinations taking the form of a statutory purchase have occurred.

B. Statutory Merger

No business combinations taking the form of a statutory merger have occurred.

C. Assumption Reinsurance

The Company had no goodwill resulting from assumption reinsurance.

D. Impairment Loss

The Company did not record an impairment loss relating to the above transaction types.

4. Discontinued Operations

Members under the Stabilization Plan, an ASO arrangement beginning July 1, 2002 through December 31, 2008 were transitioned to an at-risk contract effective January 1, 2009.

Notes to Financial Statements

5. Investments

A. Mortgage Loans

The Company had no mortgage loans in 2009.

B. Debt Restructuring

The Company had no debt restructuring in 2009.

C. Reverse Mortgages

The Company had no reverse mortgages in 2009.

D. Loan-Backed Securities

- (1) Loan-backed securities are stated at amortized cost net of principal pay downs using the prospective adjustment method.
- (2) Prepayment assumptions were obtained from the bond portfolio managers and our Custodian and are consistent with current market and economic conditions. Market values are obtained from the Custodian who uses actual market quotes if available or matrix pricing of securities with similar terms.
- (3) The Company made no changes from the retrospective to prospective methodology in 2009.
- (4) There were no loan-backed securities for which an other-than-temporary impairment has been recognized in the year ending December 31, 2009.
- (5) There were no loan-backed securities for which an other-than-temporary impairment has been recognized in the year ending December 31, 2009 for which the present value of cash flows expected to be collected is less than the amortized cost basis.
- (6) To date, the Company has not deemed any of its loan-backed securities to be subject to other-than-temporary declines in value.

Below are a.) the aggregate amount of unrealized loss and b.) the aggregate related fair value of all loan-backed securities where fair value was less than amortized cost at December 31, 2009 for which an other-than-temporary impairment has not been recognized in earnings as a realized loss segregated by those securities that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer using fair values determined in accordance with SSAP No. 27:

	At a Loss < 12 Months	At a Loss > 12 Months	Total
Amortized Cost	\$ 3,221,780	\$ 0	\$ 3,221,780
Fair Value	3,216,230	0	3,216,230
Unrealized Loss	\$ 5,550	\$ 0	\$ 5,550

- (7) In accordance with accounting guidance, the Company uses a variety of methods and procedures, both quantitative and qualitative, on a quarterly basis, to review and analyze the securities to identify those securities that management believes to be other-than-temporarily impaired.

E. Repurchase Agreements

The Company uses repurchase agreements with Regions (bank) as a checking account sweep investment. These are 100% collateralized with U.S. government agency securities of which the bank has possession. These are overnight investments that are repurchased the following business day.

F. Real Estate

The Company had no real estate in 2009.

G. Low-income Housing Tax Credits

The Company had no low-income housing tax credits in 2009.

6. Joint Ventures, Partnerships or Limited Liability Companies

The Company had no investments in joint ventures, partnerships or limited liability companies.

Notes to Financial Statements

7. Investment Income

- A. No investment income due and accrued was excluded from surplus.
- B. The total amount excluded was \$0.

8. Derivative Instruments

The Company had no derivative instruments.

9. Income Taxes

The application of SSAP No. 10R requires a company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance if necessary to reduce the deferred tax asset to an amount which is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the company considers many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) the timing of their reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry forwards; (5) the length of time that carryovers can be utilized; (6) unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Company would employ to avoid a tax benefit from expiring unused. The Company has not recorded a valuation allowance as of December 31, 2009.

- A. The components of the net deferred tax asset recognized in the Company's Assets, Liabilities, Surplus, and Other Funds as of December 31, 2009 are:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
(1) Total of gross deferred tax assets (admitted and nonadmitted)	\$ 5,001,547	\$ 0	\$ 5,001,547
(2) Statutory valuation allowance	<u>0</u>	<u>0</u>	<u>0</u>
(3) Adjusted gross DTA (admitted and nonadmitted)	5,001,547	0	5,001,547
(4) Total of deferred tax liabilities	<u>0</u>	<u>0</u>	<u>0</u>
(5) Net DTA before admissibility test	<u>\$ 5,001,547</u>	<u>\$ 0</u>	<u>\$ 5,001,547</u>

The amount of admitted adjusted gross deferred tax assets under each component of SSAP 10R as of December 31, 2009 is:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
(6) Federal Income Taxes recoverable through loss carryback	\$ 0	\$ 0	\$ 0
(7) Adjusted Gross DTA expected to be realized in one year	3,438,996	0	3,438,996
(8) 10% adjusted statutory capital and surplus limit	4,573,111	0	4,573,111
(9) Admitted lesser of (7) or (8)	3,438,996	0	3,438,996
(10) Admitted to the extent of DTL	0	0	0
(11) Admitted pursuant to TDCI acceptance	<u>0</u>	<u>0</u>	<u>0</u>
(12) Total Admitted DTA	3,438,996	0	3,438,996
(13) Total DTL	<u>0</u>	<u>0</u>	<u>0</u>
(14) Net admitted DTA	<u>\$ 3,438,996</u>	<u>\$ 0</u>	<u>\$ 3,438,996</u>
(15) Nonadmitted DTA	<u>\$ 1,562,551</u>	<u>\$ 0</u>	<u>\$ 1,562,551</u>

The components of the net deferred tax asset recognized in the Company's Assets, Liabilities, Surplus, and Other Funds as of December 31, 2008 are:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
(1) Total of gross deferred tax assets (admitted and nonadmitted)	\$ 17,112,641	\$ 0	\$ 17,112,641
(2) Statutory valuation allowance	<u>0</u>	<u>0</u>	<u>0</u>
(3) Adjusted gross DTA (admitted and nonadmitted)	17,112,641	0	17,112,641
(4) Total of deferred tax liabilities	<u>0</u>	<u>0</u>	<u>0</u>
(5) Net DTA before admissibility test	<u>\$ 17,112,641</u>	<u>\$ 0</u>	<u>\$ 17,112,641</u>

Notes to Financial Statements

The amount of admitted adjusted gross deferred tax assets under each component of SSAP 10R as of December 31, 2008 is:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
(6) Federal Income Taxes recoverable through loss carryback	\$ 0	\$ 0	\$ 0
(7) Adjusted Gross DTA expected to be realized in one year	13,069,574	0	13,069,574
(8) 10% adjusted statutory capital and surplus limit	2,295,583	0	13,06,583
(9) Admitted lesser of (7) or (8)	2,295,583	0	2,295,583
(10) Admitted to the extent of DTL	0	0	0
(11) Admitted pursuant to TDCI acceptance	<u>10,773,991</u>	<u>0</u>	<u>10,773,991</u>
(12) Total Admitted DTA	13,069,574	0	13,069,574
(13) Total DTL	<u>0</u>	<u>0</u>	<u>0</u>
(14) Net admitted DTA	<u>\$ 13,069,574</u>	<u>\$ 0</u>	<u>\$ 13,069,574</u>
(15) Nonadmitted DTA	<u>\$ 4,043,067</u>	<u>\$ 0</u>	<u>\$ 4,043,067</u>

The changes during 2009 in the components of the net deferred tax asset recognized in the Company's Assets, Liabilities, Surplus, and Other Funds are:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
(1) Total of gross deferred tax assets (admitted and nonadmitted)	\$ (12,111,094)	\$ 0	\$ (12,111,094)
(2) Statutory valuation allowance	0	0	0
(3) Adjusted gross DTA (admitted and nonadmitted)	<u>(12,111,094)</u>	<u>0</u>	<u>(12,111,094)</u>
(4) Total of deferred tax liabilities	0	0	0
(5) Net DTA before admissibility test	<u>\$ (12,111,094)</u>	<u>\$ 0</u>	<u>\$ (12,111,094)</u>

The changes during 2009 in the amount of admitted adjusted gross deferred tax assets under each component of SSAP 10R are:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
(6) Federal Income Taxes recoverable through loss carryback	\$ 0	\$ 0	\$ 0
(7) Adjusted Gross DTA expected to be realized in one year	(9,630,578)	0	(9,630,578)
(8) 10% adjusted statutory capital and surplus limit	2,277,528	0	2,277,528
(9) Admitted lesser of (7) or (8)	1,143,413	0	1,143,413
(10) Admitted to the extent of DTL	0	0	0
(11) Admitted pursuant to TDCI acceptance	<u>(10,773,991)</u>	<u>0</u>	<u>10,773,991</u>
(12) Total Admitted DTA	(9,630,578)	0	(9,630,578)
(13) Total DTL	<u>0</u>	<u>0</u>	<u>0</u>
(14) Net admitted DTA	<u>\$ (9,630,578)</u>	<u>\$ 0</u>	<u>\$ (9,630,578)</u>
(15) Nonadmitted DTA	<u>\$ (2,480,516)</u>	<u>\$ 0</u>	<u>\$ (2,480,516)</u>

In 2009, the Company did not elect to admit the increased amount of deferred tax assets under SSAP No. 10R. Such election was not available in 2008.

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, 2009 and December 31, 2008 are:

	<u>2009</u>	<u>2008</u>
Federal	\$ (31,213,318)	\$ (7,328,071)
Foreign	<u>0</u>	<u>0</u>
	(31,213,318)	(7,328,071)
Federal income tax on capital gains	0	0
Utilization of capital loss carry-forwards	0	0
Federal and foreign income taxes incurred	<u>\$ (31,213,318)</u>	<u>\$ (7,328,071)</u>

Notes to Financial Statements

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, 2009</u>	<u>December 31, 2008</u>
Deferred tax assets:		
Discounting of outstanding claims liability	\$ 3,372,280	\$ 1,637,431
Compensation and benefits	929,895	0
Receivables	521,278	257,281
Contingency	178,094	285,786
Premium deficiency reserve	0	14,932,143
Total deferred tax assets	<u>5,001,547</u>	<u>17,112,641</u>
Nonadmitted deferred tax assets	<u>(1,562,551)</u>	<u>(4,043,067)</u>
Admitted deferred tax assets	3,438,996	13,069,574
Deferred tax liabilities:		
Bond discount accruals	0	0
Total deferred tax liabilities	<u>0</u>	<u>0</u>
Net admitted deferred tax asset	<u>\$ 3,438,996</u>	<u>\$ 13,069,574</u>

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

	<u>December 31, 2009</u>	<u>December 31, 2008</u>	<u>Change</u>
Total deferred tax assets (admitted and non-admitted)	\$ 5,001,547	\$ 17,112,641	\$ (12,111,094)
Total deferred tax liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Net deferred tax assets (deferred assets less liabilities)	<u>\$ 5,001,547</u>	<u>\$ 17,112,641</u>	(12,111,094)
Tax effect of non-admitted assets			14,367,917
Change in net deferred income tax			<u>\$ 2,256,823</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, 2009</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$ (33,470,142)	(35.0)%
Federal and foreign income taxes incurred	\$ (31,213,319)	(32.6)%
Change in net deferred income taxes	<u>(2,256,823)</u>	<u>(2.4)</u>
Total statutory income taxes without effects of deferred tax assets & liabilities	<u>\$ (33,470,142)</u>	<u>(35.0)%</u>

- E. The Company had neither net capital loss carry-forwards nor net operating loss carry-forwards.

- F. (1) The Company's federal income tax return is consolidated with the following entities:

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

- (2) The method of tax allocation among the members of the affiliated group is subject to a written agreement, approved by the Board of Directors. Allocation is based on 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).

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 mitigates the rising cost of health care by encouraging the formation of healthy lifestyle behaviors and providing case management for existing illnesses. Riverbend performed 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. RiverTrust is a Qualified Independent Contractor able to bid on Medicare appeals workloads. 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 able to bid on Medicare appeals workloads.

Notes to Financial Statements

BCBST transferred \$19,509,710 in 2009 and \$18,082,749 in 2008 to BeneVive as additional capital contributions. These additional capital contributions were passed through to the following entities in the following amounts:

	Twelve Months December 31, 2009	Twelve Months December 31, 2008
Gordian	\$ 8,802,098	\$ 8,705,749
Riverbend	4,657,612	2,500,000
RiverTrust	0	2,100,000
Shared Health	6,050,000	4,450,000
BeneVive	0	327,000
Total	<u>\$ 19,509,710</u>	<u>\$ 18,082,749</u>

SDBS owns 100% of the following 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. GIS is an insurance broker. BCBST participates in the TennCare program through its Managed Care Organization (MCO), VSHP, which is contracted by the State of Tennessee to provide services for TennCare members. BCBST transferred \$72,000,000 in 2009 and \$4,200,000 in 2008 to SDBS as additional capital contributions. These additional contributions were passed through SDBS to VSHP. The Company also recorded an intercompany payable for an additional \$60,000,000 capital contribution to VSHP which will be transferred in the first quarter of 2010 (see Note 21).

TriServ was a limited liability company formed in 2007 by BCBST and six other non-investor owned BlueCross and BlueShield plans in the southern United States. TriServ's primary purpose was 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 \$8,468,000 and \$2,400,000 to TriServ in 2009 and 2008, respectively. The contract with TRICARE was awarded to a competitor, and consequently, by the end of 2009 the investors dissolved TriServ. The Company received a liquidating distribution from the dissolution amounting to \$3,352,815.

TZ Holdings, LP (TZ) is a limited partnership formed in 2008 by BCBST, 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) as well as a small group of individuals and entities. BCBST is not affiliated with the other owners. Apax is the majority owner of TZ, and BCBST is a minority owner. BCBST has representation on the Board of Directors of the General Partner. TZ is the parent company of The TriZetto Group, Inc. (TriZetto), a provider of 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. TriZetto's payer-focused information technology offerings include enterprise and component software, hosting and business process outsourcing services and consulting. BCBST transferred \$115,000,000 to TZ in 2008 in exchange for its minority interest. Due to the non-controlled nature of the joint venture interest, the Company disclaimed affiliation and has notified TDCI to reclassify the investment in TZ out of the Subsidiary, Controlled and Affiliate category and remove it from Schedule Y as of December 31, 2009.

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. BCBST transferred \$12,500,434 in cash and transferred investments with a fair value of \$4,999,566 to THF as a charitable contribution during the year ending December 31, 2009.

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

- B. The Company has administrative services agreements with BCBST for which BCBST provides administrative services and is reimbursed, and for which the Company provides administrative services to BCBST and is reimbursed. A tax sharing agreement also exists. Intercompany balances between the Company and the Parent are settled on a monthly basis. BCBST has agreed to fund the Company to maintain a 200% Risk-Based Capital reserve level.
- C. The Company paid BCBST for services performed under the administrative services and tax sharing agreements \$48,001,307 and \$43,837,831 in 2009 and 2008, respectively. Payments are net of reimbursements to the Parent for Cover Tennessee, MedAdvantage and other operations. The Company provides support services to the Parent for the State's Cover Tennessee programs, which are a separate non-Medicaid line of products enacted and implemented by the State and consist of both at-risk and ASO products. The Parent is the direct contractor for the Cover Tennessee programs (CoverKids, CoverTN, and AccessTN). The Parent subcontracts with the Company to provide certain services under the contracts. These services include, but are not limited to, claims processing, customer service, contract administration, medical management and membership services. The Company's subcontracting responsibilities are documented through a series of Administrative Service Agreements for each of the aforementioned Cover Tennessee products and are on file with the Tennessee Department of Commerce and Insurance. The cost of

Notes to Financial Statements

services performed by the Company under the Administrative Service Agreements is fully reimbursed by the Parent. The Company also provides support services to its Parent for MedAdvantage operations and other including, but not limited to, medical director review of appeals and denials. The cost of services performed by the Company is fully reimbursed by the Parent.

- D. The Company reported \$48,983,035 and \$32,837,848 as due from BCBST as of December 31, 2009 and 2008, respectively.
- E. The Company had no guarantees or undertakings, written or otherwise, for the benefit of an affiliate or related party that resulted in a material contingent exposure of the Company's or any related party's assets or liabilities.
- F. BCBST is the contractor for CoverKids, a state-sponsored program pursuant to Tennessee Code Annotated § 71-3-1101 et seq.; Cover TN, a state-sponsored program pursuant to T.C.A. § 56-7-3001 et seq.; and AccessTN, a state-sponsored program pursuant to T.C.A. § 56-7-2901 et seq. These state-sponsored programs are each administered by separate contract whereby BCBST is the selected Contractor. BCBST subcontracts with the Company, to provide certain services required under the Cover Tennessee contracts, including but not limited to claims processing, customer service, contract administration, medical management and membership services. The provision of services, and expenses related thereto, is documented in the form of inter-company administrative services agreements between BCBST and the Company.

On April 18, 2008, the Tennessee Department of Finance and Administration (F&A) approved the Company to act as a subcontractor under the Cover Tennessee contracts pursuant to the inter-company administrative services agreements. The risk for the Cover Tennessee contracts is retained by BCBST and the financial balances related to the Cover Tennessee contracts are recorded on the financial statements of BCBST. The Company is compensated for costs incurred under the administrative services agreements through inter-company payables and receivables, which are cleared monthly.

- G. All outstanding shares of the Company are owned by SDBS, an insurance holding company domiciled in the State of Tennessee.
- H. The Company deducted no amounts from the value of an upstream intermediate entity.
- I. The Company had no investment in a SCA entity that exceeds 10% of admitted assets.
- J. The Company had no investment in an impaired SCA entity.
- K. The Company had no investments in foreign insurance subsidiaries.
- L. The Company is not using the 'look-through' approach to admit any investment in an SCA entity, joint venture, partnership or limited liability company.

11. Debt

The Company had no debt.

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

BCBST has frozen the non-contributory pension plan covering many of its subsidiary employees, including VSHP. All disclosures of retirement plans are included in BCBST's statement.

A. Defined Benefit Plan

All disclosures of retirement plans are included in BCBST's statement.

B. Defined Contribution Plan

All disclosures of retirement plans are included in BCBST's statement.

C. Multiemployer Plans

The Company does not participate in pension programs sponsored by other holding companies.

D. Consolidated/Holding Company Plans

The Company participates in BCBST's defined benefit plans and defined contribution plans.

E. Postemployment Benefits and Compensated Absences

All disclosures of retirement plans are included in BCBST's statement.

F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 01-17)

All disclosures of retirement plans are included in BCBST's statement.

Notes to Financial Statements

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

- (1) The Company has 1,000 shares authorized, 1,000 shares issued and outstanding of common stock. Par or stated value is \$.01 per share.
- (2) The Company had no preferred stock outstanding.
- (3) In accordance with TCA §56-11-106(b) the maximum amount of dividends which can be paid by State of Tennessee insurance companies to shareholders without prior approval of the Insurance Commissioner is subject to restrictions relating to the greater of ten percent (10%) of net worth of the preceding December 31 or the net gain from operations for the preceding year. The Company may currently pay dividends of \$2,685,630 to BCBST based on its 2008 net worth.
- (4) No dividends were paid by the Company in 2009 or 2008.
- (5) Within the limitations of (3) above, there are no other restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (6) The Company's statutory deposit, required by the State of Tennessee, was \$25,326,692 at December 31, 2009.
- (7) The Company had no advances to surplus not repaid.
- (8) The Company had no stock, including stock of affiliated companies, held for special purposes.
- (9) The Company had no special surplus funds.
- (10) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

a. unrealized gains and losses:	\$ (39,268)
b. nonadmitted asset values:	\$ 2,084,206
c. separate account business	No change
d. asset valuation	No change
e. provision for reinsurance:	No change
- (11) The Company issued no surplus debentures or similar obligations.
- (12) No quasi reorganizations have occurred.
- (13) No quasi reorganizations have occurred in the past ten years.

14. Contingencies

A. Contingent commitments

In the first quarter of 2008, BCBST raised \$200,000,000 in order to help finance the construction of its new headquarters in Chattanooga. The Industrial Development Board of the City of Chattanooga issued \$200,000,000 of taxable variable rate demand revenue bonds on March 14, 2008 and made these funds available to BCBST pursuant to a lease agreement between the issuer and BCBST. The payment of principal and interest on the bonds is secured by an irrevocable, direct-pay letter of credit issued by Bank of America, NA ("BOA"). The bonds bear interest at a weekly variable rate established by the Remarketing Agent (BOA). Interest is payable monthly in arrears. The bonds are subject to optional redemption. There are no mandatory sinking fund redemptions prior to maturity. However, the bonds are subject to mandatory redemption upon certain events as described in the Official Statement. The letter of credit will expire on March 14, 2013, unless extended as provided in the Reimbursement Agreement. Under the Reimbursement Agreement, the Company made certain covenants to the Letter of Credit Bank customary for transactions of this type. Under the Reimbursement Agreement, the Company is considered a "material subsidiary" if the Company's revenues exceed 7.5% of consolidated revenue for BCBST and its subsidiaries. Should the Company become a "material subsidiary" under the Reimbursement Agreement, BOA may require the Company to guarantee the BCBST financing, subject to prior approval of the Tennessee Department of Insurance. As of 2009, the Company was a "material subsidiary", as defined in the Reimbursement Agreement, and the Company was finalizing a guaranty with BOA, with input from the TDCI, TennCare Division. The Company has executed the guaranty in first quarter 2010 and is waiting on final execution by BOA.

B. Assessments

The Company receives periodic liquidated damage assessments from the State of Tennessee, primarily related to operational performance targets.

C. The Company had no gain contingencies not recognized in the Company's financial statements.

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

Notes to Financial Statements

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

- E. The Company had no other contingencies to be reported as required by SSAP No. 5.
15. Leases
- A. The Company had no lessee leasing arrangements.
- B. Leasing is not a part of the Company's business activities.
16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations Of Credit Risk
- (1) The Company had no financial instruments with off-balance sheet risk.
- (2) The Company does not use swaps, futures or options.
- (3) The Company had no financial instruments with off-balance sheet risk, and no counterparty exposure.
- (4) The Company had no financial instruments subject to credit risk and therefore is not required to post collateral.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
- A. The Company had no transfers of receivables reported as sales.
- B. The Company had no transfers and servicing of financial assets and extinguishment of liabilities.
- C. The Company had no wash sales.
18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans
- A. ASO Plans
- TennCare Select, effective July 1, 2001, and the Stabilization Plan, effective July 1, 2002, are ASO arrangements with the State. Cash and invested assets related to TennCare Select and the Stabilization Plan are reported in their appropriate categories on the balance sheet. Other assets related to TennCare Select and the Stabilization Plan are netted on p. Q2, line 15 in the category labeled "Amounts receivable relating to uninsured plans". Assets deemed to have no economic benefit to the Company, 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 Q3, 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. Pay for performance bonus	\$ 1,068,600
b. Third party liability recovery expenses	864,870
c. Liquidated damages	(3,903)
d. Miscellaneous	(129,820)
e. Unbilled expenses (timing differences)	(788,252)
Total Amounts Receivable Relating to Uninsured Plans	\$ 1,011,495

The Company has an Emergency Room Diversion Grant (ERDG) contract with the Department of Finance and Administration. Under this contract, the Company is full reimbursed for costs related to the administration of the grant.

Notes to Financial Statements

The loss from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans were as follows during 2009:

	(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	\$ (2,294,359)	0	\$ (2,294,359)
b. Total net other income or expenses (including interest paid to or received from plans)	(325)	0	(325)
c. Net loss from operations	<u>\$ (2,294,684)</u>	<u>0</u>	<u>\$ (2,294,684)</u>
d. Total Claims Payment Volume	\$ 431,380,948	0	\$ 431,380,948

B. The Company had no ASC plans.

C. The Company had no Medicare or other similarly structured cost based reimbursement contract.

19. The Company had no premium written/produced by managing general agents or third party administrators.

20. Other Items

A. No extraordinary events occurred.

B. No troubled debt restructuring occurred.

C. Other Disclosures

1) Assets in the amount of \$25,761,014 at December 31, 2009, were on deposit with government authorities or trustees. This amount exceeds the deposit amount required by the State of Tennessee of \$25,326,692.

2) The Company elected to use rounding in reporting amounts in the statement.

D. The Company does not anticipate any uncollectible premium balances.

E. The Company had no business interruption insurance recoveries.

F. The Company had no state transferable tax credits.

G. The Company had no subprime mortgage related risk exposure.

21. Events Subsequent

Type I – Recognized Subsequent Events:

At December 31, 2009, BCBST accrued an intercompany payable to VSHP in the amount of \$60,000,000. This amount represents a capital contribution from BCBST in order for VSHP to maintain a 200 percent risk-based capital level. Funds of \$58,000,000 were transferred to VSHP, through its parent holding company SDBS, prior to the March 1, 2010 annual statement filing due date. The remaining \$2,000,000 will be transferred to VSHP in March 2010.

Type II – Non-recognized Subsequent Events:

Subsequent events have been considered through February 26, 2010 for the statutory statement issued on March 1, 2010. The Company has no required disclosures of Type II events (SSAP 9).

22. Reinsurance

A. The Company had no ceded reinsurance report.

B. The Company had not written off reinsurance balances.

C. The Company had no amounts reported in its operations as a result of commutation of reinsurance with other companies.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

There were no net premiums written by the Company through December 31, 2009 that are subject to retrospective rating features.

Notes to Financial Statements

24. Change in Incurred Claims and Claim Adjustment Expenses

As of December 31, 2008, reserves for unpaid insured claims amounted to \$62,220,304. Through December 31, 2009, \$54,221,662 has been paid for expenses attributable to insured events of prior years. The re-estimation of reserves for unpaid insured claims and claim adjustment expenses for 2008 and prior based on the latest information known regarding individual claims, as well as the ongoing analysis of recent loss development trends resulted in a favorable prior-year development of \$7,601,720. The reserve remaining for prior year amounts to \$396,922 as of December 31, 2009.

25. The Company had no intercompany pooling arrangements under which the pool participants cede substantially all of their direct and assumed business to a pool.

26. Structured settlements are not applicable to health entities.

27. Health Care Receivables

A. The Company had no pharmaceutical rebate receivables.

B. The Company does not have any risk sharing receivables where the receivable and payable balances with a single provider are netted.

28. Participating Policies

The Company had no participating policies where the Company pays policy holders dividends.

29. Premium Deficiency Reserve

As of December 31, 2009 the Company had no premium deficiency reserve. At December 31, 2008, the Company reported a \$42,663,267 premium deficiency reserve for the East and West risk contracts. Using guidance provided by TDCI, TennCare Division, in an April 2009 letter, the Company changed its reserving methodology to include the full contract period. This change in reserving methodology eliminated the need for the reserve as of December 31, 2008. The change in the premium deficiency reserve as of December 31, 2008 was recorded directly to surplus in June 2009 and is shown on the Statement of Revenue and Expenses, line 35, Change in valuation basis of aggregate policy and claim reserves.

30. Anticipated Salvage and Subrogation

The Company had no anticipated salvage and subrogation.

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. 12/31/2008
- 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. Yes[] No[X]

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
- 11.13 Total book/adjusted carrying value \$ 0
- 11.2 If yes, provide explanation 0

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? Yes[] No[] N/A[X]
- 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). Yes[] No[X]
- 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: \$ 48,983,035

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:
Regions Morgan Keegan Trust, 1100 Ridgeway Loop, Suite 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[X] No[]
- 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 \$ 25,761,014
 - 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	93,191,585	93,948,869	757,284
28.2 Preferred stocks .....	.....	.....	.....
28.3 Totals	93,191,585	93,948,869	757,284

28.4 Describe the sources or 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 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes[X] No[]

29.2 If yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes[X] No[] N/A[]

29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

30.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[]

30.2 If no, list exceptions:

GENERAL INTERROGATORIES (Continued)

OTHER

- 31.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 1,669,210
- 31.2 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
BCBST - allocated Trade, Service and Rating	1,669,210

- 32.1 Amount of payments for legal expenses, if any? \$..... 830,825
- 32.2 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
BCBST - allocated Legal	830,825

- 33.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$..... 0
- 33.2 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
- 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	1,197,311,190	77,924,108
2.2 Premium Denominator	1,197,311,190	77,924,108
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4 Reserve Numerator	143,964,733	62,220,304
2.5 Reserve Denominator	143,964,733	62,220,304
2.6 Reserve Ratio (2.4 / 2.5)	1.000	1.000

- 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
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes No
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes No
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes No
- 5.2 If no, explain:
The Company, with guaranty from Paren to maintain 200% RBC level, 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 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 18,704
- 8.2 Number of providers at end of reporting year 19,619
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes No
- 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 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
- 11.13 An Individual Practice Association (IPA), or, Yes No
- 11.14 A Mixed Model (combination of above)? Yes No
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes 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 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

- 13.1 Do you act as a custodian for health savings accounts?
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date:
- 13.3 Do you act as an administrator for health savings accounts?
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date:

Yes [] No [X] 0
 \$ 0
 Yes [] No [X] 0
 \$ 0

FIVE-YEAR HISTORICAL DATA

	1 2009	2 2008	3 2007	4 2006	5 2005
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 26)	270,182,565	151,642,822	43,669,782	46,712,157	41,099,031
2. TOTAL Liabilities (Page 3, Line 22)	183,270,157	124,786,521	12,306,565	15,954,047	10,678,255
3. Statutory surplus	25,326,692	25,326,692	25,703,132	27,775,339	26,903,259
4. TOTAL Capital and Surplus (Page 3, Line 31)	86,912,408	26,856,301	31,363,217	30,758,110	30,420,776
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	1,197,311,190	77,924,108	8,414,304	6,447,672	(185,017)
6. TOTAL Medical and Hospital Expenses (Line 18)	1,130,371,735	76,120,732	(998,392)	(435,916)	287,047
7. Claims adjustment expenses (Line 20)	85,775,902	18,622,849	772,985	727,156	695,148
8. TOTAL Administrative Expenses (Line 21)	79,244,800	11,153,144	1,086,872	1,003,582	949,354
9. Net underwriting gain (loss) (Line 24)	(98,081,247)	(70,635,884)	7,552,839	5,152,850	(2,116,566)
10. Net investment gain (loss) (Line 27)	2,452,271	1,531,325	1,868,624	1,806,399	1,144,402
11. TOTAL Other Income (Lines 28 plus 29)			(8,500,283)	(6,550,600)	
12. Net income or (loss) (Line 32)	(64,415,657)	(61,776,488)	605,107	337,334	(596,280)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(8,174,727)	54,566,792	5,732,146	(6,099,469)	(1,890,442)
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	86,912,408	26,856,301	31,363,217	30,758,110	30,420,776
15. Authorized control level risk-based capital	43,032,479	4,445,487	1,047,185	1,376,566	1,598,944
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	418,045	189,281			
17. TOTAL Members Months (Column 6, Line 7)	5,204,333	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)	94.4	97.7	1,161.2	423.5	(155.1)
20. Cost containment expenses	2.1	7.2	(135.8)	(168.5)	(74.3)
21. Other claims adjustment expenses	5.1	16.7	(763.3)	(537.9)	(301.4)
22. TOTAL Underwriting Deductions (Line 23)	108.2	190.6	(1,001.9)	(1,258.0)	(1,044.0)
23. TOTAL Underwriting Gain (Loss) (Line 24)	(8.2)	(90.6)	(8,784.5)	(5,006.3)	1,144.0
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	54,618,584	76,120,732	(998,392)	(435,916)	287,047
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	62,220,304				
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, 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					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[] No[X] N/A[]

If no, please explain::

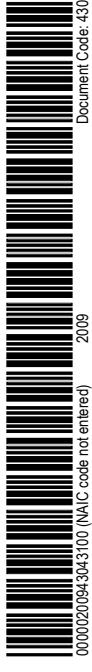


EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

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	189,281								189,281	
2. First Quarter	443,854								443,854	
3. Second Quarter	447,249								447,249	
4. Third Quarter	421,492								421,492	
5. Current Year	418,045								418,045	
6. Current Year Member Months	5,204,333								5,204,333	
TOTAL Member Ambulatory Encounters for Year:										
7. Physician	5,212,920								5,212,920	
8. Non-Physician	453,297								453,297	
9. TOTAL	5,666,217								5,666,217	
10. Hospital Patient Days Incurred	372,765								372,765	
11. Number of Inpatient Admissions	57,546								57,546	
12. Health Premiums Written (b)	1,197,311,190								1,197,311,190	
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	1,197,311,190								1,197,311,190	
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	1,048,627,306								1,048,627,306	
18. Amount Incurred for Provision of Health Care Services	1,130,371,735								1,130,371,735	

(a) For health business: number of persons insured under PPO managed care products0 and number of persons insured under indemnity only products0.
 (b) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$0



0000200943059100 (NAIC code not entered) 2009 Document Code: 430

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

NAIC Group Code 0000 NAIC Company Code 00000
 REPORT FOR: 1. CORPORATION: 2. LOCATION:
 BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR

	1		2		3	4	5	6	7	8	9	10
	Total	Individual	Comprehensive (Hospital & Medical)	Group									Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
TOTAL Members at end of:												
1. Prior Year	189,281										189,281	
2. First Quarter	443,854										443,854	
3. Second Quarter	447,249										447,249	
4. Third Quarter	421,492										421,492	
5. Current Year	418,045										418,045	
6. Current Year Member Months	5,204,333										5,204,333	
TOTAL Member Ambulatory Encounters for Year:												
7. Physician	5,212,920										5,212,920	
8. Non-Physician	453,297										453,297	
9. TOTAL	5,666,217										5,666,217	
10. Hospital Patient Days Incurred	372,765										372,765	
11. Number of Inpatient Admissions	57,546										57,546	
12. Health Premiums Written (b)	1,197,311,190										1,197,311,190	
13. Life Premiums Direct												
14. Property/Casualty Premiums Written												
15. Health Premiums Earned	1,197,311,190										1,197,311,190	
16. Property/Casualty Premiums Earned												
17. Amount Paid for Provision of Health Care Services	1,048,627,306										1,048,627,306	
18. Amount Incurred for Provision of Health Care Services	1,130,371,735										1,130,371,735	

(a) For health business: number of persons insured under PPO managed care products0 and number of persons insured under indemnity only products0.
 (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	10	11	12	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	Current Year	Prior Year	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
NONE												
1599999 Totals												

SCHEDULE S - PART 4
Reinsurance Ceded To Unauthorized Companies

1	2	3	4	5	6	7	8	9	10	11	12	13	14
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsurer	Reserve Credit Taken	Paid and Unpaid Losses Recoverable (Debit)	Other Debits	Totals (Cols. 5 + 6 + 7)	Letters of Credit	Trust Agreements	Funds Deposited by and Withheld from Reinsurers	Other	Miscellaneous Balances (Credit)	Sum of Cols. 9+10+11+12+13 But Not in Excess of Col. 8
NONE													
119999 Totals (General Account and Separate Accounts combined)													

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

	1 2009	2 2008	3 2007	4 2006	5 2005
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

1	2	Direct Business Only							9
		3	4	5	6	7	8		
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	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			1,197,311,190				1,197,311,190	
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			1,197,311,190				1,197,311,190	
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	(a) 1			1,197,311,190				1,197,311,190	

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

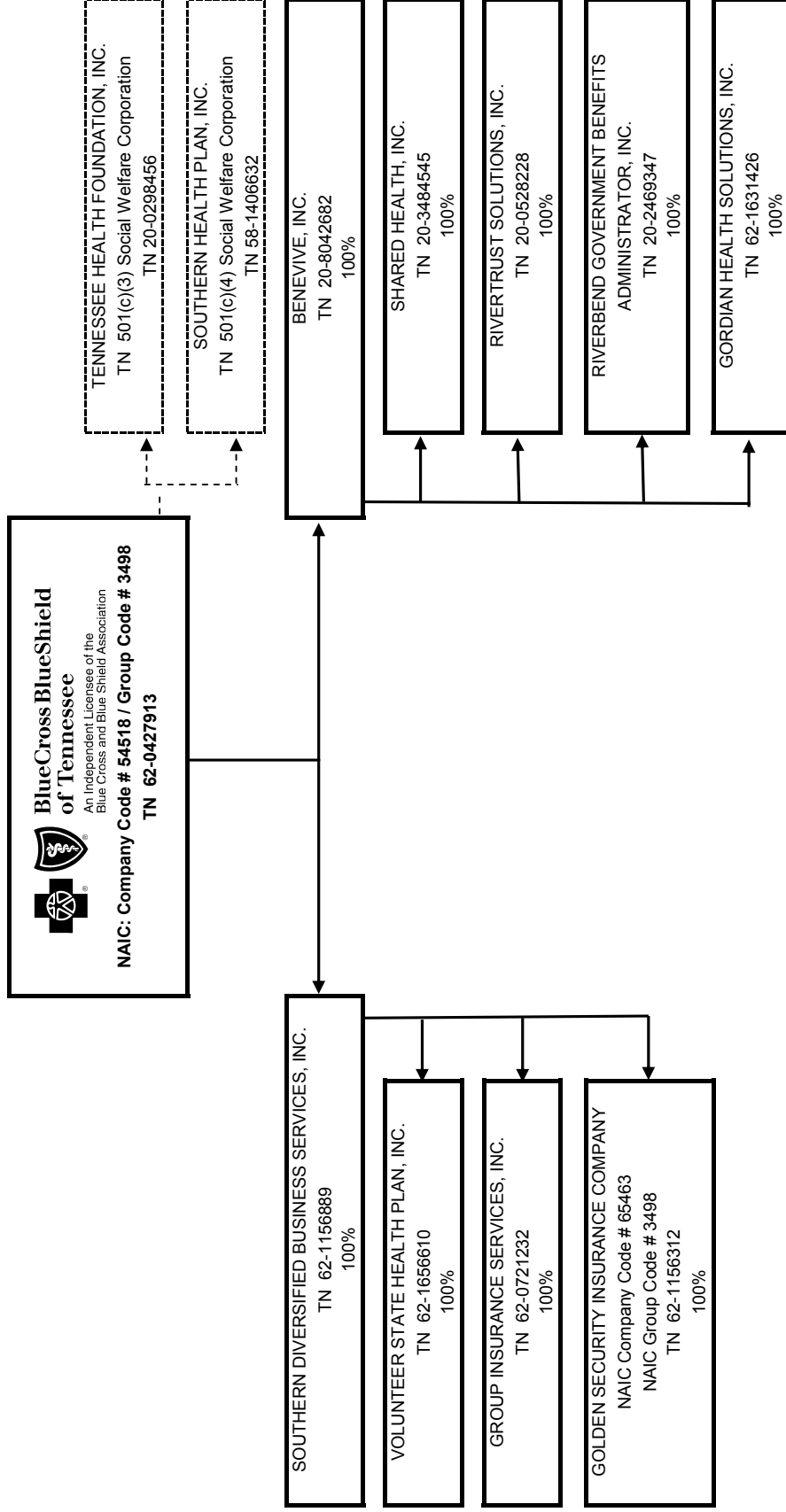
Direct Business only						
States, Etc.	1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	6 Totals
1. Alabama (AL)						
2. Alaska (AK)						
3. Arizona (AZ)						
4. Arkansas (AR)						
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)		(92,000,000)			93,166,584				1,166,584	
54518	62-0427913	BCBST-Other					(178,835)				(178,835)	
54518	62-0427913	BCBST-Med Advantage					(545,708)				(545,708)	
54518	62-0427913	BCBST-CoverTN					(11,784,552)				(11,784,552)	
00000	62-1656610	Volunteer State Health Plan, Inc. (VSHP)		92,000,000			(80,657,489)				11,342,511	
9999999	Totals								XX			

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 |
| 9. Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC 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

- | | |
|--|----|
| 10. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? | No |
| 11. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC? | No |
| 12. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC? | No |
| 13. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1? | No |
| 14. 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 |
| 15. 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 |
| 16. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1? | No |

APRIL FILING

- | | |
|---|----|
| 17. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1? | No |
| 18. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC? | No |
| 19. 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



Health Life Supplement



Health Property / Casualty Supplement



Schedule SIS



Actuarial Opinion on Participating and Non-Participating Policies



Statement of Non-Guaranteed Elements for Exhibit 5



Medicare Part D Coverage Supplement



LTC Supplemental Interrogatories



Health Life Supplement - LHA Guaranty Association Reconciliation



Health Property/Casualty Supplement - Insurance Expense Exhibit



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.	X X X		
0605.	X X X		
0606.	X X X		
0607.	X X X		
0608.	X X X		
0609.	X X X		
0610.	X X X		
0611.	X X X		
0612.	X X X		
0613.	X X X		
0614.	X X X		
0615.	X X X		
0616.	X X X		
0617.	X X X		
0618.	X X X		
0619.	X X X		
0697. Summary of remaining write-ins for Line 6 (Lines 0604 through 0696)	X X X		

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.	XX
0505.	XX
0506.	XX
0507.	XX
0597.	XX
	Summary of remaining write-ins for Line 5 (Lines 0504 through 0596).....	.....	.....	.....	.....	.....	.....	.....	.....	XX

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	6,542,200	3.623	6,542,200	3.623
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	31,002,948	17.168	31,002,948	17.168
1.3 Non-U.S. 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	100,342	0.056	100,342	0.056
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	3,119,996	1.728	3,119,996	1.728
1.512 Issued or Guaranteed by FNMA and FHLMC	3,192,650	1.768	3,192,650	1.768
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	4,568,006	2.530	4,568,006	2.530
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	3,289,104	1.821	3,289,104	1.821
1.523 All other	2,008,503	1.112	2,008,503	1.112
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	30,699,565	17.000	30,699,565	17.000
2.2 Unaffiliated Non-U.S. securities (including Canada)	8,668,271	4.800	8,668,271	4.800
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	2,194	0.001	2,194	0.001
8. Cash, cash equivalents and short-term investments	87,392,175	48.394	87,392,175	48.394
9. Other invested assets				
10. Total invested assets	180,585,954	100.000	180,585,954	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	NONE	
6.1 Totals, Part 1, Column 15		
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	NONE	
7. Deduct amounts received on disposals, Part 3, Column 15		
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 of mortgages owned 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, Column 18		
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		27,615,542
2. Cost of bonds and stocks acquired, Part 3, Column 7		93,503,665
3. Accrual of Discount		21,397
4. Unrealized valuation increase (decrease):		
4.1 Part 1, Column 12		
4.2 Part 2, Section 1, Column 15		
4.3 Part 2, Section 2, Column 13		
4.4 Part 4, Column 11		
5. Total gain (loss) on disposals, Part 4, Column 19		18,968
6. Deduction consideration for bonds and stocks disposed of, Part 4, Column 7		27,553,189
7. Deduct amortization of premium		414,798
8. Total foreign exchange change in book/adjusted carrying value:		
8.1 Part 1, Column 15		
8.2 Part 2, Section 1, Column 19		
8.3 Part 2, Section 2, Column 16		
8.4 Part 4, Column 15		
9. Deduct current year's other than temporary impairment recognized:		
9.1 Part 1, Column 14		
9.2 Part 2, Section 1, Column 17		
9.3 Part 2, Section 2, Column 14		
9.4 Part 4, Column 13		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)		93,191,585
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)		93,191,585

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					
Governments (Including all obligations guaranteed by governments)	1. United States	31,269,845	31,368,927	31,341,983	30,853,940
	2. Canada				
	3. Other Countries	1,303,401	1,287,102	1,302,930	1,305,000
	4. Totals	32,573,246	32,656,029	32,644,913	32,158,940
U.S. States, Territories and Possessions (Direct and guaranteed)	5. Totals				
U.S. Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	6. Totals				
U.S. Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	7. Totals	19,008,079	18,971,597	19,041,703	18,446,389
Industrial and Miscellaneous, Credit Tenant Loans and Hybrid Securities (unaffiliated)	8. United States	32,941,989	33,464,494	33,302,046	32,347,892
	9. Canada				
	10. Other Countries	8,668,271	8,856,749	8,716,972	8,455,000
	11. Totals	41,610,260	42,321,243	42,019,018	40,802,892
Parent, Subsidiaries and Affiliates	12. Totals				
	13. Total Bonds	93,191,585	93,948,869	93,705,634	91,408,221
PREFERRED STOCKS					
Industrial and Miscellaneous (unaffiliated)	14. United States				
	15. Canada				
	16. Other Countries				
	17. Totals				
Parent, Subsidiaries and Affiliates	18. Totals				
	19. Total Preferred Stocks				
COMMON STOCKS					
Industrial and Miscellaneous (unaffiliated)	20. United States				
	21. Canada				
	22. Other Countries				
	23. Totals				
Parent, Subsidiaries and Affiliates	24. Totals				
	25. Total Common Stocks				
	26. Total Stocks				
	27. Total Bonds and Stocks	93,191,585	93,948,869	93,705,634	

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											
1.1 Class 1	1,052,962	28,758,508	792,149	565,948	100,278	31,269,845	18.00	20,454,510	26.66	31,269,845	
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 TOTALS	1,052,962	28,758,508	792,149	565,948	100,278	31,269,845	18.00	20,454,510	26.66	31,269,845	
2. All Other Governments											
2.1 Class 1		1,303,401				1,303,401	0.75			1,303,401	
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
2.7 TOTALS		1,303,401				1,303,401	0.75			1,303,401	
3. U.S. States, Territories and Possessions etc., Guaranteed											
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. U.S. Political Subdivisions of States, Territories & Possessions, Guaranteed											
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. U.S. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed											
5.1 Class 1	3,291,709	12,905,096	2,347,921	678,541	83,232	19,306,499	11.11			19,306,499	
5.2 Class 2											
5.3 Class 3											
5.4 Class 4											
5.5 Class 5											
5.6 Class 6											
5.7 TOTALS	3,291,709	12,905,096	2,347,921	678,541	83,232	19,306,499	11.11			19,306,499	

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. Industrial and Miscellaneous (unaffiliated)											
6.1 Class 1	86,419,631	34,533,312	850,440	61,949		121,865,332	70.14	56,266,721	73.34	121,865,332	
6.2 Class 2											
6.3 Class 3											
6.4 Class 4											
6.5 Class 5											
6.6 Class 6											
6.7 TOTALS	86,419,631	34,533,312	850,440	61,949		121,865,332	70.14	56,266,721	73.34	121,865,332	
7. Credit Tenant Loans											
7.1 Class 1											
7.2 Class 2											
7.3 Class 3											
7.4 Class 4											
7.5 Class 5											
7.6 Class 6											
7.7 TOTALS											
8. Hybrid Securities											
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											
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) 90,764,302	77,500,317	3,990,510	1,306,438	183,510	173,745,077	100.00	X X X	X X X	173,745,077	
10.2 Class 2	(d)							X X X	X X X		
10.3 Class 3	(d)							X X X	X X X		
10.4 Class 4	(d)							X X X	X X X		
10.5 Class 5	(d)					(c)		X X X	X X X		
10.6 Class 6	(d)					(c)		X X X	X X X		
10.7 TOTALS	90,764,302	77,500,317	3,990,510	1,306,438	183,510	173,745,077	100.00	X X X	X X X	173,745,077	
10.8 Line 10.7 as a % of Column 6	52.24	44.61	2.30	0.75	0.11	100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year											
11.1 Class 1	57,346,080	19,375,151				X X X	X X X	76,721,231	100.00	76,721,231	
11.2 Class 2						X X X	X X X				
11.3 Class 3						X X X	X X X				
11.4 Class 4						X X X	X X X				
11.5 Class 5						X X X	X X X	(c)			
11.6 Class 6						X X X	X X X	(c)			
11.7 TOTALS	57,346,080	19,375,151				X X X	X X X	76,721,231	100.00	76,721,231	
11.8 Line 11.7 as a % of Col. 8	74.75	25.25				X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds											
12.1 Class 1	90,764,302	77,500,317	3,990,510	1,306,438	183,510	173,745,077	100.00	76,721,231	100.00	173,745,077	X X X
12.2 Class 2											X X X
12.3 Class 3											X X X
12.4 Class 4											X X X
12.5 Class 5											X X X
12.6 Class 6											X X X
12.7 TOTALS	90,764,302	77,500,317	3,990,510	1,306,438	183,510	173,745,077	100.00	76,721,231	100.00	173,745,077	X X X
12.8 Line 12.7 as a % of Col. 6	52.24	44.61	2.30	0.75	0.11	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, Col. 6, Section 10	52.24	44.61	2.30	0.75	0.11	100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds											
13.1 Class 1										X X X	
13.2 Class 2										X X X	
13.3 Class 3										X X X	
13.4 Class 4										X X X	
13.5 Class 5										X X X	
13.6 Class 6										X X X	
13.7 TOTALS										X X X	
13.8 Line 13.7 as a % of Col. 6										X X X	
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10										X X X	

(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											
1.1 Issuer Obligations	717,144	27,771,524				28,488,668	16.40	20,454,510	26.66	28,488,668	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities	335,818	986,984	792,149	565,948	100,278	2,781,177	1.60	2,781,177		2,781,177	
1.7 TOTALS	1,052,962	28,758,508	792,149	565,948	100,278	31,269,845	18.00	20,454,510	26.66	31,269,845	
2. All Other Governments											
2.1 Issuer Obligations		1,303,401				1,303,401	0.75			1,303,401	
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		1,303,401				1,303,401	0.75			1,303,401	
3. U.S. States, Territories and Possessions, Guaranteed											
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. U.S. Political Subdivisions of States, Territories & Possessions, Guaranteed											
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. U.S. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed											
5.1 Issuer Obligations	654,098	6,710,509	787,231			8,151,838	4.69			8,151,838	
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	590,744	1,346,218	832,734	678,541	83,232	3,531,469	2.03			3,531,469	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3 Defined											
5.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
5.5 Defined	1,930,190	4,385,626	488,785			6,804,601	3.92			6,804,601	
5.6 Other	116,677	462,743	239,171			818,591	0.47			818,591	
5.7 TOTALS	3,291,709	12,905,096	2,347,921	678,541	83,232	19,306,499	11.11			19,306,499	

SCHEDULE D - PART 1A - SECTION 2 (Continued)

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

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Industrial and Miscellaneous											
6.1 Issuer Obligations	84,186,321	30,844,208	599,258			115,629,787	66.55	56,266,721	73.34	115,629,787	
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	278,051	1,213,669	251,182	61,949		1,804,851	1.04			1,804,851	
6.6 Other	1,955,259	2,475,435				4,430,694	2.55			4,430,694	
6.7 TOTALS	86,419,631	34,533,312	850,440	61,949		121,865,332	70.14	56,266,721	73.34	121,865,332	
7. Credit Tenant Loans											
7.1 Issuer Obligations											
7.2 Single Class Mortgage-Backed Securities											
7.7 TOTALS											
8. Hybrid Securities											
8.1 Issuer Obligations											
8.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
8.3 Defined											
8.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
8.5 Defined											
8.6 Other											
8.7 TOTALS											
9. Parent, Subsidiaries and Affiliates											
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	85,557,563	66,629,642	1,386,489			153,573,694	88.39	X X X	X X X	153,573,694	
10.2 Single Class Mortgage-Backed/Asset-Backed Securities	926,562	2,333,202	1,624,883	1,244,489	183,510	6,312,646	3.63	X X X	X X X	6,312,646	
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	2,208,241	5,599,295	739,967	61,949		8,609,452	4.96	X X X	X X X	8,609,452	
10.6 Other	2,071,936	2,938,178	239,171			5,249,285	3.02	X X X	X X X	5,249,285	
10.7 TOTALS	90,764,302	77,500,317	3,990,510	1,306,438	183,510	173,745,077	100.00	X X X	X X X	173,745,077	
10.8 Line 10.7 as a % of Column 6	52.24	44.61	2.30	0.75	0.11	100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year											
11.1 Issuer Obligations	57,346,080	19,375,151				X X X	X X X		100.00	76,721,231	
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	57,346,080	19,375,151				X X X	X X X		100.00	76,721,231	
11.8 Line 11.7 as a % of Column 8	74.75	25.25				100.00	X X X		X X X	100.00	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	85,557,566	66,629,643	1,386,489			153,573,698	88.39		100.00	153,573,698	X X X
12.2 Single Class Mortgage-Backed/Asset-Backed Securities	926,562	2,333,202	1,624,882	1,244,489	183,511	6,312,646	3.63			6,312,646	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	2,208,241	5,599,295	739,968	61,949		8,609,453	4.96			8,609,453	X X X
12.6 Other	2,071,932	2,938,177	239,171			5,249,280	3.02			5,249,280	X X X
12.7 TOTALS	90,764,301	77,500,317	3,990,510	1,306,438	183,511	173,745,077	100.00		100.00	173,745,077	X X X
12.8 Line 12.7 as a % of Column 6	52.24	44.61	2.30	0.75	0.11	100.00	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	52.24	44.61	2.30	0.75	0.11	100.00	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	
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10										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	49,105,689	49,105,689			
2. Cost of short-term investments acquired	898,538,647	898,538,647			
3. Accrual of discount					
4. Unrealized valuation increase (decrease)	2,933	2,933			
5. Total gain (loss) on disposals	867,085,550	867,085,550			
6. Deduct consideration received on disposals	8,227	8,227			
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)	80,553,492	80,553,492			
11. Deduct total nonadmitted amounts					
12. Statement value at end of current period (Line 10 minus Line 11)	80,553,492	80,553,492			

(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)	NONE
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 1, Column 12)	
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)	

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)	NONE
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 1, Column 12)	
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	

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)	NONE	
4.2	Used to Adjust Basis of Hedged Item (Section 3, Column 15)		
5.	Consideration Received (or Paid) on Terminations (Section 2, Column 8)		
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)		

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 7)	NONE	
4.22	Gain/(Loss) Used to Adjust Basis of Hedge (Section 3, Column 8)		
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)		

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)	NONE	
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)		

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								
	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	12 NAIC Designation or Other Description
					NONE						
9999999 Totals											
					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 Prior Year	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 on Disposal	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	Location		5 Loan Type	6 Date Acquired	7 Rate of Interest	8 Book Value/Recorded Investment Excluding Accrued Interest	Change in Book Value/Recorded Investment					15 Date of Last Appraisal or Valuation
	3 City	4 State					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		14 Value of Land and Buildings
NONE												
339999 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 AND ADDITIONS MADE 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) XX X								

SCHEDULE B - PART 3

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

1 Loan Number	Location		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
	2 City	3 State															
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	Change in Book/Adjusted Carrying Value				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	13	14	15	16	17	Investment Income	Commitment for Additional Investment	Percentage of Ownership	
												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.				
										NONE										
4199999 Totals																				
																				X.XX

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets Acquired and Additions Made December 31 of Current Year

1 CUSIP Identification	2 Name or Description	3 Location		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
		City									
NONE											
4199999 Totals											XXX

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	City	State	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 CUSIP Identification	2 Description	3 Codes			6 NAIC Designation	7 Actual Cost	8 Rate Used to Obtain Fair Value	9 Fair Value		10 Par Value	11 Book/Adjusted Carrying Value	12-14 Change in Book Adjusted Carrying Value			15-17 Interest			20 Amount Received During Year	21 Acquired	22 Maturity			
		4 F	5 O	6 R				12 Unrealized Valuation Increase/(Decrease)	13 Current Year's (Amortization)/Accretion			14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B./A.C.V.	16 Rate of	17 Effective Rate of Interest	18 When Paid	19 Admitted Amount Due and Accrued						
	U.S. Governments - Issuer Obligations																						
3131G78	FEDERAL FARM CR BK CONS BD			1		499,995	100.5630	502.815	500,000	499,996					2.100	2.100	Aug	4,229		06/21/2009	08/06/2012		
3131G79	FEDERAL FARM CR BK CONS			1		312,603	102.9060	308.718	300,000	307,267					3.750	1.120	Dec	781	16,875	04/23/2009	12/06/2010		
3131G99	FEDERAL FARM CR BK CONS			1		498,984	99.6560	498.260	500,000	499,048					2.050	2.132	AO	2,164	2,164	10/22/2009	10/15/2012		
3133X47	FEDERAL HOME LN BK CONS GLOBAL			1		546,045	108.0310	540.155	500,000	540,551					5.375	1.960	JD	1,717	13,438	06/21/2009	06/08/2012		
3133XY46	FEDERAL HOME LN BK CONS BD			1		523,495	104.4690	519.487	500,000	519,487					4.008	1,412	MS	5,833	9,375	06/24/2009	06/09/2011		
3133XJKB8	FEDERAL HOME LN BK CONS BD			1		527,546	100.5940	528.119	525,000	527,189					1.375	1,113	Aug	2,807	2,807	09/25/2009	09/11/2011		
3133XV9T0	FEDERAL HOME LN BK CONS BD			1		468,004	105.9680	450.388	425,000	460,747					5.000	1,365	MS	6,611	10,625	09/23/2009	09/09/2011		
3133XJUT3	FEDERAL HOME LN BK CONS BD			1		1,084,220	107.7810	1,077.810	1,000,000	1,075,566					5.000	1,485	MS	15,556		09/23/2009	03/09/2012		
3133XSK1	FEDERAL HOME LOAN BANK			SD		4,087,500	102.7190	4,108.760	4,000,000	4,066,600					4.500	4,053	MS	82,000	180,000	09/16/2008	09/17/2013		
3133XSK2	FEDERAL HOME LOAN BANK			SD		4,231,500	102.8440	4,319.448	4,200,000	4,224,485					4.800	4,378	AO	39,900	94,500	10/15/2008	10/15/2013		
3133XY50	FEDERAL HOME LOAN BANK CONS			SD		2,246,970	102.0310	2,244.682	2,200,000	2,242,414					3.500	3,060	JD	1,497	38,500	06/17/2009	06/24/2014		
3133XB28	FEDERAL HOME LOAN BANKS			1		418,648	102.9690	411.876	400,000	409,877					4.250	1,265	Nov	2,786	25,500	04/01/2009	11/02/2010		
3133XB45	FEDERAL HOME LOAN BANKS			1		498,470	99.6250	498.125	500,000	498,565					1.900	2,016	AO	2,006		10/22/2009	10/15/2012		
3128X835	FEDERAL HOME LOAN MORTGAGE COMPANY			1		399,800	100.6660	402.664	400,000	399,844					2.000	2,027	AO	1,422		04/29/2009	04/27/2012		
3133XV41	FEDERAL HOME LN BK CONS BD			SD		2,595,469	99.7810	2,494.531	2,500,000	2,595,285					2.180	2,126	MN	6,661		11/17/2009	05/17/2013		
3133XJN7	FEDERAL NATL MTG ASSN			SD		3,508,750	100.3130	3,479.219	3,500,000	3,508,551					2.000	1,957	MN	8,361		04/20/2009	11/18/2014		
31338AWL2	FEDERAL NATL MTG ASSN			1		599,976	100.3130	601.578	600,000	599,984					1.750	1,760	AO	2,217		04/20/2009	04/15/2011		
31338AWO1	FEDERAL NATL MTG ASSN			1		374,096	100.7500	377.913	375,000	374,413					1.375	1,500	AO	902	272	07/27/2009	07/31/2011		
912828L3	U.S. TREASURY NOTE			1		1,487,180	100.1520	1,502.980	1,500,000	1,487,764					1.000	1,098	JJ	6,277		12/04/2009	11/15/2012		
912828L6	U.S. TREASURY NOTES			1		1,001,605	99.2810	992.810	1,000,000	1,001,564					1.375	1,324	MN	1,765		12/04/2009	11/30/2014		
912828L7	U.S. TREASURY NOTES			1		739,685	97.6330	722.484	740,000	739,689					2.125	2,145	MN	1,382		12/03/2009	11/30/2014		
912828M9	U.S. TREASURY NOTES			1		1,999,772	99.3480	1,986.960	2,000,000	1,999,781					0.725	0,732	MN	1,275		12/03/2009	11/30/2011		
0199999 Subtotal - U.S. Governments - Issuer Obligations						28,558,673		28,572,140	28,165,000	28,468,667					.XXX	.XXX	.XXX	188,169	389,085		.XXX	.XXX	.XXX
	U.S. Governments - Single Class Mortgage-Backed/Asset-Backed Securities																						
36211V6Q8	GNMA POOL #0524779			1		293,684	105.2000	295.872	281,247	293,240					5.000	4,243	MON	1,172	9,375	03/26/2009	01/15/2024		
362956AL3	GNMA POOL #0676827			1		267,749	105.2100	269.608	256,257	268,028					5.000	4,196	MON	1,068	7,486	03/26/2009	05/15/2023		
36296E9H5	GNMA POOL #0699448			1		234,500	105.2100	236.270	224,570	234,129					5.000	4,224	MON	936	7,486	03/26/2009	07/15/2023		
36297A3K7	GNMA POOL #0706502			1		382,360	105.2000	380.640	366,168	381,777					5.000	4,243	MON	792	6,336	03/26/2009	07/15/2024		
36297BP43	GNMA POOL #0707430			1		398,320	105.2000	395.209	386,168	391,783					5.000	4,243	MON	1,526	12,206	03/26/2009	07/15/2024		
36297CV73	GNMA POOL #0708126			1		298,333	105.2000	296.302	285,458	297,937					5.000	4,222	MON	1,189	9,515	03/27/2009	07/15/2024		
36297VZ23	GNMA II POOL #0082431			1		761,250	101.4890	761.168	750,000	761,194					3.000	2,851	MON	1,875		11/17/2009	12/20/2039		
36210B4N2	GNMA POOL #0487829			1		346,898	103.9490	348.403	335,188	346,690					4.500	3,219	MON	1,257	10,055	03/26/2009	04/15/2024		
0299999 Subtotal - U.S. Governments - Single Class Mortgage-Backed/Asset-Backed Securities						2,783,310		2,796,787	2,686,940	2,781,178					.XXX	.XXX	.XXX	9,815	63,755		.XXX	.XXX	.XXX
0399999 Subtotal - U.S. Governments						31,341,983		31,368,927	30,853,940	31,269,845					.XXX	.XXX	.XXX	177,984	452,840		.XXX	.XXX	.XXX
	All Other Governments - Issuer Obligations																						
912828K42	U.S. TREASURY NOTE			1		329,395	100.1840	330.607	330,000	329,621					0.875	0,970	MS	730	1,444	03/25/2009	03/31/2011		
912828J24	U.S. TREASURY NOTES			1		973,535	96.1020	956.495	975,000	973,780					1.750	1,790	JJ	7,157	8,531	02/19/2009	01/31/2014		
0499999 Subtotal - All Other Governments - Issuer Obligations						1,302,930		1,287,102	1,305,000	1,303,401					.XXX	.XXX	.XXX	7,887	9,975		.XXX	.XXX	.XXX
1099999 Subtotal - All Other Governments						1,302,930		1,287,102	1,305,000	1,303,401					.XXX	.XXX	.XXX	7,887	9,975		.XXX	.XXX	.XXX
	U.S. Special Revenue, Special Assessment - Issuer Obligations																						
31331G4N6	FED FARM CR BK CONS SYSTEMWIDE			1		749,250	96.4060	738.045	750,000	749,261					2.840	2,882	MS	1,775		12/03/2009	12/01/2014		
31331G4J5	FEDERAL FARM CR BK CONS BD			1		748,887	99.8530	748.900	750,000	748,900					2.300	2,356	MS	1,342	1,600	12/14/2009	09/03/2013		
31331G4Y6	FEDERAL FARM CR BK CONS SYS			1		200,006	101.0000	202.000	200,000	200,003					1.600	1,605	JJ	1,502	7,500	02/25/2009	01/29/2011		
31331G1T4	FEDERAL FARM CR BK CONS SYS			1		406,060	101.5000	406.000	400,000	405,462					3.750	3,529	JJ	6,333	1,600	03/31/2009	01/29/2016		
3133XV880	FEDERAL HOME LN BK CONS BD			1		1,000,078	102.6880	770.160	750,000	782,358					2.050	1,994	JD	1,172	11,719	12/03/2009	12/13/2013		
3133XVNB0	FEDERAL HOME LN BK CONS BD			1		1,000,076	100.0980	1,000.076	1,000,000	1,000,076					1.000	2,058	MN	2,392		12/04/2009	11/19/2012		
3133XHK68	FEDERAL HOME LN BK CONS			1		384,955	105.9690	370.892	350,000	381,769					5.125	3,641	AO	3,588	8,969	03/19/2009	10/19/2016		
3133XVJY3	FEDERAL HOME LN BK CONS BD			1		215,626	105.9060	211.812	200,000	210,032					3.875	1,721	JD	613	10,500	03/06/2009	06/10/2011		
3133XRW49	FEDERAL HOME LN BK CONS BD			1		260,183	103.0310	257.578	250,000	260,338					5.594	1,588	JD	965	9,688	02/19/2009	12/10/2010		
3128X2MT7	FEDERAL HOME LN MTG CORP MTN			1		838,200	109.0310	817.733	750,000	836,447					5.000	2,052	JJ	15,729	11,730	11/30/2009	01/30/2014		
3128X8J07	FEDERAL HOME LN MTG CORP MTN			1		175,131	100.2120	175.371	175,000	175,075					2.375	1,971	FA	1,293	1,750	02/13/2009	02/18/2011		
3128X8K98	FEDERAL HOME LN MTG CORP MTN			1		401,912	100.2680	401.032	400,000	401,488					2.000	2,209	FA	3,351	4,750	05/14/2009	02/24/2012		
3128X8G08	FEDERAL HOME LN MTG CORP MTN			1		400,660	100.2490	400.996	400,000	400,406					2.000	1,924	MS	2,333	4,000	03/23/2009	03/16/2011		
31359MWH1	FEDERAL HOME LN MTG CORP MTN			1		102,597	100.4380	100.438	100,000	100,342					3.675	1,074	FA	1,464	1,938	03/06/2009	02/15/20		

SCHEDULE D - PART 1

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

1 CUSIP Identification	2 Description	3 Codes			6 NAIC Designation	7 Actual Cost	8 Fair Value		10 Par Value	11 Book/Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest			Dates	
		4 F	5 O	Bond CHAR			9 Fair Value	12 Unrealized Valuation Increase/(Decrease)			13 Current Year's (Amortization)/Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B./A.C.V.	16 Rate of	17 Effective Rate of Interest	18 When Paid	19 Admitted Amount Due and Accrued	20 Amount Received During Year	21 Acquired	22 Maturity
U.S. Special Revenue, Special Assessment - Single Class Mortgage-Backed Securities																			
31342A5L9	FHLMC POOL #78-0851			1	536,999	520,096	532,095	520,096	536,998		(1)			4,175	3,771	MON	1,810	12/07/2009	
31342A8E2	FHLMC POOL #78-0741			1	753,885	751,965	751,965	753,885	753,901	17			2,854	2,443	MON	3,468	11/16/2009		
31416BA47	FNMA POOL #6995528			1	461,645	462,092	462,092	461,645	462,092	(2,994)			5,000	2,681	MON	1,851	03/29/2009		
31416BA40	FNMA POOL #6995530			1	462,644	462,092	462,092	462,644	462,644	(136)			5,000	3,685	MON	1,989	18/01/2009		
31416BR00	FNMA POOL #6995185			1	991,244	991,106	991,106	991,244	990,591	(652)			5,000	4,182	MON	3,948	09/03/2009		
36210B4R3	GNMA POOL #0467632			1	339,329	341,602	341,602	339,329	338,820	(509)				5,000	4,237	MON	1,353	03/26/2009	
2699999 Subtotal - U.S. Special Revenue, Special Assessment - Single Class Mortgage-Backed Securities					3,535,746	3,545,906	3,545,906	3,401,400	3,531,468	(4,275)				XXX	XXX	XXX	14,419	57,502	
U.S. Special Revenue, Special Assessment - Defined Multi-Class Commercial Mortgage-Backed Securities																			
31394VR63	FHLMC MULTICLASS CTS 2802 VE			1FE	301,426	283,612	301,465	283,612	301,442	16			5,500	3,162	MON	1,300	12/19/2009		
31393RRD4	FHLMC MULTICLASS MTG			1FE	870,076	861,549	861,549	870,076	869,382	(634)			4,500	2,573	MON	3,104	11/24/2009		
31393JPM4	FHLMC MULTICLASS MTG 2557 WD			1FE	978,775	970,571	978,775	970,571	978,021	(754)			5,000	2,187	MON	3,903	12/02/2009		
31394AB4	FHLMC MULTICLASS MTG 2723 EA			1FE	900,775	893,740	893,740	893,740	899,688	(1,087)			5,000	2,275	MON	3,584	11/24/2009		
31395UW2	FHLMC MULTICLASS MTG 2977 PA			1FE	179,259	178,918	179,259	178,918	175,293	(325)			5,000	3,550	MON	731	04/20/2009		
31397C99	FHLMC MULTICLASS MTG 3253 A			1FE	678,274	674,748	674,748	674,748	677,376	(898)			5,000	4,736	MON	2,677	09/30/2009		
31397FX5	FHLMC MULTICLASS MTG 3291 NA			1FE	369,084	362,715	369,084	362,715	369,033	(61)			5,500	4,136	MON	1,603	08/25/2009		
31393UJ87	FNMA GTD REMIC P1			1FE	226,576	227,614	227,614	227,614	225,809	(767)			4,500	3,217	MON	922	04/16/2009		
31394CP8	FNMA GTD REMIC P1 05-10 AJ			1FE	358,995	358,995	358,995	358,995	358,089	(614)			5,000	3,355	MON	1,442	06/23/2009		
31397N306	FNMA GTD REMIC P1 09-43 GJ			1FE	901,851	895,979	895,979	895,979	901,083	(768)			4,000	1,517	MON	2,887	12/03/2009		
31396Q2M2	FNMA GTD REMIC P1 09-70 NT			1FE	1,054,775	1,043,945	1,043,945	1,043,945	1,052,870	(1,905)			4,000	2,649	MON	3,383	10/01/2009		
2999999 Subtotal - U.S. Special Revenue, Special Assessment - Defined Multi-Class Commercial Mortgage-Backed Securities					6,812,514	6,769,740	6,769,740	6,522,349	6,804,602	(7,913)				XXX	XXX	XXX	25,436	38,353	
U.S. Special Revenue, Special Assessment - Other Multi-Class Commercial Mortgage-Backed Securities																			
784422A45	S.L.C STUDENT LN 07 2 CL A-1			1	159,379	163,360	163,360	164,308	157,333	(2,046)			0,450	3,891	FMAN	99	02/12/2009		
83149EAC1	S.L.M STUDENT LN 06 5 CL A-3			1	482,734	497,995	497,995	500,000	485,218	2,484			1,189	1,913	J.A.O.	1,123	03/19/2009		
78442GH4	S.L.M STUDENT LN TR 03-8 CL A-4			1	176,572	182,995	182,995	183,332	176,039	(533)			0,454	1,784	M.J.S.D.	37	02/25/2009		
3099999 Subtotal - U.S. Special Revenue, Special Assessment - Other Multi-Class Commercial Mortgage-Backed Securities					818,685	843,950	843,950	847,640	818,590	(95)				XXX	XXX	XXX	1,259	6,565	
3199999 Subtotal - U.S. Special Revenue, Special Assessment					19,041,703	18,971,597	18,971,597	18,446,389	19,008,079	(33,620)				XXX	XXX	XXX	98,520	181,138	
Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations																			
00206RAQ5	AT&T INC GLOBAL NT			1	101,864	106,329	106,329	100,000	101,562	(302)			4,850	4,480	FA	1,832	02/10/2009		
00209AAB	AT&T WIRELESS SVCS INC SR NT			1	485,216	483,480	483,480	450,000	471,827	(13,389)			2,100	3,630	MS	11,813	04/23/2009		
06050BA66	BANK AMER CORP MTN SER L			1	248,255	252,308	252,308	250,000	248,726	471			4,950	4,865	IN	1,650	03/09/2009		
06406HBE	BANK OF NEW YORK MELLON TERM			1	200,946	215,936	215,936	200,000	200,749	(197)			4,000	3,755	MS	2,667	03/19/2009		
071819AZ2	BAXTER INTL INC SR NT			1	209,533	208,948	208,948	200,000	202,182	(971)			4,000	4,124	AO	1,689	03/26/2009		
08466AK6	BERKSHIRE HATHAWAY FINANCE COR			1	99,594	104,970	104,970	200,000	99,643	109			4,463	3,542	FA	4,463	04/25/2009		
11012ZAL2	BOSTON MERCHANTS BANK CO SR NT			1	240,741	243,964	243,964	225,000	238,205	(256)			3,450	3,460	MS	2,262	02/26/2009		
16675YAK3	CHEVRON CORP NT			1	199,988	197,971	197,971	200,000	199,991	3			6,500	3,964	J.D.	217	03/19/2009		
17248RAF3	CINGULAR WIRELESS LLC SR NT			1	79,971	81,560	81,560	75,000	78,602	(1,369)			2,000	1,743	MS	4,550	11/03/2009		
17314AA9	CITICORP INC FDIC LTD TGLP GT			1	905,419	907,317	907,317	900,000	905,256	(163)			2,125	2,335	AO	900	02/09/2009		
17313JAE9	CITIGROUP INC FDIC LTD TGLP GT			1	252,678	252,678	252,678	250,000	248,890	410			3,625	3,760	MS	1,067	03/03/2009		
191216AL4	COCOA COLA CO NT			1	99,545	103,079	103,079	100,000	99,613	(68)			4,750	4,190	FA	1,979	02/11/2009		
20825CAC3	CONCOPHILLIPS LTD NT			1	102,684	107,369	107,369	100,000	102,244	(440)			3,500	3,500	J.J.	4,496	03/09/2009		
22541LA67	CREDIT SUISSE FB USA INC NT			1	152,637	163,229	163,229	150,000	151,299	(708)			1,800	2,200	MS	6,237	09/14/2009		
532457B09	ELL LILLY & CO			1	568,111	572,380	572,380	550,000	566,003	(2,108)			6,000	3,113	IN	2,100	03/09/2009		
36967H11	GENERAL ELEC CAP CORP MTN			1	199,938	111,150	111,150	200,000	199,963	(2,218)			6,800	3,113	MIN	3,718	03/09/2009		
37333M4	GEORGIA POWER CO SR NT			1	278,340	277,865	277,865	250,000	276,122	(52)			4,680	2,821	IN	2,500	08/26/2009		
37737ZAC1	GLAXOSMITHKLINE CAP INC GTD NT			1	642,750	644,070	644,070	600,000	639,367	(338)			4,850	4,850	J.A.O.	679	02/12/2009		
38146FA6	GOLDMAN SACHS GROUP INC THE			1	200,046	201,570	201,570	200,000	200,031	(15)			5,050	3,350	AO	1,210	03/05/2009		
44924EAB6	IBM INTL GROUP CAP LLC NT			1	132,300	135,404	135,404	125,000	130,747	(1,588)			7,000	4,069	MS	5,300	04/23/2009		
585055A51	MEDTRONIC INC SR NT			1	408,410	423,616	423,616	400,000	407,313	(1,097)			4,500	4,210	IN	1,458	03/04/2009		
674599BW4	OCCIDENTAL PETE CORP SR NT			1	139,859	143,623	143,623	125,000	127,432	(2,427)			6,375	5,319	FA	2,408	03/05/2009		
69373JAB3	PACCAR INC			1	108,373	108,370	108,370	100,000	102,233	(800)			4,450	4,550	MS	2,621	03/17/2009		
71710ET24	PFIZER INC NT			1	199,726	211,530	211,530	200,000	199,793	67			6,330	3,008	IN	2,954	06/23/2009		
744560AT3	PUBLIC SVC ELEC GAS CO SEC ED ME			1	315,941	311,867	311,867	280,000	313,693	(2,248)			4,150	4,196	MS	2,138	03/17/2009		
842400FMO	SOUTHERN CALIF EDISON SER A			1	174,976	183,013	183,013	175,000	174,979				1,488	1,493	AO	1,256	03/17/2009		
85744RAB8	STATE STR BK & TR CO FDIC LTD			1	400,000	401,156	401,156	400,000	400,000				4,500	1,488	AO	1,488	03/17/2009		

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

SCHEDULE D - PART 1

1	2	3			4		6	7		8		9		10	11	Change in Book Adjusted Carrying Value				Interest				Dates	
		Code	Description	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	Maturity				
85748KAA1	STATE STR CORP FDIC GTD TLGP			1	149,784	101.3100	151,965	150,000	149,839	55			2,150	2,210	AO	546	484	03/03/2009	04/30/2012						
85744RRA0	STATE STREET CORP			1	399,808	101.3100	405,240	400,000	399,883	75			1,850	1,884	MS	2,179	3,587	03/17/2009	03/15/2011						
913017BD0	UNITED TECHNOLOGIES CORP NT			1	482,628	102.4730	476,942	450,000	470,252	(12,376)			6,350	2,433	MS	9,525	14,288	04/23/2009	03/01/2011						
91159FGLJ3	US BANCORP MTN #FR 00153			1	254,108	102.4730	256,183	250,000	251,732	(2,375)			4,500	3,308	JJ	4,750	5,625	03/09/2009	07/29/2010						
92343VAJ3	VERIZON COMMUNICATIONS INC			1	199,374	104.6020	209,204	200,000	199,493	119			4,350	4,487	FA	3,287	4,350	03/13/2009	02/15/2013						
86579EAD7	3M CO MEDIUM TERM NTS BOOK			1	374,819	106.1600	378,560	350,000	371,672	(3,146)			4,650	2,480	JD	723	8,138	07/29/2009	12/15/2012						
026609A9	AMERICAN HOME PRODS CORP NT			1	106,557	106.8260	106,826	100,000	103,832	(2,725)			6,950	3,708	MS	2,046	6,950	02/10/2009	03/15/2011						
638585BH1	BANK OF AMERICA	SD		1	3,239,790	101.6760	3,053,070	3,000,000	3,020,682	(53,658)			6,600	4,771	MN	25,300	198,000	05/08/2009	05/15/2010						
06051GDY2	BANK OF AMERICA CORP			1	149,168	113.4710	170,207	150,000	149,256	89			7,375	6,651	MN	1,414	5,531	05/08/2009	05/15/2014						
06406HBL2	BANK OF NEW YORK MELLON			1	174,944	95.2460	184,181	175,000	174,950	6			4,300	4,354	MN	962	3,763	05/05/2009	05/15/2014						
06406HBL8	BANK OF NEW YORK MELLON			1	309,328	99.0640	396,958	400,000	399,346	18			3,100	3,172	J.A.O	1,550	3,763	11/05/2009	01/15/2014						
073928X73	BEAR STEARNS COS INC MTN			1	408,364	111.7280	446,512	400,000	406,659	(1,725)			6,950	6,346	FA	10,888	13,900	04/01/2009	08/10/2012						
084670AS7	BERKSHIRE HATHAWAY	SD		1	1,014,040	106.0700	1,066,070	1,000,000	1,007,768	(3,040)			6,500	4,450	MN	6,069	47,500	11/20/2007	05/15/2012						
087014AG9	BOEING CAP CORP SR NT			1	137,959	103.1170	136,710	125,000	135,637	(3,211)			6,500	2,380	FA	3,069	4,063	07/09/2009	02/15/2012						
923445AS17	CELCO PARTNER WIRELESS			1	174,866	103.1170	180,465	175,000	174,877	12			2,900	3,838	MN	747	3,245	11/09/2009	11/17/2014						
17275RAG7	CISCO SYSTEMS			1	249,385	98.8180	249,545	250,000	249,382	17			2,900	2,977	MN	886	886	11/09/2009	05/20/2011						
17314JAL7	CITIBANK NA			1	250,900	100.0960	250,245	250,000	250,000	(200)			0,680	1,676	AO	798	519	06/25/2009	07/12/2011						
17290CA44	CITIGROUP INC			1	200,950	100.1590	200,318	200,000	200,790	(4,872)			7,375	4,003	MS	6,043	9,219	04/23/2009	03/03/2014						
191219B70	COCA COLA ENTERPRISES			1	287,385	115.9600	289,900	250,000	282,513	9			4,600	4,671	JJ	2,121	2,121	05/18/2009	01/15/2014						
20825CAT1	CONOCOPHILIPS			1	99,911	106.1990	106,198	100,000	99,920	9			5,625	3,276	MN	969	11,250	04/23/2009	11/30/2012						
264399EF1	DUKE ENERGY CORP SR NT			1	216,032	109.1710	218,342	200,000	213,109	(2,923)			2,100	2,116	JD	306	306	12/14/2009	06/15/2013						
26442FEA8	DUKE ENERGY OHIO INC	1FE		1	374,936	98.7370	370,764	375,000	374,937	1			5,625	2,781	MS	7,500	11,250	04/23/2009	09/01/2011						
302570AV8	FPL GROUP CAP INC GTD DEB			1	406,735	106.3730	425,092	400,000	418,673	(6,062)			6,875	5,488	FA	28,646	34,375	08/22/2008	08/01/2011						
36926ZAR9	FROST NATIONAL BANK	SD		1	1,063,890	98.7250	987,250	1,000,000	1,022,334	(17,826)			5,900	4,913	MN	31,467	18,000	06/17/2009	05/13/2014						
36926ZAR9	FROST NATIONAL BANK	SD		1	4,180,720	108.1070	4,182,884	4,000,000	4,182,884						AO		616	06/25/2009	05/08/2012						
36962GAC5	GENERAL ELECTRIC CAP CORP			1	499,999	99.9490	499,745	500,000	500,000	(51)			3,625	3,686	FA	1,661	616	08/04/2009	12/21/2012						
36967HAW7	GENERAL ELECTRIC CAP CORP			1	400,424	100.3860	400,152	400,000	400,373	12			4,250	4,078	FA	2,249	3,152	03/04/2009	02/24/2012						
38967THAU1	GENERAL ELECTRIC CAPITAL CORP			1	109,914	113.334	109,926	110,000	109,926	(239)			2,250	2,280	MN	266	266	14/06/2009	05/27/2011						
38114EA41	GOLDMAN SACHS GROUP INC			1	150,895	104.8940	157,341	150,000	150,656	(239)			3,875	3,973	FA	1,464	1,884	02/17/2009	02/15/2014						
42823BAU7	HEWLETT PACKARD CO GLOBAL NT			1	124,975	101.4200	126,775	125,000	124,971	42			2,100	2,135	MN	2,246	7,425	11/03/2009	05/06/2013						
42823BAU7	HEWLETT PACKARD CO			1	99,736	104.1820	104,182	100,000	99,778	42			2,100	2,135	MN	2,246	7,425	11/03/2009	05/06/2013						
438516AY2	HONEYWELL INTL INC SR NT			1	699,433	96.8000	698,600	700,000	699,458	25			4,950	1,960	MS	4,084	7,425	11/03/2009	03/22/2011						
45920DGR6	IBM CORP			1	316,854	104.4000	313,200	300,000	310,847	(6,007)			8,684	2,562	JJ	1,557	1,621	05/01/2009	01/17/2011						
46625HDC1	JP MORGAN CHASE & CO			1	484,500	99.9780	499,890	500,000	490,461	5,961			3,743	3,743	JJ	1,453	8,719	05/01/2009	06/01/2014						
46625HHS3	JP MORGAN CHASE & CO			1	374,228	105.3440	395,940	375,000	374,313	86			4,650	4,752	JD	621	7,909	08/18/2009	08/15/2012						
481247AK0	JP MORGAN CHASE & CO FDIC NT			1	641,286	101.3900	643,827	635,000	640,500	(796)			2,200	1,847	JD	853	9,600	08/20/2009	06/15/2012						
49328BAH3	KEYBANK NA SR NTS BOOK ENTRY			1	623,028	103.7960	622,788	600,000	620,119	(2,909)			3,625	3,866	JJ	2,492	9,600	06/20/2009	07/16/2012						
57629WBH2	MASSMUTUAL GLOBAL FUNDN			1	149,883	102.6200	153,990	150,000	149,901	18			1,875	1,519	JD	23	4,219	08/31/2009	06/30/2011						
589337AR8	MERCK & CO INC/NJ			1	462,952	100.9420	454,239	450,000	462,413	(539)			2,550	2,566	JD	372	4,817	06/03/2009	06/10/2011						
59217FEBV5	MET LIFE GLOBAL FUNDING I			1	250,000	101.9990	254,998	250,000	250,000				5,125	3,373	AO	2,768	4,817	09/11/2009	04/10/2013						
592179JG1	METROPOLITAN LIFE GLOBAL 144A			1	254,304	105.9390	254,254	240,000	253,151	(1,154)			2,950	2,993	AO	615	3,688	05/11/2009	06/01/2014						
594919AB0	MICROSOFT CORP			1	249,755	101.0710	252,578	250,000	249,783	28			4,200	4,253	MN	957	3,688	11/17/2009	11/20/2014						
61751UANO	MORGAN STANLEY			1	199,920	100.0700	200,140	200,000	199,922	2			501,622	1,471	MS	500	3,040	04/21/2009	03/31/2012						
61751UAKO	MORGAN STANLEY FDIC GTD TLGP			1	592,135	100.5330	502,665	500,000	501,622	(513)			1,950	1,894	JD	304	3,040	04/21/2009	03/31/2012						
61751UAH3	MORGAN STANLEY FDIC GTD TLGP N			1	511,045	100.9260	514,723	510,000	510,915	(130)			3,000	2,106	JD	500	4,973	08/21/2009	06/20/2012						
64944QAS5	NEW YORK COUNTY BK FDIC GTD TLG			1	409,734	102.7010	410,904	400,000	406,912	(8,222)			2,250	2,357	JD	2,344	11,967	03/20/2009	12/16/2011						
64969WAS2	NEW YORK LIFE GLOBAL FDG			1	468,580	99.4270	497,758	500,000	468,682	(92)			5,300	3,022	FA	5,388	7,950	10/13/2009	12/14/2012						
66589SAG9	NORTHERN TRUST CORP			1	315,182	106.1650	318,315	300,000	310,982	(4,240)			3,200	3,866	JJ	2,385	7,950	05/07/2009	08/29/2011						
66589SAD0	NORTHERN TRUST CORP			1	50,207	106.5620	50,182	50,000	50,182	(25)			4,625	4,583	MN	385	1,196	04/28/2009	05/01/2014						
66989AAH6	NOVARTIS CAPITAL CORP			1	206,688	105.1180	210,236	200,000	205,689	(999)			4,125	3,406	FA	3,231	4,125	03/19/2009	02/10/2014						
68393KAD7	ORACLE CORP NT			1	320,859	107.3060	321,918	300,000	317,167	(3,692)			4,950	3,131	AO	3,135	2,475	04/23/2009	04/15/2013						
68973UAJ5	PACCAR INC MEDIUM TERM NTS			1	286,003	112.8060	282,015	250,000	284,080	(1,922)			6,875	3,338	FA	6,483	7,458	10/01/2009	02/15/2014						
713448BK3	PEPSICO INC SR NT			1	405,464	103.3400	413,360	400,000	404,746	(718)			4,451	3,475	MS	5,000	7,458	04/23/2009	03/01/2014						
74153WB57	PRICOG GBL MTD #TR00033 144A			1	425,583	93.5900	421,155	450,000	427,064	148			0,450	1,886	M.S.D	28	556	10/02/2009	09/27/2013						
77119KAN2	ROCHE HDGS																								

SCHEDULE D - PART 1 Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	3 Codes			6	7	8 Fair Value		9	10	11	12 Change in Book Adjusted Carrying Value					13 Interest				14 Dates	
		4	5				17	18				19	20	21	22	15	16	17	18	19	20	21	22
CUSIP Identification	Description	Code	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	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	Maturity	
93114ZCQ4	WAL-MART STORES INC			1	324,988	101.8350	330,964	330,964	325,000	324,983		5			3.200	3.228	MON	1,329	5,027	05/14/2009	05/15/2014	
	Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations				35,766,299	XXX	36,033,892	36,033,892	34,665,000	35,374,717		(194,497)			XXX	XXX	XXX	308,159	791,530	XXX	XXX	
Industrial & Miscellaneous (Unaffiliated) - Defined Multi-Class Commercial Mortgage-Backed Securities																						
00110AAD6	AEP TEXAS CENTRAL TRANS FD			1FE	307,172	107.1040	321,312	321,312	300,000	306,230		(942)			5.170	4.707	JJ	7,755	7,755	03/25/2009	01/01/2020	
02566GAR3	AMERICAN EXPRESS 08-2 CL A			1FE	201,031	100.4270	200,964	200,964	200,000	200,492		(539)			4.020	3.844	MON	357	6,700	02/13/2009	01/16/2011	
16157CWZ2	CHASE ISSUANCE TR 08-9 CL A			1FE	783,164	103.9630	779,723	779,723	750,000	782,123		(1,041)			4.260	1.920	MON	1,420	2,663	12/09/2009	05/15/2013	
31394U6L1	FNMA GTD REMIC PTT 05-99 KC			1FE	200,756	102.6450	200,186	200,186	195,027	200,550		(206)			5.500	3.803	MON	894	5,363	06/16/2009	02/25/2028	
52108HDF8	LB UBS COM1 MTG TR 01-C2 CL A2			1FE	150,703	104.0410	156,062	156,062	150,000	150,642		(61)			6.653	6.780	MON	554	7,478	03/05/2009	11/15/2027	
52108HJ62	LB UBS COM1 MTG TR 04-C6 A-3			1FE	164,800	99.8790	164,800	164,800	165,000	164,815		15			4.547	4.672	MON	417	3,126	06/05/2009	08/15/2029	
	Industrial & Miscellaneous (Unaffiliated) - Defined Multi-Class Commercial Mortgage-Backed Securities				1,807,626	XXX	1,822,937	1,822,937	1,760,027	1,804,852		(2,774)			XXX	XXX	XXX	11,397	33,085	XXX	XXX	
Industrial & Miscellaneous (Unaffiliated) - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities																						
03064AAC8	AMCAR 2009-A3			1	263,125	100.6940	251,735	251,735	250,000	262,808		(317)			3.040	2.489	MON	338	1,900	10/08/2009	10/15/2013	
14312WAD5	CARMAX AUTO OWNER 09-1 CL A-3			1FE	436,931	103.6320	435,264	435,264	420,000	434,761		(2,171)			4.120	1.994	MON	769	4,326	09/15/2009	03/15/2013	
34528AAE9	FORD CR AUTO 06-B A-4			1	106,650	101.9270	111,913	111,913	109,700	107,485		645			5.250	8.121	MON	256	5,279	03/08/2009	09/15/2011	
34528CAE5	FORD CR AUTO 06-C CL A-4A			1	181,257	102.5540	187,155	187,155	182,494	181,730		433			5.150	5.638	MON	418	10,992	04/22/2009	02/15/2012	
41283JAB6	HDNOT 2009-A2			1	499,970	104.9900	499,700	499,700	500,000	499,973		3			1.160	1.173	MON	258	...	11/25/2009	10/15/2012	
43813HAD1	HONDA AUTO REC 07-2 CL A-4			1FE	516,016	104.0990	520,495	520,495	500,000	506,881		(9,135)			5.570	3.094	MON	774	20,887	03/25/2009	01/18/2012	
43812TAC8	HONDA AUTO REC 08-1 CL A-3			1	485,333	101.8380	484,414	484,414	475,671	482,147		(3,186)			4.470	3.160	MON	768	15,947	03/25/2009	01/18/2012	
65490AAD9	NALT 2009-A3			1	765,000	101.8560	763,920	763,920	750,000	764,252		(748)			2.920	1.271	MON	973	...	11/25/2009	11/21/2013	
65475VAC4	NISSAN AUTO REC 09-1 CL A-3			1	99,989	104.4840	104,484	104,484	100,000	99,992		5			5.000	5.120	MON	222	...	09/19/2009	02/15/2011	
65476AAD7	NISSAN AUTO REC 09-A CL A-3A			1	139,985	102.7180	143,805	143,805	140,000	139,990		3			3.200	3.252	MON	199	4,000	02/19/2009	09/15/2014	
90327KAC6	USAA AUTO OWNER TR 2008-3 A-3			1	202,594	102.6430	205,286	205,286	200,000	202,853		259			4.280	3.477	MON	380	7,133	03/06/2009	10/15/2012	
98156YAB7	WORLD OMNI AUTO RECEIV 09-A2			1	758,203	100.8470	756,953	756,953	750,000	757,809		(395)			2.880	2.053	MON	840	1,800	12/08/2009	10/17/2011	
	Industrial & Miscellaneous (Unaffiliated) - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities				4,445,093	XXX	4,464,414	4,464,414	4,377,865	4,430,691		(14,404)			XXX	XXX	XXX	6,195	76,951	XXX	XXX	
3899999	Subtotal - Industrial & Miscellaneous (Unaffiliated)				42,019,018	XXX	42,321,243	42,321,243	40,802,892	41,610,260		(21,675)			XXX	XXX	XXX	325,751	901,566	XXX	XXX	
7799999	Subtotal - Issuer Obligations				73,502,660	XXX	73,705,545	73,705,545	71,810,000	73,020,204		(279,600)			XXX	XXX	XXX	541,621	1,289,308	XXX	XXX	
7899999	Subtotal - Single Class Mortgage-Backed/Asset-Backed Securities				6,319,056	XXX	6,342,283	6,342,283	6,090,340	6,312,646		(6,411)			XXX	XXX	XXX	24,234	121,257	XXX	XXX	
8199999	Subtotal - Defined Multi-Class Commercial Mortgage-Backed Securities				8,620,140	XXX	8,592,677	8,592,677	8,282,376	8,609,454		(10,687)			XXX	XXX	XXX	36,833	71,438	XXX	XXX	
8299999	Subtotal - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities				5,263,778	XXX	5,308,964	5,308,964	5,225,505	5,249,281		(14,499)			XXX	XXX	XXX	7,454	83,516	XXX	XXX	
8399999	Grand Total - Bonds				93,705,634	XXX	93,948,869	93,948,869	91,408,221	93,191,585		(311,197)			XXX	XXX	XXX	610,142	1,545,519	XXX	XXX	

SCHEDULE D - PART 2 - SECTION 1

Showing all PREFERRED STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description		3 Codes		4 Foreign Code	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 Dividends				13 Change in Book/Adjusted Carrying Value					20 NAIC Designation	21 Date Acquired											
	9 Rate Per Share Used to Obtain Fair Value	10 Fair Value	12 Declared but Unpaid	13 Amount Received During Year						14 Nonadmitted Declared But Unpaid	15 Unrealized Valuation Increase/ (Decrease)	16 Current Year's (Amortization) Accretion	17 Current Year's Other than Temporary Impairment Recognized		18 Total Change in B./A.C.V. (15+16-17)	19 Total Foreign Exchange Change in B./A.C.V.																				
							NONE																													
																																		XXX . . .	XXX . . .	XXX . . .

SCHEDULE D - PART 2 - SECTION 2

Showing All Common Stocks Owned December 31 of Current Year

1 CUSIP Identification	2 Description	3 Codes		5 Number of Shares	6 Book/Adjusted Carrying Value	7 Rate per Share Used to Obtain Fair Value	8 Fair Value	9 Actual Cost	10 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
		3	4						11 Amount Received During Year	11 Declared but Unpaid							
NONE																	
989999 Total Preferred and Common Stocks XXX.....																	
(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								
31331GG78	FEDERAL FARM CR BK CONS BD		08/21/2009	Non Broker Trade	XXX	499,995	500,000.00	525
31331YG99	FEDERAL FARM CR BKS CONS		04/23/2009	Non Broker Trade	XXX	312,603	300,000.00	4,313
31331GV89	FEDERAL FARM CR BKS GLOBAL		10/22/2009	Stifel Nicolaus	XXX	498,984	500,000.00	228
3133XLEA7	FEDERAL HOME LN BK CONS BD		08/21/2009	Non Broker Trade	XXX	546,405	500,000.00	5,674
3133XRY46	FEDERAL HOME LN BK CONS BD		08/24/2009	Non Broker Trade	XXX	523,495	500,000.00	8,646
3133XUK88	FEDERAL HOME LN BK CONS BD		09/25/2009	Non Broker Trade	XXX	527,546	525,000.00	942
3133XF5T9	FEDERAL HOME LN BKS CONS BD		08/25/2009	Non Broker Trade	XXX	456,004	425,000.00	9,858
3133XJUT3	FEDERAL HOME LN BKS CONS BD		09/29/2009	Non Broker Trade	XXX	1,084,220	1,000,000.00	2,917
3133XTX50	FEDERAL HOME LOAN BANK CONS		06/17/2009	Non Broker Trade	XXX	2,246,970	2,200,000.00	
3133XBV28	FEDERAL HOME LOAN BANKS		04/01/2009	Non Broker Trade	XXX	418,648	400,000.00	7,083
3133XVCB5	FEDERAL HOME LOAN BANKS		10/22/2009	Donaldson Lufkin	XXX	498,470	500,000.00	211
3128X8XS6	FEDERAL HOME LOAN MORTGAGE COMPANY		04/29/2009	Non Broker Trade	XXX	399,800	400,000.00	67
3133XVL41	FEDERAL HOME LN BK CONS BD		11/17/2009	Non Broker Trade	XXX	2,505,469	2,500,000.00	
3136FJNN7	FEDERAL NATL MTG ASSN		11/18/2009	Non Broker Trade	XXX	3,508,750	3,500,000.00	
31398AWL2	FEDERAL NATL MTG ASSN		04/20/2009	Non Broker Trade	XXX	599,976	600,000.00	175
31398AWQ1	FEDERAL NATL MTG ASSN		04/08/2009	Goldman Sachs NY	XXX	374,096	375,000.00	
36211V6Q8	GNMA POOL #0524779		03/26/2009	First Boston Corp	XXX	308,204	295,152.27	615
36295P4L3	GNMA POOL #0676827		03/26/2009	First Boston Corp	XXX	400,227	383,050.01	798
36297A3K7	GNMA POOL #0706502		03/26/2009	First Boston Corp	XXX	284,543	272,493.98	568
36296E5H5	GNMA POOL #0689448		03/26/2009	First Boston Corp	XXX	236,758	226,732.43	472
36297B4P3	GNMA POOL #0707430		03/26/2009	First Boston Corp	XXX	395,044	378,315.80	788
36297CVT3	GNMA POOL #0708126		03/27/2009	First Boston Corp	XXX	310,058	296,617.70	618
36225EVZ2	GNMA II POOL #0082431		11/17/2009	First Boston Corp	XXX	761,250	750,000.00	1,313
36210B4N2	GNMA POOL #0487829		03/26/2009	First Boston Corp	XXX	414,000	400,000.00	750
912828LG3	U S TREASURY NOTE		07/27/2009	Morgan Stanley	XXX	1,497,180	1,500,000.00	
912828LX6	U S TREASURY NOTES		12/04/2009	Salomon Brothers	XXX	1,001,605	1,000,000.00	836
912828LZ1	U S TREASURY NOTES		12/03/2009	HSBC Securities	XXX	739,685	740,000.00	173
912828MM9	U S TREASURY NOTES		12/03/2009	Salomon Brothers	XXX	1,999,761	2,000,000.00	165
0399999	Subtotal - Bonds - U.S. Governments					23,349,746	22,967,362.19	47,735
Bonds - All Other Governments								
912828KH2	U S TREASURY NOTE		03/25/2009	Smith Barney	XXX	998,167	1,000,000.00	
912828LZ4	U S TREASURY NOTES		02/19/2009	VARIOUS	XXX	1,248,686	1,250,000.00	870
1099999	Subtotal - Bonds - All Other Governments					2,246,853	2,250,000.00	870
Bonds - U.S. Special Revenue, Special Assessment								
31331G4N6	FED FARM CR BK CONS SYSTEMWIDE		12/03/2009	Donaldson Lufkin	XXX	749,250	750,000.00	178
31331GAJ5	FEDERAL FARM CR BK CONS BD		12/14/2009	Stifel Nicolaus	XXX	748,887	750,000.00	575
31331GIY6	FEDERAL FARM CR BKS CONS SYS		02/25/2009	Fortis Secs	XXX	200,006	200,000.00	391
31331GLT4	FEDERAL FARM CR BKS CONS SYS		03/31/2009	Mizuho Secs	XXX	406,060	400,000.00	2,583
3133XSP93	FEDERAL HOME LN BK CONS BD		12/03/2009	Donaldson Lufkin	XXX	782,969	750,000.00	11,328
3133XVNB0	FEDERAL HOME LN BK CONS BD		12/04/2009	Stifel Nicolaus	XXX	1,000,078	1,000,000.00	1,025
3133XHK68	FEDERAL HOME LN BKS CONS		03/19/2009	FTN Financial Secs	XXX	384,955	350,000.00	7,524
3133XFIY3	FEDERAL HOME LN BKS CONS BD		03/06/2009	FTN Financial Secs	XXX	215,626	200,000.00	2,596
3133XRW49	FEDERAL HOME LN BKS CONS BD		02/19/2009	Mizuho Secs	XXX	280,183	250,000.00	1,884
3128X2TM7	FEDERAL HOME LN MTG CORP MTN		11/30/2009	FTN Financial Secs	XXX	838,200	750,000.00	12,604
3128X8JU7	FEDERAL HOME LN MTG CORP MTN		02/13/2009	Greenwich Capital Mkts	XXX	175,131	175,000.00	
3128X8KX9	FEDERAL HOME LN MTG CORP MTN		05/14/2009	Greenwich Capital Mkts	XXX	401,912	400,000.00	2,138
3128X8QH8	FEDERAL HOME LN MTG CORP MTN		03/23/2009	Citigroup GBL	XXX	400,660	400,000.00	178
31359MXH1	FEDERAL HOME LN MTG CORP MTN		03/09/2009	Mizuho Secs	XXX	102,597	100,000.00	269
31398AST0	FEDERAL NATL MTG ASSN MTN		05/18/2009	Fortis Secs	XXX	409,128	400,000.00	5,810
31398AUU4	FEDERAL NATL MTG ASSN MTN		03/17/2009	Morgan Stanley	XXX	499,425	500,000.00	1,917

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
31398AVQ2	FEDERAL NATL MTG ASSN MTN		02/26/2009	Chemical Securities	XXX	299,691	300,000.00	
31342A5L9	FHLMC POOL #78-0851		12/07/2009	Stephens Inc.	XXX	536,999	520,096.14	1,268
31394YR63	FHLMC MULTICLASS CTFS 2802 VE		12/18/2009	First Boston Corp	XXX	301,426	283,611.70	867
31393RRD4	FHLMC MULTICLASS MTG		11/24/2009	Nomura Secs NY	XXX	870,016	827,847.18	1,449
31393JPM4	FHLMC MULTICLASS MTG 2557 WD		12/02/2009	VENDOR CODE Z06 NOT IN TA	XXX	978,775	936,627.17	781
31394NAB4	FHLMC MULTICLASS MTG 2723 EA		11/24/2009	Nomura Secs NY	XXX	900,775	860,184.68	1,673
31395USW2	FHLMC MULTICLASS MTG 2977 PA		04/20/2009	Bankers Trust	XXX	313,667	307,140.55	938
31397CYB9	FHLMC MULTICLASS MTG 3253 A		09/30/2009	Chemical Securities	XXX	710,230	672,805.66	374
31397FX5	FHLMC MULTICLASS MTG 3291 NA		08/26/2009	Greenwich Capital Mkts	XXX	411,572	397,593.99	1,822
31342AZE2	FHLMC POOL #78-0741		11/16/2009	J P Morgan Secs	XXX	756,149	732,902.03	1,278
31416B4M7	FNMA POOL #0995528		03/20/2009	Bank of America	XXX	583,989	562,118.65	1,874
31416B4P0	FNMA POOL #0995530		03/20/2009	Bank of America	XXX	582,862	558,932.34	2,049
31393JU87	FNMA GTD REMIC P/T		04/16/2009	Stifel Nicolaus	XXX	279,197	270,000.00	675
31394CPN6	FNMA GTD REMIC P/T 05-10 AJ		08/20/2009	Fortis Secs	XXX	401,695	387,526.35	1,292
31397N3Q6	FNMA GTD REMIC P/T 09-43 GJ		12/03/2009	Donaldson Lufkin	XXX	901,851	866,123.80	674
31396QZW2	FNMA GTD REMIC P/T 09-70 NT		10/01/2009	Barclays Cap	XXX	1,110,745	1,068,860.12	2,097
31416BRE0	FNMA POOL #0995185		09/03/2009	First Boston Corp	XXX	1,071,645	1,024,310.92	1,138
36210BAR3	GNMA POOL #0487832		03/26/2009	First Boston Corp	XXX	365,750	350,000.00	729
784422AA5	SLC STUDENT LN 07 2 CL A-1		02/12/2009	First Boston Corp	XXX	197,054	203,148.61	8
83149EAC1	SLM STUDENT LN 06 5 CL A3		03/18/2009	Robert Baird & Co	XXX	482,734	500,000.00	925
78442GHP4	SLM STUDENT LN TR 03-8 CL A-4		02/25/2009	Chase Greenwich	XXX	221,661	230,146.31	1,081
319999 Subtotal	Bonds - U.S. Special Revenue, Special Assessment					19,853,549	19,234,976.20	73,992
Bonds - Industrial and Miscellaneous (Unaffiliated)								
00206RAQ5	AT&T INC GLOBAL NT		02/10/2009	Stifel Nicolaus	XXX	101,864	100,000.00	135
00209AAE6	AT&T WIRELESS SVCS INC SR NT		04/23/2009	VARIOUS	XXX	485,216	450,000.00	3,511
06050BAG6	BANK AMER CORP MTN SER L		02/09/2009	Chemical Securities	XXX	248,255	250,000.00	175
06406HBE8	BANK OF NEW YORK MELLON TERM		03/09/2009	Alex Brown & Sons	XXX	200,946	200,000.00	3,603
071813AZ2	BAXTER INTL INC SR NT		03/19/2009	VARIOUS	XXX	202,533	200,000.00	311
084664BK6	BERKSHIRE HATHAWAY FINANCE COR		03/26/2009	Goldman Sachs NY	XXX	199,534	200,000.00	
110122AL2	BRISTOL MYERS SQUIBB CO SR NT		04/26/2009	VARIOUS	XXX	240,741	200,000.00	1,520
166751AK3	CHEVRON CORP NT		02/26/2009	Bank of America	XXX	199,988	200,000.00	
17248RAF3	CINGULAR WIRELESS LLC SR NT		03/19/2009	Montgomery Secs	XXX	79,971	75,000.00	1,341
17314AAF9	CITIGROUP FUNDING INC		11/03/2009	Salomon Brothers	XXX	905,419	900,000.00	1,000
17313JAE9	CITIGROUP INC FDIC GTD TGLP GT		02/09/2009	Bank of America	XXX	248,479	250,000.00	177
191216AL4	COCA COLA CONT		03/03/2009	Salomon Brothers	XXX	99,545	100,000.00	
20825CAS3	CONCOPHILLIPS GTD NT		02/11/2009	Dain Rauscher	XXX	102,684	100,000.00	185
22541LAC7	CREDIT SUISSE FB USA INC NT		03/09/2009	First Boston Corp	XXX	152,637	150,000.00	1,544
532457BD9	ELI LILLY & CO		09/14/2009	VARIOUS	XXX	568,111	550,000.00	434
36967HAL1	GENERAL ELEC CAP CORP MTN		03/09/2009	Morgan Stanley	XXX	199,938	200,000.00	
373334JM4	GEORGIA PWR CO SR NT		08/26/2009	Added by SunGard	XXX	278,340	250,000.00	5,000
37732AC1	GLAXOSMITHKLINE CAP INC GTD NT		09/30/2009	VARIOUS	XXX	642,750	600,000.00	10,980
38146FAG6	GOLDMAN SACHS GROUP INC/THE		02/12/2009	Goldman Sachs NY	XXX	200,046	200,000.00	91
44924EAB6	IBM INTL GROUP CAP LLC NT		03/05/2009	First Union Cap Mkts	XXX	132,330	125,000.00	2,420
585055AP1	MEDTRONIC INC SR NT		04/23/2009	VARIOUS	XXX	408,410	400,000.00	1,150
674599BW4	OCCIDENTAL PETE CORP SR NT		03/04/2009	Bear Stearns	XXX	139,859	125,000.00	3,354
69373JAB3	PACCAR INC		03/05/2009	Montgomery Secs	XXX	103,033	100,000.00	478
717081CZ4	PFIZER INC NT		03/17/2009	Salomon Brothers	XXX	199,726	200,000.00	
74456QAT3	PUBLIC SVC ELEC GAS CO SEC2 ME		09/23/2009	First Union Cap Mkts	XXX	315,941	280,000.00	7,237
842400FM0	SOUTHERN CALIF EDISON SER A		03/17/2009	Morgan Stanley	XXX	174,976	175,000.00	
85744RAB8	STATE STR BK & TR CO FDIC GTD		03/17/2009	Goldman Sachs NY	XXX	400,000	400,000.00	
85748KAA1	STATE STR CORP FDIC GTD TLGP		03/03/2009	Goldman Sachs NY	XXX	149,784	150,000.00	
85744RAA0	STATE STREET CORP		03/17/2009	Goldman Sachs NY	XXX	399,808	400,000.00	
913017BD0	UNITED TECHNOLOGIES CORP NT		04/23/2009	VARIOUS	XXX	482,628	450,000.00	3,216

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
91159HGJ3	US BANCORP MTN #TR 00153		03/09/2009	First Union Cap Mkts	XXX	254,108	250,000.00	1,344
92343VAJ3	VERIZON COMMUNICATIONS INC		03/13/2009	Lehman Bros Inc	XXX	199,374	200,000.00	798
88579EAD7	3M CO MEDIUM TERM NTS BOOK		07/20/2009	Goldman Sachs NY	XXX	374,819	350,000.00	1,718
00110AAD6	AEP TEXAS CENTRAL TRANS FD		03/25/2009	Chemical Securities	XXX	307,172	300,000.00	3,705
03064AAC8	AMCAR 2009-1 A3		10/08/2009	First Boston Corp	XXX	253,125	250,000.00	612
02586GAR3	AMERICAN EXPRESS 08-2 CL A		02/13/2009	Citigroup Global Markets	XXX	201,031	200,000.00	89
026609AM9	AMERICAN HOME PRODS CORP NT		02/10/2009	Salomon Brothers	XXX	106,557	100,000.00	2,857
06051GDY2	BANK OF AMERICA CORP		05/08/2009	Goldman Sachs NY	XXX	149,168	150,000.00	
06406HBL2	BANK OF NEW YORK MELLON		05/05/2009	Alex Brown & Sons	XXX	174,944	175,000.00	
06406HBL2	BANK OF NEW YORK MELLON		11/06/2009	Non Broker Trade	XXX	399,328	400,000.00	
073928X73	BEAR STEARNS COS INC MTN		04/01/2009	J P Morgan	XXX	408,384	400,000.00	4,324
097014AG9	BOEING CAP CORP SR NT		07/09/2009	BNP Paribas Securities	XXX	137,959	125,000.00	3,363
14312WAD5	CARMAX AUTO OWNER 09-1 CL A-3		09/15/2009	Robert Baird & Co	XXX	436,931	420,000.00	336
92344SAT7	CELLCO PARTNER WIRELESS		11/11/2009	Non Broker Trade	XXX	174,866	175,000.00	
161571CW2	CHASE ISSUACNE TR 08-9 CL A		12/09/2009	Chemical Securities	XXX	783,164	750,000.00	2,574
17275RAG7	CISCO SYSTEMS		11/09/2009	Non Broker Trade	XXX	249,365	250,000.00	
17314JAL7	CITIBANK NA		06/25/2009	Salomon Brothers	XXX	250,000	250,000.00	
17290CAA4	CITIGROUP INC		05/27/2009	Non Broker Trade	XXX	200,990	200,000.00	141
191219BT0	COCA COLA ENTERPRISES		04/23/2009	Non Broker Trade	XXX	287,385	250,000.00	2,817
20825CAT1	CONOCOPHILLIPS		05/18/2009	Alex Brown & Sons	XXX	99,911	100,000.00	
264399EF9	DUKE ENERGY CORP SR NT		04/23/2009	Goldman Sachs NY	XXX	216,032	200,000.00	4,625
26442EAB6	DUKE ENERGY OHIO INC		12/14/2009	Chase Greenwich	XXX	374,936	375,000.00	
31394JBL1	FNMA GTD REMIC PTT 05-99 KC		06/16/2009	First Boston Corp	XXX	280,162	272,166.72	748
34528AAE9	FORD CR AUTO 06-B A-4		03/06/2009	Robert Baird & Co	XXX	145,830	150,000.00	569
34528CAE5	FORD CR AUTO 06-C CL A4A		04/22/2009	VARIOUS	XXX	198,688	200,000.00	544
302570AV8	FPL GROUP CAP INC GTD DEB		04/23/2009	VARIOUS	XXX	426,735	400,000.00	2,234
36962GAC5	GENERAL ELECTRIC CAP CORP		06/17/2009	Non Broker Trade	XXX	4,180,720	4,000,000.00	25,567
36967HAM7	GENERAL ELECTRIC CAP CORP		08/25/2009	Non Broker Trade	XXX	499,999	500,000.00	115
36967HAU1	GENERAL ELECTRIC CAPITAL CORP		08/04/2009	Non Broker Trade	XXX	400,424	400,000.00	311
38141EA41	GOLDMAN SACHS GROUP INC		07/15/2009	Goldman Sachs NY	XXX	109,914	110,000.00	
41283JAB6	HDMOT 2009-4 A2		11/25/2009	Chemical Securities	XXX	499,970	500,000.00	
428236AU7	HEWLETT PACKARD CO GLOBAL NT		03/04/2009	VARIOUS	XXX	150,895	150,000.00	77
428236AX1	HEWLETT-PACKARD CO		05/21/2009	Morgan Stanley	XXX	124,959	125,000.00	
43813HAD1	HONDA AUTO REC 07-2 CL A-4		03/25/2009	Chemical Securities	XXX	516,016	500,000.00	696
43812TAC8	HONDA AUTO REC 08-1 CL A-3		03/25/2009	Chemical Securities	XXX	510,156	500,000.00	745
438516AY2	HONEYWELL INTL INC SR NT		02/17/2009	Chemical Securities	XXX	99,736	100,000.00	
459200GR6	IBM CORP		11/03/2009	Non Broker Trade	XXX	699,433	700,000.00	
459200DU2	INTERNATIONAL BUSINESS MACHINES		04/22/2009	Non Broker Trade	XXX	316,854	300,000.00	1,444
46625HDC1	JP MORGAN CHASE SR NT		05/01/2009	Chemical Securities	XXX	484,500	500,000.00	338
46625HHN3	JPMORGAN CHASE & CO		05/13/2009	Chemical Securities	XXX	374,228	375,000.00	
481247AK0	JPMORGAN CHASE & CO FDIC NT		08/18/2009	Chemical Securities	XXX	641,296	635,000.00	2,017
49328CAA3	KEYBANK NA SR NTS BOOK ENTRY		08/20/2009	Non Broker Trade	XXX	623,028	600,000.00	3,733
52108HDF8	LB UBS COML MTG TR 01-C2 CL A2		03/05/2009	Montgomery Secs	XXX	150,703	150,000.00	804
52108HJ62	LB UBS COML MTG TR 04-C6 A-3		08/05/2009	Non Broker Trade	XXX	164,800	165,000.00	604
57629WBH2	MASSMUTUAL GLOBAL FUNDIN		06/25/2009	First Boston Corp	XXX	149,883	150,000.00	
589331AR8	MERCK & CO INC/NU		08/31/2009	VARIOUS	XXX	452,952	450,000.00	868
59217FEBV5	MET LIFE GLOB FUNDING I		06/03/2009	SBC Capital Mkts	XXX	250,000	250,000.00	
592179JG1	METROPOLITAN LIFE GLOBAL 144A		09/11/2009	Chemical Securities	XXX	254,304	240,000.00	5,330
594918AB0	MICROSOFT CORP		05/11/2009	Morgan Stanley	XXX	249,755	250,000.00	
61747YCK9	MORGAN STANLEY		11/17/2009	Morgan Stanley	XXX	199,920	200,000.00	
61757UANO	MORGAN STANLEY FDIC GTD TLGP		04/21/2009	Non Broker Trade	XXX	502,135	500,000.00	890
61757UAH3	MORGAN STANLEY FDIC GTD TLGP N		08/21/2009	Non Broker Trade	XXX	511,045	510,000.00	1,823
65490AAD9	NALT 2009-A A3		12/09/2009	Chase Greenwich	XXX	765,000	750,000.00	1,764
64944QAA5	NEW YORK CMNTY BK FDIC GTD TLG		03/20/2009	VARIOUS	XXX	409,734	400,000.00	2,683

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
64952WAS2	NEW YORK LIFE GLOBAL FDG		10/13/2009	First Boston Corp	XXX	498,590	500,000.00	
65475VAC4	NISSAN AUTO REC 09-1 CL A-3		02/19/2009	Bank of America	XXX	99,989	100,000.00	
65476AAD7	NISSAN AUTO REC 09-A CL A-3A		03/19/2009	Montgomery Secs	XXX	139,985	140,000.00	
665859AG9	NORTHERN TRUST CORP		05/07/2009	Bank of America	XXX	315,192	300,000.00	3,268
665859AK0	NORTHERN TRUST CORP		04/28/2009	Morgan Stanley	XXX	50,207	50,000.00	
66989HAA6	NOVARTIS CAPITAL CORP		03/19/2009	Spear, Leeds & Kellogg	XXX	206,688	200,000.00	1,008
68389XAD7	ORACLE CORP NT		04/23/2009	VARIOUS	XXX	320,859	300,000.00	1,980
69373JAA5	PACCAR INC MEDIUM TERM NTS		10/01/2009	Donaldson Lufkin	XXX	286,003	250,000.00	2,435
713448BK3	PEPSICO INC SR NT		04/23/2009	VARIOUS	XXX	405,464	400,000.00	1,167
74153WB17	PRICOA GBL MTD #TR00033 144A		10/02/2009	Montgomery Secs	XXX	425,583	450,000.00	54
771196AN2	ROCHE HLDGS INC GTD NT 144A		12/02/2009	Added by SunGard	XXX	479,921	450,000.00	5,400
842587CD7	SOUTHERN COMPANY SENIOR NOTE		04/22/2009	First Tennessee	XXX	399,164	400,000.00	1,431
84604ZAA7	SOVEREIGN BANK		04/08/2009	Non Broker Trade	XXX	255,908	250,000.00	2,139
84604ZAB5	SOVEREIGN BANK		04/02/2009	First Tennessee	XXX	304,125	300,000.00	2,188
857477AE3	STATE STREET CORP		05/19/2009	Goldman Sachs NY	XXX	24,976	25,000.00	
87244EAC6	TIAA GLOBAL MARKETS		06/08/2009	VARIOUS	XXX	512,238	500,000.00	8,470
872540AN9	TJX COS INC		07/20/2009	Chemical Securities	XXX	99,992	100,000.00	
911312AG1	UNITED PARCEL SVC INC		10/14/2009	Goldman Sachs NY	XXX	373,674	350,000.00	4,113
91159HGR5	US BANCORP		05/11/2009	Morgan Stanley	XXX	124,978	125,000.00	
90327XAB0	USAA AUTO OWNER		04/15/2009	Bank of America	XXX	339,989	340,000.00	
90327KAC6	USAA AUTO OWNER TR 2008-3 A-3		03/06/2009	Chase Greenwich	XXX	202,594	200,000.00	618
92344GAL0	VERIZON GLOBAL FDG CORP NT		04/23/2009	First Union Cap Mkts	XXX	266,003	250,000.00	7,401
931142CQ4	WAL-MART STORES INC		05/14/2009	Bank of America	XXX	324,958	325,000.00	
98156YAB7	WORLD OMNI AUTO RECEIV 09-A A2		12/08/2009	Chemical Securities	XXX	758,203	750,000.00	1,560
3899999 Subtotal	Bonds - Industrial and Miscellaneous (Unaffiliated)					36,862,098	35,962,166.72	174,301
8399997 Subtotal	Bonds - Part 3					82,312,246	80,414,505.11	296,898
8399998 Summary item from Part 5 for Bonds						11,191,419	11,120,000.00	20,010
8399999 Subtotal - Bonds						93,503,665	91,534,505.11	316,908
8999998 Summary item from Part 5 for Preferred Stocks							XXX	
9799998 Summary item from Part 5 for Common Stocks							XXX	
9899999 Subtotal - Preferred and Common Stocks							XXX	
9999999 Totals						93,503,665	XXX	316,908

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value			16	17	18	19	20	21	
										11	12	13							14	15
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized (Cols. 11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	
Bonds - U.S. Governments																			
3128X4N56	FEDERAL HOME LN MTG CORP MTN	02/24/2009	Called	XXX	1,200,000	1,200,000.00	1,190,250	1,195,112		320			1,195,432		4,568	4,568	31,500	02/24/2011	
3133XKVZ7	FEDERAL HOME LOAN BANK	05/22/2009	CALLED @ 100.00000000	XXX	2,200,000	2,200,000.00	2,200,000	2,200,000					2,200,000				57,200	05/22/2012	
3133XKVX5	FEDERAL HOME LOAN BANK	06/21/2009	CALLED @ 100.00000000	XXX	4,000,000	4,000,000.00	4,000,000	4,000,000					4,000,000				105,000	05/21/2012	
3128X6NS1	FEDERAL HOME LOAN MORT CORP	10/15/2009	CALLED @ 100.00000000	XXX	4,000,000	4,000,000.00	3,998,000	3,998,439		302			3,998,741		1,259	1,259	202,000	10/15/2012	
31359MK93	FEDERAL NATL MTG ASSOC	04/06/2009	Called	XXX	747,991	750,000.00	745,313	747,727		253			747,979		12	12	19,688	04/06/2011	
36211V6Q8	GNMA POOL #0524779	12/15/2009	PRINCIPAL RECEIPT	XXX	13,905	13,905.09	14,520		(615)	(615)			13,905				268	01/15/2024	
36295PAL3	GNMA POOL #0676827	12/15/2009	PRINCIPAL RECEIPT	XXX	126,793	126,792.81	132,479		(5,686)	(5,686)			126,793				1,638	05/15/2023	
36296E5H5	GNMA POOL #0689448	12/15/2009	PRINCIPAL RECEIPT	XXX	47,924	47,923.76	50,043		(2,119)	(2,119)			47,924				453	07/15/2023	
36297ABK7	GNMA POOL #0706502	12/15/2009	PRINCIPAL RECEIPT	XXX	36,661	36,660.77	38,282		(1,621)	(1,621)			36,661				241	01/15/2024	
36297B4P3	GNMA POOL #0707430	12/15/2009	PRINCIPAL RECEIPT	XXX	12,147	12,147.33	12,664		(537)	(537)			12,147				233	01/15/2024	
36297CVT3	GNMA POOL #0708126	12/15/2009	PRINCIPAL RECEIPT	XXX	11,159	11,159.27	11,665		(506)	(506)			11,159				223	01/15/2024	
36210BAN2	GNMA POOL #0487829	12/15/2009	PRINCIPAL RECEIPT	XXX	64,832	64,832.39	67,102		(2,269)	(2,269)			64,832				1,668	04/15/2024	
0399999	Subtotal - Bonds - U.S. Governments				12,461,412	12,463,421.42	12,460,338	12,141,278		(12,478)			12,453,573		5,839	5,839	420,112	XXX	
Bonds - All Other Governments																			
912828KH2	U S TREASURY NOTE	11/04/2009	Greenwich Capital Mkts	XXX	672,641	670,000.00	668,772		362	362			669,135		3,507	3,507	3,511	03/31/2011	
912828LZ4	U S TREASURY NOTES	05/11/2009	VARIOUS	XXX	271,567	275,000.00	275,151		(7)	(7)			275,144		(3,577)	(3,577)	1,362	01/31/2014	
1099999	Subtotal - Bonds - All Other Governments				944,208	945,000.00	943,923		355	355			944,279		(70)	(70)	4,873	XXX	
Bonds - U.S. Special Revenue, Special Assessment																			
31395USW2	FHLMC MULTICLASS MTG 2977 PA	12/15/2009	PRINCIPAL RECEIPT	XXX	131,612	131,611.62	134,408		(2,797)	(2,797)			131,612				2,453	12/15/2025	
31397CVB9	FHLMC MULTICLASS MTG 3253 A	12/15/2009	PRINCIPAL RECEIPT	XXX	30,273	30,272.93	31,957		(1,684)	(1,684)			30,273				187	08/15/2020	
31397FCX5	FHLMC MULTICLASS MTG 3291 NA	12/15/2009	PRINCIPAL RECEIPT	XXX	47,807	47,806.85	49,468		(1,681)	(1,681)			47,807				546	10/15/2027	
31342AZE2	FHLMC POOL #78-0741	12/15/2009	PRINCIPAL RECEIPT	XXX	2,194	2,194.27	2,264		(70)	(70)			2,194					07/01/2033	
31416BAM7	FNMA POOL #0995528	12/25/2009	PRINCIPAL RECEIPT	XXX	117,762	117,761.56	122,343		(4,582)	(4,582)			117,762				2,270	12/01/2021	
31416BAP0	FNMA POOL #0995530	12/25/2009	PRINCIPAL RECEIPT	XXX	124,672	124,671.76	130,218		(5,346)	(5,346)			124,672				2,429	12/01/2021	
31393LU87	FNMA GTD REMIC PIT	12/25/2009	PRINCIPAL RECEIPT	XXX	50,888	50,887.93	52,621		(1,733)	(1,733)			50,888				976	07/25/2033	
31394CPN6	FNMA GTD REMIC PIT 05-10 AJ	12/25/2009	PRINCIPAL RECEIPT	XXX	41,476	41,476.25	42,993		(1,516)	(1,516)			41,476				446	01/25/2023	
31396QZV2	FNMA GTD REMIC PIT 09-70 NT	12/25/2009	PRINCIPAL RECEIPT	XXX	53,917	53,917.29	55,970		(2,053)	(2,053)			53,917				431	08/25/2019	
31416BRE0	FNMA POOL #0995185	12/25/2009	PRINCIPAL RECEIPT	XXX	76,850	76,850.20	80,402		(3,551)	(3,551)			76,850				668	12/01/2023	
36210BAR3	GNMA POOL #0487832	12/15/2009	PRINCIPAL RECEIPT	XXX	25,283	25,283.37	26,421		(1,138)	(1,138)			25,283				622	04/15/2024	
784422AA5	S LC STUDENT LN 07 2 CL A-1	11/15/2009	PRINCIPAL RECEIPT	XXX	38,840	38,840.46	37,675		1,165	1,165			38,840				230	05/15/2018	
78442ZHP4	SLM STUDENT LN TR 03-8 CL A-4	12/15/2009	PRINCIPAL RECEIPT	XXX	46,814	46,814.24	45,088		1,726	1,726			46,814				449	03/15/2019	
3199999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				788,588	788,588.73	811,848		(23,260)	(23,260)			788,588				11,697	XXX	
Bonds - Industrial and Miscellaneous (Unaffiliated)																			
046003DC0	ASSOCIATES CORP	07/15/2009	MATURITY	XXX	2,000,000	2,000,000.00	2,273,300	2,040,391		(40,391)			2,000,000				171,000	07/15/2009	
31394UBL1	FNMA GTD REMIC PIT 05-99 KC	12/25/2009	PRINCIPAL RECEIPT	XXX	77,140	77,139.52	79,406		(2,266)	(2,266)			77,140				1,232	02/25/2028	
34528AAE9	FORD CR AUTO 06-B-A-4	12/15/2009	PRINCIPAL RECEIPT	XXX	40,300	40,300.47	39,180		1,120	1,120			40,300				1,723	09/15/2011	
34528CAE5	FORD CR AUTO 06-C-CL A4A	12/15/2009	PRINCIPAL RECEIPT	XXX	17,506	17,505.83	17,391		115	115			17,506				1,039	02/15/2012	
43812TAC8	HONDA AUTO REC 08-1 CL A-3	12/18/2009	PRINCIPAL RECEIPT	XXX	24,329	24,329.13	24,823		(494)	(494)			24,329				816	01/18/2012	
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				2,159,275	2,159,274.95	2,434,100	2,040,391		(41,916)			2,159,275				175,810	XXX	
8399997	Subtotal - Bonds - Part 4				16,353,483	16,356,285.10	16,650,209	14,181,669		(77,299)			16,347,715		5,769	5,769	612,492	XXX	
8399998	Summary Item from Part 5 for Bonds				11,199,706	11,120,000.00	11,191,419		(4,908)	(4,908)			11,186,509		13,199	13,199	91,707	XXX	
8399999	Subtotal - Bonds				27,553,189	27,476,285.10	27,841,628	14,181,669		(82,207)			27,534,224		18,968	18,968	704,199	XXX	
8399998	Summary Item from Part 5 for Preferred Stocks					XXX												XXX	
9799998	Summary Item from Part 5 for Common Stocks					XXX												XXX	
9899999	Subtotal - Preferred and Common Stocks					XXX												XXX	
9999999	Totals				27,553,189	XXX	27,841,628	14,181,669		(82,207)			27,534,224		18,968	18,968	704,199	XXX	

SCHEDULE D - PART 5

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

1 CUSIP Identifi- cation	2 Description	3 F O R E I G N	4 Date Acquired	5 Name of Vendor	6 Disposal Date	7 Name of Purchaser	8 Par Value (Bonds) Number of Shares (Stock)	9 Actual Cost	10 Consi- der- ation	11 Book/ Adjusted Carrying Value at Disposal Date	Change in Book/Adjusted Carrying Value				17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Interest and Dividends Received During Year	21 Paid for Accrued Interest and Dividends	
											12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization)/ Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (Col. 12+ 1.3-1.4)						16 Total Foreign Exchange Change in B./A.C.V.
Bonds - U.S. Governments																				
31331GS77	FEDERAL FARM CR BK CONS		04/07/2009	First Tennessee	09/17/2009	Matured	500,000,000	499,000	500,000	499,139		139			861	861				
31331GSS9	FEDERAL FARM CR BK CONS BD		04/13/2009	Non Broker Trade	07/19/2009	Matured	400,000,000	399,750	400,000	399,782		32			218	218				
3128XBK3	FEDERAL HOME LOAN MORTGAGE CORP		04/23/2009	Non Broker Trade	07/27/2009	Matured	400,000,000	400,030	400,000	400,025		(5)			(25)	(25)				
31398AWK4	FEDERAL NATIONAL MTG ASSN MTN		04/02/2009	Barclays Bank NY	06/09/2009	First Boston Corp	400,000,000	399,496	398,696	399,526		30			(830)	(830)			1,396	
912828DV9	U S TREASURY NOTES		03/25/2009	Alex Brown & Sons	06/09/2009	HSBC Securities	250,000,000	279,796	262,479	278,842		(954)			(16,362)	(16,362)			5,885	
0399999	Subtotal - Bonds - U.S. Governments						1,950,000,000	1,978,072	1,961,175	1,977,314		(758)			(16,138)	(16,138)			7,281	
Bonds - All Other Governments																				
912828KE9	U S TREASURY NOTE		03/12/2009	Smith Barney	06/29/2009	VARIOUS	1,500,000,000	1,496,079	1,500,646	1,496,536		457			4,111	4,111			3,504	
912828KF6	U S TREASURY NOTE		03/19/2009	VARIOUS	04/28/2009	Citigroup Global Markets	1,000,000,000	1,005,882	1,002,379	1,005,760		(122)			(3,380)	(3,380)			3,057	
912828JY7	U S TREASURY NOTES		02/19/2009	Smith Barney	07/27/2009	Goldman Sachs NY	1,500,000,000	1,496,411	1,501,108	1,497,251		839			3,858	3,858			13,089	
1099999	Subtotal - Bonds - All Other Governments						4,000,000,000	3,998,372	4,004,133	3,999,547		1,174			4,589	4,589			19,650	
Bonds - U.S. Special Revenue, Special Assessment																				
31331GUE7	FEDERAL FARM CR BK CONS																			
3128XBK7	FEDERAL HOME LN MTG CORP		05/05/2009	Barclays Cap	09/25/2009	Called	500,000,000	499,774	499,774	499,773		23			1	1				
3128XBIB9	FEDERAL HOME LN MTG CORP		05/19/2009	Added by SunGard	09/25/2009	Salomon Brothers	400,000,000	402,674	403,280	401,926		(748)			1,354	1,354			3,251	
3128XBKP6	FEDERAL HOME LN MTG CORP		02/06/2009	Goldman Sachs NY	07/20/2009	Chemical Securities	150,000,000	149,595	150,377	149,650		55			726	726			1,572	
3128XBLE0	FEDERAL HOME LN MTG CORP		02/13/2009	Chemical Securities	05/18/2009	Called	300,000,000	299,955	300,000	299,965		10			35	35			938	
3128XBQT2	FEDERAL HOME LN MTG CORP		03/02/2009	Bear Stearns	05/20/2009	Called	200,000,000	199,980	200,000	199,984		4			16	16			650	
3137EABY4	FEDERAL HOME LN MTG CORP		03/05/2009	Alex Brown & Sons	10/22/2009	Morgan Stanley	155,000,000	155,107	156,449	155,063		(44)			1,386	1,386			1,392	
3199999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment		02/19/2009	Morgan Stanley	07/20/2009	Goldman Sachs NY	110,000,000	109,600	111,425	109,652		53			1,773	1,773			987	
							1,815,000,000	1,816,661	1,821,305	1,816,013		(647)			5,291	5,291			8,790	
Bonds - Industrial and Miscellaneous (Unaffiliated)																				
06050BA9	BANK AMER CORP MEDIUM TERM NTS		08/21/2009	Morgan Stanley	10/15/2009	Morgan Stanley	550,000,000	568,541	573,646	567,578		(963)			6,068	6,068			14,371	
36967HB2	GENERAL ELEC CAP CORP		09/29/2009	Morgan Stanley	10/15/2009	Bank of America	600,000,000	601,980	605,316	601,952		(28)			3,364	3,364			600	
94974AC0	WELLS FARGO & CO FDIC LTD TLGP		03/25/2009	First Union Cap Mkts	10/15/2009	Morgan Stanley	325,000,000	324,916	330,559	324,929		14			5,630	5,630			7,213	
1404INDZ1	CAPITAL ONE		04/08/2009	Non Broker Trade	09/21/2009	Morgan Stanley	400,000,000	404,047	401,063	403,533		(514)			(2,470)	(2,470)			10,395	
17305ECLJ7	CITIBANK CR CARD 05-A7 A7 FORD CREDIT AUTO OWNER		08/17/2009	Robert Baird & Co	12/14/2009	Bank of America	500,000,000	519,629	515,938	516,345		(3,283)			(408)	(408)			15,635	
34529GAE5	FORD CREDIT AUTO OWNER		09/02/2009	Non Broker Trade	12/14/2009	Non Broker Trade	400,000,000	399,981	401,125	399,983		2			1,142	1,142			7,772	
36186CBF9	GMAC LLC		06/03/2009	Bank of America	10/19/2009	Chase Greenwich	405,000,000	404,356	410,582	404,420		64			6,162	6,162			7,772	
92344SART1	VERIZON WIRELESS CAPITAL TRUST		05/19/2009	Goldman Sachs NY	11/11/2009	Security Withdrawal	175,000,000	174,864	174,864	174,895		31			(31)	(31)			64	
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)						3,355,000,000	3,390,314	3,413,093	3,393,635		(4,677)			19,457	19,457			55,986	
8399998	Subtotal - Bonds						11,120,000,000	11,191,419	11,199,706	11,186,509		(4,908)			13,199	13,199			91,707	
9999999	Totals							11,191,419	11,199,706	11,186,509		(4,908)			13,199	13,199			91,707	

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 CUSIP Identification	2 Description	3 Codes		4 Foreign	5 Date Acquired	6 Name of Vendor	7 Maturity Date	8 Book/ Adjusted Carrying Value	9 Unrealized Valuation Increase/ (Decrease)	10 Change in Book/Adjusted Carrying Value (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Total Foreign Exchange Change in B./A. C.V.	13 Par Value	14 Actual Cost	15 Interest					21 Paid For Accrued Interest	
		15 Amount Due and Accrued Dec. 31 of Current Year on Bond Not in Default	16 Non-Admitted Due and Accrued												17 Rate of	18 Effective Rate of	19 When Paid	20 Amount Received During Year			
U.S. Special Revenue and Special Assessment Obligations and all Non Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations																					
3199999	FEDERAL HOME LN MTG COR REF NT				03/09/2009	Mizuho Secs	02/09/2010	100,401		(3,059)			100,000	103,460	4.875	1.075	FA	2,438			420
	FEDERAL HOME LN MTG CORP DISC				02/06/2009	Mizuho Secs	02/01/2010	198,017					200,000	198,017		1.024	MAT				
2599999	Subtotal - U.S. Special Revenue and Special Assessment Obligations and all Non Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations							298,418		(3,059)			300,000	301,477			X X X	2,438			420
3199999	Total - U.S. Special Revenue and Special Assessment Obligations and all Non Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions							298,418		(3,059)			300,000	301,477			X X X	2,438			420
7799999	Subtotal - Issuer Obligations							298,418		(3,059)			300,000	301,477			X X X	2,438			420
8399999	Total Bonds							298,418		(3,059)			300,000	301,477			X X X	2,438			420
Class One Money Market Mutual Funds																					
996087094	BSDT - LATE MONEY				02/19/2009	Non Broker Trade													1,622		
996085254	DREYFUS CASH MGMT				12/01/2009	Non Broker Trade		4,781,283						4,781,283					29,591		
60934N203	FEDERATED TREASURY OBLIGATION				12/15/2009	Non Broker Trade		75,473,791						75,473,791					412,322		
8999999	Subtotal - Class One Money Market Mutual Funds							80,255,074						80,255,074					443,535		
9199999	Total Short-Term Investments							80,553,492		(3,059)				80,556,551					445,973		

SCHEDULE DB - PART A - SECTION 1

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price Rate or Index	Date of Acquisition	Exchange or Counterparty	Cost/Option Premium	Book Value	*	Statement Value	Fair Value	Increase/ (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income
	NONE												
999999 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
	NONE					
999999 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	Gain/Loss on Termination			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	14	15	16	Other Investment/ Miscellaneous Income
													Recognized	Used to Adjust Basis of Hedged Item	Deferred	
						NONE										
9999999 Total							XXX	XXX		XXX						

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								XXX					

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 XXX XXX XXX																

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		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										XXX		

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		

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				7,426,154	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402				4,918,663	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402				679,775	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402				(6,195,695)	X X X
.....	.....					X X X
.....	.....					X X X
.....	.....					X X X
.....	.....					X X X
.....	.....					X X X
.....	.....					X X X
0199998 Deposits in .....1 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories		X X X			9,786	X X X
0199999 Totals - Open Depositories		X X X			6,838,683	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			6,838,683	X X X
0499999 Cash in Company's Office		X X X	X X X	X X X		X X X
0599999 Total Cash		X X X			6,838,683	X X X

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

1. January	5,565,243	4. April	13,404,087	7. July	(14,945,335)	10. October	1,898,351
2. February	(13,454,442)	5. May	(12,952,270)	8. August	(3,788,576)	11. November	(18,959,833)
3. March	(18,782,351)	6. June	1,781,919	9. September	3,897,835	12. December	6,838,683

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							
8699999 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	Multiple Purposes	25,761,014	26,077,310		
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	25,761,014	26,077,310		
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				

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SUPPLEMENTAL COMPENSATION EXHIBIT

For the Year Ended December 31, 2009
(To be filed by March 1)

PART 1 - INTERROGATORIES

1. The reporting insurer is a member of a group of insurers or other holding company system:
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[]

2. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity? Yes[] No[X]

3. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement? Yes[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 Brown Gregg Chairperson	2009	219,499		324,200	543,699
		2008	145,781		231,412	377,193
		2007	141,513		137,738	279,251
2.	Steven Lee Coulter, MD Managing Director	2009	227,138		238,079	465,217
		2008	134,866		158,610	293,476
		2007	117,413		102,007	219,420
3.	Sonya Kay Nelson President & CEO of VSHP	2009	206,050		104,759	310,809
		2008	201,022		92,222	293,244
		2007	184,098		57,787	241,885
4.	David Matthew Moroney MD VP & Chief Medical Officer	2009	159,771		69,021	228,792
		2008	29,404		12,987	42,391
		2007	45,570		11,557	57,127
5.	Amber Jeanine Cambron VP Operations	2009	162,134		64,253	226,387
		2008	150,088		48,779	198,867
		2007	151,962		30,070	182,032
6.	Deborah Webb MD Medical Dir Govt Medical Mgmt	2009	238,917		108,464	347,381
		2008	237,712		42,074	279,786
		2007	141,346		20,750	162,096
7.	Maria Lenaz Medical Director	2009	147,000		28,274	175,274
		2008	108,098		14,088	122,186
		2007				
8.	Pedro Juan Cardona Medical Director	2009	145,248		28,793	174,041
		2008	102,951		14,088	117,039
		2007				
9.	Jamie J. Patterson Director Clinical Operations	2009	152,267		20,410	172,677
		2008	67,308		4,528	71,836
		2007				
10.	Sherron Renee Trammell Director Member Centric Solutions	2009	152,422		20,003	172,425
		2008	65,793			65,793
		2007				

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			

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MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT
For The Year Ended December 31, 2009
 (To be filed by March 1)
 FOR THE STATE OF TENNESSEE

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

NAIC Company Code: 00000

Telephone:

1	2	3	4	5	6	7	8	9	10	Policies Issued Through 2006			Policies Issued in 2007, 2008, 2009				
										11	12	13	14	15	16	17	18
Compliance with OBRA	Policy Form Number	Standardized Medicare Supplement Benefit Plan	Medicare Select	Plan Characteristics	Date Approved	Date Approval Withdrawn	Date Last Amended	Date Closed	Policy Marketing Trade Name	Premiums Earned	Amount	Percent of Premiums Earned	Number of Covered Lives	Premiums Earned	Amount	Percent of Premiums Earned	Number of Covered Lives
0299999 Total Experience on Group Policies																	
GENERAL INTERROGATORIES																	

NONE

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":





**NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS
SCHEDULE SIS**

STOCKHOLDER INFORMATION SUPPLEMENT

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

NONE

TO ANNUAL STATEMENT OF THE

Volunteer State Health Plan, Inc.
COMPANY

FOR THE YEAR ENDED
December 31, 2009
(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
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
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 **NONE** or contemporaneous with the solicitation of proxies in respect to the Annual Meeting? Yes No
If answer is "No" explain in detail below. Attach separate sheet if necessary.:
- (2) Did it contain the following financial statements (indicate answer in Column A) and were such financial statements prepared substantially on the basis (individual or consolidated) as required to be present in the Company's Annual Statement (indicate answer in Column B)?

	Column A	Column B
To be answered by Life and A & H Companies:		
a. Statement of Assets, Liabilities, Surplus and Other Funds	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
b. Summary of Operations	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
c. Surplus Account	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
To be answered by Property and Casualty Companies:		
a. Statement of Assets, Liabilities, Surplus and Other Funds	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
b. Statement of Income	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
c. Capital and Surplus Account	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
To be answered by Title Insurance Companies		
a. Statement of Assets, Liabilities, Surplus and Other Funds	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
b. Statement of Income - Operations and Investment Exhibit	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
c. Capital and Surplus Account	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
To be answered by Health Insurance Companies:		
a. Statement of Assets, Liabilities, Capital and Surplus	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
b. Statement of Revenues and Expenses	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
c. Capital and Surplus Account	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

(See Instructions Below)

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

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

The statement of the title of a security should be such as to clearly identify the security. The word "NONE" may be only one class, for example: "Common stock," "4% convertible preferred stock," etc.

NONE

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)

NAIC Group Code: 0000

(To be Filed By March 1)

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				X X X	
7.12 Without Reinsurance Coverage				X X X	
7.2 Supplemental Benefits				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	

N O N E

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