

**QUARTERLY 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 QUARTER ENDED
September 30, 2010**

2010



QUARTERLY STATEMENT
AS OF September 30, 2010
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 (Area Code) (Telephone Number) (423)535-5600
 (City, or Town, State and Zip Code)

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

Internet Web Site 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)

CORPORATE OFFICERS

Name	Title
Sonya Kay Nelson	President & CEO
Shelia Dian Clemons	Secretary
Katharine Anne Laurance	Assistant Secretary
Daniel Paul Timblin	Treasurer
Alaine Marie Zachary	Assistant Treasurer

ADMINISTRATIVE OFFICERS

Judy Messer Slagle, Chief Operating Officer	Steven Lee Coulter MD, Managing Director
Robert Stanley DeMerritt, Chief Financial Officer	David Matthew Moroney MD, VP & Chief Medical Officer
Amber Jeanine Cambron, Vice President, Operations	James Howard Srite, Actuary

DIRECTORS OR TRUSTEES

Vicky Brown Gregg, Chairman	Steven Lee Coulter MD
John Francis Giblin	

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.

(Signature)	(Signature)	(Signature)
Sonya Kay Nelson	Shelia Dian Clemons	Robert Stanley DeMerritt
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President & CEO	Secretary	Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this 10th day of Nov., 2010

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

(Notary Public Signature)



**My Commission Expires:
 January 8, 2014**

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ASSETS

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	159,328,081		159,328,081	93,191,585
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
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 (\$.....18,470,305), cash equivalents (\$.....0) and short-term investments (\$.....118,999,359)	137,469,664		137,469,664	87,392,175
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities	2,086,718		2,086,718	2,194
10. Aggregate write-ins for invested assets				
11. Subtotals, cash and invested assets (Lines 1 to 10)	298,884,463		298,884,463	180,585,954
12. Title plants less \$.....0 charged off (for Title insurers only)				
13. Investment income due and accrued	1,092,068		1,092,068	616,086
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	41,310,866		41,310,866	34,891,109
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)				
14.3 Accrued retrospective premiums				
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers				
15.2 Funds held by or deposited with reinsured companies				
15.3 Other amounts receivable under reinsurance contracts				
16. Amounts receivable relating to uninsured plans	175,443		175,443	1,011,495
17.1 Current federal and foreign income tax recoverable and interest thereon				
17.2 Net deferred tax asset	5,348,088	1,804,840	3,543,248	3,438,996
18. Guaranty funds receivable or on deposit				
19. Electronic data processing equipment and software				
20. Furniture and equipment, including health care delivery assets (\$.....0)				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Receivables from parent, subsidiaries and affiliates				48,983,035
23. Health care (\$.....0) and other amounts receivable	1,118,658	1,118,658		655,890
24. Aggregate write-ins for other than invested assets	68,438	68,438		
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24)	347,998,024	2,991,936	345,006,088	270,182,565
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
27. Total (Lines 25 and 26)	347,998,024	2,991,936	345,006,088	270,182,565
DETAILS OF WRITE-INS				
1001.				
1002.				
1003.				
1098. Summary of remaining write-ins for Line 10 from overflow page				
1099. TOTALS (Lines 1001 through 1003 plus 1098) (Line 10 above)				
2401. Prepaid Expenses	68,438	68,438		
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above)	68,438	68,438		

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	196,039,671		196,039,671	143,964,733
2. Accrued medical incentive pool and bonus amounts	791,286		791,286	
3. Unpaid claims adjustment expenses	11,491,348		11,491,348	8,923,076
4. Aggregate health policy reserves				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance	183,641		183,641	510,762
9. General expenses due or accrued	577,435		577,435	6,164,242
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	6,023,359		6,023,359	398,379
13. Remittances and items not allocated	800,087		800,087	1,396,558
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates	8,922,539		8,922,539	
16. Derivatives				
17. Payable for securities	2,921,134		2,921,134	
18. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
19. Reinsurance in unauthorized companies				
20. Net adjustments in assets and liabilities due to foreign exchange rates				
21. Liability for amounts held under uninsured plans	9,438,432		9,438,432	3,825,849
22. Aggregate write-ins for other liabilities (including \$.....0 current)	22,209,113		22,209,113	18,086,558
23. Total liabilities (Lines 1 to 22)	259,398,045		259,398,045	183,270,157
24. Aggregate write-ins for special surplus funds	X X X	X X X		
25. Common capital stock	X X X	X X X	10	10
26. Preferred capital stock	X X X	X X X		
27. Gross paid in and contributed surplus	X X X	X X X	160,299,990	136,299,990
28. Surplus notes	X X X	X X X	12,000,000	
29. Aggregate write-ins for other than special surplus funds	X X X	X X X	34,651,682	25,326,692
30. Unassigned funds (surplus)	X X X	X X X	(121,343,639)	(74,714,284)
31. Less treasury stock, at cost:				
31.1 .....0 shares common (value included in Line 25 \$.....0)	X X X	X X X		
31.2 .....0 shares preferred (value included in Line 26 \$.....0)	X X X	X X X		
32. Total capital and surplus (Lines 24 to 30 minus Line 31)	X X X	X X X	85,608,043	86,912,408
33. Total Liabilities, capital and surplus (Lines 23 and 32)	X X X	X X X	345,006,088	270,182,565
DETAILS OF WRITE-INS				
2201. Insured Premium Tax Payable	22,175,245		22,175,245	18,076,545
2202. Pending Escheatment to State	33,868		33,868	10,013
2203.				
2298. Summary of remaining write-ins for Line 22 from overflow page				
2299. TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above)	22,209,113		22,209,113	18,086,558
2401.	X X X	X X X		
2402.	X X X	X X X		
2403.	X X X	X X X		
2498. Summary of remaining write-ins for Line 24 from overflow page	X X X	X X X		
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above)	X X X	X X X		
2901. Legally Required Reserves	X X X	X X X	34,651,682	25,326,692
2902.	X X X	X X X		
2903.	X X X	X X X		
2998. Summary of remaining write-ins for Line 29 from overflow page	X X X	X X X		
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)	X X X	X X X	34,651,682	25,326,692

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	X X X	3,775,716	3,947,366	5,204,333
2. Net premium income (including \$.....0 non-health premium income)	X X X	976,026,589	887,213,357	1,197,311,190
3. Change in unearned premium reserves and reserves 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	976,026,589	887,213,357	1,197,311,190
Hospital and Medical:				
9. Hospital/medical benefits		661,011,970	644,320,034	869,847,716
10. Other professional services		174,860,968	148,969,703	206,488,617
11. Outside referrals				
12. Emergency room and out-of-area		34,796,352	40,097,671	54,035,117
13. Prescription drugs				
14. Aggregate write-ins for other hospital and medical			31,502	285
15. Incentive pool, withhold adjustments and bonus amounts				
16. Subtotal (Lines 9 to 15)		870,669,290	833,418,910	1,130,371,735
Less:				
17. Net reinsurance recoveries				
18. Total hospital and medical (Lines 16 minus 17)		870,669,290	833,418,910	1,130,371,735
19. Non-health claims (net)				
20. Claims adjustment expenses, including \$.....23,142,981 cost containment expenses		79,347,364	77,543,575	85,775,902
21. General administrative expenses		84,542,255	39,946,690	79,244,800
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)				
23. Total underwriting deductions (Lines 18 through 22)		1,034,558,909	950,909,175	1,295,392,437
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(58,532,320)	(63,695,818)	(98,081,247)
25. Net investment income earned		2,198,243	1,820,573	2,430,370
26. Net realized capital gains (losses) less capital gains tax of \$.....0		540,389	(12,254)	21,901
27. Net investment gains or (losses) (Lines 25 plus 26)		2,738,632	1,808,319	2,452,271
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	(55,793,688)	(61,887,499)	(95,628,976)
31. Federal and foreign income taxes incurred	X X X	(18,985,722)	(19,383,112)	(31,213,319)
32. Net income (loss) (Lines 30 minus 31)	X X X	(36,807,966)	(42,504,387)	(64,415,657)
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 (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			
1401. Exigency Post-Settlement Activity			31,502	285
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)			31,502	285
2901.				
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page				
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)				

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	86,912,408	26,856,301	26,856,301
34. Net income or (loss) from Line 32	(36,807,966)	(42,504,387)	(64,415,657)
35. Change in valuation basis of aggregate policy and claim reserves		42,663,267	42,663,267
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	64,790	(1,050)	(39,268)
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax	346,541	(12,654,629)	(12,111,094)
39. Change in nonadmitted assets	(907,730)	2,470,475	1,958,861
40. Change in unauthorized reinsurance			
41. Change in treasury stock			
42. Change in surplus notes	12,000,000		
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	24,000,000	32,000,000	92,000,000
45.2 Transferred to capital (Stock Dividend)			
45.3 Transferred from capital			
46. Dividends to stockholders			
47. Aggregate write-ins for gains or (losses) in surplus			(2)
48. Net change in capital and surplus (Lines 34 to 47)	(1,304,365)	21,973,676	60,056,107
49. Capital and surplus end of reporting period (Line 33 plus 48)	85,608,043	48,829,977	86,912,408
DETAILS OF WRITE-INS			
4701. Rounding			(2)
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page			
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)			(2)

Report #2A: TennCare Select Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	130,293	404,636	820,126
Estimated Revenues:			
1. TennCare Capitation	91,744,023	302,338,532	400,087,885
2. Investment	-	-	-
3. Other Revenues	-	-	-
4. Total Estimated Revenues (Lines 1 to 3)	91,744,023	302,338,532	400,087,885
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	260,455	786,086	1,355,084
6. Fee-for Service Physician Services	9,756,014	33,515,048	57,989,033
7. Inpatient Hospital Services	18,582,263	66,847,683	98,611,434
8. Outpatient Hospital Services	7,632,506	25,555,539	38,789,154
9. Emergency Room Services	1,149,426	3,747,358	7,172,161
10. Dental Services	-	-	-
11. Vision Services	71,656	225,820	297,614
12. Pharmacy Services	-	-	-
13. Home Health Services	25,666,795	82,168,585	115,710,386
14. Chiropractic Services	-	-	-
15. Radiology Services	295,819	1,137,161	2,186,016
16. Laboratory Services	353,222	1,194,309	2,049,227
17. Durable Medical Equipment Services	4,706,607	15,855,540	22,135,564
18. Transportation Services	965,257	3,658,820	3,949,939
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	100,879	201,454	-
23. HCBS Services	437	437	-
24. Other Medical and Hospital Services - Write-Ins	2,786,469	5,576,126	10,544,297
25. Subtotal Medical and Hospital (Lines 5 to 24)	72,327,805	240,469,966	360,789,909
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	867,832	3,466,172	690,430
27. Inpatient Substance Abuse Treatment and Detox	3,411	32,515	6,848
28. Outpatient Mental Health Services	2,235,236	7,376,431	1,167,266
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	2,381,206	8,510,834	1,501,448
31. Specialized Crisis Services	(216,831)	777,482	487,997
32. Psychiatric Rehab and Support Services	8,247	25,743	5,325
33. Case Management	922,531	3,142,230	478,925
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	29,327	93,751	35,686
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	2,102,304	5,883,744	848,085
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. Subtotal MH & SAS (Lines 26 to 43)	8,333,263	29,308,902	5,222,010
45. Subtotal Hospital, Medical, MH&SAS (Lines 25 and 44)	80,661,068	269,778,868	366,011,919
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	2,457	4,400	15,542
48. Subrogation and Coordination of Benefits	487,648	799,025	1,538,546
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	490,105	803,425	1,554,088
50. Total Hospital, Medical, MH&SAS (Lines 45 and 49)	80,170,963	268,975,443	364,457,831
Administration:			
51. Compensation	3,816,338	9,676,633	12,185,232
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	5,045,018	16,620,226	15,363,179
55. Occupancy, Depreciation, and Amortization	301,305	763,982	962,038
56. Other Administration - Write-Ins	2,317,619	5,876,515	7,399,960
57. Total Administration Expenses (Lines 51 to 56)	11,480,280	32,937,356	35,910,409
58. Total Expenses (Lines 50 and 57)	91,651,243	301,912,799	400,368,240
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	28,200	144,870	(91,508)
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	64,580	280,863	(188,847)
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.	1,606,846	4,708,212	7,863,005
2202. Out of Area Claims Expense	(1,443)	21,957	2,436,345
2203. Bad Debt Expense	1,181,066	845,957	244,947
2299. Total Other Medical and Hospital	2,786,469	5,576,126	10,544,297
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Outsourced Services	772,353	1,958,369	2,466,063
5602. Equipment Rental	695,139	1,762,582	2,219,519
5603. Auditing, Actuarial, and Other Consulting	338,632	858,629	1,081,223
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	274,788	696,745	877,370
5605. Postage/Telephone	171,432	434,681	547,369
5606. Printing and Stationary	65,275	165,509	208,416
5699. Total Other Administration	2,317,619	5,876,515	7,399,960

Report #2A: BlueCare West Only

Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	556,361	1,671,318	2,282,053
Estimated Revenues:			
1. TennCare Capitation	165,910,540	413,799,462	501,533,700
2. Investment	532,160	1,274,167	1,062,767
3. Other Revenues	342,551	342,551	-
4. Total Estimated Revenues (Lines 1 to 3)	166,785,251	415,416,180	502,596,467
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	5,069	16,845	2,980,912
6. Fee-for Service Physician Services	31,342,823	94,089,877	137,400,196
7. Inpatient Hospital Services	34,591,149	90,257,875	131,149,960
8. Outpatient Hospital Services	16,041,715	52,236,327	77,617,665
9. Emergency Room Services	6,477,019	19,302,528	31,081,011
10. Dental Services	-	941	6,785
11. Vision Services	108,784	309,850	381,079
12. Pharmacy Services	-	-	-
13. Home Health Services	6,444,976	17,989,022	22,675,648
14. Chiropractic Services	-	-	-
15. Radiology Services	1,710,844	5,552,657	9,278,515
16. Laboratory Services	2,415,898	7,555,430	10,481,809
17. Durable Medical Equipment Services	2,663,192	8,093,759	11,284,105
18. Transportation Services	3,579,757	11,348,171	13,680,460
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	25,004,386	25,004,386	-
23. HCBS Services	2,183,252	2,183,252	-
24. Other Medical and Hospital Services - Write-Ins	2,178,524	7,573,127	8,618,809
25. Subtotal Medical and Hospital (Lines 5 to 24)	134,747,388	341,514,047	456,636,954
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	1,537,059	5,162,319	5,420,028
27. Inpatient Substance Abuse Treatment and Detox	133,985	223,208	236,572
28. Outpatient Mental Health Services	1,471,647	3,430,599	2,858,460
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	637,482	1,978,030	2,198,826
31. Specialized Crisis Services	707,130	2,288,413	1,820,609
32. Psychiatric Rehab and Support Services	45,305	191,355	82,310
33. Case Management	2,106,761	6,151,195	6,833,076
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	43,784	118,614	183,574
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,423,954	4,260,882	5,399,066
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. Subtotal MH & SAS (Lines 26 to 43)	8,107,107	23,804,615	25,032,521
45. Subtotal Hospital, Medical, MH&SAS (Lines 25 and 44)	142,854,495	365,318,662	481,669,475
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	841,222	874,912	107,834
48. Subrogation and Coordination of Benefits	-	(54)	-
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	841,222	874,858	107,834
50. Total Hospital, Medical, MH&SAS, (Lines 45 and 49)	142,013,273	364,443,804	481,561,641
Administration:			
51. Compensation	10,531,081	28,431,267	28,971,809
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	9,143,920	22,777,811	19,023,374
55. Occupancy, Depreciation, and Amortization	831,441	2,244,680	2,287,357
56. Other Administration - Write-Ins	6,395,411	17,266,003	17,594,267
57. Total Administration Expenses (Lines 51 to 56)	26,901,853	70,719,761	67,876,807
58. Total Expenses (Lines 50 and 57)	168,915,126	435,163,565	549,438,448
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	(546,371)	(6,719,727)	(15,289,233)
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	(1,583,504)	(13,027,658)	(31,552,748)
Write-Ins for Other Expense			
Detail of Other Revenues			
0301. Pay-for-Performance Bonus	342,551	342,551	-
0399. Total Other Revenues	342,551	342,551	-
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	2,178,382	7,574,720	8,380,663
2202. Out of Area Claims Expense	142	(1,593)	238,146
2203. (Dec)/Inc in Reserves for Life and Accident and Health Contracts	-	-	-
2204.	-	-	-
2299. Total Other Medical and Hospital	2,178,524	7,573,127	8,618,809
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Outsourced Services	2,131,295	5,753,959	5,863,355
5602. Equipment Rental	1,918,218	5,178,706	5,277,163
5603. Auditing, Actuarial, and Other Consulting	934,446	2,522,769	2,570,734
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	758,265	2,047,128	2,086,048
5605. Postage/Telephone	473,064	1,277,153	1,301,434
5606. Printing and Stationary	180,123	486,288	495,533
5699. Total Other Administration	6,395,411	17,266,003	17,594,267

Report #2A: BlueCare East Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	700,135	2,104,399	2,922,280
Estimated Revenues:			
1. TennCare Capitation	217,896,510	561,947,939	698,000,959
2. Investment	677,295	1,619,906	1,367,739
3. Other Revenues	-	-	-
4. Total Estimated Revenues (Lines 1 to 3)	218,573,805	563,567,845	699,368,698
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	78,886	241,428	4,049,180
6. Fee-for Service Physician Services	46,243,072	152,008,961	239,025,020
7. Inpatient Hospital Services	39,920,010	114,125,461	145,167,823
8. Outpatient Hospital Services	19,797,176	63,194,595	91,977,535
9. Emergency Room Services	5,413,705	15,522,551	22,668,811
10. Dental Services	1,975	6,440	2,096
11. Vision Services	130,536	480,329	663,651
12. Pharmacy Services	-	-	-
13. Home Health Services	8,425,199	25,854,876	30,796,685
14. Chiropractic Services	-	-	-
15. Radiology Services	2,261,969	7,697,236	12,718,709
16. Laboratory Services	3,080,151	9,938,710	14,413,647
17. Durable Medical Equipment Services	5,726,291	17,474,510	21,606,168
18. Transportation Services	5,280,819	16,660,966	18,413,831
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	31,858,996	31,858,996	-
23. HCBS Services	5,037,358	5,037,358	-
24. Other Medical and Hospital Services - Write-Ins	2,013,436	6,822,300	9,389,880
25. Subtotal Medical and Hospital (Lines 5 to 24)	175,269,579	466,924,717	610,893,036
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	1,700,631	5,333,119	5,329,009
27. Inpatient Substance Abuse Treatment and Detox	189,397	605,164	520,129
28. Outpatient Mental Health Services	2,097,382	6,873,474	6,652,543
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	1,644,588	4,961,400	6,791,007
31. Specialized Crisis Services	2,494,042	8,216,271	8,993,499
32. Psychiatric Rehab and Support Services	43,249	142,578	135,579
33. Case Management	1,349,223	4,068,028	3,505,871
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	93,553	270,438	317,939
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	2,972,486	9,588,438	8,292,228
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. Subtotal MH & SAS (Lines 26 to 43)	12,584,551	40,058,910	40,537,804
45. Subtotal Hospital, Medical, MH&SAS (Lines 25 and 44)	187,854,130	506,983,627	651,430,840
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	666,996	754,378	259,649
48. Subrogation and Coordination of Benefits	-	-	-
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	666,996	754,378	259,649
50. Total Hospital, Medical, MH&SAS , (Lines 45 and 49)	187,187,134	506,229,249	651,171,191
Administration:			
51. Compensation	13,951,301	37,033,179	40,132,281
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	11,984,308	30,907,137	26,842,211
55. Occupancy, Depreciation, and Amortization	1,101,471	2,923,811	3,168,488
56. Other Administration - Write-Ins	8,472,475	22,489,849	24,371,903
57. Total Administration Expenses (Lines 51 to 56)	35,509,555	93,353,976	94,514,883
58. Total Expenses (Lines 50 and 57)	222,696,689	599,583,225	745,686,074
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	(1,080,015)	(12,255,472)	(15,118,002)
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	(3,042,869)	(23,759,908)	(31,199,374)
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.	2,013,505	6,821,599	8,921,547
2202. Out of Area Claims Expense	(69)	701	468,333
2203. Decrease in Reserves for Life and Accident and Health Contracts	-	-	-
2204.	-	-	-
2299. Total Other Medical and Hospital	2,013,436	6,822,300	9,389,880
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Outsourced Services	2,823,484	7,494,826	8,122,026
5602. Equipment Rental	2,541,205	6,745,527	7,310,024
5603. Auditing, Actuarial, and Other Consulting	1,237,930	3,286,036	3,561,026
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	1,004,531	2,666,489	2,889,634
5605. Postage/Telephone	626,702	1,663,557	1,802,771
5606. Printing and Stationary	238,623	633,414	686,422
5699. Total Other Administration	8,472,475	22,489,849	24,371,903

CASH FLOW

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations				
1.	Premiums collected net of reinsurance	969,279,711	874,372,678	1,167,997,427
2.	Net investment income	2,815,562	1,755,884	2,597,872
3.	Miscellaneous income			
4.	Total (Lines 1 to 3)	972,095,273	876,128,562	1,170,595,299
5.	Benefit and loss related payments	817,803,066	751,126,724	1,048,627,306
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7.	Commissions, expenses paid and aggregate write-ins for deductions	160,459,519	116,567,070	161,356,039
8.	Dividends paid to policyholders			
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	(18,985,722)	(19,383,112)	(31,213,319)
10.	Total (Lines 5 through 9)	959,276,863	848,310,682	1,178,770,026
11.	Net cash from operations (Line 4 minus Line 10)	12,818,410	27,817,880	(8,174,727)
Cash from Investments				
12.	Proceeds from investments sold, matured or repaid:			
12.1	Bonds	69,670,298	21,346,193	27,553,189
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	836,611	1,258,255	
12.8	Total investment proceeds (Lines 12.1 to 12.7)	70,506,909	22,604,448	27,556,122
13.	Cost of investments acquired (long-term only):			
13.1	Bonds	136,359,707	66,670,887	93,503,665
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)	136,359,707	66,670,887	93,545,127
14.	Net increase (or decrease) in contract loans and premium notes			
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	(65,852,798)	(44,066,439)	(65,989,005)
Cash from Financing and Miscellaneous Sources				
16.	Cash provided (applied):			
16.1	Surplus notes, capital notes	12,000,000		
16.2	Capital and paid in surplus, less treasury stock	24,000,000	32,000,000	92,000,000
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)	67,111,877	33,378,576	2,817,960
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	103,111,877	65,378,576	94,817,960
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)	50,077,489	49,130,017	20,654,228
19.	Cash, cash equivalents and short-term investments:			
19.1	Beginning of year	87,392,175	66,737,947	66,737,947
19.2	End of period (Line 18 plus Line 19.1)	137,469,664	115,867,964	87,392,175

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

20.0001				
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EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	418,045								418,045	
2. First Quarter	419,448								419,448	
3. Second Quarter	419,870								419,870	
4. Third Quarter	419,524								419,524	
5. Current Year										
6. Current Year Member Months	3,775,716								3,775,716	
Total Member Ambulatory Encounters for Period:										
7. Physician	3,791,358								3,791,358	
8. Non-Physician	329,683								329,683	
9. Total	4,121,041								4,121,041	
10. Hospital Patient Days Incurred	260,852								260,852	
11. Number of Inpatient Admissions	38,314								38,314	
12. Health Premiums Written (a)	976,026,589								976,026,589	
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	976,026,589								976,026,589	
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	816,957,612								816,957,612	
18. Amount Incurred for Provision of Health Care Services	870,669,290								870,669,290	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....0.

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

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
0199999 Individually Listed Claims Unpaid						
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	13,311,094	384,238	27,445			13,722,777
0499999 Subtotals	13,311,094	384,238	27,445			13,722,777
0599999 Unreported claims and other claim reserves						182,316,894
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						196,039,671
0899999 Accrued Medical Incentive Pool And Bonus Amounts						791,286

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1+3)	6 Estimated Claim Reserve and Claim Liability Dec.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 Dec.31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)						
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid	120,399,590	695,712,568	4,933,725	191,105,946	125,333,315	143,964,733
8. Other health						
9. Health subtotal (Lines 1 to 8)	120,399,590	695,712,568	4,933,725	191,105,946	125,333,315	143,964,733
10. Healthcare receivables (a)	(126,818)	(718,636)			(126,818)	
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals	120,526,408	696,431,204	4,933,725	191,105,946	125,460,133	143,964,733

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

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Notes to Financial Statement

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 and 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 Tennessee Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective January 1, 2010, has been adopted as a component of prescribed and 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 Tennessee. Permitted accounting practices include deviations from NAIC Statutory Accounting Principles (SAP) specifically requested by an insurer and granted by the TDCI. These statements have no deviations from NAIC SAP other than as described in the following paragraphs.

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 records the uninsured claims overpayments as claims expense instead of reporting the net gain or 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 receivables and associated payables related to premium taxes for Administrative Services Only (ASO) business.

At the request of the TDCI, TennCare Division, VSHP reports gross transactions with the affiliates listed on Schedule Y of the annual report.

Pursuant to Tennessee Code Annotated (TCA) §56-32-112 (a)(5)(D) *Capital Requirements*, VSHP may admit Health Care Receivables less than 91 days old.

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:

NET INCOME	State of Domicile	September 30, 2010	December 31, 2009
(1) Net Loss Tennessee statutory basis	TN	\$ (36,807,966)	\$ (64,415,657)
(2) Tennessee Prescribed Practices	TN	0	0
(3) Tennessee Permitted Practices	TN	0	0
(4) Net Loss, NAIC SAP	TN	\$ (36,807,966)	\$ (64,415,657)
SURPLUS			
(5) Statutory Surplus, State of Tennessee	TN	\$ 85,608,043	\$ 86,912,408
(6) Tennessee Prescribed Practices (Surplus):	TN		
Admission of Health Care Receivables < 91 Days	TN	0	(201,347)
(7) Tennessee Permitted Practices	TN	0	0
(8) Statutory Surplus, NAIC SAP	TN	\$ 85,608,043	\$ 86,711,061

5. Investments

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 Company's bond portfolio managers and custodian and are consistent with current market and economic conditions. Market values were obtained from the Company's custodian who uses actual market quotes if available or matrix pricing of securities with similar terms. The Company made no changes in the method of netting principal paydowns during the nine months ended September 30, 2010.
- (3) The Company had no concentration of credit risk in accordance with SSAP No. 27.
- (4) There were no loan-backed securities for which an other-than-temporary impairment was recognized for the nine months ended September 30, 2010.
- (5) There were no loan-backed securities for which an other-than-temporary impairment was recognized for the nine months ended September 30, 2010 for which the present value of cash flows expected to be collected was less than the amortized cost basis.

Notes to Financial Statement

- (6) The Company did not have an other-than-temporary impairment on any of the loan-backed securities in its investment portfolio during the nine months ended September 30, 2010.

The aggregate amortized cost and fair value of loan-backed securities where fair value was less than amortized cost at September 30, 2010 and for which other-than-temporary impairments have not been recognized is as follows:

	At a Loss Less Than 12 Months	At a Loss Greater Than 12 Months	Total
Amortized Cost	\$ 3,516,973	\$ 0	\$ 3,516,973
Fair Value	3,485,015	0	3,485,015
Unrealized Loss	\$ (31,958)	\$ 0	\$ (31,958)

- (7) Management regularly reviews the fair value of the Company's investments. If the fair value of any investment falls below its cost basis, the decline is analyzed to determine whether it is an other-than-temporary decline in value.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. BlueCross BlueShield of Tennessee, Inc. (BCBST or the Parent) transferred \$77,000,000 during the first nine months of 2010 and \$72,000,000 in 2009 to Southern Diversified Business Services, Inc. (SDBS) as capital contributions. The capital contributions were passed through SDBS to the Company. In addition, BCBST issued a \$12,000,000 surplus note to VSHP during the first nine months of 2010. At September 30, 2010, the Company had an intercompany receivable of \$5,000,000 for additional capital contribution from BCBST.
- C. The Company pays BCBST for services performed under administrative services and tax sharing agreements. For the nine months ended September 30, the Company paid \$51,819,425 and \$48,001,307 in 2010 and 2009, respectively. Payments are net of reimbursements to the Parent for Cover Tennessee, MedAdvantage and other operations.
- D. The Company reported \$8,922,539 due to BCBST as of September 30, 2010, and \$48,983,035 due from BCBST as of December 31, 2009.
- E. Other than the contingent commitment reported in Item 14, 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.

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

- (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 \$8,691,241 to BCBST based on its 2009 net worth.
- (6) The Company's statutory deposit, required by the State of Tennessee, was \$34,651,682 at September 30, 2010. Assets in the amount of \$35,156,418 for the period ended September 30, 2010, were on deposit with government authorities or trustees.

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 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. Effective February 1, 2010, the Company became a guarantor of the BCBST \$200,000,000 financing.

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

- C. The Company had no wash sales (SSAP 91).

Notes to Financial Statement**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 Administrative Service Only (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 16 in the category labeled "Amounts receivable relating to uninsured plans". Premium tax receivable from the State of Tennessee is netted against premium tax payable to the State of Tennessee, for premium taxes related to ASO plans. Liabilities excluding any 'due to/from' amounts occurring between the ASO, insured business, and BCBST for ASO plans are netted on page Q3, line 21 in the category labeled "Liability for amounts held under uninsured accident and health plans".

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

Amounts receivable at September 30, 2010 relating to uninsured plans reflected on page Q2, line 16, is as follows:

ASO	Amount
a. Unbilled expenses (timing differences)	\$ 175,443
Total Amounts Receivable Relating to Uninsured Plans	\$ 175,443

The loss from operations from ASO uninsured plans and the portion of partially insured plans were as follows for the first nine months ended September 30, 2010:

	(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	\$ (258,573)	\$ 0	\$ (258,573)
b. Total net other income or (expenses) (including interest paid to or received from plans)	(2,414)	\$ 0	(2,414)
c. Net loss from operations	<u>\$ (260,987)</u>	<u>\$ 0</u>	<u>\$ (260,987)</u>
d. Total Claims Payment Volume	\$ 257,377,264	\$ 0	\$ 257,377,264

21. Other Items**C. Other Disclosures**

- 1) Assets in the amount of \$35,156,418 for the period ended September 30, 2010, were on deposit with government authorities or trustees. This amount exceeds by \$504,736 the deposit amount required by the State of Tennessee of \$34,651,682.

Notes to Financial Statement

- 2) Expenses are shown on the Statement of Revenue and Expenses net of administrative fees from ASO contracts. There was a significant increase in claims adjustment and general administrative expense in the nine months ended September 30, 2010 compared to the same period in the prior year. The increase was primarily attributable to an increase in the premium tax rate on July 1, 2009 from 2% to 5.5% and the ramp up of expenses on the at-risk contracts for the East and West Grand Regions in 2009. The following provides a comparison of expense excluding ASO administrative fees and premium tax.

<u>Line#</u>	<u>Administrative Expenses:</u>	<u>Nine Months Sept 30, 2010</u>	<u>Nine Months Sept 30, 2009</u>	<u>% Change</u>
20	Claims adjustment expense	\$79,347,364	\$77,543,575	
21	General administrative expense	84,542,255	39,946,690	
	Total Expense	163,889,619	117,490,265	
	Less: ASO administrative fees	33,089,502	25,460,971	
	Less: Premium tax	(69,638,984)	(39,663,803)	
	Expenses before ASO admin fees and excluding premium tax	\$127,340,137	\$103,287,433	23%

22. Events Subsequent

Type I – Recognized Subsequent Events:

At September 30, 2010, BCBST accrued an intercompany payable to VSHP in the amount of \$5,000,000. This amount represents capital needed for VSHP to maintain a 200 % RBC level. The funds will be transferred in the form of a surplus note upon approval from TDCL.

Type II – Non-recognized Subsequent Events:

Subsequent events have been considered through November 8, 2010 for the statutory statement issued on November 15, 2010. The Company has no required disclosures of Type II events (SSAP 9).

25. Change in Incurred Claims and Claim Adjustment Expenses

As of December 31, 2009, the reserve for unpaid insured claims and claims adjustment expenses amounted to \$152,887,809. Through September 30, 2010, \$129,143,687 was paid for expenses attributable to insured events of prior years. The re-estimation of reserves for unpaid insured claims and claim adjustment expenses for 2009 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 \$18,504,600. The reserve remaining for prior year was \$5,239,522 as of September 30, 2010.

Other Notes

There have been no significant changes during the first nine months of 2010 in notes not presented herein.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No[X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes[] No[] N/A[X]

- 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. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes[] No[X]
If yes, complete the Schedule Y - Part 1 - organizational chart.

- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes[] No[] N/A[X]
If yes, attach an explanation.

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2008.....
- 6.2 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.....
- 6.3 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.....
- 6.4 By what department or departments?
Tennessee Department of Commerce and Insurance
- 6.5 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[]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[] N/A[]

- 7.1 Has this 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]
- 7.2 If yes, give full information

- 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 below the names and location (city and state of the main office) of any affiliates regulated by a federal 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]

- 9.1 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.
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended? Yes[] No[X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[] No[X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[] No[X]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$..... 0

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes[] No[X]
- 11.2 If yes, give full and complete information relating thereto:

- 12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$..... 0
- 13. Amount of real estate and mortgages held in short-term investments: \$..... 0

- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes[] No[X]

GENERAL INTERROGATORIES (Continued)

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds		
14.22 Preferred Stock		
14.23 Common Stock		
14.24 Short-Term Investments		
14.25 Mortgages Loans on Real Estate		
14.26 All Other		
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)		
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above		

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes[] No[X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

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

16. 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[]

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

1 Name of Custodian(s)	2 Custodian Address
Regions Morgan Keegan Trust	1100 Ridgeway Loop Ste 100 Memphis, TN 38120 ...

16.2 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)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes[] No[X]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
4161	Regions Morgan Keegan Trust	1100 Ridgeway Loop Ste 100 Memphis, TN 38120
Exempt	Blackrock Financial Management	40 East 52nd Street, New York, 10022

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

Yes[X] No[]

17.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 2 - HEALTH

- | | |
|--|--------------|
| 1. Operating Percentages: | |
| 1.1 A&H loss percent | 92% |
| 1.2 A&H cost containment percent | 2% |
| 1.3 A&H expense percent excluding cost containment expenses | 14% |
| 2.1 Do you act as a custodian for health savings accounts? | Yes[] No[X] |
| 2.2 If yes, please provide the amount of custodial funds held as of the reporting date. | \$..... 0 |
| 2.3 Do you act as an administrator for health savings accounts? | Yes[] No[X] |
| 2.4 If yes, please provide the balance of the funds administered as of the reporting date. | \$..... 0 |

SCHEDULE S - CEDED REINSURANCE
Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			NONE			

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

1.	State, Etc.	1 Active Status	Direct Business Only							
			2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
2.	Alabama (AL)	N								
3.	Alaska (AK)	N								
4.	Arizona (AZ)	N								
5.	Arkansas (AR)	N								
6.	California (CA)	N								
7.	Colorado (CO)	N								
8.	Connecticut (CT)	N								
9.	Delaware (DE)	N								
10.	District of Columbia (DC)	N								
11.	Florida (FL)	N								
12.	Georgia (GA)	N								
13.	Hawaii (HI)	N								
14.	Idaho (ID)	N								
15.	Illinois (IL)	N								
16.	Indiana (IN)	N								
17.	Iowa (IA)	N								
18.	Kansas (KS)	N								
19.	Kentucky (KY)	N								
20.	Louisiana (LA)	N								
21.	Maine (ME)	N								
22.	Maryland (MD)	N								
23.	Massachusetts (MA)	N								
24.	Michigan (MI)	N								
25.	Minnesota (MN)	N								
26.	Mississippi (MS)	N								
27.	Missouri (MO)	N								
28.	Montana (MT)	N								
29.	Nebraska (NE)	N								
30.	Nevada (NV)	N								
31.	New Hampshire (NH)	N								
32.	New Jersey (NJ)	N								
33.	New Mexico (NM)	N								
34.	New York (NY)	N								
35.	North Carolina (NC)	N								
36.	North Dakota (ND)	N								
37.	Ohio (OH)	N								
38.	Oklahoma (OK)	N								
39.	Oregon (OR)	N								
40.	Pennsylvania (PA)	N								
41.	Rhode Island (RI)	N								
42.	South Carolina (SC)	N								
43.	South Dakota (SD)	N								
44.	Tennessee (TN)	L			976,026,589				976,026,589	
45.	Texas (TX)	N								
46.	Utah (UT)	N								
47.	Vermont (VT)	N								
48.	Virginia (VA)	N								
49.	Washington (WA)	N								
50.	West Virginia (WV)	N								
51.	Wisconsin (WI)	N								
52.	Wyoming (WY)	N								
53.	American Samoa (AS)	N								
54.	Guam (GU)	N								
55.	Puerto Rico (PR)	N								
56.	U.S. Virgin Islands (VI)	N								
57.	Northern Mariana Islands (MP)	N								
58.	Canada (CN)	N								
59.	Aggregate other alien (OT)	XXX								
60.	Subtotal	XXX			976,026,589				976,026,589	
61.	Reporting entity contributions for Employee Benefit Plans	XXX								
61.	Total (Direct Business)	(a) 1			976,026,589				976,026,589	
DETAILS OF WRITE-INS										
5801.		XXX								
5802.		XXX								
5803.		XXX								
5898.	Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX								

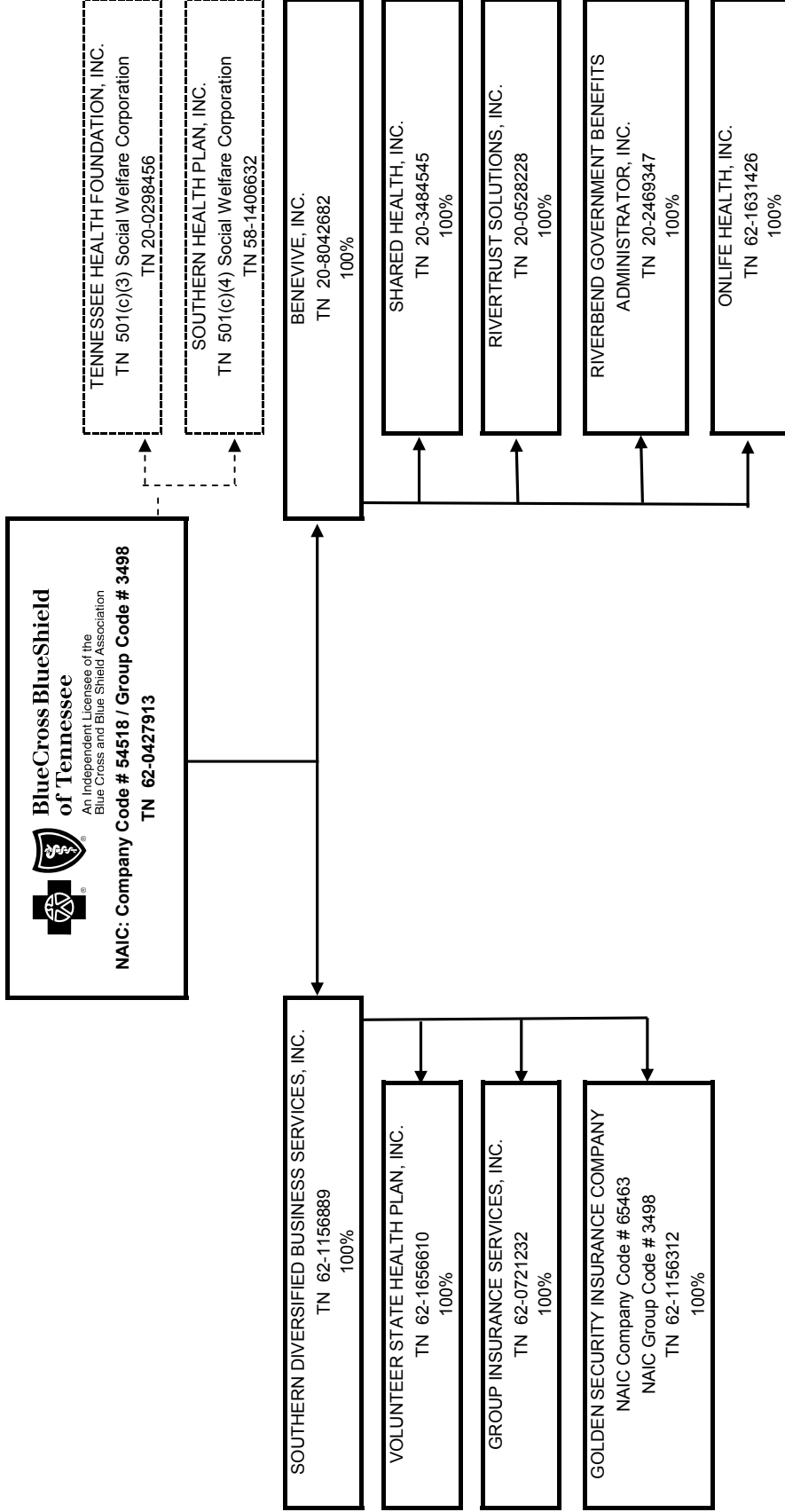
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

RESPONSE

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

No

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



00000201036500003 (NAIC code not entered)

2010

Document Code: 365

OVERFLOW PAGE FOR WRITE-INS

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2204.				
2205.				
2297. Summary of remaining write-ins for Line 22 (Lines 2204 through 2296)				

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
0604.	XXX			
0605.	XXX			
0606.	XXX			
0607.	XXX			
0608.	XXX			
0609.	XXX			
0610.	XXX			
0611.	XXX			
0612.	XXX			
0613.	XXX			
0614.	XXX			
0615.	XXX			
0616.	XXX			
0617.	XXX			
0618.	XXX			
0619.	XXX			
0697. Summary of remaining write-ins for Line 6 (Lines 0604 through 0696)	XXX			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
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)			

STATEMENT AS OF **September 30, 2010** OF THE **Volunteer State Health Plan, Inc.**
SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
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 (Line 9 minus Line 10)		

NONE

SCHEDULE B - VERIFICATION

Mortgage Loans

	1	2
	Year To Date	Prior Year Ended December 31
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		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points		
9. Total foreign exchange change in book value/recorded investment		
10. Deduct current year's other than temporary impairment recognized		
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 (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
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)		

NONE

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	93,191,585	27,615,542
2. Cost of bonds and stocks acquired	136,359,707	93,503,665
3. Accrual of discount	29,949	21,397
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	540,388	18,968
6. Deduct consideration for bonds and stocks disposed of	69,670,298	27,553,189
7. Deduct amortization of premium	1,123,250	414,798
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)	159,328,081	93,191,585
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	159,328,081	93,191,585

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	238,594,020	100,182,151	59,958,404	(490,327)	231,599,670	238,594,020	278,327,440	173,745,077
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	238,594,020	100,182,151	59,958,404	(490,327)	231,599,670	238,594,020	278,327,440	173,745,077
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	238,594,020	100,182,151	59,958,404	(490,327)	231,599,670	238,594,020	278,327,440	173,745,077

Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....1,504,346; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

SCHEDULE DA - PART 1**Short - Term Investments**

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals	118,999,359	X X X	119,007,852	66,835	4,813

SCHEDULE DA - Verification**Short-Term Investments**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	80,553,492	49,105,689
2. Cost of short-term investments acquired	347,534,453	898,538,647
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	599	2,933
6. Deduct consideration received on disposals	309,074,106	867,085,550
7. Deduct amortization of premium	15,079	8,227
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)	118,999,359	80,553,492
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	118,999,359	80,553,492

SCHEDULE DB - PART A - VERIFICATION

Options, Caps, Floors, Collars, Swaps and Forwards

1.	Book Adjusted Carrying Value, December 31, prior year (Line 8, prior year)	
2.	Cost Paid/(Consideration Received) on additions	
3.	Unrealized Valuation increase/(decrease)	
4.	Total recognized terminations	
5.	Considerations received/(paid) on terminations	
6.	Amortization	
7.	Adjustment to the Book/Adjusted Carrying Value of hedged items	
8.	Total foreign exchange change in Book/Adjusted Carrying value	
9.	Book/Adjusted Carrying Value at End of Current Period (Lines 1 + 2 + 3 + 4 - 5 + 6 + 7 + 8)	
10.	Deduct nonadmitted assets	
11.	Statement value at end of current period (Line 9 minus Line 10)	

NONE

SCHEDULE DB - PART B - VERIFICATION

Futures Contracts

1.	Book/Adjusted Carrying Value, December 31 of prior year				
2.	Net Cash Deposits (Section 1, Broker Name/Net Cash Deposits Footnote)				
3.1	Change in variation margin on open contracts				
3.2	Add:				
	Change in adjustment to basis of hedged item				
	3.21 Section 1, Column 16, current year minus				
	3.22 Section 1, Column 16, prior year				
	Change in amount recognized				
	3.23 Section 1, Column 15, current year minus				
	3.24 Section 1, Column 15, prior year				
3.3	Subtotal (Line 3.1 minus Line 3.2)				
4.1	Variation Margin on terminated contracts during the year				
4.2	Less:				
	4.21 Amount used to adjust basis of hedged item				
	4.22 Amount recognized				
4.3	Subtotal (Line 4.1 minus Line 4.2)				
5.	Dispositions gains (losses) on contracts terminated in prior year:				
	5.1 Recognized				
	5.2 Used to adjust basis of hedged items				
6.	Book Adjusted Carrying Value at end of current period (Lines 1 + 2 + 3.3 - 4.3 - 5.1 - 5.2)				
7.	Deduct total nonadmitted amounts				
8.	Statement value at end of current period (Line 6 minus Line 7)				

NONE

SCHEDULE DB - PART C - SECTION 1

Replication (Synthetic Asset) Transactions Open as of Current Statement Date

1 Replication RSAT Number	Replication (Synthetic Asset) Transactions							Components of the Replication (Synthetic Asset) Transactions									
	2 Description	3 NAIC Designation or Other Description	4 Notional Amount	5 Book/Adjusted Carrying Value	6 Fair Value	7 Effective Date	8 Maturity Date	Derivative Instrument(s) Open		Cash Instrument(s) Held							
								9 Description	10 Book/Adjusted Carrying Value	11 Fair Value	12 CUSIP	13 Description	14 NAIC Designation or Other Description	15 Book/Adjusted Carrying Value	16 Fair Value		
						NONE											
9999999 Totals																	
						XXX . XXX . XXX .						XXX .		XXX .		XXX .	

SCHEDULE DB - PART C - SECTION 2

Replication (Synthetic Asset) Transactions 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 Replication (Synthetic Asset) Statement Value	Number of Positions	Total Replication (Synthetic Asset) Statement Value	Number of Positions	Total Replication (Synthetic Asset) Statement Value	Number of Positions	Total Replication (Synthetic Asset) Statement Value	Number of Positions	Total Replication (Synthetic Asset) Statement Value
1. Beginning Inventory										
2. Add: Opened or Acquired Transactions										
3. Add: Increases in Replication (Synthetic Asset) Transactions										
4. Less: Closed or Disposed of Transactions	X X X				X X X		X X X		X X X	
5. Less: Positions Disposed of for Failing Effectiveness Criteria										
6. Less: Decreases in Replication (Synthetic Asset) Transactions	X X X		X X X		X X X		X X X		X X X	
7. Ending Inventory										

NONE

SCHEDULE DB - VERIFICATION

Verification of Book/Adjusted Carrying Value, Fair Value and Potential Exposure of all Open Derivative Contracts

		Book/Adjusted Carrying Value Check
1. Part A, Section 1, Column 14		
2. Part B, Section 1, Net Broker Cash Deposit Write-in (Footnote)		
3. Part B, Section 1, Column 17		
4. Subtotal (Line 2 minus Line 3)		
5. Total (Line 1 plus Line 4)		
6. Part D, Column 5		
7. Part D, Column 6		
8. Total (Line 5 minus Line 6 minus Line 7)		

		Fair Value Check
<div style="border: 1px solid black; padding: 10px; display: inline-block;"> <p style="font-size: 2em; margin: 0;">NONE</p> </div>	Date	
9. Part A, Section 1, Column 16		
10. Part B, Section 1, Column 2 (Number of Contracts Price)		
11. Total (Line 9 plus Line 10)		
12. Part D, Column 8		
13. Part D, Column 9		
14. Total (Line 11 minus Line 12 minus Line 13)		

		Potential Exposure Check
15. Part A, Section 1, Column 21		
16. Part B, Section 1, Column 18		
17. Part D, Column 11		
18. Total (Line 15 plus Line 16 minus Line 17)		

SCHEDULE E - Verification
(Cash Equivalents)

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year		
2.	Cost of cash equivalents acquired	1,999,527	
3.	Accrual of discount		
4.	Unrealized valuation increase (decrease)		
5.	Total gain (loss) on disposals	(52)	
6.	Deduct consideration received on disposals	1,999,475	
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 (Line 10 minus Line 11)		

SCHEDULE A - PART 2
Showing all Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 Description of Property	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
	2 City	3 State						
NONE								
0399999 Totals								

SCHEDULE A - PART 3
Showing All Real Estate DISPOSED 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 Changes in Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances Prior Year	Change in Book/Adjusted Carrying Value Less Encumbrances			14 Book/Adjusted Carrying Value Less Encumbrances on Disposal	15 Amounts 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 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								12 Total Change in B/A C.V. (11 - 9 - 10)	13 Total Foreign Exchange Change in B/A C.V.
NONE																	
0399999 Totals																	

SCHEDULE B - PART 2
Showing All Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 Loan Number	2 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
	3 City	3 State						
NONE								
3399999 Total Mortgages (sum of Lines 0899999, 1699999, 2499999 and 3299999)								

SCHEDULE B - PART 3
Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

1 Loan Number	2 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 Change in Book Value/Recorded Investment				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
	3 City	3 State						10 Current Year's Other Than Temporary Impairment Recognized	11 Capitalized Deferred Interest and Other									
NONE																		
0599999 Totals																		

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 CUSIP Identification	2 Name or Description	3 Location		4 City	5 Name of Vendor or General Partner	6 NAIC Designation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made After Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership
NONE													
4199999 TOTALS													XXX

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

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

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
912828N10	U S TREASURY NOTE		07/01/2010	Chemical Securities	X X X	1,305,235	1,300,000.00	132	1FE
912828N8	U S TREASURY NOTE		08/25/2010	JP Morgan Chase	X X X	1,458,409	1,470,000.00		1
039999	Subtotal - Bonds - U.S. Governments				X X X	2,763,644	2,770,000.00	132	X X X
Bonds - U.S. Special Revenue, Special Assessment									
31331JH55	FEDERAL FARM CR BK CONS BD		09/14/2010	Non Broker Trade	X X X	4,033,000	4,000,000.00		1FE
3136FM4L5	FEDERAL NATL MTG ASSN		08/03/2010	Mizuho Secs	X X X	1,501,545	1,500,000.00	229	1FE
3136FM5E0	FEDERAL NATL MTG ASSN		08/01/2010	Non Broker Trade	X X X	1,901,900	1,900,000.00		1FE
3136FM7A6	FEDERAL NATL MTG ASSN		08/01/2010	Morgan Keegan	X X X	4,141,840	4,000,000.00		1
319999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				X X X	11,578,285	11,400,000.00	229	X X X
Bonds - Industrial and Miscellaneous (Unaffiliated)									
002824X8	ABBOOTT LABORATORIES		08/31/2010	FTN Financial Secs	X X X	524,830	500,000.00	3,600	1FE
02005MAE2	ALLY AUTO RECEIVABLES TRU 3 A4		08/12/2010	JP Morgan	X X X	989,646	990,000.00		1FE
06051GED7	BANK OF AMERICA CORP		09/28/2010	Deutsche Bank Secs	X X X	404,944	400,000.00	1,644	1FE
136069DP3	CANADIAN IMP BK COMM NY		09/07/2010	JP Morgan Secs	X X X	1,023,832	1,025,000.00		1FE
14041NCL3	CAPITAL ONE MULTI-ASSET A10 A		09/21/2010	Barclays Capital	X X X	789,000	800,000.00	67	1FE
17314JAT0	CITIBANK NA		08/25/2010	Goldman Sachs NY	X X X	1,645,935	1,610,000.00	4,539	1FE
225458VQ8	CREDIT SUISSE FB 05-C3 CL A-A4		08/05/2010	JP Morgan Secs	X X X	791,836	750,000.00	879	1FE
26875PAF8	EOG RESOURCES INC		08/31/2010	SBC Capital Mkts	X X X	783,608	750,000.00	6,330	1FE
36967HAY3	GENERAL ELECTRIC CAPITAL CORP		07/27/2010	Goldman Sachs NY	X X X	1,310,022	1,260,000.00	2,848	1FE
361849YU0	GMAC COMMERCIAL MORTGAGE C2 A2		09/10/2010	Non Broker Trade	X X X	815,484	745,000.00	1,639	1FE
38141EA74	GOLDMAN SACHS GROUP INC		09/28/2010	Goldman Sachs NY	X X X	846,772	825,000.00	5,257	1FE
38141GDQ4	GOLDMAN SACHS GROUP INC/THE		07/16/2010	JPMorgan Securities Inc,	X X X	81,619	75,000.00	1,050	1FE
428238BB8	HEWLETT - PACKARD CO		09/09/2010	Citigroup Global Markets	X X X	674,467	675,000.00		1FE
44328MAD6	HSBC BANK PLC		09/01/2010	JP Morgan Secs	X X X	1,102,288	1,100,000.00	1,241	1FE
459200GT2	IBM CORP		09/15/2010	JP Morgan Secs	X X X	599,628	600,000.00	750	1FE
46625YXP3	JP MORGAN CHASE COMMER LDP5 A4		09/08/2010	Alex Brown & Sons	X X X	988,699	900,000.00	1,609	1FE
46623EJD2	JPMORGAN CHASE & CO		09/27/2010	JP Morgan Secs	X X X	724,913	725,000.00		1FE
56501RAA4	MANULIFE FINANCIAL CORP		09/14/2010	Morgan Stanley	X X X	399,416	400,000.00		1FE
59217GA7	MET LIFE GLOB FUNDING I 144A		09/21/2010	Morgan Stanley	X X X	973,275	950,000.00	4,816	1FE
59156RAW8	METLIFE INC		08/03/2010	UBS Secs	X X X	269,641	270,000.00		1FE
594918AG9	MICROSOFT CORP		09/22/2010	JP Morgan Secs	X X X	925,917	930,000.00		1FE
61747YCL7	MORGAN STANLEY		09/28/2010	Deutsche Bank Secs	X X X	165,606	160,000.00	1,166	1FE
617451AF6	MORGAN STANLEY CAPITA IQ10 A4A		08/04/2010	Goldman Sachs NY	X X X	816,914	750,000.00	872	1FE
65352DQ2	NIAGARA MOHAWK POWER		08/18/2010	JP Morgan	X X X	1,059,890	1,000,000.00	14,015	1FE
65557CAC7	NORDEA BANK AB		09/27/2010	First Boston Corp	X X X	1,548,156	1,550,000.00		1FE
66572CF4	NORTHERN STATES PWR MINN		08/04/2010	Citigroup GBL	X X X	573,856	575,000.00		1FE
665859AJ3	NORTHERN TR CORP NT		08/16/2010	JP Morgan	X X X	1,122,950	1,000,000.00	611	1FE
78008KNA7	ROYAL BANK OF CANADA		09/29/2010	RBC Capital Markets Corp	X X X	1,372,979	1,375,000.00		1FE
913017BH1	UNITED TECHNOLOGIES CORP		09/23/2010	Deutsche Bank Secs	X X X	570,970	500,000.00	9,953	1FE
91159HG10	US BANCORP		09/08/2010	First Boston Corp	X X X	674,129	675,000.00		1FE
92343VAJ3	VERIZON COMMUNICATIONS INC		07/01/2010	JPMorgan Securities Inc,	X X X	1,181,675	1,105,000.00	18,960	1FE
389999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	25,752,897	24,970,000.00	81,846	X X X
839999	Subtotal - Bonds - Part 3				X X X	40,094,826	39,140,000.00	82,207	X X X

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
8399998	Summary Item from Part 5 for Bonds (N/A to Quarterly)				XXX	XXX	XXX	XXX	XXX
8399999	Subtotal - Bonds				XXX	40,094,826	39,140,000.00	82,207	XXX
8999998	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				XXX	XXX	XXX	XXX	XXX
9799998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)				XXX	XXX	XXX	XXX	XXX
9899999	Subtotal - Preferred and Common Stocks				XXX	XXX	XXX	XXX	XXX
9999999	Total - Bonds, Preferred and Common Stocks				XXX	40,094,826	XXX	82,207	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stocks Sold, Redeemed, or Otherwise Disposed of During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value				16	17	18	19	20	21	22	
										11	12	13	14								15
CUSIP Identification	Description	F o r e i g n	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's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (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	NAIC Designation or Market Indicator (a)
34528AAE9	FORD CR AUTO 06-B A-4		08/09/2010	VARIOUS	XXX	201,255	200,101.26	201,391	56,744		(333)		(333)		201,504		(250)	(250)	6,218	09/15/2011	IFE
34528AAE9	FORD CR AUTO 06-C CL A4A		09/15/2010	PRINCIPAL RECEIPT	XXX	35,097	35,097.12	34,867	34,950		147		147		35,097				1,182	09/15/2012	IFE
36158YBA6	GE CAP COML MTG CORP 01-1A 2		09/15/2010	PRINCIPAL RECEIPT	XXX	120,797	120,797.44	124,912	400,373		(4,115)		(4,115)		120,797		942	942	3,605	05/15/2033	IFE
36867HAU1	GENERAL ELECTRIC CAPITAL CORP		07/15/2010	Bear Stearns	XXX	401,247	400,000.00	400,424	400,373		(68)		(68)		400,305		942	942	704	12/21/2012	IFE
36867HA73	GENERAL ELECTRIC CAPITAL CORP		09/09/2010	Goldman Sachs NY	XXX	1,312,063	1,260,000.00	1,310,022	79,947		(2,383)		(2,383)		1,307,639		4,424	4,424	6,963	12/28/2012	IFE
38141EA41	GOLDMAN SACHS GROUP INC		08/23/2010	BNP Paribas Securities	XXX	82,978	80,000.00	79,938			13		13		79,959		3,019	3,019	3,174	08/01/2012	IFE
38143JAW1	GOLDMAN SACHS GROUP INC NT		08/19/2010	Chemical Securities	XXX	537,000	500,000.00	508,330			(398)		(398)		507,933		29,068	29,068	9,931	10/01/2014	IFE
38144LAC4	GOLDMAN SACHS GROUP INC SR NT		08/19/2010	Chemical Securities	XXX	1,068,648	1,015,000.00	1,062,888			(4,270)		(4,270)		1,058,618		30,031	30,031	17,364	11/01/2012	IFE
38141G0Q4	GOLDMAN SACHS GROUP INC/THE		09/01/2010	Goldman Sachs NY	XXX	624,202	580,000.00	609,922			(2,891)		(2,891)		607,031		17,171	17,171	15,887	09/01/2012	IFE
41983JAB6	HDMOT 2009-4 A2		09/15/2010	Goldman Sachs NY	XXX	81,260	75,000.00	81,619			(246)		(246)		81,373		(114)	(114)	1,553	10/15/2013	IFE
43813HAD1	HONDA AUTO REC 07-2 CL A-3		09/21/2010	PRINCIPAL RECEIPT	XXX	101,743	101,923.99	101,857	101,857		6		6		101,863				823	10/15/2012	IFE
438127AC8	HONDA AUTO REC 06-1 CL A-4		09/21/2010	PRINCIPAL RECEIPT	XXX	103,758	103,757.76	105,002	103,143		(1,400)		(1,400)		103,743		6763	6763	3,056	11/21/2013	IFE
44924EAB6	IBM INTL GROUP CAP LLC NT		09/15/2010	Goldman Sachs NY	XXX	136,115	125,000.00	132,330	130,747		(1,394)		(1,394)		129,352		2,982	2,982	5,751	10/22/2012	IFE
46920DDU2	INTERNATIONAL BUSINESS MACHINES		08/02/2010	Bear Stearns	XXX	308,673	300,000.00	316,854	310,847		(5,156)		(5,156)		305,691		3,152	3,152	12,911	03/22/2011	IFE
481247AN4	JPMORGAN CHASE & CO		09/09/2010	Dain Rauscher	XXX	1,290,829	1,280,000.00	1,288,819			(1,142)		(1,142)		1,287,677				2,991	12/26/2012	IFE
52108HDF8	LB US COML MTG TR 01-C2 CL A2		09/17/2010	PRINCIPAL RECEIPT	XXX	10,592	10,591.60	10,641	10,637		(45)		(45)		10,592		1,360	1,360	471	11/15/2027	IFE
61757JAH3	MORGAN STANLEY FDCI GTD TLGP N		07/28/2010	Dain Rauscher	XXX	502,558	500,000.00	502,135			(424)		(424)		501,197		29,306	29,306	1,622	03/13/2012	IFE
666859AG9	MORGAN STANLEY FDCI GTD TLGP N		09/30/2010	Goldman Sachs NY	XXX	2,059,768	2,010,000.00	2,037,454	510,915		(6,862)		(6,862)		2,030,462		7,782	7,782	31,029	06/20/2012	IFE
7117081CZ4	NORTHERN TRUST CORP		08/16/2010	Bear Stearns	XXX	211,570	200,000.00	199,726	199,795		(4,041)		(4,041)		199,842		11,728	11,728	15,503	08/29/2011	IFE
771196AN2	PFIZER INC NT		07/13/2010	BNP Paribas Securities	XXX	473,666	450,000.00	479,921	478,865		(28,865)		(28,865)		450,000		23,666	23,666	20,700	03/01/2012	IFE
78445YAA4	ROCHE HDGS INC GTD NT 144A		09/10/2010	VARIOUS	XXX	154,095	150,000.00	149,784	149,839		40		40		149,879		1,215	1,215	1,138	03/25/2025	IFE
85748KAA1	STATE STR CORP FDCI GTD TLGP		08/03/2010	Morgan Stanley	XXX	461,262	450,000.00	482,628	470,252		(20,252)		(20,252)		450,000		4,216	4,216	2,473	04/30/2012	IFE
913077BD0	UNITED TECHNOLOGIES CORP NT		09/30/2010	VARIOUS	XXX	235,699	225,000.00	224,609			38		38		224,646		11,052	11,052	30,877	03/01/2011	IFE
91159HGJ8	US BANCORP		09/08/2010	Morgan Stanley	XXX	250,000	250,000.00	254,108	251,732		(1,732)		(1,732)		250,000		6,805	6,805	11,250	07/29/2010	IFE
90327XAB0	USAA AUTO OWNER TR 2009-1		07/29/2010	Maturity	XXX	4,559	4,559.06	4,559	4,559						4,559				74	08/15/2011	IFE
92344GALO	VERIZON GLOBAL FDS CORP NT		07/07/2010	PRINCIPAL RECEIPT	XXX	256,805	250,000.00	266,003	259,236		(9,236)		(9,236)		250,000		6,805	6,805	10,875	12/01/2010	IFE
98156YAB7	WORLD OMNI AUTO RECEIV 09A A2		09/15/2010	PRINCIPAL RECEIPT	XXX	230,402	230,402.08	232,922	232,801		(2,399)		(2,399)		230,402				4,399	10/17/2011	IFE
3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					XXX	16,521,426	16,005,924.07	16,387,606	4,879,602		(103,327)		(103,327)		16,246,913		274,511	274,511	289,768	XXX	XXX
8399997 Subtotal - Bonds - Part 4					XXX	34,223,868	33,462,814.02	34,178,467	15,093,744		(277,147)		(277,147)		33,828,868		394,996	394,996	667,045	XXX	XXX
8399998 Summary Item from Part 5 for Bonds (NA to Quarterly)					XXX	XXX	XXX	XXX	XXX		XXX		XXX		XXX		XXX	XXX	XXX	XXX	XXX
8399999 Subtotal - Bonds					XXX	34,223,868	33,462,814.02	34,178,467	15,093,744		(277,147)		(277,147)		33,828,868		394,996	394,996	667,045	XXX	XXX
9799998 Summary Item from Part 5 for Preferred Stocks (NA to Quarterly)					XXX	XXX	XXX	XXX	XXX		XXX		XXX		XXX		XXX	XXX	XXX	XXX	XXX
9799999 Summary Item from Part 5 for Common Stocks (NA to Quarterly)					XXX	XXX	XXX	XXX	XXX		XXX		XXX		XXX		XXX	XXX	XXX	XXX	XXX
9899999 Subtotal - Preferred and Common Stocks					XXX	XXX	XXX	XXX	XXX		XXX		XXX		XXX		XXX	XXX	XXX	XXX	XXX
9999999 Total - Bonds, Preferred and Common Stocks					XXX	34,223,868	33,462,814.02	34,178,467	15,093,744		(277,147)		(277,147)		33,828,868		394,996	394,996	667,045	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide the number of such issues

SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Description	Description of Items Hedged or Used for Income Generation	Schedule/ Exhibit Identifier	Type(s) of Risk(s)	Exchange or Counterparty	Trade Date	Date of Maturity or Expiration	Number of Contracts	Notional Amount	Strike Price, Rate of Indexed Received (Paid)	Prior Year Initial Cost of Premium Received (Paid)	Current Year Initial Cost of Premium Received (Paid)	Current Year Income	Book/ Adjusted Carrying Value	Code	Fair Value	Unrealized Valuation Increase/ (Decrease)	Total Foreign Exchange Change in B./A.C.V.	Current Year's (Amortization) Accretion	Adjustment to Carry Value of Hedged Item	Potential Exposure	Credit Quality of Reference Entity	Hedge Effectiveness at Inception and at Quarter end (a)
1449999 GRAND TOTAL																						

NONE	of the Hedge by Period
1	Code
A0001	... 0000 ..

SCHEDULE DB - PART B - SECTION 1

Futures Contracts Open as of the Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	Change in Valuation Margin			18	19
Ticker Symbol	Number of Contracts	Notional Amount	Description	Description of Hedged Item(s)	Schedule/ Exhibit Identifier	Type(s) of Risk(s)	Date of Maturity or Expiration	Exchange	Trade Date	Transaction Price	Reporting Date Price	Book/ Adjusted Carrying Value	14	15	16	Potential Exposure	Hedge Effectiveness at Inception and at Quarter-end (a)
													Cumulative	Gain (Loss) Recognized in Current Year	Gain (Loss) Used to Adjust Basis of Hedged Item			Deferred
1449999 Grand Total																	

1		2	
Broker Name		Net Cash Deposits	
NONE			
9999999			
9999999	Total - Net Cash Deposits		

1		2	
Code		Financial or Economic Impact of the Hedge at the End of the Reporting Period	
A0001	0000		

SCHEDULE DB - PART D

Counterparty Exposure for Derivative Instruments Open as of Current Statement Date

1 Description Counterparty or Exchange Traded	2 Master Agreement (Y or N)	3 Credit Support Annex (Y or N)	4 Fair Value of Acceptable Collateral	Book/Adjusted Carrying Value		Fair Value		11 Potential Exposure	12 Off-Balance Sheet Exposure
				5 Contracts With Book/ Adjusted Carrying Value > 0	6 Contracts With Book/ Adjusted Carrying Value < 0	7 Exposure net of Collateral	8 Contracts With Fair Value > 0			9 Contracts With Fair Value < 0	10 Exposure Net of Collateral
NONE									
0899999 Total									

SCHEDULE E - PART 1 - CASH**Month End Depository Balances**

1 Depository		2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
						6 First Month	7 Second Month	8 Third Month	
open depositories									
Regions Bank	601 Market Street, Chattanooga, TN 37402					13,238,840	5,959,735	16,138,538	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402					4,762,441	4,627,137	4,654,380	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402					129,743	335,617	327,922	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402					(7,835,228)	(5,893,345)	(2,660,802)	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	X X X			9,801	9,801	10,267	X X X
0199999 Totals - Open Depositories		X X X	X X X			10,305,597	5,038,945	18,470,305	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						X X X
0299999 Totals - Suspended Depositories		X X X	X X X						X X X
0399999 Total Cash On Deposit		X X X	X X X			10,305,597	5,038,945	18,470,305	X X X
0499999 Cash in Company's Office		X X X	X X X	X X X	X X X				X X X
0599999 Total Cash		X X X	X X X			10,305,597	5,038,945	18,470,305	X X X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

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							



MEDICARE PART D COVERAGE SUPPLEMENT

Net of Reinsurance

For the Quarter Ended September 30, 2010

NAIC Group Code: 0000

NAIC Company Code: 00000

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected		X X X		X X X	
2. Earned Premiums		X X X		X X X	X X X
3. Claims Paid		X X X		X X X	
4. Claims Incurred		X X X		X X X	X X X
5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a)	NONE		X X X		
6. Aggregate Policy Reserves - change				X X X	X X X
7. Expenses Paid				X X X	
8. Expenses Incurred		X X X		X X X	X X X
9. Underwriting Gain or Loss		X X X		X X X	X X X
10. Cash Flow Results	X X X	X X X	X X X	X X X	

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$.....0 due from CMS or \$.....0 due to CMS

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EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1 Name of debtor	2 1 - 30 days	3 31 - 60 days	4 61 - 90 days	5 Over 90 days	6 Nonadmitted	7 Admitted
0199999 Total Individuals.....	.....	.....	.....	.....	.....	.....
0299999 Total group.....	.....	.....	.....	.....	.....	.....
0399999 Premiums due and unpaid from Medicare entities.....	.....	.....	.....	.....	.....	.....
Medicaid Entities:						
Pay for Performance Quality Incentives.....	342,551	.....	.....	.....	.....	342,551
State of Tennessee Premium Withhold Receivable	3,336,866	.....	.....	.....	.....	3,336,866
Premium Accrual.....	12,538,457	8,730,565	8,885,684	7,476,743	.....	37,631,449
0499997 Subtotal - Medicaid Entities.....	16,217,874	8,730,565	8,885,684	7,476,743	-	41,310,866
0499999 Premiums due and unpaid from Medicaid entities.....	-	-	-	-	-	-
0599999 Accident and health premiums due and unpaid (Page 2, Line 13).....	16,217,874	8,730,565	8,885,684	7,476,743	-	41,310,866

SUPPLEMENT 1

EXHIBIT 3 - HEALTH CARE RECEIVABLES

SUPPLEMENT 2

1 Name of debtor	2 1 - 30 days	3 31 - 60 days	4 61 - 90 days	5 Over 90 days	6 Nonadmitted	7 Admitted
0199998 Pharmaceutical Rebate Receivables - Not Individually Listed.....						
0199999 Subtotal - Pharmaceutical Rebate Receivables.....						
Provider Receivables	-	-	-	1,118,658	1,118,658	-
0299998 Claim Overpayment Receivables - Not Individually Listed.....	-	-	-	1,118,658	1,118,658	-
0299999 Subtotal - Claim Overpayment Receivables.....						
Loans and Advances to Providers						
0399998 Loans and Advances to Providers - Not Individually Listed.....						-
0399999 Subtotal - Loans and Advances to Providers.....					-	-
0499998 Capitation Arrangement Receivables - Not Individually Listed.....						
0499999 Subtotal - Capitation Arrangement Receivables.....						
0599998 Risk Sharing Receivables - Not Individually Listed.....						
0599999 Subtotal - Risk Sharing Receivables.....						
Other Receivables						
Provider receivables.....						-
0699998 Other Receivables - Not Individually Listed.....						
0699999 Subtotal - Other Receivables.....	-	-	-	-	-	-
0799999 Gross health care receivables.....	-	-	-	1,118,658	1,118,658	-

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliate	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	Admitted	
						7 Current	8 Non-Current
Individually listed receivables	NONE						
0199999 Total - individually listed receivables							
0299999 Receivables not individually listed							
0399999 Total gross amounts receivable							

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

Affiliate	2 Description	3 Amount	5	
			4 Current	Non-Current
BlueCross BlueShield of Tennessee	Capital Contribution with Administrative Expense offset	8,922,539	8,922,539	-
0199999 Total - Individually listed payables	.....XXX.....	8,922,539	8,922,539	-
0299999 Payables not individually listed	.....XXX.....			
0399999 Total gross payables	.....XXX.....	8,922,539	8,922,539	-