

ANNUAL STATEMENT

OF THE

Volunteer State Health Plan, Inc.

of

Chattanooga

in the state of

Tennessee

TO THE

Insurance Department

OF THE STATE OF

Tennessee

For the Year Ending
December 31, 2010

2010

ANNUAL STATEMENT

For the Year Ending December 31, 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 (City or Town, State and Zip Code)
(423)535-5600 (Area Code) (Telephone Number)

Mail Address 1 Cameron Hill Circle 1.3 , Chattanooga, TN 37402
 (Street and Number or P.O. Box) (City or Town, State and Zip Code)
(423)535-5600 (Area Code) (Telephone Number)

Primary Location of Books and Records 1 Cameron Hill Circle
 (Street and Number) Chattanooga, TN 37402 (City or Town, State and Zip Code)
(423)535-5600 (Area Code) (Telephone Number)

Internet Website Address www.vshptn.com

Statutory Statement Contact Dana Elaine Hull (Name) (423)535-7919 (Area Code)(Telephone Number)(Extension)
Dana_Hull@BCBST.com (E-Mail Address) (423)535-8331 (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
Steven Edward Kerr, Vice President, Finance #	

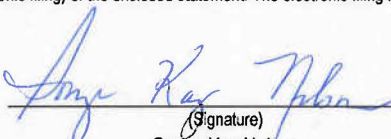


DIRECTORS OR TRUSTEES

Vicky Brown Gregg, Chairman
 John Francis Giblin

Steven Lee Coulter MD

State of Tennessee
 County of Hamilton ss

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

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

Subscribed and sworn to before me this 24 day of February, 2011

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

Yes[X] No[]


 (Notary Public Signature)



My Commission Expires:
 January 23, 2013

(THIS PAGE LEFT BLANK INTENTIONALLY)



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

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

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

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

Angie Wilson 2/24/2011
Authorized Officer Date

President & CEO

Officers Title

Subscribed and sworn to before me this 2/24/2011
(date)

My Commission Expires January 23, 2013
My Commission Expires: (date)

Ellen M. Stapp
Notary Signature:



(THIS PAGE LEFT BLANK INTENTIONALLY)



Statement of Actuarial Opinion

ACTUARIAL OPINION

TABLE of KEY INDICATORS

This Opinion is: Unqualified Qualified Adverse Inconclusive

IDENTIFICATION SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

SCOPE SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

RELIANCE SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

OPINION SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

RELEVANT COMMENTS

Revised Wording

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

IDENTIFICATION

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

SCOPE

I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities and related items listed below, as shown in the annual statement of Volunteer State Health Plan as prepared for filing with state regulatory officials, as of December 31, 2010.

A. Claims unpaid (Page 3, Line 1);	\$ 184,368,783
B. Accrued medical incentive pool and bonus payments (Page 3, Line 2);	\$1,185,192
C. Unpaid claims adjustment expenses (Page 3, Line 3);	\$ 10,899,048
D. Aggregate health policy reserves (Page 3, Line 4) including unearned premium reserves and additional policy reserves from the Underwriting and Investment Exhibit – Part 2D;	\$0
E. Aggregate life policy reserves (Page 3, Line 5);	\$0
F. Property/casualty unearned premium reserves (Page 3, Line 6);	\$0
G. Aggregate health claim reserves (Page 3, Line 7); and	\$0
H. Any actuarial reserves or liabilities not included in the items above.	\$0
I. Specified actuarial items presented as assets in the annual statement	\$0

RELIANCE

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

OPINION

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

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

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

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

RELEVANT COMMENTS

This opinion has been prepared solely for the Board and the management of the Company, for filing with insurance regulatory agencies of states in which the Company is licensed, and for the Blue Cross and Blue Shield Association and is not intended for any other purpose.

James Howard Srite

James Howard Srite, FSA, MAAA

2/21/11

Date

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

SAO

(THIS PAGE LEFT BLANK INTENTIONALLY)

Volunteer State Health Plan
2010 Reliance Statement

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


Signature

Kimberly Greene
Printed Name

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

423-535-6081
Telephone Number

2-18-11
Date

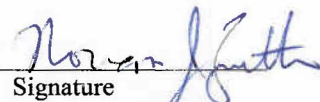
(THIS PAGE LEFT BLANK INTENTIONALLY)

Volunteer State Health Plan, Inc.
2010 Reliance Statement

I, Norman John Zwitter, FSA, MAAA, Valuation Actuary of BCBST, meet the American Academy of Actuaries qualification standards for issuing an opinion on the unpaid claims liability of health insurers. I hereby affirm that all actuarial information submitted by me and under my direction to James Howard Srite, FSA, MAAA, is to the best of my knowledge and belief, accurate and complete. My examination included such review of the assumptions and methods used and of the underlying basic records and/or summaries and such tests and calculations, as I considered necessary.

In my opinion, the amounts carried in the balance sheet as covered in the actuarial opinion:

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


Signature

Norman John Zwitter
Printed Name

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

423-535-5697
Telephone Number

2/18/2011
Date

(THIS PAGE LEFT BLANK INTENTIONALLY)

Volunteer State Health Plan
Reliance Statement
2010 Annual Statement

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


Signature

John Timothy Morgan
Printed Name

1 Cameron Hill Circle - M4
Chattanooga, TN 37402
Address

423-535-3072
Telephone Number

2/14/11
Date

(THIS PAGE LEFT BLANK INTENTIONALLY)

Volunteer State Health Plan
2010 Reliance Statement

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

Dana Elaine Hull

Signature

Dana Elaine Hull

Printed Name

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

Address

423-535-7919

Telephone Number

2/11/11

Date

(THIS PAGE LEFT BLANK INTENTIONALLY)

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1-2)	4 Net Admitted Assets
1. Bonds (Schedule D)	160,847,485		160,847,485	93,191,585
2. Stocks (Schedule D)				
2.1 Preferred stocks				
2.2 Common Stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....3,976,398 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....277,567,425 Schedule DA)	281,543,823		281,543,823	87,392,175
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives				
8. Other invested assets (Schedule BA)				
9. Receivables for securities	27,250		27,250	2,194
10. Securities Lending Reinvested Collateral Assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	442,418,558		442,418,558	180,585,954
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	1,062,666		1,062,666	616,086
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	21,730,921		21,730,921	34,891,109
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	2,545,614		2,545,614	1,011,495
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	14,533,594	6,327,114	8,206,480	3,438,996
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$.....0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				48,983,035
24. Health care (\$.....14,553,687) and other amounts receivable	15,853,694	1,300,007	14,553,687	655,890
25. Aggregate write-ins for other than invested assets				
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	498,145,047	7,627,121	490,517,926	270,182,565
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	498,145,047	7,627,121	490,517,926	270,182,565
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)				

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	184,368,783		184,368,783	143,964,733
2. Accrued medical incentive pool and bonus amounts	1,185,192		1,185,192	
3. Unpaid claims adjustment expenses	10,899,048		10,899,048	8,923,076
4. Aggregate health policy reserves				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	121,229,464		121,229,464	510,762
9. General expenses due or accrued	469,049		469,049	335,615
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	5,038,647		5,038,647	6,227,006
13. Remittances and items not allocated	503,746		503,746	1,396,558
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates	34,521,500		34,521,500	
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
20. Reinsurance in unauthorized companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	853,199		853,199	3,825,849
23. Aggregate write-ins for other liabilities (including \$.....0 current)	26,527,738		26,527,738	18,086,558
24. TOTAL Liabilities (Lines 1 to 23)	385,596,366		385,596,366	183,270,157
25. Aggregate write-ins for special surplus funds	X X X	X X X		
26. Common capital stock	X X X	X X X	10	10
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X	155,299,990	136,299,990
29. Surplus notes	X X X	X X X	17,000,000	
30. Aggregate write-ins for other than special surplus funds	X X X	X X X	34,651,682	25,326,692
31. Unassigned funds (surplus)	X X X	X X X	(102,030,122)	(74,714,284)
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2 .....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33. TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	104,921,560	86,912,408
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	490,517,926	270,182,565
DETAILS OF WRITE-INS				
2301. Insured Premium Tax Payable	26,486,362		26,486,362	18,076,545
2302. Pending Escheatment to State	41,376		41,376	10,013
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	26,527,738		26,527,738	18,086,558
2501.	X X X	X X X		
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001. Legally Required Reserves	X X X	X X X	34,651,682	25,326,692
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X	34,651,682	25,326,692

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	5,025,561	5,204,333
2. Net premium income (including \$.....0 non-health premium income)	X X X	1,416,266,552	1,197,311,190
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$.....0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. TOTAL Revenues (Lines 2 to 7)	X X X	1,416,266,552	1,197,311,190
Hospital and Medical:			
9. Hospital/medical benefits		931,456,239	869,847,716
10. Other professional services		236,551,605	206,488,617
11. Outside referrals			
12. Emergency room and out-of-area		47,043,003	54,035,117
13. Prescription drugs			
14. Aggregate write-ins for other hospital and medical			285
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)		1,215,050,847	1,130,371,735
Less:			
17. Net reinsurance recoveries			
18. TOTAL Hospital and Medical (Lines 16 minus 17)		1,215,050,847	1,130,371,735
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....53,545,823 cost containment expenses		93,657,151	85,775,902
21. General administrative expenses		130,639,008	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)		1,439,347,006	1,295,392,437
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(23,080,454)	(98,081,247)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		2,361,224	2,430,370
26. Net realized capital gains (losses) less capital gains tax of \$.....0		1,437,527	21,901
27. Net investment gains (losses) (Lines 25 plus 26)		3,798,751	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	(19,281,703)	(95,628,976)
31. Federal and foreign income taxes incurred	X X X	2,693,121	(31,213,319)
32. Net income (loss) (Lines 30 minus 31)	X X X	(21,974,824)	(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 (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401. Exigency Post-Settlement Activity			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)			285
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	86,912,408	26,856,301
34.	Net income or (loss) from Line 32	(21,974,824)	(64,415,657)
35.	Change in valuation basis of aggregate policy and claim reserves		42,663,267
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(5,151)	(39,268)
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	9,532,046	(12,111,094)
39.	Change in nonadmitted assets	(5,542,915)	1,958,861
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes	17,000,000	
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	19,000,000	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	(4)	(2)
48.	Net change in capital and surplus (Lines 34 to 47)	18,009,152	60,056,107
49.	Capital and surplus end of reporting year (Line 33 plus 48)	104,921,560	86,912,408
DETAILS OF WRITE-INS			
4701.	Rounding	(4)	(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)	(4)	(2)

Report #2A: TennCare Select Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	131,995	536,631	820,126
Estimated Revenues:			
1. TennCare Capitation	88,289,131	390,627,663	400,087,885
2. Investment	-	-	-
3. Other Revenues	-	-	-
4. Total Estimated Revenues (Lines 1 to 3)	88,289,131	390,627,663	400,087,885
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	255,017	1,041,103	1,355,084
6. Fee-for Service Physician Services	10,176,949	43,691,997	57,989,033
7. Inpatient Hospital Services	19,441,707	86,289,390	98,611,434
8. Outpatient Hospital Services	7,438,019	32,993,558	38,789,154
9. Emergency Room Services	1,195,626	4,942,984	7,172,161
10. Dental Services	347	347	-
11. Vision Services	72,347	298,167	297,614
12. Pharmacy Services	-	-	-
13. Home Health Services	23,501,144	105,669,729	115,710,386
14. Chiropractic Services	-	-	-
15. Radiology Services	325,340	1,462,501	2,186,016
16. Laboratory Services	346,167	1,540,476	2,049,227
17. Durable Medical Equipment Services	3,705,129	19,560,669	22,135,564
18. Transportation Services	971,601	4,630,421	3,949,939
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	156,607	358,061	-
23. HCBS Services	-	437	-
24. Other Medical and Hospital Services - Write-Ins	558,882	6,135,008	10,544,297
25. Subtotal Medical and Hospital (Lines 5 to 24)	68,144,882	308,614,848	360,789,909
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	1,091,511	4,557,683	690,430
27. Inpatient Substance Abuse Treatment and Detox	10,721	43,236	6,848
28. Outpatient Mental Health Services	1,174,603	8,551,034	1,167,266
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	2,014,998	10,525,832	1,501,448
31. Specialized Crisis Services	985,287	1,762,769	487,997
32. Psychiatric Rehab and Support Services	842,231	867,974	5,325
33. Case Management	1,052,368	4,194,598	478,925
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	29,024	122,775	35,686
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	2,030,843	7,914,587	848,085
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. Subtotal MH & SAS (Lines 26 to 43)	9,231,586	38,540,488	5,222,010
45. Subtotal Hospital, Medical, MH&SAS (Lines 25 and 44)	77,376,468	347,155,336	366,011,919
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	6,366	10,766	15,542
48. Subrogation and Coordination of Benefits	47,518	846,543	1,538,546
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	53,884	857,309	1,554,088
50. Total Hospital, Medical, MH&SAS (Lines 45 and 49)	77,322,584	346,298,027	364,457,831
Administration:			
51. Compensation	4,130,574	13,807,207	12,185,232
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	4,855,903	21,476,129	15,363,179
55. Occupancy, Depreciation, and Amortization	365,393	1,129,375	962,038
56. Other Administration - Write-Ins	1,349,741	7,226,256	7,399,960
57. Total Administration Expenses (Lines 51 to 56)	10,701,611	43,638,967	35,910,409
58. Total Expenses (Lines 50 and 57)	88,024,195	389,936,994	400,368,240
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	(241,337)	(96,467)	(91,508)
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	506,273	787,136	(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.	1,656,667	6,364,879	7,863,005
2202. Out of Area Claims Expense	(2,025)	19,932	2,436,345
2203. Bad Debt Expense	(1,095,760)	(249,803)	244,947
2299. Total Other Medical and Hospital	558,882	6,135,008	10,544,297
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Equipment Rental	801,457	2,564,039	2,219,519
5602. Outsourced Services	145,398	2,103,767	2,466,063
5603. Auditing, Actuarial, and Other Consulting	136,659	995,288	1,081,223
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	165,255	862,000	877,370
5605. Postage/Telephone	54,083	488,764	547,369
5606. Printing and Stationary	46,889	212,398	208,416
5699. Total Other Administration	1,349,741	7,226,256	7,399,960

Report #2A: BlueCare West Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	553,088	2,224,406	2,282,053
Estimated Revenues:			
1. TennCare Capitation	190,458,962	604,258,424	501,533,700
2. Investment	435,838	1,710,005	1,062,767
3. Other Revenues	477	343,028	-
4. Total Estimated Revenues (Lines 1 to 3)	190,895,277	606,311,457	502,596,467
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	5,026	21,871	2,980,912
6. Fee-for Service Physician Services	35,604,943	129,694,820	137,400,196
7. Inpatient Hospital Services	22,311,094	112,568,969	131,149,960
8. Outpatient Hospital Services	20,993,892	73,230,219	77,617,665
9. Emergency Room Services	7,489,468	26,791,996	31,081,011
10. Dental Services	(8,987)	(8,046)	6,785
11. Vision Services	162,252	472,102	381,079
12. Pharmacy Services	-	-	-
13. Home Health Services	6,411,163	24,400,185	22,675,648
14. Chiropractic Services	-	-	-
15. Radiology Services	948,262	6,500,919	9,278,515
16. Laboratory Services	2,233,397	9,788,827	10,481,809
17. Durable Medical Equipment Services	213,726	8,307,485	11,284,105
18. Transportation Services	3,724,042	15,072,213	13,680,460
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	32,639,695	57,644,081	-
23. HCBS Services	7,857,912	10,041,164	-
24. Other Medical and Hospital Services - Write-Ins	1,616,687	9,189,814	8,618,809
25. Subtotal Medical and Hospital (Lines 5 to 24)	142,202,572	483,716,619	456,636,954
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	1,580,687	6,743,006	5,420,028
27. Inpatient Substance Abuse Treatment and Detox	26,347	249,555	236,572
28. Outpatient Mental Health Services	560,108	3,990,707	2,858,460
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	855,794	2,833,824	2,198,826
31. Specialized Crisis Services	646,810	2,935,223	1,820,609
32. Psychiatric Rehab and Support Services	68,587	259,942	82,310
33. Case Management	3,014,993	9,166,188	6,833,076
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	46,298	164,912	183,574
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,937,102	6,197,984	5,399,066
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. Subtotal MH & SAS (Lines 26 to 43)	8,736,726	32,541,341	25,032,521
45. Subtotal Hospital, Medical, MH&SAS (Lines 25 and 44)	150,939,298	516,257,960	481,669,475
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	44,068	918,980	107,834
48. Subrogation and Coordination of Benefits	-	(54)	-
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	44,068	918,926	107,834
50. Total Hospital, Medical, MH&SAS, (Lines 45 and 49)	150,895,230	515,339,034	481,561,641
Administration:			
51. Compensation	11,238,671	39,669,938	28,971,809
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	10,475,269	33,253,080	19,023,374
55. Occupancy, Depreciation, and Amortization	1,000,163	3,244,843	2,287,357
56. Other Administration - Write-Ins	3,495,980	20,761,983	17,594,267
57. Total Administration Expenses (Lines 51 to 56)	26,210,083	96,929,844	67,876,807
58. Total Expenses (Lines 50 and 57)	177,105,313	612,268,878	549,438,448
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	7,551,814	832,087	(15,289,233)
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	6,238,150	(6,789,508)	(31,552,748)
Write-Ins for Other Expense			
Detail of Other Revenues			
0301. Pay-for-Performance Bonus	477	343,028	-
0399. Total Other Revenues	477	343,028	-
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	1,618,219	9,192,939	8,380,663
2202. Out of Area Claims Expense	(1,532)	(3,125)	238,146
2203. (Dec)/Inc in Reserves for Life and Accident and Health Contracts	-	-	-
2204.	-	-	-
2299. Total Other Medical and Hospital	1,616,687	9,189,814	8,618,809
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Equipment Rental	2,188,116	7,366,822	5,277,163
5602. Outsourced Services	290,437	6,044,396	5,863,355
5603. Auditing, Actuarial, and Other Consulting	336,825	2,859,594	2,570,734
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	429,511	2,476,639	2,086,048
5605. Postage/Telephone	127,132	1,404,285	1,301,434
5606. Printing and Stationary	123,959	610,247	495,533
5699. Total Other Administration	3,495,980	20,761,983	17,594,267

Report #2A: BlueCare East Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	696,757	2,801,156	2,922,280
Estimated Revenues:			
1. TennCare Capitation	249,799,904	811,747,843	698,000,959
2. Investment	554,702	2,174,608	1,367,739
3. Other Revenues	-	-	-
4. Total Estimated Revenues (Lines 1 to 3)	250,354,606	813,922,451	699,368,698
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	78,394	319,822	4,049,180
6. Fee-for Service Physician Services	50,017,085	202,026,046	239,025,020
7. Inpatient Hospital Services	29,949,262	144,074,723	145,167,823
8. Outpatient Hospital Services	20,157,658	83,352,253	91,977,535
9. Emergency Room Services	4,855,924	20,378,475	22,668,811
10. Dental Services	3,441	9,881	2,096
11. Vision Services	147,186	627,515	663,651
12. Pharmacy Services	-	-	-
13. Home Health Services	8,146,187	34,001,063	30,796,685
14. Chiropractic Services	-	-	-
15. Radiology Services	1,325,486	9,022,722	12,718,709
16. Laboratory Services	2,446,011	12,384,721	14,413,647
17. Durable Medical Equipment Services	2,903,047	20,377,557	21,606,168
18. Transportation Services	5,093,116	21,754,082	18,413,831
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	44,862,832	76,721,828	-
23. HCBS Services	8,521,137	13,558,495	-
24. Other Medical and Hospital Services - Write-Ins	2,551,159	9,373,459	9,389,880
25. Subtotal Medical and Hospital (Lines 5 to 24)	181,057,925	647,982,642	610,893,036
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	2,175,861	7,508,980	5,329,009
27. Inpatient Substance Abuse Treatment and Detox	536,606	1,141,770	520,129
28. Outpatient Mental Health Services	1,124,567	7,998,041	6,652,543
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	1,579,498	6,540,898	6,791,007
31. Specialized Crisis Services	2,315,220	10,531,491	8,993,499
32. Psychiatric Rehab and Support Services	158,529	301,107	135,579
33. Case Management	1,578,109	5,646,137	3,505,871
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	69,840	340,278	317,939
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	2,656,570	12,245,008	8,292,228
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. Subtotal MH & SAS (Lines 26 to 43)	12,194,800	52,253,710	40,537,804
45. Subtotal Hospital, Medical, MH&SAS (Lines 25 and 44)	193,252,725	700,236,352	651,430,840
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	87,728	842,106	259,649
48. Subrogation and Coordination of Benefits	101	101	-
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	87,829	842,207	259,649
50. Total Hospital, Medical, MH&SAS, (Lines 45 and 49)	193,164,896	699,394,145	651,171,191
Administration:			
51. Compensation	14,760,512	51,793,691	40,132,281
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	13,738,994	44,646,131	26,842,211
55. Occupancy, Depreciation, and Amortization	1,312,708	4,236,519	3,168,488
56. Other Administration - Write-Ins	4,617,324	27,107,173	24,371,903
57. Total Administration Expenses (Lines 51 to 56)	34,429,538	127,783,514	94,514,883
58. Total Expenses (Lines 50 and 57)	227,594,434	827,177,659	745,686,074
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	14,106,858	1,851,386	(15,118,002)
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	8,653,314	(15,106,594)	(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.	2,551,369	9,372,968	8,921,547
2202. Out of Area Claims Expense	(210)	491	468,333
2203. Decrease in Reserves for Life and Accident and Health Contracts	-	-	-
2204.	-	-	-
2299. Total Other Medical and Hospital	2,551,159	9,373,459	9,389,880
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Equipment Rental	2,872,712	9,618,239	7,310,024
5602. Outsourced Services	396,834	7,891,660	8,122,026
5603. Auditing, Actuarial, and Other Consulting	447,496	3,733,532	3,561,026
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	567,050	3,233,539	2,889,634
5605. Postage/Telephone	169,899	1,833,456	1,802,771
5606. Printing and Stationary	163,333	796,747	686,422
5699. Total Other Administration	4,617,324	27,107,173	24,371,903

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	1,550,145,442	1,167,997,427
2.	Net investment income	4,126,216	2,597,872
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	1,554,271,658	1,170,595,299
5.	Benefit and loss related payments	1,173,461,605	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	226,693,522	161,356,039
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	2,693,121	(31,213,319)
10.	Total (Lines 5 through 9)	1,402,848,248	1,178,770,026
11.	Net cash from operations (Line 4 minus Line 10)	151,423,410	(8,174,727)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	110,385,920	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	(88,156)	2,933
12.7	Miscellaneous proceeds	96,668	
12.8	Total investment proceeds (Lines 12.1 to 12.7)	110,394,432	27,556,122
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	178,824,377	93,503,665
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications	25,056	41,462
13.7	Total investments acquired (Lines 13.1 to 13.6)	178,849,433	93,545,127
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(68,455,001)	(65,989,005)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes	17,000,000	
16.2	Capital and paid in surplus, less treasury stock	19,000,000	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)	75,183,239	2,817,960
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	111,183,239	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)	194,151,648	20,654,228
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	87,392,175	66,737,947
19.2	End of year (Line 18 plus Line 19.1)	281,543,823	87,392,175

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

20.0001			
---------	--	--	--

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	1,416,266,552							1,416,266,552		
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$.....0 medical expenses)										
4. Risk revenue										
5. Aggregate write-ins for other health care related revenues										
6. Aggregate write-ins for other non-health care related revenues										
7. TOTAL Revenues (Lines 1 to 6)	1,416,266,552									
8. Hospital/medical benefits	931,456,239							931,456,239		
9. Other professional services	236,551,605							236,551,605		
10. Outside referrals										
11. Emergency room and out-of-area	47,043,003							47,043,003		
12. Prescription drugs										
13. Aggregate write-ins for other hospital and medical										
14. Incentive pool, withhold adjustments and bonus amounts										
15. Subtotal (Lines 8 to 14)	1,215,050,847							1,215,050,847		
16. Net reinsurance recoveries										
17. TOTAL Hospital and Medical (Lines 15 minus 16)	1,215,050,847							1,215,050,847		
18. Non-health claims (net)										
19. Claims adjustment expenses including \$.....53,545,823 cost containment expenses	93,657,151							93,657,151		
20. General administrative expenses	130,639,008							130,639,008		
21. Increase in reserves for accident and health contracts										
22. Increase in reserves for life contracts										
23. TOTAL Underwriting Deductions (Lines 17 to 22)	1,439,347,006							1,439,347,006		
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(23,080,454)							(23,151,090)	70,636	
DETAILS OF WRITE-INS										
0501.										
0502.										
0503.										
0598. Summary of remaining write-ins for Line 5 from overflow page										
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										
0601.										
0602.										
0603.										
0698. Summary of remaining write-ins for Line 6 from overflow page										
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)										
1301.										
1302.										
1303.										
1398. Summary of remaining write-ins for Line 13 from overflow page										
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical)				
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan				
6. Title XVIII - Medicare				
7. Title XIX - Medicaid	1,416,266,552			1,416,266,552
8. Other health				
9. Health subtotal (Lines 1 through 8)	1,416,266,552			1,416,266,552
10. Life				
11. Property/casualty				
12. TOTALS (Lines 9 to 11)	1,416,266,552			1,416,266,552

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	1,173,425,149							1,173,425,149		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	1,173,425,149							1,173,425,149		
2. Paid medical incentive pools and bonuses	814,808							814,808		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	184,368,783							184,368,783		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	184,368,783							184,368,783		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	1,185,192							1,185,192		
6. Net healthcare receivables (a)	778,352							778,352		
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	143,964,733							143,964,733		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	143,964,733							143,964,733		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	1,213,050,847							1,213,050,847		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded										
12.4 Net	1,213,050,847							1,213,050,847		
13. Incurred medical incentive pools and bonuses	2,000,000							2,000,000		

(a) Excludes \$.14,553,687 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	25,842,230							25,842,230		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	25,842,230							25,842,230		
2. Incurred but Unreported:										
2.1 Direct	158,526,553							158,526,553		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	158,526,553							158,526,553		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	184,368,783							184,368,783		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	184,368,783							184,368,783		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year			Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year			
1. Comprehensive (hospital and medical)							
2. Medicare Supplement							
3. Dental only							
4. Vision only							
5. Federal Employees Health Benefits Plan							
6. Title XVIII - Medicare							
7. Title XIX - Medicaid	117,537,749	1,055,109,048	2,341,894	182,026,889		119,879,643	143,964,733
8. Other health							
9. Health subtotal (Lines 1 to 8)	117,537,749	1,055,109,048	2,341,894	182,026,889		119,879,643	143,964,733
10. Healthcare receivables (a)	(77,835)	(700,517)				(77,835)	
11. Other non-health		814,808		1,185,192			
12. Medical incentive pool and bonus amounts							
13. TOTALS (Lines 9 - 10 + 11 + 12)	117,615,584	1,056,624,373	2,341,894	183,212,081		119,957,478	143,964,733

(a) Excludes \$.....14,553,687 loans or advances to providers not yet expensed.

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

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	(37)	(1,035)	(1,035)	52	2
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX	13,900	68,122	67,281
5. 2009	XXX	XXX	XXX	994,406	1,112,785
6. 2010	XXX	XXX	XXX	XXX	1,057,109

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	(37)	(1,035)	(1,035)	52	2
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX	76,121	68,519	67,451
5. 2009	XXX	XXX	XXX	1,137,974	1,114,956
6. 2010	XXX	XXX	XXX	XXX	1,240,321

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2006										
2. 2007										
3. 2008	77,924	67,281	20,090	29,860	87,371	112,123	170	(1)	87,540	112,340
4. 2009	1,197,311	1,112,785	88,347	7,939	1,201,132	100,319	2,171	1,379	1,204,682	100,616
5. 2010	1,416,267	1,057,109	80,541	7,619	1,137,650	80,327	183,212	9,522	1,330,384	93,936

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

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	XXX				
3. 2007	XXX	XXX			
4. 2008	XXX	XXX	XXX		
5. 2009	XXX	XXX	XXX	XXX	
6. 2010	XXX	XXX	XXX	XXX	XXX

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	XXX				
3. 2007	XXX	XXX			
4. 2008	XXX	XXX	XXX		
5. 2009	XXX	XXX	XXX	XXX	
6. 2010	XXX	XXX	XXX	XXX	XXX

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Claim Adjustment Expense Payments (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Claim Adjustment Expense Payments (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent
1. 2006										
2. 2007										
3. 2008										
4. 2009										
5. 2010										

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

Medicare Supplement
Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	XXX				
3. 2007	XXX	XXX			
4. 2008	XXX	XXX	XXX		
5. 2009	XXX	XXX	XXX	XXX	
6. 2010	XXX	XXX	XXX	XXX	XXX

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	XXX				
3. 2007	XXX	XXX			
4. 2008	XXX	XXX	XXX		
5. 2009	XXX	XXX	XXX	XXX	
6. 2010	XXX	XXX	XXX	XXX	XXX

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2006										
2. 2007										
3. 2008										
4. 2009										
5. 2010										

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

Dental Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	XXX				
3. 2007	XXX	XXX			
4. 2008	XXX	XXX	XXX		
5. 2009	XXX	XXX	XXX	XXX	
6. 2010	XXX	XXX	XXX	XXX	XXX

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	XXX				
3. 2007	XXX	XXX			
4. 2008	XXX	XXX	XXX		
5. 2009	XXX	XXX	XXX	XXX	
6. 2010	XXX	XXX	XXX	XXX	XXX

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Claim Adjustment Expense Payments (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Claim Adjustment Expense Payments (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent
1. 2006										
2. 2007										
3. 2008										
4. 2009										
5. 2010										

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

Vision Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	XXX				
3. 2007	XXX	XXX			
4. 2008	XXX	XXX	XXX		
5. 2009	XXX	XXX	XXX	XXX	
6. 2010	XXX	XXX	XXX	XXX	XXX

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	XXX				
3. 2007	XXX	XXX			
4. 2008	XXX	XXX	XXX		
5. 2009	XXX	XXX	XXX	XXX	
6. 2010	XXX	XXX	XXX	XXX	XXX

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Claim Adjustment Expense Payments (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Claim Adjustment Expense Payments (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent
1. 2006										
2. 2007										
3. 2008										
4. 2009										
5. 2010										

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

	Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
		1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior					
2.	2006	XXX				
3.	2007	XXX	XXX			
4.	2008	XXX	XXX	XXX		
5.	2009	XXX	XXX	XXX	XXX	
6.	2010	XXX	XXX	XXX	XXX	XXX

Section B - Incurred Health Claims

	Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2006	2 2007	3 2008	4 2009	5 2010
1.	Prior					
2.	2006	XXX				
3.	2007	XXX	XXX			
4.	2008	XXX	XXX	XXX		
5.	2009	XXX	XXX	XXX	XXX	
6.	2010	XXX	XXX	XXX	XXX	XXX

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2006										
2. 2007										
3. 2008										
4. 2009										
5. 2010										

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

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	XXX				
3. 2007	XXX	XXX			
4. 2008	XXX	XXX	XXX		
5. 2009	XXX	XXX	XXX	XXX	
6. 2010	XXX	XXX	XXX	XXX	XXX

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006	XXX				
3. 2007	XXX	XXX			
4. 2008	XXX	XXX	XXX		
5. 2009	XXX	XXX	XXX	XXX	
6. 2010	XXX	XXX	XXX	XXX	XXX

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Claim Adjustment Expense Payments (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Claim Adjustment Expense Payments (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent
1. 2006										
2. 2007										
3. 2008										
4. 2009										
5. 2010										

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

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	(37)	(1,035)	(1,035)	52	2
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX	13,900	68,122	67,281
5. 2009	XXX	XXX	XXX	994,406	1,112,785
6. 2010	XXX	XXX	XXX	XXX	1,057,109

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	(37)	(1,035)	(1,035)	52	2
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX	76,121	68,519	67,451
5. 2009	XXX	XXX	XXX	1,137,974	1,114,956
6. 2010	XXX	XXX	XXX	XXX	1,240,321

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

Years in Which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1. 2006										
2. 2007										
3. 2008	77,924	67,281	14,221	21.137	81,502	104.592	170	(1)	81,671	104.808
4. 2009	1,197,311	1,112,785	87,276	7.843	1,200,061	100.230	2,171	1,006	1,203,238	100.495
5. 2010	1,416,267	1,057,109	80,588	7.622	1,137,677	80.329	183,212	6,160	1,327,049	93.700

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

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		
6. 2010	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		
6. 2010	XXX	XXX	XXX	XXX	

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Claim Adjustment Expense Payments (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Claim Adjustment Expense Payments (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent
1. 2006										
2. 2007										
3. 2008			5,869		5,869				5,869	
4. 2009			1,071		1,071				1,444	
5. 2010			(27)		(27)			3,362	3,335	

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

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$#####) for investment income									
5. Aggregate write-ins for other policy reserves									
6. TOTALS (Gross)									
7. Reinsurance ceded									
8. TOTALS (Net) (Page 3, Line 4)									
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. TOTALS (Gross)									
13. Reinsurance ceded									
14. TOTALS (Net) (Page 3, Line 7)									
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)									

NONE

(a) Includes \$.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building)	3,677,087	2,618,824	2,167,976		8,463,887
2. Salaries, wages and other benefits	43,246,630	30,800,274	25,497,801		99,544,705
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)					
4. Legal fees and expenses	598,929	426,557	353,123		1,378,609
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	3,299,588	2,349,969	1,945,406		7,594,963
7. Traveling expenses	987,974	703,636	582,500		2,274,110
8. Marketing and advertising	341,719	243,372	201,474		786,565
9. Postage, express and telephone	1,620,356	1,154,018	955,346		3,729,720
10. Printing and office supplies	704,143	501,491	415,156		1,620,790
11. Occupancy, depreciation and amortization	48,064	34,231	28,338		110,633
12. Equipment	6,034,543	4,297,805	3,557,909		13,890,257
13. Cost or depreciation of EDP equipment and software	2,465,782	1,756,131	1,453,802		5,675,715
14. Outsourced services including EDP, claims, and other services	6,974,423	4,967,188	4,112,053		16,053,664
15. Boards, bureaus and association fees	609,345	433,976	359,264		1,402,585
16. Insurance, except on real estate	392,785	279,742	231,582		904,109
17. Collection and bank service charges					
18. Group service and administration fees	(137,757)	(98,111)	(81,220)		(317,088)
19. Reimbursements by uninsured plans	(19,976,272)	(14,227,111)	(11,777,819)		(45,981,202)
20. Reimbursements from fiscal intermediaries	(179)	(127)	(105)		(411)
21. Real estate expenses	18,963	13,505	11,180		43,648
22. Real estate taxes	7,731	5,506	4,558		17,795
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes			99,068,900		99,068,900
23.3 Regulator authority licenses and fees	57,161	40,710	33,702		131,573
23.4 Payroll taxes	2,527,149	1,799,837	1,489,983		5,816,969
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere				303,318	303,318
25. Aggregate write-ins for expenses	47,659	2,009,905	28,099		2,085,663
26. TOTAL Expenses Incurred (Lines 1 to 25)	53,545,823	40,111,328	130,639,008	303,318	(a) 224,599,477
27. Less expenses unpaid December 31, current year		10,899,048	469,049		11,368,097
28. Add expenses unpaid December 31, prior year		8,923,076	6,164,242		15,087,318
29. Amounts receivable relating to uninsured plans, prior year			1,011,495		1,011,495
30. Amounts receivable relating to uninsured plans, current year			2,545,614		2,545,614
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	53,545,823	38,135,356	137,868,320	303,318	229,852,817
DETAILS OF WRITE-INS					
2501. Claims Adjustment Expense (change in accrual)		1,975,962			1,975,962
2502. Charitable Expense	147,704	105,195	87,085		339,984
2503. Other Miscellaneous Expense	(100,045)	(71,252)	(58,986)		(230,283)
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	47,659	2,009,905	28,099		2,085,663

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 440,403	311,798
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 1,682,193	2,251,168
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 94,983	101,576
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	2,217,579	2,664,542
11. Investment expenses		(g) 303,318
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		303,318
17. Net Investment income (Line 10 minus Line 16)		2,361,224

DETAILS OF WRITE-INS

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

- (a) Includes \$ 41,435 accrual of discount less \$ (2,256,498) amortization of premium and less \$ 699,517 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ (19,154) amortization of premium and less \$ 12,790 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	147,872		147,872		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	1,377,811	(88,704)	1,289,107	(5,151)	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments	548		548		
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	1,526,231	(88,704)	1,437,527	(5,151)	

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Invested income due and accrued			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	6,327,114	1,562,551	(4,764,563)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable	1,300,007	521,655	(778,352)
25. Aggregate write-ins for other than invested assets			
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	7,627,121	2,084,206	(5,542,915)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	7,627,121	2,084,206	(5,542,915)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501.			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
Source of Enrollment						
1. Health Maintenance Organizations	418,045	419,335	419,361	419,170	415,198	5,025,561
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	418,045	419,335	419,361	419,170	415,198	5,025,561
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1	2	3	4	5	6	7
Name of Debtor	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Admitted
0199999 Total individuals						
0299998 Premium due and unpaid not individually listed						
0299999 Total group						
0399999 Premiums due and unpaid from Medicare entities						
0499999 Premiums due and unpaid from Medicaid entities	3,562,778	6,302,391	2,725,601	9,140,151		21,730,921
0599999 Accident and health premiums due and unpaid (Page 2, Line 15)	3,562,778	6,302,391	2,725,601	9,140,151		21,730,921

EXHIBIT 3 - HEALTH CARE RECEIVABLES

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
0199998 Pharmaceutical Rebate Receivables - Not Individually Listed						
0199999 Subtotal - Pharmaceutical Rebate Receivables						
0299998 Claim Overpayment Receivables - Not Individually Listed	14,553,687			1,300,007	1,300,007	14,553,687
0299999 Subtotal - Claim Overpayment Receivables	14,553,687			1,300,007	1,300,007	14,553,687
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						
0699998 Other Receivables - Not Individually Listed						
0699999 Subtotal - Other Receivables						
0799999 Gross health care receivables	14,553,687			1,300,007	1,300,007	14,553,687

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

Aging Analysis of Unpaid Claims

Account	1	2	3	4	5	6	7
	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Over 120 Days	Total	
0299999 Aggregate Accounts Not Individually Listed - Uncovered							
0399999 Aggregate Accounts Not Individually Listed - Covered	25,066,963	723,582	51,683			25,842,228	
0499999 Subtotals	25,066,963	723,582	51,683			25,842,228	
0599999 Unreported claims and other claim reserves							158,526,555
0699999 Total Amounts Withheld							
0799999 Total Claims Unpaid							184,368,783
0899999 Accrued Medical Incentive Pool and Bonus Amounts							1,185,192

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	
	N O N E							
0399999 Total gross amounts receivable								

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5
Affiliate	Description	Amount	Current	Non-Current
Individually listed payables				
	Administrative services, ITS claims and miscellaneous due to BCBST	34,521,500	34,521,500	
0199999	Total - Individually listed payables	34,521,500	34,521,500	
0299999	Payables not individually listed			
0399999	Total gross payables	34,521,500	34,521,500	

EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

	1	2	3	4	5	6
Payment Method	Direct Medical Expense Payment	Column 1 as a % of Total Payments	Total Members Covered	Column 3 as a % of Total Members	Column 1 Expenses Paid to Affiliated Providers	Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups	342,213	0.029	1,172,646,797	282,430,743		342,213
2. Intermediaries	29,181,983	2.485				29,181,983
3. All other providers	13,091,663	1.115				13,091,663
4. TOTAL Capitation Payments	42,615,859	3.629	1,172,646,797	282,430,743		42,615,859
Other Payments:						
5. Fee-for-service			X X X	X X X		
6. Contractual fee payments	1,130,809,290	96.301	X X X	X X X		1,130,809,290
7. Bonus/withhold arrangements - fee-for-service			X X X	X X X		
8. Bonus/withhold arrangements - contractual fee payments	814,808	0.069	X X X	X X X		814,808
9. Non-contingent salaries			X X X	X X X		
10. Aggregate cost arrangements			X X X	X X X		
11. All other payments			X X X	X X X		
12. TOTAL Other Payments	1,131,624,098	96.371	X X X	X X X		1,131,624,098
13. TOTAL (Line 4 plus Line 12)	1,174,239,957	100.000	X X X	X X X		1,174,239,957

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1	2	3	4	5	6
NAIC Code	Name of Intermediary	Capitation Paid	Average Monthly Capitation	Intermediary's Total Adjusted Capital	Intermediary's Authorized Control Level RBC
	SouthEas Transportation	29,181,983	2,461,832		
9999999		29,181,983	X X X	X X X	X X X

EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

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

NONE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

The TDCI, TennCare Division, recognizes only statutory accounting practices prescribed or permitted by the State of Tennessee for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under Tennessee Insurance Law. The National Association of Insurance Commissioners' *Accounting Practices and Procedures* manual (NAIC AP&P) 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	December 31, 2010	December 31, 2009
(1) Net Loss State Statutory Basis	TN	\$ (21,974,824)	\$ (64,415,657)
(2) State Prescribed Practices that increase (decrease) NAIC SAP	TN	0	0
(3) State Permitted Practices that increase (decrease) NAIC SAP	TN	0	0
(4) Net Loss NAIC Statutory Basis	TN	\$ (21,974,824)	\$ (64,415,657)
SURPLUS			
(5) Surplus State Statutory Basis	TN	\$ 104,921,560	\$ 86,912,408
(6) State Prescribed Practices that increase (decrease) NAIC SAP:	TN		
Admission of Health Care Receivables < 91 Days	TN	(14,553,687)	(201,347)
(7) Tennessee Permitted Practices that increase (decrease) NAIC SAP	TN	0	0
(8) Surplus NAIC Statutory Basis	TN	\$ 90,367,873	\$ 86,711,061

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

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

C. Accounting Policy

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

The Company does not insure life coverage.

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 BlueCross BlueShield of Tennessee, Inc. (BCBST or the Parent) based on the 2009 net worth. Any material dividend distributions require approval by the TDCI. No dividends were paid to the Parent during 2010 or 2009.

Notes to Financial Statements

The Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the scientific amortization method.
- (3) The Company does not hold common stock.
- (4) The Company does not hold preferred stock.
- (5) The Company did not invest in mortgage loans as of December 31, 2010.
- (6) The Company holds certain loan-backed and structured securities, including commercial mortgage-backed securities and asset-backed securities.
- (7) The Company does not hold investments in subsidiaries, controlled or affiliated companies.
- (8) The Company does not hold investments in joint ventures, partnerships or limited liability companies.
- (9) The Company does not use derivatives in its investment portfolio.
- (10) The Company did not need a premium deficiency reserve at December 31, 2010. The Company included investment income as a factor when determining whether a premium deficiency was needed in accordance with Statements of Statutory Accounting Principles (SSAP) No. 54, *Individual and Group Accident Health Contracts*.
- (11) Unpaid losses and loss adjustment expenses include amounts determined from estimates, loss reports, and past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates. Management believes the amount is adequate; however, the ultimate liability may be more or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the current period.
- (12) The Company does not have a capitalization policy because fixed assets are held by the Parent.
- (13) The Company does not have a receivable for pharmaceutical rebates.

2. Accounting Changes and Corrections of Errors

- A. At December 31, 2008, the Company reported a \$42,663,267 premium deficiency reserve for the East and West risk contracts. Using guidance provided by TDCL, TennCare Division, in an April 2009 letter, the Company changed its reserving methodology to include the full contract period. This change in reserving methodology eliminated the need for the premium deficiency reserve as of December 31, 2008. The change in the premium deficiency reserve as of December 31, 2008 was recorded directly to surplus in June 2009 and is shown on the Statement of Revenue and Expenses, line 35, Change in valuation basis of aggregate policy and claim reserves. The Company had no premium deficiency reserve at December 31, 2010 or 2009.

Certain prior year balances have been reclassified to conform to the current year presentation.

The Company made a technical amendment to its Charter effective December 17, 2009, reflecting the move of its corporate headquarters from 801 Pine Street, Chattanooga, TN to 1 Cameron Hill Circle, Chattanooga, TN. VSHP inadvertently omitted this disclosure in Question 2.1 and 2.2 of its 2009 General Interrogatories. The correct responses are "Yes" and 12/17/2009 to questions 2.1 and 2.2, respectively.

3. Business Combinations and Goodwill

- A. No business combinations taking the form of a statutory purchase have occurred in 2010.
- B. No business combinations taking the form of a statutory merger have occurred in 2010.
- C. The Company had no goodwill resulting from assumption reinsurance in 2010.
- D. The Company did not record an impairment loss relating to the above transaction types in 2010.

4. Discontinued Operations

The Company had no discontinued operations during 2010 or 2009.

Notes to Financial Statements

5. Investments

During 2010, the Company recognized \$88,704 of other-than-temporary impairments (OTTI) on certain bond and equity holdings.

- A. The Company had no mortgage loans in 2010.
- B. The Company had no debt restructuring in 2010.
- C. The Company had no reverse mortgages in 2010.
- D. Loan-Backed Securities
 - (1) Prepayment assumptions are consistent with current market and economic conditions and were obtained from Bloomberg, bond portfolio managers and our Custodian. Fair values are obtained from the Custodian who uses actual market quotes if available or matrix pricing of securities with similar terms.
 - (2) The amount of other-than-temporary-impairments recognized on loan-backed securities during the twelve months ended December 31, 2010, by quarter, is as follows:

	Amortized Cost Basis Before OTTI	Cumulative OTTI Recognized in Loss	Fair Value
OTTI recognized 1 st Quarter:			
Intent to Sell	\$ 0	\$ 0	\$ 0
Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost	0	0	0
Total 1st Quarter	\$ 0	\$ 0	\$ 0
OTTI recognized 2 nd Quarter:			
Intent to Sell	\$ 0	\$ 0	\$ 0
Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost	0	0	0
Total 2nd Quarter	\$ 0	\$ 0	\$ 0
OTTI recognized 3 rd Quarter:			
Intent to Sell	\$ 0	\$ 0	\$ 0
Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost	0	0	0
Total 3rd Quarter	\$ 0	\$ 0	\$ 0
OTTI recognized 4 th Quarter:			
Intent to Sell	\$ 7,158,440	\$ 82,890	\$ 7,075,550
Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost	0	0	0
Total 4th Quarter	\$ 7,158,440	\$ 82,890	\$ 7,075,550
Total	\$ 7,158,440	\$ 82,890	\$ 7,075,550

Notes to Financial Statements

- (3) The Company recognizes in income the difference between the amortized cost and fair value of loan-backed securities deemed to be subject to other-than-temporary-impairment declines in value due to management's intent to sell. The Company has not recognized other-than-temporary impairments solely because the present value of expected cash flows is less than amortized cost.

CUSIP	Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized OTTI	Amortized Cost After OTTI	Fair Value at time of OTTI	Date of Financial Statement Where Reported
None	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	None

- (4) The aggregate amortized cost and fair value of loan-backed securities where fair value was less than amortized cost at December 31, 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	\$3,266,188	\$ 0	\$ 3,266,188
Fair Value	3,240,080	0	3,240,080
Unrealized Loss	\$ (26,108)	\$ 0	\$ (26,108)

- (5) The Company uses a variety of methods and procedures, both quantitative and qualitative to review and analyze the Company's investment portfolio to identify, on a quarterly basis, securities that management believes to be other-than-temporarily impaired.

- E. The Company had no repurchase agreements and/or securities lending transactions in 2010.
 F. The Company had no real estate in 2010.
 G. The Company had no low-income housing tax credits in 2010.

6. Joint Ventures, Partnerships or Limited Liability Companies

- A. The Company had no investments in joint ventures, partnerships or limited liability companies in 2010.
 B. There were no impairments on investments in joint ventures, partnerships or limited liability companies in 2010.

7. Investment Income

- A. No investment income due and accrued was excluded from surplus in 2010.
 B. The total amount excluded was \$0.

8. Derivative Instruments

The Company had no derivative instruments.

9. Income Taxes

The application of SSAP No. 10R requires a company to evaluate the recoverability of deferred tax assets (DTAs) and to establish a valuation allowance, if necessary, to reduce the DTAs to an amount which is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the Company considers many factors, including: (1) the nature of the DTAs and deferred tax liabilities (DTLs); (2) whether they are ordinary or capital; (3) the timing of their reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry forwards; (5) the length of time that carryovers can be utilized; (6) unique tax rules that would impact the utilization of the DTAs; and (7) any tax planning strategies that the Company would employ to avoid a tax benefit from expiring unused. Management believes it is more likely than not that the DTAs will be realized. Accordingly, the Company has not recorded a valuation allowance as of December 31, 2010.

Notes to Financial Statements

A. The components of the net DTAs recognized in the Company's Assets, Liabilities, Capital and Surplus as of December 31, 2010 are:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Total gross DTAs, admitted and nonadmitted	\$ 14,502,547	\$ 31,047	\$ 14,533,594
Statutory valuation allowance	-	-	-
Adjusted gross DTAs admitted and nonadmitted	14,502,547	31,047	14,533,594
Total of DTLs	-	-	-
Net DTAs before admissibility test	<u>\$ 14,502,547</u>	<u>\$ 31,047</u>	<u>\$ 14,533,594</u>

The amount of admitted adjusted gross DTAs under each component of SSAP 10R as of December 31, 2010 is:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Admitted pursuant to paragraph 10(a)	\$ -	\$ -	\$ -
Admitted pursuant to paragraph 10(b)	8,206,480	-	8,206,480
Admitted pursuant to paragraph 10(c)	-	-	-
Total Admitted DTAs	<u>8,206,480</u>	<u>-</u>	<u>8,206,480</u>
Total DTLs	-	-	-
Net admitted DTAs	<u>\$ 8,206,480</u>	<u>\$ -</u>	<u>\$ 8,206,480</u>
Nonadmitted DTAs	<u>\$ 6,296,067</u>	<u>\$ 31,047</u>	<u>\$ 6,327,114</u>

The components of the net DTAs recognized in the Company's Assets, Liabilities, Capital and Surplus as of December 31, 2009 are:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Total gross DTAs, admitted and nonadmitted	\$ 5,001,547	\$ -	\$ 5,001,547
Statutory valuation allowance	-	-	-
Adjusted gross DTAs, admitted and nonadmitted	5,001,547	-	5,001,547
Total DTLs	-	-	-
Net DTAs before admissibility test	<u>\$ 5,001,547</u>	<u>\$ -</u>	<u>\$ 5,001,547</u>

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

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Admitted pursuant to paragraph 10(a)	\$ -	\$ -	\$ -
Admitted pursuant to paragraph 10(b)	3,438,996	-	3,438,996
Admitted pursuant to paragraph 10(c)	-	-	-
Total Admitted DTAs	<u>3,438,996</u>	<u>-</u>	<u>3,438,996</u>
Total DTLs	-	-	-
Net admitted DTAs	<u>\$ 3,438,996</u>	<u>\$ -</u>	<u>\$ 3,438,996</u>
Nonadmitted DTAs	<u>\$ 1,562,551</u>	<u>\$ -</u>	<u>\$ 1,562,551</u>

The changes during 2010 in the components of the net DTAs recognized in the Company's Assets, Liabilities, Capital and Surplus are:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Total gross DTAs, admitted and nonadmitted	\$ 9,501,000	\$ 31,047	\$ 9,532,047
Statutory valuation allowance	-	-	-
Adjusted gross DTAs, admitted and nonadmitted	9,501,000	31,047	9,532,047
Total DTLs	-	-	-
Net DTA before admissibility test	<u>\$ 9,501,000</u>	<u>\$ 31,047</u>	<u>\$ 9,532,047</u>

Notes to Financial Statements

The changes during 2010 in the amount of admitted adjusted gross DTAs under each component of SSAP 10R are:

	Ordinary	Capital	Total
Admitted pursuant to paragraph 10(a)	\$ -	\$ -	\$ -
Admitted pursuant to paragraph 10(b)	4,767,484	-	4,767,484
Admitted pursuant to paragraph 10(c)	-	-	-
Total Admitted DTAs	<u>4,767,484</u>	<u>-</u>	<u>4,767,484</u>
Total DTLs	<u>-</u>	<u>-</u>	<u>-</u>
Net admitted DTAs	<u>\$ 4,767,484</u>	<u>\$ -</u>	<u>\$ 4,767,484</u>
Nonadmitted DTAs	<u>\$ 4,733,516</u>	<u>\$ 31,047</u>	<u>\$ 4,764,563</u>

The Company did not elect to admit the increased amount of DTAs under SSAP No. 10R in 2010 or 2009.

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

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

C. The provisions for incurred taxes on earnings for the periods ended December 31, 2010 and December 31, 2009 are:

	December 31, 2010	December 31, 2009
Federal	\$ 2,693,121	\$ (31,213,319)
Foreign	-	-
	<u>2,693,121</u>	<u>(31,213,319)</u>
Federal income tax on capital gains	-	-
Utilization of capital loss carryforwards	-	-
Federal and foreign income taxes incurred	<u>\$ 2,693,121</u>	<u>\$ (31,213,319)</u>

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

	December 31, 2010	December 31, 2009	Change
Adjusted gross DTAs, admitted and nonadmitted	\$ 14,533,594	\$ 5,001,547	\$ 9,532,047
Total DTLs	-	-	-
Net DTAs, deferred assets less liabilities	<u>\$ 14,533,594</u>	<u>\$ 5,001,547</u>	<u>9,532,047</u>
Tax effect of nonadmitted assets			(90,334)
Increase in net deferred income tax			<u>\$ 9,441,713</u>

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

	December 31, 2010	Effective Tax Rate
Provision computed at statutory rate	\$ (6,748,592)	35.0%
Increase in net deferred income tax	<u>9,441,713</u>	nm
Federal and foreign income taxes incurred	<u>\$ 2,693,121</u>	nm

E. The Company has no net capital loss carryforwards or net operating loss carryforwards.

F. The Company's Federal Income Tax Return is consolidated with the following entities:

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

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

Notes to Financial Statements

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. BCBST owns 100% of BeneVive, Inc. (BeneVive) and Southern Diversified Business Services, Inc. (SDBS).

BeneVive owns 100% of the for-profit corporations Shared Health, Inc. (Shared Health), Riverbend Government Benefits Administrator, Inc. (Riverbend), Security Care, Inc. (Security Care), RiverTrust Solutions, Inc. (RiverTrust), and Onlife Health, Inc. (Onlife), formally known as Gordian Health Solutions, Inc. Shared Health is a health information technology company. Riverbend performs services as a Medicare administrative contractor or subcontractor for the Centers for Medicare and Medicaid Services (Medicare) pursuant to the Medicare Modernization Act of 2003. Riverbend was awarded a contract as a subcontractor for Cigna Government Services' under the Medicare Administrator Contract for Jurisdiction 15. The contract will be implemented during 2011. Security Care is pursuing business with the Federal Government as a Zone Program Integrity Contractor (ZPIC) to promote the prevention, detection and investigation of fraud in Medicare and Medicaid. RiverTrust is a Qualified Independent Contractor able to bid on Medicare appeals workloads. Onlife mitigates the rising cost of health care by encouraging the formation of healthy lifestyle behaviors and providing case management for existing illnesses.

BCBST transferred \$15,500,000 in 2010 and \$19,509,710 in 2009 to BeneVive as additional capital contributions. These additional capital contributions were passed through to the following entities in the following amounts:

	Twelve Months December 31, 2010	Twelve Months December 31, 2009
Onlife	\$ 3,000,000	\$ 8,802,098
Riverbend	0	4,657,612
RiverTrust	0	0
Shared Health	12,000,000	6,050,000
BeneVive	500,000	0
Total	<u>\$ 15,500,000</u>	<u>\$ 19,509,710</u>

SDBS owns 100% of the for-profit corporations Golden Security Insurance Company (Golden Security), Group Insurance Services, Inc. (GIS), and Volunteer State Health Plan, Inc. (VSHP). Golden Security is an inactive corporation licensed to provide health, term life, disability and other insurance coverage to its policyholders. GIS is an insurance broker. VSHP is contracted by the State of Tennessee to provide services for TennCare members. BCBST transferred \$79,000,000 in 2010 and \$72,000,000 in 2009 to SDBS as additional capital contributions. The capital contributions were passed through SDBS to VSHP. The Company issued two surplus notes totaling \$17,000,000 to BCBST during 2010. No surplus notes were issued in 2009.

TriServ was a limited liability company formed in 2007 by BCBST and six other non-investor owned BlueCross and BlueShield plans in the southern United States. TriServ's primary purpose was to jointly pursue an opportunity with TRICARE, a service of the U.S. Department of Defense, to administer the Managed Care Support contract for the South Region. BCBST provided capital funding of \$8,468,000 to TriServ in 2009. The contract with TRICARE was awarded to a competitor and consequently, by the end of 2009, the investors dissolved TriServ. The Company received a liquidating distribution from the dissolution amounting to \$3,352,815 in 2009.

Tennessee Health Foundation, Inc. (THF), doing business as BlueCross BlueShield of Tennessee Health Foundation, is a public benefit not-for-profit Tennessee corporation that promotes charitable activities. BCBST appoints the board of directors of THF, which has been granted a 501(c)(3) tax exemption by the Internal Revenue Service. BCBST transferred \$9,679 of cash and transferred investments with a fair value of \$9,990,321 to THF as a charitable contribution during the fourth quarter of 2010.

Southern Health Plan, Inc. (SHP), doing business as BlueCross BlueShield of Tennessee Community Trust, is a not-for-profit Tennessee corporation created for the purpose of improving the quality of health care in Tennessee, primarily through contributions to other tax-exempt organizations. BCBST appoints the board of directors of SHP, which has been granted a 501(c)(4) tax exemption by the Internal Revenue Service.

- B. The Company has administrative services agreements with BCBST under which BCBST provides administrative services and is reimbursed, and for which the Company provides administrative services to BCBST and is reimbursed. A tax sharing agreement also exists (see note 9, F.1 and F.2). The amounts related to these agreements are settled on a monthly basis. BCBST has agreed to fund the Company to maintain a 200% Risk-Based Capital reserve level.
- C. The Company paid BCBST for services performed under administrative services and tax sharing agreements. For the twelve months ended December 31, the Company paid \$80,895,705 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 \$34,521,500 as due to BCBST and \$48,983,035 as due from BCBST as of December 31, 2010 and 2009, respectively.

Notes to Financial Statements

- 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 result in a material contingent exposure of the Company's or any related party's assets or liabilities.
- F. BCBST is the contractor for CoverKids, a state-sponsored program pursuant to Tennessee Code Annotated § 71-3-1101 et seq.; CoverTN, a state-sponsored program pursuant to T.C.A. § 56-7-3001 et seq.; and AccessTN, a state-sponsored program pursuant to T.C.A. § 56-7-2901 et seq. These state-sponsored programs are each administered by separate contracts, under the Cover Tennessee program. BCBST subcontracts with its wholly-owned subsidiary, VSHP, to provide certain services required under the Cover Tennessee contracts, including but not limited to medical management, outreach and education, and other related services. The provision of services, and expenses related thereto, is documented in the form of intercompany administrative services agreements between BCBST and VSHP.
- On April 18, 2008, the Tennessee Department of Finance and Administration (F&A) approved VSHP to act as a subcontractor under the Cover Tennessee contracts pursuant to these intercompany agreements. The risk for the Cover Tennessee contracts is retained by BCBST, and the financial balances related to the Cover Tennessee contracts are recorded on the financial statements of BCBST. VSHP is compensated for costs incurred under the administrative services agreements through intercompany payables and receivables, which are cleared periodically.
- The Company also provides certain services, including but not limited to medical director review of appeals and denials, for BCBST's MedAdvantage and other operations. The cost of services performed by the Company is fully reimbursed by the BCBST.
- G. All outstanding shares of the Company are owned by SDBS, an insurance holding company 100% owned by BCBST and domiciled in the State of Tennessee.
- H. The Company deducted no amounts from the value of an upstream intermediate entity or ultimately parent-owned, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated (SCA) entity, in accordance with the *Purposes and Procedures* of the Securities Valuation Office of the NAIC, "Procedures for Valuing Common Stocks and Stock Warrants."
- I. The Company has no investment in a SCA entity that exceeds 10% of admitted assets.
- J. The Company has no investment in an impaired SCA entity.
- K. The Company has no investments in foreign insurance subsidiaries.
- L. The Company is not using the 'look-through' approach to admit any investment in an SCA entity, joint venture, partnership or limited liability company.

11. Debt

The Company has no debt.

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

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

A. Defined Benefit Plan

All disclosures related to defined benefit plans are included in BCBST's statement.

B. Defined Contribution Plan

All disclosures related to defined contribution plans are included in BCBST's statement.

C. Multiemployer Plans

The Company does not participate in multiemployer plans sponsored by other holding companies.

Notes to Financial Statements

D. Consolidated/Holding Company Plans

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

E. Postemployment Benefits and Compensated Absences

All disclosures of postemployment benefits and compensated absences are included in BCBST's statement.

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

All disclosures of the impact of Medicare Modernization Act on postretirement benefits are included in BCBST's statement.

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

1. The Company has 1,000 shares authorized, 1,000 shares issued and outstanding of common stock. Par or stated value is \$.01 per share.
2. The Company has no preferred stock outstanding.
3. In accordance with TCA §56-11-106(b) the maximum amount of dividends which can be paid by State of Tennessee insurance companies to shareholders without prior approval of the Insurance Commissioner is subject to restrictions relating to the greater of ten percent (10%) of net worth of the preceding December 31 or the net gain from operations for the preceding year. The Company may currently pay dividends of \$8,691,241 to BCBST based on its 2009 net worth.
4. No dividends were paid by the Company in 2010 or 2009.
5. Within the limitations of (3) above, there are no other restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
6. The Company's statutory deposit, required by the State of Tennessee, was \$34,651,682 at December 31, 2010. Assets in the amount of \$35,171,486 for the period ended December 31, 2010, were on deposit with government authorities or trustees.
7. The Company has no advances to surplus not repaid.
8. The Company has no stock, including stock of affiliated companies, held for special purposes.
9. The Company has no special surplus funds in 2010 or 2009.
10. The portion of unassigned funds (surplus) represented or reduced by each of the items below resulted in a cumulative unrealized loss.
 - a. unrealized loss: \$ 5,151
11. The Company has no surplus debentures or similar obligations.
12. No quasi-reorganizations have occurred in 2010.
13. No quasi-reorganizations have occurred in the past ten years.

14. Contingencies

- A. In the first quarter of 2008, BCBST raised \$200,000,000 in order to help finance the construction of its 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 debt agreements. 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.
- B. The Company receives periodic liquidated damage assessments from the State of Tennessee, primarily related to operational performance targets.
- C. The Company has no gain contingencies not recognized in the Company's financial statements as required in SSAP No. 5.
- D. The Company has no claims related extra contractual obligation and bad faith losses stemming from lawsuits which would have a material financial effect.

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

- E. The Company has no other contingencies to be reported as required by SSAP No. 5.

Notes to Financial Statements

15. **Leases**

- A. The Company has no lessee leasing arrangements.
- B. Leasing is not a part of the Company's business activities.

16. **Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk (SSAP 27)**

The Company has no financial instruments with off-balance sheet risk.

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

- A. The Company has no transfer of receivables reported as sales (SSAP No. 42).
- B. The Company has no transfers and servicing of financial assets and extinguishment of liabilities (SSAP No. 91).
- C. The Company has no wash sales (SSAP No. 91).

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 of Tennessee. 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 page 2, line 17 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, amounts 'due to or from', occurring between the ASO, insured business, and BCBST for ASO plans are netted on page 3, line 22 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 from ASO plans at December 31, 2010 reflected on page 2, line 17, is as follows:

	<u>Amount</u>
a. Unbilled expenses (timing differences)	\$ 1,292,985
b. Select Community premium accrual	864,641
c. Medical management	504,636
d. Miscellaneous	(116,649)
Total Amounts Receivable Relating to ASO Plans	<u>\$ 2,545,613</u>

The loss from operations from ASO plans and the uninsured portion of partially insured plans were as follows during 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	\$ 410,378	0	\$ 410,378
b. Total net other income or expenses (including interest paid to or received from plans)	(339,744)	0	(339,744)
c. Net gain from operations	<u>\$ 70,634</u>	<u>0</u>	<u>\$ 70,634</u>
d. Total Claims Payment Volume	\$ 341,034,689	0	\$ 341,034,689

- B. The Company has no ASC plans.
- C. The Company has no Medicare or other similarly structured cost based reimbursement contract.

Notes to Financial Statements

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators.

The Company has no direct premiums written and/or produced by managing general agents or third party administrators.

20. Fair Value Measurement

The Company holds only investment grade fixed income securities in its investment portfolio. Therefore, all of the Company's investments are reported at amortized cost in the statement of financial position. Thus, the Company is not required under SSAP 100 to categorize its assets within the fair value hierarchy. The Company has no financial liabilities.

The Company held no common or preferred equity securities, mutual fund investments, hybrid securities, mortgage loans, non-agency residential mortgage-backed securities or auction rate securities at December 31, 2010. At December 31, 2010, the average credit rating of the Company's total fixed maturity securities was AA. At December 31, 2010, the Company held commercial mortgage-backed securities with a fair value of \$4,716,692 and an average credit rating of AAA. At December 31, 2010, the Company held asset-backed securities with a fair value of \$12,719,137 and an average credit rating of AAA. Fair values of the fixed maturity securities are provided by independent pricing services, including the Company's custodians. Where independent pricing services provided fair values, the Company has obtained an understanding of the methods, models and inputs used, and has controls in place to validate that amounts provided represent current exit prices. For securities not actively traded, the third party pricing services may use quoted market prices of comparable instruments or models, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds. Management periodically reviews the securities in the portfolio with the Company's investment managers and the Company's investment consultant. If unusual fluctuations in pricing or variances in pricing from different sources are noted during these reviews, management may obtain additional information from other pricing services, or request an investigation into the evaluation of the security by the pricing service, to validate the quoted price.

21. Other Items

- A. No extraordinary events and/or transactions outlined in SSAP No. 24 occurred in 2010.
- B. No troubled debt restructuring (SSAP No. 36) occurred in 2010 or 2009.
- C. Other Disclosures
- 1) As of December 31, 2010, assets in the amount of \$35,171,486 were on deposit with government authorities or trustees. This amount exceeds the deposit amount required by the State of Tennessee of \$34,651,682.
 - 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 twelve months ended December 31, 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 Choices program that began effective August 1, 2010. The following provides a comparison of expense excluding ASO administrative fees and premium tax.

Line#	Administrative Expenses:	December 31, 2010	December 31, 2009	% Change
20	Claims adjustment expense	\$93,657,151	\$85,775,902	
21	General administrative expense	130,639,008	79,244,800	
	Total Expense	224,296,159	165,020,702	
	Less: ASO administrative fees	45,981,202	40,205,313	
	Less: Premium tax	99,068,900	62,989,158	
	Expenses before ASO admin fees and excluding premium tax	<u>\$171,208,461</u>	<u>\$142,236,857</u>	20%
 - 3) The Company elected to use rounding in reporting amounts in the statement.
- D. The Company does not anticipate any uncollectible premium balances.
- E. The Company had no business interruption recognized during 2010.
- F. The Company has no state transferable tax credits.
- G. The Company has no investments in subprime mortgages or bonds backed by subprime mortgages as of December 31, 2010, nor has the Company had any such investments at any time in the past.

Notes to Financial Statements

22. Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through February 24, 2011 for the statutory statement issued on March 1, 2011. The Company has no required disclosures of Type I events (SSAP No. 9).

Type II – Non-recognized Subsequent Events:

The Company's President and CEO, Sonya Kay Nelson, resigned from her position on February 22, 2011.

23. Reinsurance

A. The Company does not have any reinsurance where the disclosures required by this section are applicable.

B. The Company has not written off in the current year reinsurance balances due.

C. The Company has no amounts reported in its operations in the current year as a result of commutation of reinsurance with other companies.

24. Retrospectively Rated Contracts

There were no net premiums written by the Company through December 31, 2010 that are subject to retrospective rating features.

25. Change in Incurred Claims and Claim Adjustment Expenses

As of December 31, 2009, a reserve for unpaid insured claims and claim adjustment expenses, net of healthcare receivables, amounted to \$152,887,809. Through December 31, 2010, \$124,932,506 has been paid for expenses attributable to insured events of prior years. The re-estimation of reserves for unpaid insured claims and claim adjustment expenses for 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 \$24,007,255. The reserve remaining for prior year was \$3,948,048 as of December 31, 2010.

26. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangements (SSAP No. 63) under which the pool participants cede substantially all of their direct and assumed business to a pool.

27. Structured Settlements

Not applicable to health entities.

28. Health Care Receivables

A. The Company has no pharmaceutical rebate receivables.

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

29. Participating Policies

The Company has no participating policies where the Company pays policyholders dividends (SSAP No. 54).

30. Premium Deficiency Reserve

As of December 31, 2010 and 2009, the Company had no premium deficiency reserve. At December 31, 2008, the Company reported a \$42,663,267 premium deficiency reserve for the East and West risk contracts. Using guidance provided by TDCI, TennCare Division, in an April 2009 letter, the Company changed its reserving methodology to include the full contract period. This change in reserving methodology eliminated the need for the reserve as of December 31, 2008. The change in the premium deficiency reserve as of December 31, 2008 was recorded directly to surplus in June 2009 and is shown on the Statement of Revenue and Expenses, line 35, Change in valuation basis of aggregate policy and claim reserves.

31. Anticipated Salvage and Subrogation

There have been no changes to the Company's salvage and subrogation estimation methodology.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[] N/A[]
- 1.3 State Regulating? Tennessee
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[X] No[]
- 2.2 If yes, date of change: 12/17/2009
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 06/30/2006
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/11/2007
- 3.4 By what department or departments?
Tennessee Department of Commerce and Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[X] No[] N/A[]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[] N/A[]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[] No[X]
- 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[] No[X]
- 4.22 renewals? Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[] No[X]
- 7.2 If yes, 0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young - Republic Centre, Suite 1500 - 633 Chestnut Street - Chattanooga, TN 37450
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation? Yes[] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes[] No[X]
- 10.6 If response to 10.5 is "yes," provide information related to this exemption:
- 10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[] No[X] N/A[]
- 10.8 If the answer to 10.7 is "NO" or "N/A" please explain:
The BCBST board has authorized the enterprise Audit Committee to have authority over the subsidiaries.

GENERAL INTERROGATORIES (Continued)

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
James Howard Srite, FSA, MAAA - Vice President, Chief Actuary - BlueCross BlueShield of Tennessee, Inc.
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 12.11 Name of real estate holding company
 12.12 Number of parcels involved 0
 12.13 Total book/adjusted carrying value \$ 0
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [] N/A [X]
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [] N/A [X]
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]
- 14.1 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?
 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. Yes [X] No []
- 14.11 If the response to 14.1 is no, please explain:
 14.2 Has the code of ethics for senior managers been amended? Yes [X] No []
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
 The VSHP Code of Conduct was amended on April 26, 2010 to adopt amendments made by BCBST in December 2009
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

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

FINANCIAL

18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 19.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 19.11 To directors or other officers \$ 0
 19.12 To stockholders not officers \$ 0
 19.13 Trustees, supreme or grand (Fraternal only) \$ 0
- 19.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
 19.21 To directors or other officers \$ 0
 19.22 To stockholders not officers \$ 0
 19.23 Trustees, supreme or grand (Fraternal only) \$ 0
- 20.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
 20.2 If yes, state the amount thereof at December 31 of the current year:
 20.21 Rented from others \$ 0
 20.22 Borrowed from others \$ 0
 20.23 Leased from others \$ 0
 20.24 Other \$ 0
- 21.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
 21.2 If answer is yes:
 21.21 Amount paid as losses or risk adjustment \$ 0
 21.22 Amount paid as expenses \$ 0
 21.23 Other amounts paid \$ 0
- 22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

INVESTMENT

- 23.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 23.3) Yes [X] No []
 23.2 If no, give full and complete information, relating thereto:
 23.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 17 where this information is also provided)
 23.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]
 23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. \$ 0
 23.6 If answer to 23.4 is no, report amount of collateral for other programs. \$ 0
 23.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]
 23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]
- 24.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3) Yes [X] No []
 24.2 If yes, state the amount thereof at December 31 of the current year:
 24.21 Subject to repurchase agreements \$ 0
 24.22 Subject to reverse repurchase agreements \$ 0
 24.23 Subject to dollar repurchase agreements \$ 0
 24.24 Subject to reverse dollar repurchase agreements \$ 0
 24.25 Pledged as collateral \$ 0

GENERAL INTERROGATORIES (Continued)

24.26 Placed under option agreements	\$ 0
24.27 Letter stock or securities restricted as to sale	\$ 0
24.28 On deposit with state or other regulatory body	\$ 35,171,486
24.29 Other	\$ 0

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

25.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No
 25.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
 If no, attach a description with this statement.

26.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes No
 26.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

27. 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 I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes No

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

1 Name of Custodian(s)	2 Custodian's Address
Regions Morgan Keegan Trust	1100 Ridgeway Loop, Ste 100, Memphis, TN 38120
Bank of New York Mellon	One Mellon Center, Pittsburgh, PA 15258

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

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

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year? Yes No
 27.04 If yes, give full and complete information relating thereto:

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
Exempt	BlackRock Financial Management	40 East 52nd Street, New York, NY 10022
4161	Morgan Keegan	50 Front Street, Memphis, TN 38103

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

28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
28.2999 Total		

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

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

GENERAL INTERROGATORIES (Continued)

		1	2	3
		Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1	Bonds	162,361,190	163,631,367	1,270,177
29.2	Preferred stocks			
29.3	Totals	162,361,190	163,631,367	1,270,177

29.4 Describe the sources or methods utilized in determining the fair values

Fair values were obtained from the custodians - Regions Morgan Keegan Trust and Bank of New York, Mellon.

30.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes[X] No[]

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes[X] No[] N/A[]

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

31.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[]

31.2 If no, list exceptions:

OTHER

32.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 0

32.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	

33.1 Amount of payments for legal expenses, if any? \$ 0

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

1 Name	2 Amount Paid
.....	

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ 0

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

1 Name	2 Amount Paid
.....	

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

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

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator .....	.....	1,197,311,190
2.2 Premium Denominator	1,416,266,552	1,197,311,190
2.3 Premium Ratio (2.1 / 2.2) .....	.....	1.000
2.4 Reserve Numerator .....	.....	143,964,733
2.5 Reserve Denominator	185,553,975	143,964,733
2.6 Reserve Ratio (2.4 / 2.5) .....	.....	1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No [X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes[X] No []
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No [] N/A[X]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes [] No [X]
- 5.2 If no, explain:
The Company, with guaranty from Parent to maintain 200% RBC level, is sufficient size to cover full-risk.
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical \$ 0
- 5.32 Medical Only \$ 0
- 5.33 Medicare Supplement \$ 0
- 5.34 Dental & Vision \$ 0
- 5.35 Other Limited Benefit Plan \$ 0
- 5.36 Other \$ 0
- 6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
If insolvency occurs, BCBST satisfies claims for the covered period. All agreements with providers include statutory hold harmless provisions. Other MCOs in the State would be required to take enrollees.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date base? Yes[X] No []
- 7.2 If no, give details:
- 8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 19,619
- 8.2 Number of providers at end of reporting year 19,284
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No [X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months 0
- 9.22 Business with rate guarantees over 36 months 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes[X] No []
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ 2,000,000
- 10.22 Amount actually paid for year bonuses \$ 814,808
- 10.23 Maximum amount payable withholds \$ 0
- 10.24 Amount actually paid for year withholds \$ 0
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes [] No [X]
- 11.13 An Individual Practice Association (IPA), or, Yes [] No [X]
- 11.14 A Mixed Model (combination of above)? Yes [] No [X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes[X] No []
- 11.3 If yes, show the name of the state requiring such net worth.
Tennessee
- 11.4 If yes, show the amount required. \$ 34,651,682
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes[X] No []
- 11.6 If the amount is calculated, show the calculation.
4% times the first \$150M in dollars projected plus 1.5% for any dollars projected over the first \$150M
- 12. List service areas in which the reporting entity is licensed to operate:

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

GENERAL INTERROGATORIES (Continued)

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

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

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

FIVE-YEAR HISTORICAL DATA

	1 2010	2 2009	3 2008	4 2007	5 2006
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	490,517,926	270,182,565	151,642,822	43,669,782	46,712,157
2. TOTAL Liabilities (Page 3, Line 24)	385,596,366	183,270,157	124,786,521	12,306,565	15,954,047
3. Statutory surplus	34,651,682	25,326,692	25,326,692	25,703,132	27,775,339
4. TOTAL Capital and Surplus (Page 3, Line 33)	104,921,560	86,912,408	26,856,301	31,363,217	30,758,110
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	1,416,266,552	1,197,311,190	77,924,108	8,414,304	6,447,672
6. TOTAL Medical and Hospital Expenses (Line 18)	1,215,050,847	1,130,371,735	76,120,732	(998,392)	(435,916)
7. Claims adjustment expenses (Line 20)	93,657,151	85,775,902	18,622,849	772,985	727,156
8. TOTAL Administrative Expenses (Line 21)	130,639,008	79,244,800	11,153,144	1,086,872	1,003,582
9. Net underwriting gain (loss) (Line 24)	(23,080,454)	(98,081,247)	(70,635,884)	7,552,839	5,152,850
10. Net investment gain (loss) (Line 27)	3,798,751	2,452,271	1,531,325	1,868,624	1,806,399
11. TOTAL Other Income (Lines 28 plus 29)				(8,500,283)	(6,550,600)
12. Net income or (loss) (Line 32)	(21,974,824)	(64,415,657)	(61,776,488)	605,107	337,334
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	151,423,410	(8,174,727)	54,566,792	5,732,146	(6,099,469)
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	104,921,560	86,912,408	26,856,301	31,363,217	30,758,110
15. Authorized control level risk-based capital	46,404,533	43,032,479	4,445,487	1,047,185	1,376,566
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	415,198	418,045	189,281		
17. TOTAL Members Months (Column 6, Line 7)	5,025,561	5,204,333	369,733		
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	85.8	94.4	97.7	1,161.2	423.5
20. Cost containment expenses	3.8	2.1	7.2	(135.8)	(168.5)
21. Other claims adjustment expenses	2.8	5.1	16.7	(763.3)	(537.9)
22. TOTAL Underwriting Deductions (Line 23)	101.6	108.2	190.6	(1,001.9)	(1,258.0)
23. TOTAL Underwriting Gain (Loss) (Line 24)	(1.6)	(8.2)	(90.6)	(8,784.5)	(5,006.3)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	119,957,478	54,618,584	76,120,732	(998,392)	(435,916)
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	143,964,733	62,220,304			
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					

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

If no, please explain::



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

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

	NAIC Group Code 0000			NAIC Company Code 00000						
	1	2	3	4	5	6	7	8	9	10
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
TOTAL Members at end of:										
1. Prior Year	418,045								418,045	
2. First Quarter	419,335								419,335	
3. Second Quarter	419,361								419,361	
4. Third Quarter	419,170								419,170	
5. Current Year	415,198								415,198	
6. Current Year Member Months	5,025,561								5,025,561	
TOTAL Member Ambulatory Encounters for Year:										
7. Physician	5,040,146								5,040,146	
8. Non-Physician	438,274								438,274	
9. TOTAL	5,478,420								5,478,420	
10. Hospital Patient Days Incurred	346,626								346,626	
11. Number of Inpatient Admissions	48,939								48,939	
12. Health Premiums Written (b)	1,416,266,552								1,416,266,552	
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	1,416,266,552								1,416,266,552	
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	1,174,239,957								1,174,239,957	
18. Amount Incurred for Provision of Health Care Services	1,215,050,847								1,215,050,847	

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



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

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

	1		2		3	4	5	6	7	8	9	10
	Total	Individual	Comprehensive (Hospital & Medical)	Group									Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
TOTAL Members at end of:												
1. Prior Year	418,045										418,045	
2. First Quarter	419,335										419,335	
3. Second Quarter	419,361										419,361	
4. Third Quarter	419,170										419,170	
5. Current Year	415,198										415,198	
6. Current Year Member Months	5,025,561										5,025,561	
TOTAL Member Ambulatory Encounters for Year:												
7. Physician	5,040,146										5,040,146	
8. Non-Physician	438,274										438,274	
9. TOTAL	5,478,420										5,478,420	
10. Hospital Patient Days Incurred	346,626										346,626	
11. Number of Inpatient Admissions	48,939										48,939	
12. Health Premiums Written (b)	1,416,266,552										1,416,266,552	
13. Life Premiums Direct												
14. Property/Casualty Premiums Written												
15. Health Premiums Earned	1,416,266,552										1,416,266,552	
16. Property/Casualty Premiums Earned												
17. Amount Paid for Provision of Health Care Services	1,174,239,957										1,174,239,957	
18. Amount Incurred for Provision of Health Care Services	1,215,050,847										1,215,050,847	

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

SCHEDULE S - PART 1 - SECTION 2

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

1	2	3	4	5	6	7	8	9	10	11	12
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsured	Location	Type of Reinsurance Assumed	Premiums	Unearned Premiums	Reserve Liability Other Than for Unearned Premiums	Reinsurance Payable on Paid and Unpaid Losses	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
NONE											
0399999 Totals											

SCHEDULE S - PART 2

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

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

SCHEDULE S - PART 3 - SECTION 2

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

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

SCHEDULE S - PART 4
Reinsurance Ceded To Unauthorized Companies

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

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

	1 2010	2 2009	3 2008	4 2007	5 2006
A. OPERATIONS ITEMS					
1. Premiums					
2. Title XVIII-Medicare					
3. Title XIX - Medicaid					
4. Commissions and reinsurance expense allowance					
5. TOTAL Hospital and Medical Expenses					
B. BALANCE SHEET ITEMS					
6. Premiums receivable					
7. Claims payable	NONE				
8. Reinsurance recoverable on paid losses					
9. Experience rating refunds due or unpaid					
10. Commissions and reinsurance expense allowances unpaid					
11. Unauthorized reinsurance offset					
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F)					
13. Letters of credit (L)					
14. Trust agreements (T)					
15. Other (O)					

SCHEDULE S - PART 6

Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 12)			
2. Accident and health premiums due and unpaid (Line 15)			
3. Amounts recoverable from reinsurers (Line 16.1)			
4. Net credit for ceded reinsurance	X X X		
5. All other admitted assets (Balance)			
6. TOTAL Assets (Line 28)			
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1)			
8. Accrued medical incentive pool and bonus payments (Line 2)			
9. Premiums received in advance (Line 8)			
10. Funds held under reinsurance treaties with authorized and unauthorized reinsurers (Line 19)			
11. Reinsurance in unauthorized companies (Line 20)			
12. All other liabilities (Balance)			
13. TOTAL Liabilities (Line 24)			
14. TOTAL Capital and Surplus (Line 33)		X X X	
15. TOTAL Liabilities, Capital and Surplus (Line 34)			
NET CREDIT FOR CEDED REINSURANCE			
16. Claims unpaid			
17. Accrued medical incentive pool			
18. Premiums received in advance			
19. Reinsurance recoverable on paid losses			
20. Other ceded reinsurance recoverables			
21. TOTAL Ceded Reinsurance Recoverables			
22. Premiums receivable			
23. Funds held under reinsurance treaties with authorized and unauthorized reinsurers			
24. Unauthorized reinsurance			
25. Other ceded reinsurance payables/offsets			
26. TOTAL Ceded Reinsurance Payables/Offsets			
27. TOTAL Net Credit for Ceded Reinsurance			

N O N E

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

1	2	Direct Business Only							9
		3	4	5	6	7	8		
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	L			1,416,266,552				1,416,266,552	
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Marianas Islands (MP)	N								
57. Canada (CN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X			1,416,266,552				1,416,266,552	
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	(a) 1			1,416,266,552				1,416,266,552	

DETAILS OF WRITE-INS

5801.	X X X								
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(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.
Explanation of basis of allocation of premiums by states, etc.:

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

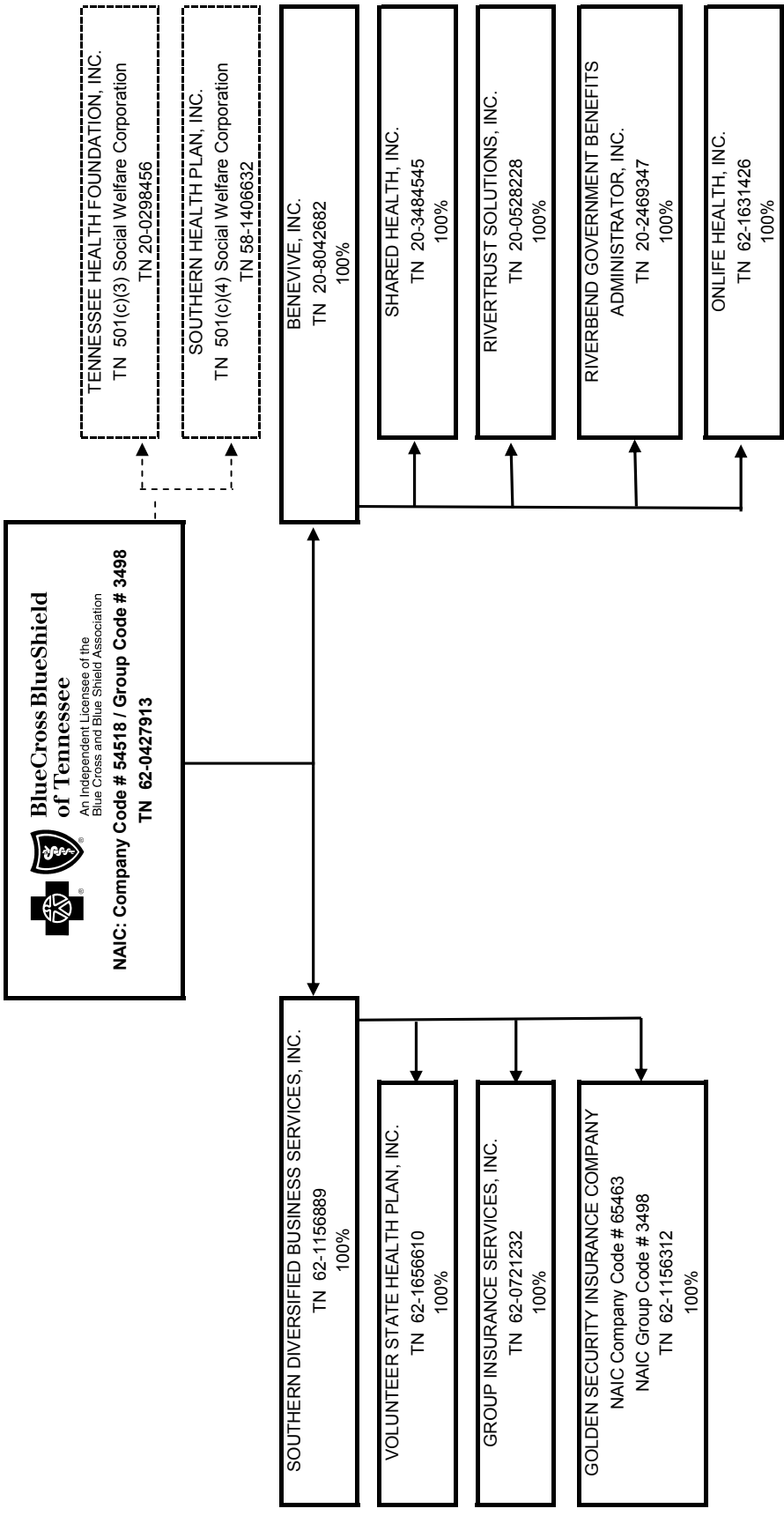
Direct Business only						
States, Etc.	1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	6 Totals
1. Alabama (AL)						
2. Alaska (AK)						
3. Arizona (AZ)						
4. Arkansas (AR)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

NONE

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y (Continued)
PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/(Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/(Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
54518	62-0427913	BlueCross BlueShield of Tennessee, Inc. (BCBST)		(36,000,000)			104,391,191				68,391,191	
54518	62-0427913	BCBST-Other				152	152				152	
54518	62-0427913	BCBST-Med Advantage					(306,135)				(306,135)	
54518	62-0427913	BCBST-CoverTN					(3,393,273)				(3,393,273)	
00000	62-1656610	Volunteer State Health Plan, Inc. (VSHP)		36,000,000			(100,691,935)				(64,691,935)	
9999999	Totals								XX			

Schedule Y Part 2 Explanation:

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

Response

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

MARCH FILING

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

APRIL FILING

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

JUNE FILING

- | | |
|------------------------------------------------------------------------------------------------------------------------------|-----------------|
| 8. Will an audited financial report be filed by June 1? | Yes |
| 9. Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1? | See Explanation |

AUGUST FILING

- | | |
|----------------------------------------------------------------------------------------------------------------------------|-----|
| 10. Will Communication of Internal Control Related Matters Noted in Audit be filed with the state of domicile by August 1? | Yes |
|----------------------------------------------------------------------------------------------------------------------------|-----|

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

MARCH FILING

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| 11. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? | No |
| 12. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC? | No |
| 13. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC? | No |
| 14. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1? | No |
| 15. Will the actuarial opinion on participating and non-participating policies as required in Interrogatories 1 and 2 on Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1? | No |
| 16. Will the actuarial opinion on non-guaranteed elements as required in Interrogatory 3 to Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1? | No |
| 17. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1? | No |

APRIL FILING

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| 18. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1? | No |
| 19. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC? | No |
| 20. Will the Supplemental Property/Casualty Insurance Expense Exhibit due April 1 be filed with any state that requires it, and, if so, the NAIC? | No |
| 21. Will the Supplemental Health Care Exhibit (Parts 1, 2 and 3) be filed with the state of domicile and the NAIC by April 1? | No |
| 22. Will the regulator only (non-public) Supplemental Health Care Exhibit's Expense Allocation Report be file with the state of domicile and the NAIC by April 1? | No |

AUGUST FILING

- | | |
|----------------------------------------------------------------------------------------------------------------------------|-----|
| 23. Will Management's Report of Internal Control Over Financial Reporting be filed with the state of domicile by August 1? | Yes |
|----------------------------------------------------------------------------------------------------------------------------|-----|

Explanations:

- 3. Not a required filing
- 9. VSHP does not file with NAIC.

Bar Codes:

Medicare Supplement Insurance Experience Exhibit



Health Life Supplement



Health Property / Casualty Supplement



Schedule SIS



Actuarial Opinion on Participating and Non-Participating Policies



Statement of Non-Guaranteed Elements for Exhibit 5



Medicare Part D Coverage Supplement



LTC Supplemental Interrogatories



Health Life Supplement - LHA Guaranty Association Reconciliation



Health Property/Casualty Supplement - Insurance Expense Exhibit



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES (continued)

Supplemental Health Care Exhibit



00000201021600000 (NAIC code not entered) 2010 Document Code: 216

Supplemental Health Care Exhibit's Expense Allocation Report



00000201021700000 (NAIC code not entered) 2010 Document Code: 217

OVERFLOW PAGE FOR WRITE-INS

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2304.				
2305.				
2397. Summary of remaining write-ins for Line 23 (Lines 2304 through 2396)				

STATEMENT OF REVENUE AND EXPENSES

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

STATEMENT OF REVENUE AND EXPENSES (Continued)

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

OVERFLOW PAGE FOR WRITE-INS

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

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

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	6,949,675	1.571	6,949,675	1.571
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies	27,543,379	6.226	27,543,379	6.226
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations	8,892,488	2.010	8,892,488	2.010
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or Guaranteed by GNMA	2,433,289	0.550	2,433,289	0.550
1.512 Issued or Guaranteed by FNMA and FHLMC	9,241,000	2.089	9,241,000	2.089
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	6,297,091	1.423	6,297,091	1.423
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523 All other	5,590,429	1.264	5,590,429	1.264
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	81,774,629	18.484	81,774,629	18.484
2.2 Unaffiliated Non-U.S. securities (including Canada)	12,125,505	2.741	12,125,505	2.741
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities	27,250	0.006	27,250	0.006
8. Cash, cash equivalents and short-term investments	281,543,823	63.637	281,543,823	63.637
9. Other invested assets				
10. Total invested assets	442,418,558	100.000	442,418,558	100.000

SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

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

SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

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

SCHEDULE BA - VERIFICATION BETWEEN YEARS

Other Long-Term Invested Assets

1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition (Part 2, Column 8)		
2.2 Additional investment made after acquisition (Part 2, Column 9)		
3. Capitalized deferred interest and other:		
3.1 Totals, Part 1, Column 16		
3.2 Totals, Part 3, Column 12		
4. Accrual of discount		
5. Unrealized valuation increase (decrease):		
5.1 Totals, Part 1, Column 13		
5.2 Totals, Part 3, Column 9		
6. Total gain (loss) on disposals, Part 3, Column 19	NONE	
7. Deduct amounts received on disposals, Part 3, Column 18		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value:		
9.1 Totals, Part 1, Column 17		
9.2 Totals, Part 3, Column 14		
10. Deduct current year's other than temporary impairment recognized:		
10.1 Totals, Part 1, Column 15		
10.2 Totals, Part 3, Column 11		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value, December 31 of prior year		93,191,585
2. Cost of bonds and stocks acquired, Part 3, Column 7		178,824,377
3. Accrual of Discount		41,434
4. Unrealized valuation increase (decrease):		
4.1 Part 1, Column 12	(7,964)	
4.2 Part 2, Section 1, Column 15		
4.3 Part 2, Section 2, Column 13		
4.4 Part 4, Column 11		(7,964)
5. Total gain (loss) on disposals, Part 4, Column 19		1,525,683
6. Deduction consideration for bonds and stocks disposed of, Part 4, Column 7		110,385,920
7. Deduct amortization of premium		2,253,006
8. Total foreign exchange change in book/adjusted carrying value:		
8.1 Part 1, Column 15		
8.2 Part 2, Section 1, Column 19		
8.3 Part 2, Section 2, Column 16		
8.4 Part 4, Column 15		
9. Deduct current year's other than temporary impairment recognized:		
9.1 Part 1, Column 14	88,704	
9.2 Part 2, Section 1, Column 17		
9.3 Part 2, Section 2, Column 14		
9.4 Part 4, Column 13		88,704
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)		160,847,485
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)		160,847,485

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	6,949,675	6,921,177	6,949,403	6,960,000
	2. Canada				
	3. Other Countries				
	4. Totals	6,949,675	6,921,177	6,949,403	6,960,000
U.S. States, Territories and Possessions (Direct and guaranteed)	5. Totals				
U.S. Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	6. Totals				
U.S. Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	7. Totals	57,105,589	57,427,139	57,333,755	56,032,457
Industrial and Miscellaneous, Credit Tenant Loans and Hybrid Securities (unaffiliated)	8. United States	84,666,716	85,715,875	85,374,519	81,892,333
	9. Canada	2,347,320	2,317,211	2,351,826	2,255,000
	10. Other Countries	9,778,185	9,749,791	9,783,462	9,640,000
	11. Totals	96,792,221	97,782,877	97,509,807	93,787,333
Parent, Subsidiaries and Affiliates	12. Totals				
	13. Total Bonds	160,847,485	162,131,193	161,792,965	156,779,790
PREFERRED STOCKS					
Industrial and Miscellaneous (unaffiliated)	14. United States				
	15. Canada				
	16. Other Countries				
	17. Totals				
Parent, Subsidiaries and Affiliates	18. Totals				
	19. Total Preferred Stocks				
COMMON STOCKS					
Industrial and Miscellaneous (unaffiliated)	20. United States				
	21. Canada				
	22. Other Countries				
	23. Totals				
Parent, Subsidiaries and Affiliates	24. Totals				
	25. Total Common Stocks				
	26. Total Stocks				
	27. Total Bonds and Stocks	160,847,485	162,131,193	161,792,965	

SCHEDULE D - PART 1A - SECTION 1

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

Quality Rating Per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments											
1.1 Class 1		6,949,675				6,949,675	1.59	31,269,845	18.00	6,949,675	
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 TOTALS		6,949,675				6,949,675	1.59	31,269,845	18.00	6,949,675	
2. All Other Governments											
2.1 Class 1								1,303,401	0.75		
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
2.7 TOTALS								1,303,401	0.75		
3. U.S. States, Territories and Possessions etc., Guaranteed											
3.1 Class 1											
3.2 Class 2											
3.3 Class 3											
3.4 Class 4											
3.5 Class 5											
3.6 Class 6											
3.7 TOTALS											
4. U.S. Political Subdivisions of States, Territories & Possessions, Guaranteed											
4.1 Class 1											
4.2 Class 2											
4.3 Class 3											
4.4 Class 4											
4.5 Class 5											
4.6 Class 6											
4.7 TOTALS											
5. U.S. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed											
5.1 Class 1	19,436,663	31,127,175	5,679,540	2,211,312	151,171	58,605,861	13.37	19,306,499	11.11	58,605,861	
5.2 Class 2											
5.3 Class 3											
5.4 Class 4											
5.5 Class 5											
5.6 Class 6											
5.7 TOTALS	19,436,663	31,127,175	5,679,540	2,211,312	151,171	58,605,861	13.37	19,306,499	11.11	58,605,861	

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

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

Quality Rating Per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Industrial and Miscellaneous (unaffiliated)											
6.1 Class 1	283,359,116	86,148,458	2,322,408	754,911	274,482	372,859,375	85.05	121,865,332	70.14	372,540,221	319,154
6.2 Class 2											
6.3 Class 3											
6.4 Class 4											
6.5 Class 5											
6.6 Class 6											
6.7 TOTALS	283,359,116	86,148,458	2,322,408	754,911	274,482	372,859,375	85.05	121,865,332	70.14	372,540,221	319,154
7. Credit Tenant Loans											
7.1 Class 1											
7.2 Class 2											
7.3 Class 3											
7.4 Class 4											
7.5 Class 5											
7.6 Class 6											
7.7 TOTALS											
8. Hybrid Securities											
8.1 Class 1											
8.2 Class 2											
8.3 Class 3											
8.4 Class 4											
8.5 Class 5											
8.6 Class 6											
8.7 TOTALS											
9. Parent, Subsidiaries and Affiliates											
9.1 Class 1											
9.2 Class 2											
9.3 Class 3											
9.4 Class 4											
9.5 Class 5											
9.6 Class 6											
9.7 TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (Continued)**Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations**

Quality Rating Per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	(d) 302,795,779	124,225,308	8,001,948	2,966,223	425,653	438,414,911	100.00	X X X	X X X	438,095,757	319,154
10.2 Class 2	(d)							X X X	X X X		
10.3 Class 3	(d)							X X X	X X X		
10.4 Class 4	(d)							X X X	X X X		
10.5 Class 5	(d)					(c)		X X X	X X X		
10.6 Class 6	(d)					(c)		X X X	X X X		
10.7 TOTALS	302,795,779	124,225,308	8,001,948	2,966,223	425,653	438,414,911	100.00	X X X	X X X	438,095,757	319,154
10.8 Line 10.7 as a % of Column 6	69.07	28.34	1.83	0.68	0.10	100.00	X X X	X X X	X X X	99.93	0.07
11. Total Bonds Prior Year											
11.1 Class 1	90,764,302	77,500,317	3,990,510	1,306,438	183,510	X X X	X X X	173,745,077	100.00	173,745,077	
11.2 Class 2						X X X	X X X				
11.3 Class 3						X X X	X X X				
11.4 Class 4						X X X	X X X				
11.5 Class 5						X X X	X X X	(c)			
11.6 Class 6						X X X	X X X	(c)			
11.7 TOTALS	90,764,302	77,500,317	3,990,510	1,306,438	183,510	X X X	X X X	173,745,077	100.00	173,745,077	
11.8 Line 11.7 as a % of Col. 8	52.24	44.61	2.30	0.75	0.11	X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds											
12.1 Class 1	302,795,778	123,906,154	8,001,948	2,966,222	425,653	438,095,755	99.93	173,745,077	100.00	438,095,755	X X X
12.2 Class 2											X X X
12.3 Class 3											X X X
12.4 Class 4											X X X
12.5 Class 5											X X X
12.6 Class 6											X X X
12.7 TOTALS	302,795,778	123,906,154	8,001,948	2,966,222	425,653	438,095,755	99.93	173,745,077	100.00	438,095,755	X X X
12.8 Line 12.7 as a % of Col. 6	69.12	28.28	1.83	0.68	0.10	100.00	X X X	X X X	X X X	100.00	X X X
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	69.07	28.26	1.83	0.68	0.10	99.93	X X X	X X X	X X X	99.93	X X X
13. Total Privately Placed Bonds											
13.1 Class 1		319,154				319,154	0.07			X X X	319,154
13.2 Class 2										X X X	
13.3 Class 3										X X X	
13.4 Class 4										X X X	
13.5 Class 5										X X X	
13.6 Class 6										X X X	
13.7 TOTALS		319,154				319,154	0.07			X X X	319,154
13.8 Line 13.7 as a % of Col. 6		100.00				100.00	X X X	X X X	X X X	X X X	100.00
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10		0.07				0.07	X X X	X X X	X X X	X X X	0.07

(a) Includes \$.....319,154 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$.....4,716,413 current year, \$.....0 prior year of bonds with Z designations and \$.....0 current year, \$.....0 prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.

(c) Includes \$.....0 current year, \$.....0 prior year of bonds with 5* designations and \$.....0 current year, \$.....0 prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments. "6*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments.

(d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....1,500,272; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

SCHEDULE D - PART 1A - SECTION 2

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

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments											
1.1 Issuer Obligations		6,949,675				6,949,675	1.59	28,488,668	16.40	6,949,675	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities		6,949,675				6,949,675	1.59	2,781,177	1.60		
1.7 TOTALS		6,949,675				6,949,675		31,269,845	18.00	6,949,675	
2. All Other Governments											
2.1 Issuer Obligations								1,303,401	0.75		
2.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3 Defined											
2.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
2.5 Defined											
2.6 Other											
2.7 TOTALS								1,303,401	0.75		
3. U.S. States, Territories and Possessions, Guaranteed											
3.1 Issuer Obligations											
3.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3 Defined											
3.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
3.5 Defined											
3.6 Other											
3.7 TOTALS											
4. U.S. Political Subdivisions of States, Territories & Possessions, Guaranteed											
4.1 Issuer Obligations											
4.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3 Defined											
4.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
4.5 Defined											
4.6 Other											
4.7 TOTALS											
5. U.S. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed											
5.1 Issuer Obligations	15,993,987	21,942,151				37,936,138	8.65	8,151,838	4.69	37,936,138	
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	1,592,126	4,932,259	3,728,236	1,270,498	151,171	11,674,290	2.66	3,531,469	2.03	11,674,290	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3 Defined											
5.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
5.5 Defined	1,850,550	4,252,765	1,951,304	940,814		8,995,433	2.05	6,804,601	3.92	8,995,433	
5.6 Other								818,591	0.47		
5.7 TOTALS	19,436,663	31,127,175	5,679,540	2,211,312	151,171	58,605,861	13.37	19,306,499	11.11	58,605,861	

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

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

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Industrial and Miscellaneous											
6.1 Issuer Obligations	279,322,774	77,626,351	669,009			357,618,134	81.57	115,629,787	66.55	357,298,980	319,154
6.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined											
6.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
6.5 Defined	481,157	1,552,464	1,653,399	754,911	274,482	4,716,413	1.08	1,804,851	1.04	4,716,413	
6.6 Other	3,555,185	6,969,643				10,524,828	2.40	4,430,694	2.55	10,524,828	
6.7 TOTALS	289,359,116	86,148,458	2,322,408	754,911	274,482	372,859,375	85.05	121,865,332	70.14	372,540,221	319,154
7. Credit Tenant Loans											
7.1 Issuer Obligations											
7.2 Single Class Mortgage-Backed Securities											
7.7 TOTALS											
8. Hybrid Securities											
8.1 Issuer Obligations											
8.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
8.3 Defined											
8.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
8.5 Defined											
8.6 Other											
8.7 TOTALS											
9. Parent, Subsidiaries and Affiliates											
9.1 Issuer Obligations											
9.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined											
9.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
9.5 Defined											
9.6 Other											
9.7 TOTALS											

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

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

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	295,316,761	106,518,177	689,009			402,503,947	91.81	X X X	X X X	402,184,793	319,154
10.2 Single Class Mortgage-Backed/Asset-Backed Securities	1,592,126	4,932,259	3,728,236	1,270,498	151,171	11,674,290	2.66	X X X	X X X	11,674,290	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined								X X X	X X X		
10.4 Other								X X X	X X X		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined	2,331,707	5,805,229	3,604,703	1,695,725	274,482	13,711,846	3.13	X X X	X X X	13,711,846	
10.6 Other	3,555,185	6,969,643				10,524,828	2.40	X X X	X X X	10,524,828	
10.7 TOTALS	302,795,779	124,225,308	8,001,948	2,966,223	425,653	438,414,911	100.00	X X X	X X X	438,095,757	319,154
10.8 Line 10.7 as a % of Column 6	69.07	28.34	1.83	0.68	0.10	100.00	X X X	X X X	X X X	99.93	0.07
11. Total Bonds Prior Year											
11.1 Issuer Obligations	85,557,566	66,629,643	1,386,489			X X X	X X X	153,573,698	88.39	153,573,698	
11.2 Single Class Mortgage-Backed/Asset-Backed Securities	926,562	2,333,202	1,624,882	1,244,489	183,511	X X X	X X X	6,312,646	3.63	6,312,646	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined						X X X	X X X				
11.4 Other						X X X	X X X				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined	2,208,241	5,599,295	739,968	61,949		X X X	X X X	8,609,453	4.96	8,609,453	
11.6 Other	2,071,932	2,938,177	239,171			X X X	X X X	5,249,280	3.02	5,249,280	
11.7 TOTALS	90,764,301	77,500,317	3,990,510	1,306,438	183,511	X X X	X X X	173,745,077	100.00	173,745,077	
11.8 Line 11.7 as a % of Column 8	52.24	44.61	2.30	0.75	0.11	X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	295,316,761	106,199,023	689,009			402,184,793	91.74	153,573,698	88.39	402,184,793	X X X
12.2 Single Class Mortgage-Backed/Asset-Backed Securities	1,592,126	4,932,259	3,728,236	1,270,497	151,171	11,674,289	2.66	6,312,646	3.63	11,674,289	X X X
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined											X X X
12.4 Other											X X X
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined	2,183,338	5,953,600	3,604,703	1,695,725	274,482	13,711,848	3.13	8,609,453	4.96	13,711,848	X X X
12.6 Other	3,555,184	6,969,643				10,524,827	2.40	5,249,280	3.02	10,524,827	X X X
12.7 TOTALS	302,647,409	124,054,525	8,001,948	2,966,222	425,653	438,095,757	99.93	173,745,077	100.00	438,095,757	X X X
12.8 Line 12.7 as a % of Column 6	69.08	28.32	1.83	0.68	0.10	100.00	X X X	X X X	X X X	100.00	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	69.03	28.30	1.83	0.68	0.10	99.93	X X X	X X X	X X X	99.93	X X X
13. Total Privately Placed Bonds											
13.1 Issuer Obligations		319,154				319,154	0.07			X X X	319,154
13.2 Single Class Mortgage-Backed/Asset-Backed Securities										X X X	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined										X X X	
13.4 Other										X X X	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined										X X X	
13.6 Other										X X X	
13.7 TOTALS		319,154				319,154	0.07			X X X	319,154
13.8 Line 13.7 as a % of Column 6		100.00				100.00	X X X	X X X	X X X	X X X	100.00
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10		0.07				0.07	X X X	X X X	X X X	X X X	0.07

SCHEDULE DA - VERIFICATION BETWEEN YEARS

Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, December 31 of prior year	80,553,492	80,553,492			
2. Cost of short-term investments acquired	531,222,171	531,222,171			
3. Accrual of discount					
4. Unrealized valuation increase (decrease)					
5. Total gain (loss) on disposals	599	599			
6. Deduct consideration received on disposals	334,189,683	334,189,683			
7. Deduct amortization of premium	19,154	19,154			
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)	277,567,425	277,567,425			
11. Deduct total nonadmitted amounts					
12. Statement value at end of current period (Line 10 minus Line 11)	277,567,425	277,567,425			

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

SCHEDULE DB - PART A - VERIFICATION BETWEEN YEARS

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:			
2.1	Current year paid/(consideration received) at time of acquisition, still open, Section 1, Column 12			
2.2	Current year paid/(consideration received) at time of acquisition, terminated, Section 2, Column 14			
3.	Unrealized valuation increase/(decrease):			
3.1	Section 1, Column 17			
3.2	Section 2, Column 19			
4.	Total gain (loss) on termination recognized, Section 2, Column 22			
5.	Considerations received/(paid) on terminations, Section 2, Column 23			
6.	Amortization:			
6.1	Section 1, Column 19			
6.2	Section 2, Column 21			
7.	Adjustment to the book/adjusted carrying value of hedged item:			
7.1	Section 1, Column 20			
7.2	Section 2, Column 23			
8.	Total foreign exchange change in book/adjusted carrying value:			
8.1	Section 1, Column 18			
8.2	Section 2, Column 20			
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 BETWEEN YEARS

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:				
3.11	Section 1, Column 15, current year minus				
3.12	Section 1, Column 15, prior year				
3.2	Add:				
	Change in adjustment to basis of hedged item:				
3.21	Section 1, Column 17, current year to date minus				
3.22	Section 1, Column 17, prior year				
	Change in amount recognized				
3.23	Section 1, Column 16, current year to date minus				
3.24	Section 1, Column 16, 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 (Section 2, Column 17)				
4.22	Amount recognized (Section 2, Column 16)				
4.3	Subtotal (Line 4.1 minus Line 4.2)				
5.	Disposition 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 December 31 of Current Year

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	9 Derivative Instrument(s) Open		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 Statement Value	X X X				X X X		X X X		X X X	
4. Less: Closed or Disposed of Transactions										
5. Less: Positions Disposed of for Failing Effectiveness Criteria										
6. Less: Decreases in Replication (Synthetic Asset) Transactions Statement Value	X X X		X X X		X X X		X X X		X X X	
7. Ending Inventory										

N O N E

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, Column 14
3. Total (Line 1 plus Line 2)
4. Part D, Column 5
5. Part D, Column 6
6. Total (Line 3 minus Line 4 minus Line 5)

	Fair Value Check
N O N E
7. Part A, Section 1, Column 16
8. Part B, Section 1, Column 13
9. Total (Line 7 plus Line 8)
10. Part D, Column 8
11. Part D, Column 9
12. Total (Line 9 minus Line 10 minus Line 11)

	Potential Exposure Check
13. Part A, Section 1, Column 21
14. Part B, Section 1, Column 19
15. Part D, Column 11
16. Total (Line 13 plus Line 14 minus Line 15)

SCHEDULE E - VERIFICATION BETWEEN YEARS (Cash Equivalents)

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

N O N E

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

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

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

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

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

SCHEDULE A - PART 3

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

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

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

1 Loan Number	2		3		4 State	5 Loan Type	6 Date Acquired	7 Rate of Interest	8 Book Value/Recorded Investment Excluding Accrued Interest	Change in Book Value/Recorded Investment					14 Value of Land and Buildings	15 Date of Last Appraisal or Valuation
	9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Amortization)/ Accretion	11 Current Year's Other than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other						13 Total Foreign Exchange Change in Book Value						
NONE																
339999 Total Mortgages (sum of Lines 0899999, 1699999, 2499999 and 3299999)																

General Interrogatory:

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

SCHEDULE B - PART 2

Showing All Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Year

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

SCHEDULE B - PART 3

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

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

SCHEDULE BA - PART 1

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

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

SCHEDULE BA - PART 2

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

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

SCHEDULE BA - PART 3

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

1 CUSIP Identification	2 Name or Description	3 Location		4 State	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 Change in Book/Adjusted Carrying Value 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 2 - SECTION 2

Showing All Common Stocks Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Number of Shares	6 Book/Adjusted Carrying Value	7 Rate per Share Used to Obtain Fair Value	8 Fair Value	9 Actual Cost	Dividends		13 Unrealized Valuation Increase/ (Decrease)	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (Col. 13-14)	16 Total Foreign Exchange Change in B./A.C.V.	17 NAIC Market Indicator (a)	18 Date Acquired
		3	4						10 Declared but Unpaid	11 Amount Received During Year						
NONE																
989999 Total Preferred and Common Stocks																
(a) For all common stocks bearing the NAIC market indicator "U" provide: the number of such issues .....0, the total \$ value (included in Column 8) of all such issues \$0.																

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks Acquired During Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
Bonds - U.S. Governments								
912828N96	U S TREASURY NOTE		12/22/2010	Morgan Stanley	XXX	2,006,882	2,000,000.00	8,750
912828P80	U S TREASURY NOTE		11/08/2010	Goldman Sachs NY	XXX	3,297,820	3,300,000.00	1,133
912828P18	U.S. TREASURY NOTE		12/15/2010	Deutsche Bank Secs	XXX	1,644,702	1,660,000.00	34
912828P16	UNITED STATES TREASURY NOTE BO		12/15/2010	Goldman Sachs NY	XXX	2,962,585	2,970,000.00	653
0399999	Subtotal - Bonds - U.S. Governments					9,911,989	9,930,000.00	10,570
Bonds - U.S. Special Revenue, Special Assessment								
31331JH55	FEDERAL FARM CR BK CONS BD		09/14/2010	Citigroup GBL	XXX	4,033,000	4,000,000.00	
3133XB.15	FEDERAL HOME LN BK CONS BD		03/01/2010	First Tennessee Bank	XXX	3,026,190	3,000,000.00	
3133XXWU7	FEDERAL HOME LN BK CONS BD		03/30/2010	Bank of America	XXX	1,419,134	1,420,000.00	
3136FM5E0	FEDERAL NATL MTG ASSN		08/01/2010	Non Broker Trade	XXX	1,901,900	1,900,000.00	
3136FMTA6	FEDERAL NATL MTG ASSN		08/01/2010	Morgan Keegan	XXX	4,141,840	4,000,000.00	
3136FMTY0	FEDERAL NATL MTG ASSN		06/16/2010	Non Broker Trade	XXX	3,031,875	3,000,000.00	3,000
31398AD33	FEDERAL NATL MTG ASSN		03/09/2010	Mizuho Secs	XXX	1,551,350	1,540,000.00	4,091
31398AH70	FEDERAL NATL MTG ASSN		03/02/2010	Morgan Stanley	XXX	1,290,000	1,250,000.00	
31398AK35	FEDERAL NATL MTG ASSN		03/29/2010	Donaldson Lufkin	XXX	1,197,960	1,200,000.00	308
31395LXB2	FHLMC MULTICLASS CTFS 2916 YG		12/17/2010	State Street Brokerage	XXX	1,346,109	1,300,000.00	3,792
31397CYB9	FHLMC MULTICLASS MTG 3253 A		01/01/2010	Chemical Securities	XXX	695,307	658,668.44	366
31395LAD3	FHLMC REMIC SERIES 2924		01/14/2010	Salomon Brothers	XXX	742,687	709,432.44	1,685
31402CSE8	FNMA POOL #0725445		03/05/2010	First Boston Corp	XXX	800,362	758,075.90	1,421
31402RF87	FNMA POOL #0735591		04/01/2010	Morgan Stanley	XXX	1,111,410	1,074,637.48	1,791
31403CVJ7	FNMA POOL #0745017		03/05/2010	First Boston Corp	XXX	1,481,102	1,402,848.92	2,630
31404P5U1	FNMA POOL #0774959		03/05/2010	First Boston Corp	XXX	1,384,093	1,310,965.92	2,458
31404WTV8	FNMA POOL #0780964		03/05/2010	First Boston Corp	XXX	877,629	831,260.61	1,559
31410K6W9	FNMA POOL #0890185		03/01/2010	Salomon Brothers	XXX	989,299	934,126.69	1,946
31410K6Y5	FNMA POOL #0890187		03/01/2010	Salomon Brothers	XXX	748,810	705,384.96	
31418MX47	FNMA POOL #0AD0837		03/05/2010	First Boston Corp	XXX	1,424,988	1,350,000.00	2,869
31397LVK2	FNMA GTD REMIC P/T 08-51 BC		03/31/2010	Goldman Sachs NY	XXX	1,324,609	1,250,000.00	781
78442GMK9	SLMA 2004-7 A5		03/11/2010	Alex Brown & Sons	XXX	1,238,281	1,250,000.00	727
880591DT6	TENNESSEE VALLEY AUTH BD		05/07/2010	Mizuho Secs	XXX	1,338,492	1,200,000.00	37,798
3199999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment					37,056,427	36,045,401.36	67,222
Bonds - Industrial and Miscellaneous (Unaffiliated)								
00182EAN9	ANZ NATIONAL INTERNATIONAL 144A	F	12/13/2010	Goldman Sachs NY	XXX	650,000	650,000.00	
05541VAC0	BG ENERGY CAPITAL PLC	F	12/02/2010	Goldman Sachs NY	XXX	149,141	150,000.00	
055451AD0	BHP BILLITON FIN USA LTD GTD	R	12/07/2010	JP Morgan Chase	XXX	528,895	500,000.00	5,054
05565QBF4	BP CAPITAL MARKETS PLC	F	12/06/2010	Banc of America Secs LLC,	XXX	818,655	750,000.00	3,500
31737JAE8	FINANCE FOR DANISH IND	F	12/16/2010	Pershing LLC	XXX	1,440,314	1,440,000.00	320
44328MAD6	HSBC BANK PLC	F	09/01/2010	J P Morgan Secs	XXX	1,102,288	1,100,000.00	1,241
6325C0AW1	NATIONAL AUSTRALIA BANK	F	10/07/2010	Goldman Sachs NY	XXX	1,012,400	1,000,000.00	154
6325C0BE0	NATIONAL AUSTRALIA BANK 144A	F	10/25/2010	Citigroup GBL	XXX	534,290	500,000.00	2,917
6325C0BX8	NATIONAL AUSTRALIA BANK L 144A	F	12/06/2010	Deutsche Bank Secs	XXX	700,000	700,000.00	
65557CAC7	NORDEA BANK AB	F	09/27/2010	First Boston Corp	XXX	1,548,156	1,550,000.00	
961214BR3	WESTPAC BANKING CORP	F	12/02/2010	Goldman Sachs NY	XXX	1,299,324	1,300,000.00	
002824AQ3	ABBOTT LABS NTS		05/11/2010	First Boston Corp	XXX	1,087,360	1,005,000.00	7,165
02003MBO6	ALLSTATE LIFE GLOBAL FDG SEC0		06/09/2010	Morgan Stanley	XXX	1,358,432	1,245,000.00	8,179
02005MAE2	ALLY AUTO RECEIVABLES TRU 3 A4		08/12/2010	J P Morgan	XXX	989,646	990,000.00	
037411AT2	ALLYA 2010-1 A3		03/17/2010	Montgomery Secs	XXX	1,249,908	1,250,000.00	
00206RAF9	APACHE CORP NT		12/13/2010	VARIOUS	XXX	545,121	500,000.00	4,448
054303AT9	AT & T INC GLOBAL NT		12/06/2010	VENDOR CODE AMM NOT IN TA	XXX	323,505	300,000.00	5,940
06050BAJ0	AVON PRODS INC NT		12/06/2010	Banc of America Secs LLC,	XXX	431,240	400,000.00	5,227
	BANK AMER CORP MEDIUM TERM NTS		02/04/2010	BNY/Mizuho Secs.	XXX	739,361	720,000.00	2,233

SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
06050BAE1	BANK OF AMER CORP MEDIUM TERM		03/19/2010	Donaldson Lufkin	XXX	1,362,400	1,360,000.00	49
06051GED7	BANK OF AMERICA CORP		10/14/2010	Non Broker Trade	XXX	4,281,984	4,200,000.00	25,468
084670AU2	BERKSHIRE HATHAWAY INC		04/27/2010	MF Global Inc/Fixed Incom	XXX	976,242	965,000.00	4,500
09657CAC4	BMWLT 2009-1 A3		03/10/2010	Chase Greenwich	XXX	968,555	950,000.00	67
14041NCL3	CAPITAL ONE MJLT-ASSET A10 A		09/21/2010	Barclays Capital	XXX	789,000	800,000.00	10,591
141781AR5	CARGILL INC NT 144A		05/12/2010	Morgan Stanley	XXX	599,036	525,000.00	15,159
14912L4Q1	CATERPILLAR FINANCIAL SE		12/13/2010	J P Morgan	XXX	274,695	275,000.00	9,480
808513AC9	CHARLES SCHWAB CORP		10/25/2010	J P Morgan Secs	XXX	835,095	750,000.00	1,098
166751AH0	CHEVRON CORP		01/06/2010	Salomon Brothers	XXX	707,582	675,000.00	
17308BAH1	CITIBANK OMNI MASTER TRU A8 A8		12/06/2010	Morgan Stanley	XXX	708,750	700,000.00	
191216AN0	COCA-COLA COITHE		11/04/2010	Goldman Sachs NY	XXX	649,695	650,000.00	417
191219BU7	COCA-COLA ENTERPRISES INC		03/04/2010	Dain Rauscher	XXX	525,740	500,000.00	6,933
20911TEA7	CONSOLIDATED EDISON CO OF NEW		12/06/2010	Goldman Sachs NY	XXX	431,864	400,000.00	
216871AF0	COOPER US INC		12/02/2010	Goldman Sachs NY	XXX	548,994	550,000.00	
225458VQ8	CREDIT SUISSE FB 05-C3 CL A-A4		08/05/2010	J P Morgan Secs	XXX	791,836	750,000.00	879
22541LAB9	CREDIT SUISSE FB USA INC SR NT		03/01/2010	Salomon Brothers	XXX	648,522	600,000.00	11,127
250847EE6	DETROIT EDISON CO SR NT SER J		12/07/2010	JPMorgan Securities Inc,	XXX	456,628	400,000.00	4,907
264399EF9	DUKE ENERGY CORP SR NT		12/06/2010	Goldman Sachs NY	XXX	435,428	400,000.00	563
278058DF6	EATON CORP NT		12/21/2010	Goldman Sachs NY	XXX	81,334	75,000.00	429
278642AA1	EBAY INC		10/21/2010	Citigroup GBL	XXX	449,069	450,000.00	
532457BD9	ELI LILLY & CO		02/12/2010	BNP Paribas Securities	XXX	209,580	200,000.00	3,195
341099CC1	FLORIDA PWR CORP 1ST MTGBD		12/15/2010	VARIOUS	XXX	1,506,346	1,400,000.00	19,973
34529FAC1	FORDO 2009-C A3		03/17/2010	Nomura Secs NY	XXX	1,329,809	1,300,000.00	884
354613AE1	FRANKLIN RESOURCES INC		05/17/2010	Morgan Stanley	XXX	778,619	780,000.00	
36158YDD8	GE CAP COML MTG 01-3 CL A 2		03/10/2010	Bank of America	XXX	717,825	680,000.00	1,261
36158YBA6	GE CAP COML MTG 01-1 A 2		03/10/2010	Bank of America	XXX	837,591	810,000.00	2,057
36967HBA4	GENERAL ELECTRIC CAPITAL CORP		04/16/2010	Goldman Sachs NY	XXX	1,254,975	1,255,000.00	283
373334JM4	GEORGIA PWR CO SR NT		04/09/2010	Wells Fargo Secs	XXX	1,012,437	900,000.00	24,540
361849YU0	GMAC COMMERCIAL MORTGAGE C2 A2		09/10/2010	Barclays Capital	XXX	815,484	745,000.00	1,639
38141GEA8	GOLDMAN SACHS GROUP INC SR NT		03/15/2010	Morgan Stanley	XXX	424,048	400,000.00	3,588
38141GEV2	GOLDMAN SACHS GROUP INC SR NT		05/28/2010	Chemical Securities	XXX	300,484	290,000.00	4,654
38143UAB7	GOLDMAN SACHS GROUP INC SR NT		03/18/2010	Morgan Stanley	XXX	801,405	750,000.00	7,296
43812UAD3	HAROT 2009-2 A4		03/02/2010	Nomura Secs NY	XXX	694,891	650,000.00	1,600
428236BB8	HEWLETT - PACKARD CO		09/08/2010	Citigroup Global Markets	XXX	674,467	675,000.00	
428236AG8	HEWLETT PACKARD CO GLOBAL NT		03/04/2010	First Union Cap Mkts	XXX	539,965	484,000.00	5,942
43813BAC6	HONDA AUTO RECEIVABLES OW 3 A3		10/20/2010	J P Morgan Secs	XXX	1,329,926	1,330,000.00	
46623YXP3	JP MORGAN CHASE COMMER LDP5 A4		11/01/2010	Alex Brown & Sons	XXX	988,699	900,000.00	1,608
46623EJD2	JP MORGAN CHASE & CO		09/27/2010	J P Morgan Secs	XXX	724,913	725,000.00	
46625HHB9	JP MORGAN CHASE & CO NT		03/12/2010	Donaldson Lufkin	XXX	1,290,302	1,205,000.00	21,623
57629WBK5	MASSMUTUAL GLOBAL FUNDIN 144A		04/14/2010	Morgan Stanley	XXX	318,982	320,000.00	
58013MED2	MCDONALDS CORP MEDIUM TERM NTS		03/29/2010	Canor Fitzgerald	XXX	1,064,860	1,000,000.00	3,583
59217GAA7	MET LIFE GLOB FUNDING 1 144A		09/21/2010	VARIOUS	XXX	2,444,282	2,420,000.00	10,932
59156RAW8	METLIFE INC		08/03/2010	UBS Secs	XXX	269,641	270,000.00	
595620AF2	MIDAMERICAN ENERGY CO SR NT		12/21/2010	Goldman Sachs NY	XXX	1,337,700	1,250,000.00	31,781
61166WAA9	MONSANTO CO NEW SR NT		03/17/2010	FTN Financial Secs	XXX	854,790	750,000.00	5,685
617451AF6	MORGAN STANLEY CAPITA IQ10 A4A		08/04/2010	Goldman Sachs NY	XXX	816,914	750,000.00	872
61980AAA1	MOTIVA ENTERPRISES SR NT 144A		12/22/2010	Goldman Sachs NY	XXX	187,061	175,000.00	2,474
64953BAP3	NEW YORK LIFE GLOBAL FDG 144A		03/29/2010	Goldman Sachs NY	XXX	411,973	385,000.00	7,062
653522DQ2	NIAGARA MOHAWK POWER		08/18/2010	Nomura Secs Intl	XXX	1,059,890	1,000,000.00	14,015
665859AJ3	NORTHERN TR CORP NT		08/16/2010	J P Morgan	XXX	1,122,950	1,000,000.00	611
670346AJ4	NUCOR CORP NT		12/13/2010	J P Morgan	XXX	541,585	500,000.00	1,042
674599BW4	OCCIDENTAL PETE CORP SR NT		06/22/2010	Pershing LLC	XXX	874,538	750,000.00	7,875
68389XAF2	ORACLE CORP		12/14/2010	Pershing LLC	XXX	1,060,520	1,000,000.00	16,563
69371RJR8	PACCAR FINANCIAL CORP		12/13/2010	VARIOUS	XXX	203,360	200,000.00	2,050

SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
69351UAL7	PPL ELEC UTILS CORP SR SECD BD		03/16/2010	Raymond James	XXX	1,107,415	960,000.00	20,494
74005PAJ3	PRAXAIR INC NT		12/06/2010	Morgan Stanley & Co	XXX	429,460	400,000.00	4,817
74456QAW6	PUB SVC ELEC & GAS		05/17/2010	Alex Brown & Sons	XXX	499,110	500,000.00	
771196AQ5	ROCHE HLDGS INC GTD NT 144A		06/04/2010	Goldman Sachs NY	XXX	1,100,700	1,000,000.00	13,611
78008KNA7	ROYAL BANK OF CANADA	A	09/29/2010	RBC Capital Markets Corp	XXX	1,372,979	1,375,000.00	
857477AE3	STATE STREET CORP		05/04/2010	Goldman Sachs NY	XXX	688,713	620,000.00	11,627
88166BAB6	TEVA PHARMA FIN III LLC		06/15/2010	Goldman Sachs NY	XXX	949,069	950,000.00	
87244EAG7	TIAA GLOBAL MKTS MTN 144A 3C7		03/09/2010	Dain Rauscher	XXX	648,383	595,000.00	4,663
91159HGY0	US BANCORP		09/08/2010	First Boston Corp	XXX	674,129	675,000.00	
91159HGZ7	US BANCORP		10/28/2010	Morgan Stanley	XXX	499,265	500,000.00	
90327MAD0	USAA AUTO OWNER TR 08-1 A4		03/04/2010	Alex Brown & Sons	XXX	1,152,035	1,100,000.00	3,300
92343VAJ3	VERIZON COMMUNICATIONS INC		07/01/2010	VARIOUS	XXX	1,416,154	1,325,000.00	22,416
983024A48	WYETH NT		03/03/2010	FTN Financial Secs	XXX	1,104,250	1,000,000.00	26,431
136069DP3	CANADIAN IMP BK COMM NY	R	09/07/2010	J P Morgan Secs	XXX	1,023,832	1,025,000.00	
30216BBS0	EXPORT DEVELOPMENT CANADA	A	11/01/2010	BNY/Mizuho Secs	XXX	1,327,994	1,230,000.00	1,068
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					75,754,785	72,509,000.00	451,070
8399997	Subtotal - Bonds - Part 3					122,723,201	118,484,401.36	528,862
8399998	Summary item from Part 5 for Bonds					56,101,176	55,088,777.65	170,656
8999998	Subtotal - Bonds					178,824,377	173,573,179.01	699,518
8999998	Summary item from Part 5 for Preferred Stocks						XXX	
9799998	Summary item from Part 5 for Common Stocks						XXX	
9899999	Subtotal - Preferred and Common Stocks						XXX	
9999999	Totals					178,824,377	XXX	699,518

SCHEDULE D - PART 4 Showing All Long-Term Bonds and Stocks SOLD, REDEEMED, or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
5921FERV5	MET LIFE GLOB FUNDING I	06/14/2010	BNV/Mizuh Secs		X X X	254,378	250,000.00	250,000	250,000						250,000		4,378	4,378	2,842	06/10/2011
594918AB0	MICROSOFT CORP	10/25/2010	First Union Cap Mkts		X X X	263,998	250,000.00	249,755	249,784		38		38		249,822		16,176	16,176	6,699	06/01/2014
61747YCK9	MORGAN STANLEY	09/06/2010	SBC Capital Mkts		X X X	194,694	200,000.00	199,922	199,922		5		5		199,922		(5,233)	(5,233)	3,990	11/20/2014
61757UJAO	MORGAN STANLEY FDIC GTD TLGP	07/28/2010	Dain Rauscher		X X X	502,558	500,000.00	502,135	501,622		(424)		(424)		501,197		1,360	1,360	1,622	03/13/2012
61757UAH3	MORGAN STANLEY FDIC GTD TLGP N	09/30/2010	Goldman Sachs NY		X X X	522,628	510,000.00	511,045	510,915		(272)		(272)		510,642		11,985	11,985	7,873	06/20/2012
65490AAD9	NALT 2009-A-3	03/22/2010	Morgan Stanley		X X X	764,531	750,000.00	765,000	764,252		(2,758)		(2,758)		761,495		3,037	3,037	6,083	12/15/2011
65475VAC4	NISSAN AUTO REC 09-1 CL A-3	04/23/2010	VARIOUS		X X X	104,172	100,000.00	99,989	99,992		1		1		99,993		4,179	4,179	1,847	09/15/2014
65476AAD7	NISSAN AUTO REC 09-A CL A-3A	05/15/2010	VARIOUS		X X X	143,150	140,000.00	139,985	139,990		2		2		139,992		3,158	3,158	1,755	02/15/2013
665859AG9	NORTHERN TRUST CORP	08/16/2010	Bear Stearns		X X X	314,670	300,000.00	315,192	310,929		(4,041)		(4,041)		306,888		7,782	7,782	15,503	08/29/2011
68389XAD7	ORACLE CORP NT	10/25/2010	Chemical Securities		X X X	330,843	300,000.00	320,859	317,167		(4,104)		(4,104)		313,062		17,781	17,781	45,386	04/15/2013
717081CZ4	PFIZER INC NT	07/13/2010	BNP Paribas Securities		X X X	211,570	200,000.00	199,726	199,795		48		48		199,842		11,728	11,728	7,441	03/15/2012
771196AN2	ROCHE HLDGS INC GTD INT 144A	09/10/2010	CALLED @ 105.2590000		X X X	473,666	450,000.00	479,921	478,665		(28,865)		(28,865)		450,000		23,666	23,666	20,700	03/01/2012
842587CD7	SOUTHERN COMPANY SENIOR NOTE	03/09/2010	BNP Paribas Securities		X X X	401,264	400,000.00	399,164	399,599		116		116		399,715		1,549	1,549	2,473	04/30/2012
85748KAA1	STATE STR CORP FDIC GTD TLGP	08/03/2010	Morgan Stanley		X X X	154,095	150,000.00	149,784	149,839		40		40		149,879		4,216	4,216	2,473	04/30/2012
85744RAA0	STATE STREET CORP	05/10/2010	Chemical Securities		X X X	404,560	400,000.00	399,808	399,883		34		34		399,918		4,642	4,642	4,892	03/15/2011
872540AN9	TJX COS INC	11/19/2010	FTN Financial Secs		X X X	109,604	100,000.00	99,992	99,993		1		1		99,994		9,610	9,610	5,612	08/15/2015
913017BD0	UNITED TECHNOLOGIES CORP NT	09/30/2010	CALLED @ 102.5027000		X X X	461,262	450,000.00	482,628	470,252		(20,252)		(20,252)		450,000		11,262	11,262	30,877	03/01/2011
91159HGJ3	US BANCORP MTN #TR 00153	07/29/2010	MATURITY		X X X	250,000	250,000.00	254,108	251,732		(1,732)		(1,732)		250,000				11,260	07/29/2010
90327MAD0	USAA AUTO OWNER TR 08-1 A4	12/15/2010	PRINCIPAL RECEIPT		X X X	98,479	98,479.40	103,138	101,649						98,479		893	893	3,324	10/15/2013
90327KAC6	USAA AUTO OWNER TR 2008-3 A-3	05/24/2010	VARIOUS		X X X	202,099	200,000.00	202,594	201,649		(443)		(443)		201,206				3,304	10/15/2012
90327XAB0	USAA AUTO OWNER TR 2009-1	07/15/2010	PRINCIPAL RECEIPT		X X X	340,000	340,000.00	339,989	339,992		8		8		340,000				2,678	08/15/2011
92344GAL0	VERIZON GLOBAL EDG CORP NT	07/07/2010	CALLED @ 102.7220000		X X X	258,805	250,000.00	266,003	259,236		(9,236)		(9,236)		250,000		6,805	6,805	10,875	12/01/2010
931142CQ4	WAL-MART STORES INC	10/16/2010	U S Bancorp		X X X	349,053	325,000.00	324,968	324,963		6		6		324,969		24,084	24,084	9,707	05/15/2014
98165YAB7	WORLD OMNI AUTO RECEIV 09-A A2	10/17/2010	VARIOUS		X X X	750,000	750,000.00	758,203	757,809		(5,991)		(5,991)		751,818		(1,823)	(1,823)	9,987	10/17/2011
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					19,931,191	19,524,558.49	20,112,014	18,254,370		(172,992)		(172,992)		19,644,143		287,041	287,041	520,231	X X X
8399997	Subtotal - Bonds - Part 4					53,924,870	53,112,834.62	54,483,891	50,175,582		(1,259,272)		(1,259,272)		52,849,083		1,075,777	1,075,777	1,339,007	X X X
8399998	Summary Item from Part 5 for Bonds					56,461,050	55,088,777.65	56,101,176	50,175,582		(90,031)		(90,031)		56,011,143		449,906	449,906	632,423	X X X
8399999	Subtotal - Bonds					110,385,920	108,201,612.27	110,585,067	50,175,582		(1,349,303)		(1,349,303)		108,860,226		1,525,683	1,525,683	1,971,430	X X X
8999998	Summary Item from Part 5 for Preferred Stocks						X X X													X X X
9799998	Summary Item from Part 5 for Common Stocks						X X X													X X X
9899999	Subtotal - Preferred and Common Stocks						X X X													X X X
9999999	Totals					110,385,920	X X X	110,585,067	50,175,582		(1,349,303)		(1,349,303)		108,860,226		1,525,683	1,525,683	1,971,430	X X X

SCHEDULE D - PART 5**Showing All Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year**

1	2	3	4	5	6	7	8	9	10	11	Change in Book/Adjusted Carrying Value					19	20	21		
											12	13	14	15	16				17	18
CUSIP Identification	Description	FOREGIGN	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) Number of Shares (Stock)	Actual Cost	Consideration	Book/Adjusted Carrying Value at Disposal Date	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (Col. 12+ 13-14)	Total Foreign Exchange Change in B./A.C.V.	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
Bonds - U.S. Governments																				
36241KEH7	GNMA POOL #0781936		06/03/2010	Chemical Securities	12/22/2010	VARIOUS	1,290,385,290	1,334,137	1,339,415	1,329,623		(4,514)		(4,514)			9,792	9,792	32,002	3,226
912828M7	U S TREASURY NOTE		03/05/2010	VARIOUS	11/08/2010	Dain Rauscher	3,290,000,000	3,287,398	3,359,130	3,287,989		591		591			71,141	71,141	33,191	2,624
912828N0	U S TREASURY NOTE		07/01/2010	Chemical Securities	09/29/2010	VARIOUS	1,300,000,000	1,305,235	1,334,843	1,305,003		(231)		(231)			29,840	29,840	5,768	132
912828N8	U S TREASURY NOTE		08/25/2010	JP Morgan Chase	09/21/2010	Morgan Stanley	1,470,000,000	1,458,409	1,457,648	1,458,570		161		161			(922)	(922)	1,082	
0399999	Subtotal - Bonds - U.S. Governments						7,350,385,290	7,385,179	7,491,036	7,381,185		(3,993)		(3,993)			109,851	109,851	72,043	5,982
Bonds - U.S. Special Revenue, Special Assessment																				
31331JCW1	FEDERAL FARM CR BK CONS						2,000,000,000	1,998,572	1,998,900	1,998,702		130		130			198	198	1,791	539
31331XQNS	FEDERAL FARM CR BK'S CONS		03/18/2010	Donaldson Lufkin	06/22/2010	Lehman Bros Inc														
3128X9H78	FEDERAL HOME LN MTG CORP		03/18/2010	Donaldson Lufkin	05/26/2010	SBC Capital Mkts	1,500,000,000	1,496,640	1,496,295	1,496,969		329		329			(674)	(674)	540	124
3128X9ZJ2	FEDERAL HOME LN MTG CORP		03/18/2010	Donaldson Lufkin	09/28/2010	SPC Capital Mkts	1,450,000,000	1,454,475	1,459,425	1,452,421		(2,054)		(2,054)			7,004	7,004	15,180	4,859
3136F1JG5	FEDERAL NATL MTG ASSN		02/04/2010	Donaldson Lufkin	06/04/2010	Morgan Stanley	1,800,000,000	1,796,614	1,799,424	1,798,767		153		153			657	657	930	29
3136F1JX3	FEDERAL NATL MTG ASSN		05/05/2010	Donaldson Lufkin	08/12/2010	CALLED @	750,000,000	747,375	750,000	747,752		377		377			2,248	2,248	7,500	
3136FM4L5	FEDERAL NATL MTG ASSN		08/03/2010	Mizuho Secs	10/29/2010	CALLED @	1,620,000,000	1,622,916	1,620,000	1,620,000		(2,916)		(2,916)			3,977	3,977	16,200	630
31398AJZ9	FEDERAL NATL MTG ASSN		03/09/2010	Donaldson Lufkin	10/22/2010	First Boston Corp	1,500,000,000	1,501,545	1,506,400	1,501,423		(122)		(122)			3,977	3,977	3,942	229
31410K6V9	FNMA POOL #0890185		02/23/2010	Citigroup GBL	07/01/2010	Dain Rauscher	1,850,000,000	1,848,813	1,856,475	1,848,916		104		104			7,559	7,559	11,439	
31410K6V5	FNMA POOL #0890187		02/23/2010	Salomon Brothers	03/01/2010	Salomon Brothers	951,781,550	1,007,996	1,007,996	1,007,766		(230)		(230)			230	230	1,983	1,983
31393UJ87	FNMA GTD REMIC PTT		06/01/2010	Stifel Nicolaus	03/01/2010	Salomon Brothers	779,199,310	763,475	763,475	763,281		(194)		(194)			194	194	1,498	
3199999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				06/01/2010	VARIOUS	14,320,742,120	14,426,362	14,443,078	14,421,938		(4,423)		(4,423)			21,141	21,141	61,025	9,913
Bonds - Industrial and Miscellaneous (Unaffiliated)																				
00282AYX8	ARBOOTT LABORATORIES		08/31/2010	FTN Financial Secs	12/15/2010	Montgomery Secs	500,000,000	524,830	509,595	523,368		(1,462)		(1,462)			(13,773)	(13,773)	7,613	3,600
00440EAN7	ACE INA HOLDINGS		11/18/2010	Morgan Stanley	12/15/2010	Salomon Brothers	350,000,000	349,675	341,942	349,679		5		5			(7,888)	(7,888)	683	
00364VAH8	AMERICA MOVIL SA DE CV SR		10/25/2010	UBS Secs	12/15/2010	Bank One, Louisville	500,000,000	573,190	557,490	570,880		(2,310)		(2,310)			(13,390)	(13,390)	12,378	8,226
06052MAD7	BAAT 2010-2 A4		06/16/2010	Montgomery Secs	09/29/2010	Salomon Brothers	1,200,000,000	1,199,768	1,227,750	1,199,785		17		17			27,965	27,965	6,208	
060595BM5	BANK AMER CORP NT		05/28/2010	Morgan Stanley	08/24/2010	Salomon Brothers	630,000,000	655,376	678,441	653,971		(1,406)		(1,406)			24,470	24,470	23,704	15,614
060505AQ7	BANK AMER CORP SR NT		03/02/2010	BNY/Mizuho Secs	12/07/2010	Chemical Securities	475,000,000	511,271	502,184	498,425		(12,846)		(12,846)			3,759	3,759	34,223	11,545
06051GEB1	BANK OF AMERICA CORP		05/14/2010	VARIOUS	08/24/2010	Salomon Brothers	450,000,000	452,173	465,296	452,059		(114)		(114)			13,237	13,237	9,338	3,701
06051GED7	BANK OF AMERICA CORP		09/28/2010	Deutsche Bank Secs	12/02/2010	Bear Stearns	400,000,000	404,944	391,840	404,780		(164)		(164)			(12,940)	(12,940)	4,399	1,644
06406HBQ1	BANK OF NEW YORK MELLON		06/11/2010	SBC Capital Mkts	11/02/2010	First Union Cap Mkts	475,000,000	474,387	497,401	474,432		45		45			22,969	22,969	5,333	
071813BB4	BAXTER INTERNATIONAL INC		03/04/2010	First Boston Corp	10/25/2010	Salomon Brothers	900,000,000	899,947	923,094	899,165		218		218			10,305	10,305	23,929	
084670V0	BERKSHIRE HATHAWY BRK		08/25/2010	Chemical Securities	12/15/2010	Merrill Lynch	690,000,000	689,427	709,810	689,519		92		92			20,291	20,291	18,952	
17314JAT0	CITIBANK NA		08/25/2010	Goldman Sachs NY	09/09/2010	Goldman Sachs NY	161,000,000	1,645,935	1,644,631	1,645,344		(591)		(591)			(713)	(713)	5,948	4,539
17313YAN1	CITIGROUP FUNDING INC		02/01/2010	VARIOUS	04/16/2010	Goldman Sachs NY	1,030,000,000	1,036,843	1,041,168	1,036,303		(540)		(540)			4,862	4,862	10,461	6,064
20825CAT1	CONOCOPHILLIPS		06/10/2010	MF Global	12/02/2010	Dain Rauscher	500,000,000	541,810	551,030	541,000		(4,112)		(4,112)			(12,846)	(12,846)	13,332	9,983
26875P4F8	EOG RESOURCES INC		08/31/2010	SBC Capital Mkts	12/15/2010	FTN Financial Secs	750,000,000	783,608	753,195	781,648		(1,959)		(1,959)			(28,453)	(28,453)	12,906	6,330
34528AAE9	FORD CR AUTO 06-B A-4		01/15/2010	Bear Stearns	08/15/2010	VARIOUS	327,550,240	334,331	328,449	329,938		(4,393)		(4,393)			(1,489)	(1,489)	6,489	287
36967HA V3	GENERAL ELECTRIC CAPITAL		07/27/2010	Goldman Sachs NY	09/09/2010	Goldman Sachs NY	1,260,000,000	1,310,022	1,312,063	1,307,639		(2,383)		(2,383)			4,424	4,424	6,983	2,848
38141EA41	GOLDMAN SACHS GROUP INC		05/28/2010	VARIOUS	11/15/2010	Goldman Sachs NY	690,000,000	706,214	717,041	701,885		(4,329)		(4,329)			15,156	15,156	19,941	5,456
38141EA74	GOLDMAN SACHS GROUP INC		09/28/2010	Goldman Sachs NY	12/15/2010	VENDOR CODE AMM NOT IN TA	825,000,000	846,772	834,199	845,877		(895)		(895)			(11,678)	(11,678)	12,040	5,257
38143UAW1	GOLDMAN SACHS GROUP INC		05/27/2010	Bank of America	08/19/2010	Chemical Securities	500,000,000	508,330	537,000	507,933		(398)		(398)			29,068	29,068	9,931	4,236
38144LAC4	GOLDMAN SACHS GROUP INC		05/28/2010	Chemical Securities	08/19/2010	Chemical Securities	1,015,000,000	1,062,888	1,088,648	1,058,618		(4,270)		(4,270)			30,031	30,031	17,364	4,917
38141GCG7	GOLDMAN SACHS GROUP INC/THE		05/28/2010	Chemical Securities	08/19/2010	Chemical Securities	580,000,000	609,922	624,202	607,031		(2,891)		(2,891)			17,171	17,171	15,887	8,449
38141GDQ4	GOLDMAN SACHS GROUP INC/THE		07/16/2010	JP Morgan Securities Inc.	09/01/2010	Goldman Sachs NY	75,000,000	81,619	81,260	81,373		(246)		(246)			(114)	(114)	1,553	1,050

SCHEDULE D - PART 5 Showing All Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	Change in Book/Adjusted Carrying Value				17	18	19	20	21
											12	13	14	15						16
CUSIP Identification	Description	FOREGIGN	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) Number of Shares (Stock)	Actual Cost	Consideration	Book/Adjusted Carrying Value at Disposal Date	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (Col. 12+ 13-14)	Total Foreign Exchange Change in B./A.C.V.	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
459200GT2	IBM CORP		09/15/2010	J P Morgan Secs	10/25/2010	Dain Rauscher	600,000,000	599,628	602,112	599,642		14		14		2,470	2,470	1,383	750
46625XP3	JP MORGAN CHASE COMMER LDP5 A4		11/01/2010	Alex Brown & Sons	11/01/2010	Alex Brown & Sons	1,800,000,000	1,977,398	1,977,398	1,974,740		(2,659)		(2,659)		2,659	2,659	11,088	3,168
481247AN4	JP MORGAN CHASE & CO		03/31/2010	Bank of America	08/09/2010	Dain Rauscher	1,280,000,000	1,286,819	1,290,929	1,287,677		(1,142)		(1,142)		3,152	3,152	2,991	209
546676AR8	LOUISVILLE GAS & ELEC		11/08/2010	First Boston Corp	12/15/2010	Montgomery Secs	575,000,000	572,970	550,758	573,010		40		40		(22,252)	(22,252)	882	
56501PAA4	MANULIFE FINANCIAL CORP		09/14/2010	Morgan Stanley	12/15/2010	Salomon Brothers	400,000,000	399,416	392,352	399,443		27		27		(7,091)	(7,091)	3,513	
585055AR7	MEDTRONIC INC		03/11/2010	Alex Brown & Sons	12/03/2010	Montgomery Secs	825,000,000	824,926	856,969	824,936		10		10		32,033	32,033	18,013	
594918AG9	MICROSOFT CORP		09/22/2010	J P Morgan Secs	11/02/2010	BNP Paribas Securities	930,000,000	925,917	935,459	926,004		87		87		9,455	9,455	1,595	
61747YCL7	MORGAN STANLEY		09/28/2010	VARIOUS	12/02/2010	Alex Brown & Sons	360,000,000	365,562	365,281	365,354		(208)		(208)		(73)	(73)	9,471	1,166
61747YCT0	MORGAN STANLEY		10/26/2010	Morgan Stanley	12/03/2010	Bear Stearns	350,000,000	349,776	340,785	349,583		(193)		(193)		(8,798)	(8,798)	1,208	
61757UJH3	MORGAN STANLEY FDIC GTD TLGP N		03/01/2010	Lehman Bros Inc	09/30/2010	Goldman Sachs NY	1,500,000,000	1,526,409	1,537,140	1,519,819		(6,590)		(6,590)		17,321	17,321	23,156	6,013
64952WAW3	NEW YORK LIFE GLOBAL FDG		04/29/2010	JP Morgan Securities Inc.	12/15/2010	Lehman Bros Inc	925,000,000	922,484	938,838	922,778		294		294		16,060	16,060	17,421	
66572ZCF4	NORTHERN STATES PWR MINN		08/04/2010	Citigroup GBL	12/15/2010	Donaldson Luikin	575,000,000	573,856	563,719	573,935		79		79		(10,216)	(10,216)	4,018	
66989HAC2	NOVARTIS CAPITAL CORP		03/09/2010	Chemical Securities	12/07/2010	Dain Rauscher	1,325,000,000	1,318,667	1,373,535	1,319,527		861		861		54,007	54,007	28,178	
713448BW9	PEPSICO INC		01/11/2010	Salomon Brothers	11/19/2010	Dain Rauscher	25,000,000	24,975	26,402	24,979		4		4		1,423	1,423	667	
742718DL0	PROCTER & GAMBLE CO NT		01/05/2010	Chemical Securities	06/28/2010	CALLED @ 109.1971000	200,000,000	214,706	218,394	200,000		(14,706)		(14,706)		18,394	18,394	8,766	4,421
78445XAA4	SLMA 2010-1 A		04/12/2010	JP Morgan Securities Inc.	08/25/2010	VARIOUS	500,000,000	500,000	501,215	500,000						1,215	1,215	1,148	
792860AH1	ST PAUL TRAVELERS COS INC		10/25/2010	Bank of America Secs	12/15/2010	First Union Cap Mkts	500,000,000	578,250	561,045	576,231		(2,019)		(2,019)		(15,186)	(15,186)	15,201	11,229
872540AN9	TJX COS INC		04/08/2010	Keybank Capital Mkts	11/19/2010	FTN Financial Secs	615,000,000	649,083	674,065	645,452		(3,631)		(3,631)		28,612	28,612	20,018	4,162
913017BH1	UNITED TECHNOLOGIES CORP		09/23/2010	Deutsche Bank Secs	12/15/2010	Salomon Brothers	500,000,000	570,970	552,845	567,586		(3,384)		(3,384)		(14,741)	(14,741)	15,505	9,953
91159HGU8	US BANCORP		03/01/2010	Morgan Stanley	09/08/2010	Morgan Stanley	225,000,000	224,609	235,599	224,646		38		38		11,052	11,052	3,721	
91159HGW4	US BANCORP		06/09/2010	Morgan Stanley	10/29/2010	First Boston Corp	475,000,000	474,406	487,768	474,481		74		74		13,287	13,287	3,668	
90345AAC6	US CENTRAL FEDERAL CRED		03/04/2010	BNY/Mizuho Secs	10/22/2010	Morgan Stanley	1,400,000,000	1,417,234	1,437,394	1,413,133		(4,101)		(4,101)		24,261	24,261	27,043	10,344
931142CR2	WAL-MART STORES INC		03/29/2010	Goldman Sachs NY	06/11/2010	Sifei Nicolaus	1,000,000,000	991,620	1,015,500	991,930		310		310		23,570	23,570	5,990	
931142CX9	WAL-MART STORES INC		10/18/2010	Goldman Sachs NY	12/07/2010	Lehman Bros Inc	800,000,000	795,672	773,808	795,784		112		112		(21,976)	(21,976)	1,500	
3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)							33,417,650,240	34,289,635	34,526,336	34,208,020		(81,615)		(81,615)		318,914	318,914	499,355	154,761
8399998 Subtotal - Bonds							55,088,777,650	56,101,176	56,461,050	56,011,143		(90,031)		(90,031)		449,906	449,906	632,423	170,656
9999999 Totals								56,101,176	56,461,050	56,011,143		(90,031)		(90,031)		449,906	449,906	632,423	170,656

SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1 CUSIP Identification	2 Description Name of Subsidiary, Controlled or Affiliated Company	3 Foreign	4 NAIC Company Code or Alien Insurer Identification Number	5 NAIC Valuation Method (See SVO Purposes and Procedures manual)	6 Do Insurer's Assets Include Intangible Assets connected with Holding of Such Company's Stock?	7 Total Amount of Such Intangible Assets	8 Book/Adjusted Carrying Value	Stock of Such Company Owned by Insurer on Statement Date	
								9 Number of Shares	10 % of Outstanding
NONE									
1999999 Total - Preferred and Common Stocks .....								... X X X ...	... X X X ...

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$.....0.
2. Total amount of intangible assets nonadmitted \$.....0.

SCHEDULE D - PART 6 - SECTION 2

1 CUSIP Identification	2 Name of Lower-tier Company	3 Name of Company Listed in Section 1 Which Controls Lower-tier Company	4 Total Amount of Intangible Assets Included in Amount Shown in Column 7, Section 1	Stock in Lower-tier Company Owned Indirectly by Insurer on Statement Date	
				5 Number of Shares	6 % of Outstanding
NONE					
0399999 Total - Preferred and Common Stocks .....				... X X X ...	... X X X ...

SCHEDULE DA - PART 1

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

1 CUSIP Identification	2 Description	3 Codes		4 Foreign	5 Date Acquired	6 Name of Vendor	7 Maturity Date	8 Book/ Adjusted Carrying Value	9 Unrealized Valuation Increase/ (Decrease)	10 Change in Book/Adjusted Carrying Value (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Total Foreign Exchange Change in B./A.C.V.	13 Par Value	14 Actual Cost	Interest					21 Paid For Accrued Interest		
		15 Amount Due and Accrued Dec. 31 of Current Year on Bond Not in Default	16 Non-Admitted Due and Accrued												17 Rate of	18 Effective Rate of	19 When Paid	20 Amount Received During Year				
U.S. Special Revenue and Special Assessment Obligations and all Non Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations																						
2599999	FEDERAL HOME LN MTG CORP REF				03/23/2010	Donaldson Lufkin	01/07/2011	1,500,272		(12,568)			1,500,000	1,512,840	1.500	0.413	JJ	11,250			4,813	
of Governments and Special Assessment Obligations and all Non Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations																						
3199999	Total - U.S. Special Revenue and Special Assessment Obligations and all Non Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions							1,500,272		(12,568)			1,500,000	1,512,840	.XXX	.XXX	XXX	11,250			4,813	
7799999	Subtotal - Issuer Obligations							1,500,272		(12,568)			1,500,000	1,512,840	.XXX	.XXX	XXX	11,250			4,813	
8399999	Total Bonds							1,500,272		(12,568)			1,500,000	1,512,840	.XXX	.XXX	XXX	11,250			4,813	
Class One Money Market Mutual Funds																						
996087094	BSDT - LATE MONEY				10/25/2010	Non Broker Trade															(15)	
996085254	DREYFUS CASH MGMT				12/31/2010	Non Broker Trade		2,862,980						2,862,980								7,572
60944203	FEDERATED TREASURY OBLIGATION				12/15/2009	Non Broker Trade																
316175108	FIDELITY INSTITUTIONAL GOVT CL 1				12/31/2010	Registered 144A		273,204,173						273,204,173								85,726
8999999	Subtotal - Class One Money Market Mutual Funds							276,067,153					XXX	276,067,153	XXX	XXX	XXX	93,283				
9199999	Total Short-Term Investments							277,567,425		(12,568)			XXX	277,579,993	XXX	XXX	XXX	104,533				4,813

SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of December 31 of Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	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 Carrying Value of Hedged Item	Potential Exposure	Credit Quality of Reference Entity	Hedge Effectiveness at Inception and at Year-end (a)
144999 GRAND TOTAL																						

(a)	NONE	
1	Hedge Method	
Code		
0000		

SCHEDULE DB - PART A - SECTION 2

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Terminated During Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
Description	Description of Hedged Item(s)	Schedule/ Exhibit Identifier	Type(s) of Risk(s)	Exchange or Counterparty	Trade Date	Date of Maturity or Expiration	Termination Date	Indicate Exercise, Expiration, Maturity or Sale	Number of Contracts	Notional Amount	Strike Price, Rate or Index Received (Paid)	Prior Year Initial Cost of Premiums (Received) Paid	Current Year Initial Cost of Premium (Received) Paid	Consideration Received (Paid) on Termination	Current Year Income	Book/ Adjusted Carrying Value	Code	Unrealized Valuation Increase/ (Decrease)	Total Foreign Exchange Change in B/A/C.V	Current Year's (Amortization/ Accretion)	Gain (Loss) on Termination Recognized	Adjustment to Carrying Value of Hedged Item	Gain (Loss) on Termination Deferred	Hedge Effectiveness at Inception and at Termination (a)
1449999 GRAND TOTAL																								
																	XXX							XXX

(a)	1	NONE	Hedge Code
	Code		
	0000		

SCHEDULE DB - PART B - SECTION 1

Futures Contracts Open December 31 of Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	Change in Valuation Margin			19	20	
														15	16	17			18
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	Fair Value	Book/Adjusted Carrying Value	Cumulative	Gain (Loss) Recognized in Current Year	Gain (Loss) Used to Adjusted Basis of Hedged Item	Deferred	Potential Exposure	Hedge Effectiveness at Inception and at Year-end (a)
1449999 Grand Total																		XXXX	

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

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

SCHEDULE DB - PART B - SECTION 2

Futures Contracts Terminated December 31 of Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Change in Variation Margin		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	Termination Date	Termination Price	Indicate Exercise, Expiration, Maturity or Sale	Book/Adjusted Carrying Value At Termination	Gain (Loss) Recognized in Current Year	Gain (Loss) Used to Adjust Basis of hedged item in Current Year	Deferred	Hedge Effectiveness at inception/ and at Termination (a)
1469999 Grand Total																		

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

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

SCHEDULE DB - PART D
Counterparty Exposure for Derivative Instruments Open December 31 of Current Year

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			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		11 Potential Exposure
NONE											
0899999 Totals											

SCHEDULE DL - PART 1 SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned December 31 Current Year

1 CUSIP Identification	2 Description	3 NAIC Designation Market Indicator	4 Fair Value	5 Book/Adjusted Carrying Value	6 Maturity Dates
NONE					
9999999 Grand Totals					X X X

General Interrogatory:

1. Total activity for the year Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0
2. Average balance for the year Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0
3. Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation: NAIC 1 \$.....0, NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

SCHEDULE DL - PART 2 SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned December 31 Current Year

1 CUSIP Identification	2 Description	3 NAIC Designation Market Indicator	4 Fair Value	5 Book/Adjusted Carrying Value	6 Maturity Dates
NONE					
9999999 Grand Totals					XXX

General Interrogatory:

1. Total activity for the year Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0
2. Average balance for the year Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0
3. Grand Total Schedule DL Part 1 and Part 2 Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0

SCHEDULE E - PART 1 - CASH

1	2	3	4	5	6	7
Depository	Code	Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
open depositories						
Regions Bank	601 Market Street, Chattanooga, TN 37402				6,988,500	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402				2,866,247	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402				305,958	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402				(6,192,812)	X X X
.....						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			8,505	X X X
0199999 Totals - Open Depositories		X X X			3,976,398	X X X
0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories		X X X				X X X
0299999 Totals - Suspended Depositories		X X X				X X X
0399999 Total Cash On Deposit		X X X			3,976,398	X X X
0499999 Cash in Company's Office		X X X	X X X	X X X		X X X
0599999 Total Cash		X X X			3,976,398	X X X

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

1. January	10,976,553	4. April	8,244,755	7. July	10,305,597	10. October	5,412,702
2. February	(15,167,319)	5. May	(15,115,912)	8. August	5,038,945	11. November	(16,712,046)
3. March	6,068,773	6. June	7,516,203	9. September	18,470,305	12. December	3,976,398

SCHEDULE E - PART 2 - CASH EQUIVALENTS
Show Investments Owned December 31 of Current Year

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
NONE							
8699999 Total Cash Equivalents							

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

States. Etc.	1 Type of Deposit	2 Purpose of Deposit	Deposits For the Benefit of All Policyholders		All Other Special Deposits	
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
			1. Alabama (AL)			
2. Alaska (AK)						
3. Arizona (AZ)						
4. Arkansas (AR)						
5. California (CA)						
6. Colorado (CO)						
7. Connecticut (CT)						
8. Delaware (DE)						
9. District of Columbia (DC)						
10. Florida (FL)						
11. Georgia (GA)						
12. Hawaii (HI)						
13. Idaho (ID)						
14. Illinois (IL)						
15. Indiana (IN)						
16. Iowa (IA)						
17. Kansas (KS)						
18. Kentucky (KY)						
19. Louisiana (LA)						
20. Maine (ME)						
21. Maryland (MD)						
22. Massachusetts (MA)						
23. Michigan (MI)						
24. Minnesota (MN)						
25. Mississippi (MS)						
26. Missouri (MO)						
27. Montana (MT)						
28. Nebraska (NE)						
29. Nevada (NV)						
30. New Hampshire (NH)						
31. New Jersey (NJ)						
32. New Mexico (NM)						
33. New York (NY)						
34. North Carolina (NC)						
35. North Dakota (ND)						
36. Ohio (OH)						
37. Oklahoma (OK)						
38. Oregon (OR)						
39. Pennsylvania (PA)						
40. Rhode Island (RI)						
41. South Carolina (SC)						
42. South Dakota (SD)						
43. Tennessee (TN)	B	Multiple Purposes	35,171,486	35,475,353		
44. Texas (TX)						
45. Utah (UT)						
46. Vermont (VT)						
47. Virginia (VA)						
48. Washington (WA)						
49. West Virginia (WV)						
50. Wisconsin (WI)						
51. Wyoming (WY)						
52. American Samoa (AS)						
53. Guam (GU)						
54. Puerto Rico (PR)						
55. U.S. Virgin Islands (VI)						
56. Northern Mariana Islands (MP)						
57. Canada (CN)						
58. Aggregate other alien (OT)	X X X	X X X				
59. Total	X X X	X X X	35,171,486	35,475,353		
DETAILS OF WRITE-INS						
5801.						
5802.						
5803.						
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X	X X X				
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	X X X				



SUPPLEMENTAL COMPENSATION EXHIBIT

For the Year Ended December 31, 2010
(To be filed by March 1)

PART 1 - INTERROGATORIES

1. The reporting insurer is a member of a group of insurers or other holding company system:
If yes, do the below amounts represent 1) total gross compensation paid to each individual by or on behalf of all companies which are part of the group:
or 2) allocation to each insurer: Yes[X] No[]
Yes[] No[X]
Yes[X] No[]

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

3. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement? Yes[X] No[]

PART 2 - OFFICERS AND EMPLOYEES COMPENSATION

1	Name and Principal Position	2 Year	Annual Compensation			
			3 Salary	4 Bonus	5 All Other Compensation	6 Totals
1.	Steven Lee Coulter, MD GBEM President	2010	304,448		323,129	627,577
		2009	227,138		238,079	465,217
		2008	134,866		158,610	293,476
2.	Vicky Brown Gregg CEO	2010	279,119		337,442	616,561
		2009	219,499		324,200	543,699
		2008	145,781		231,412	377,193
3.	Sonya Kay Nelson VSHP President & CEO	2010	260,775		120,693	381,468
		2009	206,050		104,759	310,809
		2008	201,022		92,222	293,244
4.	David Mathew Moroney MD VP & Chief Medical Officer	2010	245,581		72,660	318,241
		2009	159,771		69,021	228,792
		2008	29,403		12,987	42,390
5.	Judy Slagle VP & COO VSHP	2010	201,087		89,730	290,817
		2009	102,568		52,687	155,255
		2008	61,572		29,834	91,406
6.	Steven Kerr VSHP - VP, Finance	2010	216,422		52,883	269,305
		2009	141,099		48,664	189,763
		2008				
7.	John Francis Giblin Exec VP and Chief Financial Officer	2010	133,275		98,372	231,647
		2009	104,987		95,280	200,267
		2008	67,255		40,226	107,481
8.	Clarence Davis Medical Director	2010	187,215		33,591	220,806
		2009	148,358		13,947	162,305
		2008	54,049		21,132	75,181
9.	Pedro Juan Cardona Medical Director	2010	185,480		32,890	218,370
		2009	208,248		28,794	237,042
		2008	102,951		14,088	117,039
10.	Stephen Peake Medical Director	2010	201,194		658	201,852
		2009	12,385		10	12,395
		2008				

PART 3 - DIRECTOR COMPENSATION

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

(THIS PAGE LEFT BLANK INTENTIONALLY)

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT
For The Year Ended December 31, 2010
 (To be filed by March 1)
 FOR THE STATE OF TENNESSEE

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

NAIC Company Code: 00000

Title: Telephone:

1 Compliance with OBRA	2 Policy Form Number	3 Standardized Medicare Supplement Benefit Plan	4 Medicare Select	5 Plan Characteristics	6 Date Approved	7 Date Approval Withdrawn	8 Date Last Amended	9 Date Closed	10 Policy Marketing Trade Name	Policies Issued Through 2007			Policies Issued in 2008, 2009, 2010						
										11 Premiums Earned	12 Amount	13 Percent of Premiums Earned	14 Number of Covered Lives	15 Premiums Earned	16 Amount	17 Percent of Premiums Earned	18 Number of Covered Lives		
NONE																			
0299999 Total Experience on Group Policies																			

GENERAL INTERROGATORIES

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



2010

0000201036043000 (NAIC code not entered)

Document Code: 360



NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS
SCHEDULE SIS

STOCKHOLDER INFORMATION SUPPLEMENT

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

NONE

TO ANNUAL STATEMENT OF THE

Volunteer State Health Plan, Inc.
COMPANY

FOR THE YEAR ENDED
December 31, 2010
(To Be Filed by March 1)

GENERAL INSTRUCTIONS

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

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

FINANCIAL REPORTING TO STOCKHOLDERS

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

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

 3. If an Annual Report to stockholders was distributed for the previous year **NONE** or contemporaneous with the solicitation of proxies in respect to the Annual Meeting? Yes No
If answer is "No" explain in detail below. Attach separate sheet if necessary.:
- (2) Did it contain the following financial statements (indicate answer in Column A) and were such financial statements prepared substantially on the basis (individual or consolidated) as required to be present in the Company's Annual Statement (indicate answer in Column B)?

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

INFORMATION REGARDING MANAGEMENT AND DIRECTORS

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

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

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

A. Information as to any material interest, direct or indirect, on the part of such individual during the year in any material transaction or any material proposed transactions as to which the Company, or any of its subsidiaries, was or is to be a party.

B. Information as to all options to purchase securities of the Company granted to or exercised by each such individual during the year.

2. Answer "yes" or "no" in each column as to whether or not the information in Item 1 above has been, or will be, furnished to stockholders in any proxy statement relating to (i) the election of directors, (ii) any bonus, profit sharing or remuneration plan, contract or arrangement in which any director, nominee for election as a director, or officer of the Company will participate, (iii) any pension or retirement plan in which any such person will participate, or (iv) the granting or extension to any such person of any options, warrants, or rights to purchase any securities, other than warrants or rights issued to security holders, as such, on a pro rata basis.

If any answer is "no" explain in detail on a separate sheet.

No No No No No No No No

3. Furnish the information specified in Item 1 for all directors and all officers of the Company, as a group, without naming them.

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX No No No No No

4. Did the stockholders have an opportunity to vote for or against other matters to be presented at any stockholder's meeting?

Answer _____ No _____ If **NONE** sheet.

5. Will the Company solicit proxies from its stockholders during the following year and will such solicitation(s) precede any shareholders' meeting or meetings by at least 10 days?

Answer _____ No _____ If answer is "yes" and proxies are to be solicited, copies of the proxy statement and form of proxy and other soliciting material to be furnished stockholders shall be submitted to the Insurance Commissioner of the Company's domiciliary state at least 10 days prior to the date such material is first sent or given to stockholders.

If answer is "no" and proxies are not to be solicited from stockholders, explain in detail below. Attach separate sheet if necessary.

INSTRUCTIONS FOR INFORMATION REGARDING MANAGEMENT AND DIRECTORS

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

STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

(See Instructions Below)

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

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

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

INSTRUCTIONS FOR STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Column 1 - Name and Title

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

Column 2 - Title of Security

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

NONE

Column 3 - Nature of Ownership

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

Columns 4 to 8 - Number of Shares

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

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

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



Medicare Part D Coverage Supplement (Net of Reinsurance)

NAIC Group Code: 0000

(To be Filed By March 1)

NAIC Company Code: 00000

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected					
1.1 Standard Coverage					
1.11 With Reinsurance Coverage		X X X		X X X	
1.12 Without Reinsurance Coverage		X X X		X X X	
1.13 Risk-Corridor Payment Adjustments		X X X		X X X	
1.2 Supplemental Benefits		X X X		X X X	
2. Premiums Due and Uncollected - change					
2.1 Standard Coverage					
2.11 With Reinsurance Coverage		X X X		X X X	X X X
2.12 Without Reinsurance Coverage		X X X		X X X	X X X
2.2 Supplemental Benefits		X X X		X X X	X X X
3. Unearned Premium and Advance Premium - change					
3.1 Standard Coverage					
3.11 With Reinsurance Coverage		X X X		X X X	X X X
3.12 Without Reinsurance Coverage		X X X		X X X	X X X
3.2 Supplemental Benefits		X X X		X X X	X X X
4. Risk-Corridor Payment Adjustments - change					
4.1 Receivable		X X X		X X X	X X X
4.2 Payable		X X X		X X X	X X X
5. Earned Premiums					
5.1 Standard Coverage					
5.11 With Reinsurance Coverage		X X X		X X X	X X X
5.12 Without Reinsurance Coverage		X X X		X X X	X X X
5.13 Risk-Corridor Payment Adjustments		X X X		X X X	X X X
5.2 Supplemental Benefits		X X X		X X X	X X X
6. Total Premiums		X X X		X X X	
7. Claims Paid					
7.1 Standard Coverage					
7.11 With Reinsurance Coverage				X X X	
7.12 Without Reinsurance Coverage				X X X	
7.2 Supplemental Benefits				X X X	
8. Claim Reserves and Liabilities - change					
8.1 Standard Coverage					
8.11 With Reinsurance Coverage		X X X		X X X	X X X
8.12 Without Reinsurance Coverage		X X X		X X X	X X X
8.2 Supplemental Benefits		X X X		X X X	X X X
9. Healthcare Receivables - change					
9.1 Standard Coverage					
9.11 With Reinsurance Coverage		X X X		X X X	X X X
9.12 Without Reinsurance Coverage		X X X		X X X	X X X
9.2 Supplemental Benefits		X X X		X X X	X X X
10. Claims Incurred					
10.1 Standard Coverage					
10.11 With Reinsurance Coverage		X X X		X X X	X X X
10.12 Without Reinsurance Coverage		X X X		X X X	X X X
10.2 Supplemental Benefits		X X X		X X X	X X X
11. Total Claims		X X X		X X X	
12. Reinsurance Coverage and Low Income Cost Sharing					
12.1 Claims Paid - net to reimbursements applied	X X X		X X X		
12.2 Reimbursements Received but Not Applied - change	X X X		X X X		
12.3 Reimbursements Receivable - change	X X X		X X X		X X X
12.4 Healthcare Receivables - change	X X X		X X X		X X X
13. Aggregate Policy Reserves - change					X X X
14. Expenses Paid		X X X		X X X	
15. Expenses Incurred		X X X		X X X	X X X
16. Underwriting Gain/Loss		X X X		X X X	X X X
17. Cash Flow Results	X X X	X X X	X X X	X X X	

N O N E

INDEX TO HEALTH ANNUAL STATEMENT

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 - Enrollment By Product Type for Health Business Only	17
Exhibit 2 - Accident and Health Premiums Due and Unpaid	18
Exhibit 3 - Health Care Receivables	19
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus	20
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates	21
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates	22
Exhibit 7 - Part 1 - Summary of Transactions With Providers	23
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries	23
Exhibit 8 - Furniture, Equipment and Supplies Owned	24
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	29
Five-Year Historical Data	28
General Interrogatories	26
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	25
Overflow Page For Write-ins	41
Schedule A - Part 1	E01
Schedule A - Part 2	E02
Schedule A - Part 3	E03
Schedule A - Verification Between Years	SI02
Schedule B - Part 1	E04
Schedule B - Part 2	E05
Schedule B - Part 3	E06
Schedule B - Verification Between Years	SI02
Schedule BA - Part 1	E07
Schedule BA - Part 2	E08
Schedule BA - Part 3	E09
Schedule BA - Verification Between Years	SI03
Schedule D - Part 1	E10
Schedule D - Part 1A - Section 1	SI05
Schedule D - Part 1A - Section 2	SI08
Schedule D - Part 2 - Section 1	E11
Schedule D - Part 2 - Section 2	E12
Schedule D - Part 3	E13
Schedule D - Part 4	E14
Schedule D - Part 5	E15
Schedule D - Part 6 - Section 1	E16
Schedule D - Part 6 - Section 2	E16
Schedule D - Summary By Country	SI04
Schedule D - Verification Between Years	SI03
Schedule DA - Part 1	E17
Schedule DA - Verification Between Years	SI11
Schedule DB - Part A - Section 1	E18
Schedule DB - Part A - Section 2	E19
Schedule DB - Part A - Verification Between Years	SI12
Schedule DB - Part B - Section 1	E20
Schedule DB - Part B - Section 2	E21
Schedule DB - Part B - Verification Between Years	SI12
Schedule DB - Part C - Section 1	SI13
Schedule DB - Part C - Section 2	SI14
Schedule DB - Part D	E22
Schedule DB - Verification	SI15
Schedule DL - Part 1	E23
Schedule DL - Part 2	E24
Schedule E - Part 1 - Cash	E25

INDEX TO HEALTH ANNUAL STATEMENT

Schedule E - Part 2 - Cash Equivalents	E26
Schedule E - Part 3 - Special Deposits	E27
Schedule E - Verification Between Years	SI16
Schedule S - Part 1 - Section 2	30
Schedule S - Part 2	31
Schedule S - Part 3 - Section 2	32
Schedule S - Part 4	33
Schedule S - Part 5	34
Schedule S - Part 6	35
Schedule T - Part 2 - Interstate Compact	37
Schedule T - Premiums and Other Considerations	36
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group	38
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates	39
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	40
Underwriting and Investment Exhibit - Part 1	8
Underwriting and Investment Exhibit - Part 2	9
Underwriting and Investment Exhibit - Part 2A	10
Underwriting and Investment Exhibit - Part 2B	11
Underwriting and Investment Exhibit - Part 2C	12
Underwriting and Investment Exhibit - Part 2D	13
Underwriting and Investment Exhibit - Part 3	14