



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



Via FedEx USA Airbill # 8735 2683 6910

May 16, 2011

Ms. Lisa Jordan  
Department of Commerce and Insurance  
TennCare<sup>SM</sup> Division  
500 James Robertson Parkway - Suite 750  
Nashville, TN 37243-1169

RE: NAIC 1<sup>st</sup> Quarter 2011 Statement for Volunteer State Health Plan, Inc. (VSHP)

Dear Ms. Jordan:

Enclosed is the NAIC 1<sup>st</sup> Quarter 2011 Statement for Volunteer State Health Plan, Inc. This report is a combination of all of the VSHP insured TennCare business. TennCare Select and the Stabilization Plan have been treated as ASO business throughout the report. Supplemental statements of revenues and expenses for TennCare Select, BlueCare West, and BlueCare East appear on pages 5.1, 5.2, and 5.3, respectively.

Enclosed are reconciliations of the Statement of Revenue and Expense to current contract supplemental exhibits.

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

Sincerely,

A handwritten signature in black ink that reads 'Dana Hull'.

Dana Hull  
Manager, Subsidiary Accounting

**VSHP March 2011 YTD**

	<u>TennCare Select Supplement 5.1</u>	<u>BlueCare West Supplement 5.2</u>	<u>BlueCare East Supplement 5.3</u>	<u>Other*</u>	<u>Total</u>
<b>TennCare Revenue</b>	\$ 86,793,250	\$ 188,334,353	\$ 246,810,297	\$ (400,801)	\$ 521,537,099
<b>Investment Income</b>		387,965	493,774	(45,029)	836,710
<b>Other Revenues</b>					-
<b>Total Revenues</b>	<u>86,793,250</u>	<u>188,722,318</u>	<u>247,304,071</u>	<u>(445,830)</u>	<u>522,373,809</u>
<b>Claims Expenses</b>	75,663,127	148,419,662	197,020,577	(378,980)	420,724,386
<b>Administrative Expenses</b>	10,141,957	27,133,407	35,423,690	74,545	72,773,599
<b>Pre-Tax Gain/(Loss)</b>	<u>988,166</u>	<u>13,169,249</u>	<u>14,859,804</u>	<u>(141,395)</u>	<u>28,875,824</u>
<b>Federal Income Tax</b>	75,265	1,003,051	1,131,814	(10,769)	2,199,361
<b>Net Gain/(Loss)</b>	<u>\$ 912,901</u>	<u>\$ 12,166,198</u>	<u>\$ 13,727,990</u>	<u>\$ (130,626)</u>	<u>\$ 26,676,463</u>

\*Reflects activity for contracts that have ended

**QUARTERLY STATEMENT  
OF THE  
Volunteer State Health Plan, Inc.**

**of  
Chattanooga  
in the state of  
Tennessee**

**TO THE  
Insurance Department  
OF THE STATE OF  
Tennessee**

**FOR THE QUARTER ENDED  
March 31, 2011**

**2011**



**QUARTERLY STATEMENT**  
**AS OF March 31, 2011**  
**OF THE CONDITION AND AFFAIRS OF THE**  
**Volunteer State Health Plan, Inc.**

NAIC Group Code 3498 (Current Period) , 3498 (Prior Period) NAIC Company Code 14046 Employer's ID Number 62-1656610

Organized under the Laws of Tennessee State of Domicile or Port of Entry Tennessee

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health[ ] Property/Casualty[ ] Hospital, Medical & Dental Service or Indemnity[ ]  
 Dental Service Corporation[ ] Vision Service Corporation[ ] Health Maintenance Organization[X]  
 Other[ ] Is HMO Federally Qualified? Yes[ ] No[X] N/A[ ]

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

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

Main Administrative Office 1 Cameron Hill Circle  
 (Street and Number) Chattanooga, TN 37402 (423)535-5600  
 (City, or Town, State and Zip Code) (Area Code) (Telephone Number)

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

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

Internet Web Site Address www.vshptn.com

Statutory Statement Contact Dana Elaine Hull (423)535-7919  
 (Name) (Area Code)(Telephone Number)(Extension)  
Dana\_Hull@BCBST.com (423)535-8331  
 (E-Mail Address) (Fax Number)

**CORPORATE OFFICERS**

Name	Title	#
Jason David Hickey	President & CEO	
Shelia Dian Clemons	Secretary	
Katharine Anne Laurance	Assistant Secretary	
Daniel Paul Timblin	Treasurer	
Alaine Marie Zachary	Assistant Treasurer	

**ADMINISTRATIVE OFFICERS**

Steven Edward Kerr, Chief Financial Officer # Steven Lee Coulter MD, Managing Director  
 David Matthew Moroney MD, VP & Chief Medical Officer Amber Jeanine Cambron, Vice President, Operations  
 James Howard Srite, Actuary

**DIRECTORS OR TRUSTEES**

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

State of Tennessee  
 County of Hamilton ss

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

(Signature)	(Signature)	(Signature)
Jason David Hickey	Shelia Dian Clemons	Steven Edward Kerr
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President & CEO	Secretary	Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this 12<sup>th</sup> day of May, 2011

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

(Notary Public Signature)

My comm. expires: 1/8/14



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**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	161,908,884		161,908,884	160,847,485
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$.....16,941,708), cash equivalents (\$.....0) and short-term investments (\$.....139,812,696) .....	156,754,404		156,754,404	281,543,823
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives .....				
8. Other invested assets .....				
9. Receivables for securities .....	10,816		10,816	27,250
10. Securities lending reinvested collateral assets .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	318,674,104		318,674,104	442,418,558
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	1,037,601		1,037,601	1,062,666
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	67,321,570		67,321,570	21,730,921
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 .....	111,024		111,024	2,545,614
18.1 Current federal and foreign income tax recoverable and interest thereon .....				
18.2 Net deferred tax asset .....	6,188,762	1,022,444	5,166,318	8,206,480
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 adjustments in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....				
24. Health care (\$.....0) and other amounts receivable .....	660,017	660,017		14,553,687
25. Aggregate write-ins for other than invested assets .....	103,875	103,875		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	394,096,953	1,786,336	392,310,617	490,517,926
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	394,096,953	1,786,336	392,310,617	490,517,926
<b>DETAILS OF WRITE-INS</b>				
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. Prepaid Expenses .....	103,875	103,875		
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) .....	103,875	103,875		

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded) .....	200,871,888		200,871,888	184,368,783
2. Accrued medical incentive pool and bonus amounts .....	1,685,192		1,685,192	1,185,192
3. Unpaid claims adjustment expenses .....	10,619,406		10,619,406	10,899,048
4. Aggregate health policy reserves .....				
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserve .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....	1,247,543		1,247,543	121,229,464
9. General expenses due or accrued .....	3,642,954		3,642,954	469,049
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses)) .....				
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....	5,190,790		5,190,790	5,038,647
13. Remittances and items not allocated .....	740,758		740,758	503,746
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15. Amounts due to parent, subsidiaries and affiliates .....	14,474,863		14,474,863	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 .....	6,160,985		6,160,985	853,199
23. Aggregate write-ins for other liabilities (including \$.....0 current) .....	18,589,457		18,589,457	26,527,738
24. Total liabilities (Lines 1 to 23) .....	263,223,836		263,223,836	385,596,366
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	155,299,990
29. Surplus notes .....	X X X	X X X	17,000,000	17,000,000
30. Aggregate write-ins for other than special surplus funds .....	X X X	X X X	34,651,682	34,651,682
31. Unassigned funds (surplus) .....	X X X	X X X	(77,864,901)	(102,030,122)
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	129,086,781	104,921,560
34. Total Liabilities, capital and surplus (Lines 24 and 33) .....	X X X	X X X	392,310,617	490,517,926
<b>DETAILS OF WRITE-INS</b>				
2301. Insured Premium Tax Payable .....	18,534,011		18,534,011	26,486,362
2302. Pending Escheatment to State .....	55,446		55,446	41,376
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	18,589,457		18,589,457	26,527,738
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	34,651,682
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	34,651,682

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months .....	X X X	1,238,353	1,258,344	5,025,561
2. Net premium income (including \$.....0 non-health premium income) .....	X X X	435,146,330	293,376,622	1,416,266,552
3. Change in unearned premium reserves and reserves for rate credits .....	X X X			
4. Fee-for-service (net of \$.....0 medical expenses) .....	X X X			
5. Risk revenue .....	X X X			
6. Aggregate write-ins for other health care related revenues .....	X X X			
7. Aggregate write-ins for other non-health revenues .....	X X X			
8. Total revenues (Lines 2 to 7) .....	X X X	435,146,330	293,376,622	1,416,266,552
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....		281,401,509	205,789,697	931,456,239
10. Other professional services .....		54,169,513	56,825,743	236,551,605
11. Outside referrals .....				
12. Emergency room and out-of-area .....		9,872,624	11,320,636	47,043,003
13. Prescription drugs .....				
14. Aggregate write-ins for other hospital and medical .....				
15. Incentive pool, withhold adjustments and bonus amounts .....				
16. Subtotal (Lines 9 to 15) .....		345,443,646	273,936,076	1,215,050,847
<b>Less:</b>				
17. Net reinsurance recoveries .....				
18. Total hospital and medical (Lines 16 minus 17) .....		345,443,646	273,936,076	1,215,050,847
19. Non-health claims (net) .....				
20. Claims adjustment expenses, including \$.....16,224,054 cost containment expenses .....		27,920,465	25,088,473	93,657,151
21. General administrative expenses .....		33,743,105	25,871,894	130,639,008
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) .....		407,107,216	324,896,443	1,439,347,006
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X	28,039,114	(31,519,821)	(23,080,454)
25. Net investment income earned .....		773,418	720,354	2,361,224
26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....		63,292	29,889	1,437,527
27. Net investment gains or (losses) (Lines 25 plus 26) .....		836,710	750,243	3,798,751
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	28,875,824	(30,769,578)	(19,281,703)
31. Federal and foreign income taxes incurred .....	X X X	2,199,361	(11,101,132)	2,693,121
32. Net income (loss) (Lines 30 minus 31) .....	X X X	26,676,463	(19,668,446)	(21,974,824)
<b>DETAILS OF WRITE-INS</b>				
0601. ....	X X X			
0602. ....	X X X			
0603. ....	X X X			
0698. Summary of remaining write-ins for Line 6 from overflow page .....	X X X			
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X			
0701. ....	X X X			
0702. ....	X X X			
0703. ....	X X X			
0798. Summary of remaining write-ins for Line 7 from overflow page .....	X X X			
0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	X X X			
1401. Exigency Post-Settlement Activity .....				
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) .....				
2901. ....				
2902. ....				
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page .....				
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....				



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

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>			
33. Capital and surplus prior reporting year .....	104,921,560	86,912,408	86,912,408
34. Net income or (loss) from Line 32 .....	26,676,463	(19,668,446)	(21,974,824)
35. Change in valuation basis of aggregate policy and claim reserves .....			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....	(7,195)	(59,371)	(5,151)
37. Change in net unrealized foreign exchange capital gain or (loss) .....			
38. Change in net deferred income tax .....	(8,344,832)	62,498	9,532,046
39. Change in nonadmitted assets .....	5,840,785	(2,095,955)	(5,542,915)
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 .....		21,000,000	19,000,000
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 .....		1	(4)
48. Net change in capital and surplus (Lines 34 to 47) .....	24,165,221	(761,273)	18,009,152
49. Capital and surplus end of reporting period (Line 33 plus 48) .....	129,086,781	86,151,135	104,921,560
<b>DETAILS OF WRITE-INS</b>			
4701. Rounding .....		1	(4)
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) .....		1	(4)

Report #2A: TennCare Select Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	132,530	132,530	536,631
<b>Estimated Revenues:</b>			
1. TennCare Capitation	86,793,250	86,793,250	390,627,663
2. Investment	-	-	-
3. Other Revenues	-	-	-
<b>4. Total Estimated Revenues (Lines 1 to 3)</b>	<b>86,793,250</b>	<b>86,793,250</b>	<b>390,627,663</b>
<b>Estimated Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
5. Capitated Physician Services	262,862	262,862	1,041,103
6. Fee-for Service Physician Services	9,591,510	9,591,510	43,691,997
7. Inpatient Hospital Services	18,524,506	18,524,506	86,289,390
8. Outpatient Hospital Services	6,729,607	6,729,607	32,993,558
9. Emergency Room Services	1,098,110	1,098,110	4,942,984
10. Dental Services	-	-	347
11. Vision Services	65,210	65,210	298,167
12. Pharmacy Services	-	-	-
13. Home Health Services	22,298,421	22,298,421	105,669,729
14. Chiropractic Services	-	-	-
15. Radiology Services	308,833	308,833	1,462,501
16. Laboratory Services	320,045	320,045	1,540,476
17. Durable Medical Equipment Services	2,729,758	2,729,758	19,560,669
18. Transportation Services	802,474	802,474	4,630,421
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	220,361	220,361	358,061
23. HCBS Services	904	904	437
24. Other Medical and Hospital Services - Write-Ins	947,834	947,834	6,135,008
<b>25. Subtotal Medical and Hospital (Lines 5 to 24)</b>	<b>63,900,435</b>	<b>63,900,435</b>	<b>308,614,848</b>
<b>Mental Health and Substance Abuse Services</b>			
26. Inpatient Psychiatric Facility Services	1,092,623	1,092,623	4,557,683
27. Inpatient Substance Abuse Treatment and Detox	4,661	4,661	43,236
28. Outpatient Mental Health Services	3,971,058	3,971,058	8,551,034
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	1,723,238	1,723,238	10,525,832
31. Specialized Crisis Services	265,283	265,283	1,762,769
32. Psychiatric Rehab and Support Services	847,080	847,080	867,974
33. Case Management	2,187,120	2,187,120	4,194,598
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	20,485	20,485	122,775
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,746,420	1,746,420	7,914,587
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
<b>44. Subtotal MH &amp; SAS (Lines 26 to 43)</b>	<b>11,857,968</b>	<b>11,857,968</b>	<b>38,540,488</b>
<b>45. Subtotal Hospital, Medical, MH&amp;SAS (Lines 25 and 44)</b>	<b>75,758,403</b>	<b>75,758,403</b>	<b>347,155,336</b>
<b>LESS:</b>			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	(948)	(948)	10,766
48. Subrogation and Coordination of Benefits	96,224	96,224	846,543
<b>49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)</b>	<b>95,276</b>	<b>95,276</b>	<b>857,309</b>
<b>50. Total Hospital, Medical, MH&amp;SAS (Lines 45 and 49)</b>	<b>75,663,127</b>	<b>75,663,127</b>	<b>346,298,027</b>
<b>Administration:</b>			
51. Compensation	3,344,409	3,344,409	13,807,207
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	4,773,628	4,773,628	21,476,129
55. Occupancy, Depreciation, and Amortization	273,560	273,560	1,129,375
56. Other Administration - Write-Ins	1,750,360	1,750,360	7,226,256
<b>57. Total Administration Expenses (Lines 51 to 56)</b>	<b>10,141,957</b>	<b>10,141,957</b>	<b>43,638,967</b>
<b>58. Total Expenses (Lines 50 and 57)</b>	<b>85,805,084</b>	<b>85,805,084</b>	<b>389,936,994</b>
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	75,265	75,265	(96,467)
<b>61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)</b>	<b>912,901</b>	<b>912,901</b>	<b>787,136</b>
<b>Write-Ins for Other Expense</b>			
<b>Detail of Other Revenues</b>			
0301.	-	-	-
<b>0399. Total Other Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Detail of Other Medical and Hospital:</b>			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	1,452,668	1,452,668	6,364,879
2202. Out of Area Claims Expense	(3,127)	(3,127)	19,932
2203. Bad Debt Expense	(501,707)	(501,707)	(249,803)
<b>2299. Total Other Medical and Hospital</b>	<b>947,834</b>	<b>947,834</b>	<b>6,135,008</b>
<b>Detail of Other MH &amp; SAS:</b>			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
<b>4199. Total Other MH &amp; SAS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Detail of Other Administration:</b>			
5601. Equipment Rental	621,068	621,068	2,564,039
5602. Outsourced Services	509,579	509,579	2,103,767
5603. Auditing, Actuarial, and Other Consulting	241,081	241,081	995,288
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	208,796	208,796	862,000
5605. Postage/Telephone	118,389	118,389	488,764
5606. Printing and Stationary	51,447	51,447	212,398
<b>5699. Total Other Administration</b>	<b>1,750,360</b>	<b>1,750,360</b>	<b>7,226,256</b>

Report #2A: BlueCare West Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	548,446	548,446	2,224,406
<b>Estimated Revenues:</b>			
1. TennCare Capitation	188,334,353	188,334,353	604,258,424
2. Investment	387,965	387,965	1,710,005
3. Other Revenues	-	-	343,028
4. <b>Total Estimated Revenues (Lines 1 to 3)</b>	188,722,318	188,722,318	606,311,457
<b>Estimated Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
5. Capitated Physician Services	5,020	5,020	21,871
6. Fee-for Service Physician Services	30,974,870	30,974,870	129,694,820
7. Inpatient Hospital Services	26,494,153	26,494,153	112,568,969
8. Outpatient Hospital Services	15,668,064	15,668,064	73,230,219
9. Emergency Room Services	5,657,150	5,657,150	26,791,996
10. Dental Services	3,176	3,176	(8,046)
11. Vision Services	105,070	105,070	472,102
12. Pharmacy Services	-	-	-
13. Home Health Services	5,685,719	5,685,719	24,400,185
14. Chiropractic Services	-	-	-
15. Radiology Services	1,921,049	1,921,049	6,500,919
16. Laboratory Services	2,646,018	2,646,018	9,788,827
17. Durable Medical Equipment Services	1,216,070	1,216,070	8,307,485
18. Transportation Services	3,609,339	3,609,339	15,072,213
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	42,554,246	42,554,246	57,644,081
23. HCBS Services	445,671	445,671	10,041,164
24. Other Medical and Hospital Services - Write-Ins	1,975,836	1,975,836	9,189,814
25. <b>Subtotal Medical and Hospital (Lines 5 to 24)</b>	138,961,451	138,961,451	483,716,619
<b>Mental Health and Substance Abuse Services</b>			
26. Inpatient Psychiatric Facility Services	1,253,359	1,253,359	6,743,006
27. Inpatient Substance Abuse Treatment and Detox	73,305	73,305	249,555
28. Outpatient Mental Health Services	2,108,273	2,108,273	3,990,707
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	517,004	517,004	2,833,824
31. Specialized Crisis Services	768,113	768,113	2,935,223
32. Psychiatric Rehab and Support Services	243,106	243,106	259,942
33. Case Management	2,754,812	2,754,812	9,166,188
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	28,196	28,196	164,912
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,721,742	1,721,742	6,197,984
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. <b>Subtotal MH &amp; SAS (Lines 26 to 43)</b>	9,467,910	9,467,910	32,541,341
45. <b>Subtotal Hospital, Medical, MH&amp;SAS (Lines 25 and 44)</b>	148,429,361	148,429,361	516,257,960
<b>LESS:</b>			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	11,422	11,422	918,980
48. Subrogation and Coordination of Benefits	(1,723)	(1,723)	(54)
49. <b>Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)</b>	9,699	9,699	918,926
50. <b>Total Hospital, Medical, MH&amp;SAS, (Lines 45 and 49)</b>	148,419,662	148,419,662	515,339,034
<b>Administration:</b>			
51. Compensation	10,450,655	10,450,655	39,669,938
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	10,358,389	10,358,389	33,253,080
55. Occupancy, Depreciation, and Amortization	854,822	854,822	3,244,843
56. Other Administration - Write-Ins	5,469,541	5,469,541	20,761,983
57. <b>Total Administration Expenses (Lines 51 to 56)</b>	27,133,407	27,133,407	96,929,844
58. <b>Total Expenses (Lines 50 and 57)</b>	175,553,069	175,553,069	612,268,878
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	1,003,051	1,003,051	832,087
61. <b>Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)</b>	12,166,198	12,166,198	(6,789,508)
<b>Write-Ins for Other Expense</b>			
<b>Detail of Other Revenues</b>			
0301. Pay-for-Performance Bonus	-	-	343,028
0399. Total Other Revenues	-	-	343,028
<b>Detail of Other Medical and Hospital:</b>			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	1,964,743	1,964,743	9,192,939
2202. Bad Debt Expense	11,058	11,058	-
2203. Out of Area Claims Expense	35	35	(3,125)
2299. Total Other Medical and Hospital	1,975,836	1,975,836	9,189,814
<b>Detail of Other MH &amp; SAS:</b>			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
<b>Detail of Other Administration:</b>			
5601. Equipment Rental	1,940,717	1,940,717	7,366,822
5602. Outsourced Services	1,592,337	1,592,337	6,044,396
5603. Auditing, Actuarial, and Other Consulting	753,332	753,332	2,859,594
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	652,447	652,447	2,476,639
5605. Postage/Telephone	369,945	369,945	1,404,285
5606. Printing and Stationary	160,763	160,763	610,247
5699. Total Other Administration	5,469,541	5,469,541	20,761,983

<b>Report #2A: BlueCare East Only</b>			
<b>Member Months</b>	<b>Current Year</b>		<b>Previous Year</b>
	<b>Current Period</b>	<b>Year-to-Date Total</b>	<b>Total</b>
	689,907	689,907	2,801,156
<b>Estimated Revenues:</b>			
1. TennCare Capitation	246,810,297	246,810,297	811,747,843
2. Investment	493,774	493,774	2,174,608
3. Other Revenues	-	-	-
<b>4. Total Estimated Revenues (Lines 1 to 3)</b>	<b>247,304,071</b>	<b>247,304,071</b>	<b>813,922,451</b>
<b>Estimated Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
5. Capitated Physician Services	76,273	76,273	319,822
6. Fee-for Service Physician Services	47,466,462	47,466,462	202,026,046
7. Inpatient Hospital Services	35,952,305	35,952,305	144,074,723
8. Outpatient Hospital Services	16,064,910	16,064,910	83,352,253
9. Emergency Room Services	4,221,365	4,221,365	20,378,475
10. Dental Services	775	775	9,881
11. Vision Services	125,653	125,653	627,515
12. Pharmacy Services	-	-	-
13. Home Health Services	7,397,346	7,397,346	34,001,063
14. Chiropractic Services	-	-	-
15. Radiology Services	1,978,939	1,978,939	9,022,722
16. Laboratory Services	3,143,985	3,143,985	12,384,721
17. Durable Medical Equipment Services	2,776,275	2,776,275	20,377,557
18. Transportation Services	5,063,826	5,063,826	21,754,082
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	56,172,549	56,172,549	76,721,828
23. HCBS Services	702,342	702,342	13,558,495
24. Other Medical and Hospital Services - Write-Ins	2,280,261	2,280,261	9,373,459
<b>25. Subtotal Medical and Hospital (Lines 5 to 24)</b>	<b>183,423,266</b>	<b>183,423,266</b>	<b>647,982,642</b>
<b>Mental Health and Substance Abuse Services</b>			
26. Inpatient Psychiatric Facility Services	1,321,048	1,321,048	7,508,980
27. Inpatient Substance Abuse Treatment and Detox	(39,229)	(39,229)	1,141,770
28. Outpatient Mental Health Services	5,225,168	5,225,168	7,998,041
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	664,384	664,384	6,540,898
31. Specialized Crisis Services	2,259,488	2,259,488	10,531,491
32. Psychiatric Rehab and Support Services	830,677	830,677	301,107
33. Case Management	1,913,346	1,913,346	5,646,137
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	30,511	30,511	340,278
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,421,019	1,421,019	12,245,008
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
<b>44. Subtotal MH &amp; SAS (Lines 26 to 43)</b>	<b>13,626,412</b>	<b>13,626,412</b>	<b>52,253,710</b>
<b>45. Subtotal Hospital, Medical, MH&amp;SAS (Lines 25 and 44)</b>	<b>197,049,678</b>	<b>197,049,678</b>	<b>700,236,352</b>
<b>LESS:</b>			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	29,890	29,890	842,106
48. Subrogation and Coordination of Benefits	(789)	(789)	101
<b>49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)</b>	<b>29,101</b>	<b>29,101</b>	<b>842,207</b>
<b>50. Total Hospital, Medical, MH&amp;SAS, (Lines 45 and 49)</b>	<b>197,020,577</b>	<b>197,020,577</b>	<b>699,394,145</b>
<b>Administration:</b>			
51. Compensation	13,611,769	13,611,769	51,793,691
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	13,574,566	13,574,566	44,646,131
55. Occupancy, Depreciation, and Amortization	1,113,389	1,113,389	4,236,519
56. Other Administration - Write-Ins	7,123,966	7,123,966	27,107,173
<b>57. Total Administration Expenses (Lines 51 to 56)</b>	<b>35,423,690</b>	<b>35,423,690</b>	<b>127,783,514</b>
<b>58. Total Expenses (Lines 50 and 57)</b>	<b>232,444,267</b>	<b>232,444,267</b>	<b>827,177,659</b>
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	1,131,814	1,131,814	1,851,386
<b>61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)</b>	<b>13,727,990</b>	<b>13,727,990</b>	<b>(15,106,594)</b>
<b>Write-Ins for Other Expense</b>			
<b>Detail of Other Revenues</b>			
0301.	-	-	-
<b>0399. Total Other Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Detail of Other Medical and Hospital:</b>			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	2,266,302	2,266,302	9,372,968
2202. Bad Debt Expense	14,074	14,074	-
2203. Out of Area Claims Expense	(115)	(115)	491
<b>2299. Total Other Medical and Hospital</b>	<b>2,280,261</b>	<b>2,280,261</b>	<b>9,373,459</b>
<b>Detail of Other MH &amp; SAS:</b>			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
<b>4199. Total Other MH &amp; SAS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Detail of Other Administration:</b>			
5601. Equipment Rental	2,527,745	2,527,745	9,618,239
5602. Outsourced Services	2,073,987	2,073,987	7,891,660
5603. Auditing, Actuarial, and Other Consulting	981,200	981,200	3,733,532
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	849,798	849,798	3,233,539
5605. Postage/Telephone	481,846	481,846	1,833,456
5606. Printing and Stationary	209,390	209,390	796,747
<b>5699. Total Other Administration</b>	<b>7,123,966</b>	<b>7,123,966</b>	<b>27,107,173</b>

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**CASH FLOW**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance .....	269,573,760	313,046,642	1,550,145,442
2. Net investment income .....	1,293,783	592,417	4,126,216
3. Miscellaneous income .....			
4. Total (Lines 1 to 3) .....	270,867,543	313,639,059	1,554,271,658
5. Benefit and loss related payments .....	328,440,541	275,733,240	1,173,461,605
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
7. Commissions, expenses paid and aggregate write-ins for deductions .....	51,026,931	53,378,501	226,693,522
8. Dividends paid to policyholders .....			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	2,199,361	(11,101,132)	2,693,121
10. Total (Lines 5 through 9) .....	381,666,833	318,010,609	1,402,848,248
11. Net cash from operations (Line 4 minus Line 10) .....	(110,799,290)	(4,371,550)	151,423,410
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	37,961,380	12,310,178	110,385,920
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)
12.7 Miscellaneous proceeds .....	26,149	5,524,857	96,668
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	37,987,529	17,835,035	110,394,432
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	39,464,502	65,879,855	178,824,377
13.2 Stocks .....			
13.3 Mortgage loans .....			
13.4 Real estate .....			
13.5 Other invested assets .....			
13.6 Miscellaneous applications .....			25,056
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	39,464,502	65,879,855	178,849,433
14. Net increase (or decrease) in contract loans and premium notes .....			
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14) .....	(1,476,973)	(48,044,820)	(68,455,001)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....			17,000,000
16.2 Capital and paid in surplus, less treasury stock .....		21,000,000	19,000,000
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) .....	(12,513,156)	35,138,742	75,183,239
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6) .....	(12,513,156)	56,138,742	111,183,239
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(124,789,419)	3,722,372	194,151,648
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year .....	281,543,823	87,392,175	87,392,175
19.2 End of period (Line 18 plus Line 19.1) .....	156,754,404	91,114,547	281,543,823

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

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**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

	1 Total	2 Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		Individual	3 Group							
Total Members at end of:										
1. Prior Year .....	415,198								415,198	
2. First Quarter .....	411,759								411,759	
3. Second Quarter .....										
4. Third Quarter .....										
5. Current Year .....										
6. Current Year Member Months .....	1,238,353								1,238,353	
Total Member Ambulatory Encounters for Period:										
7. Physician .....	1,212,806								1,212,806	
8. Non-Physician .....	105,461								105,461	
9. Total .....	1,318,267								1,318,267	
10. Hospital Patient Days Incurred .....	80,880								80,880	
11. Number of Inpatient Admissions .....	11,840								11,840	
12. Health Premiums Written (a) .....	435,146,330								435,146,330	
13. Life Premiums Direct .....										
14. Property/Casualty Premiums Written .....										
15. Health Premiums Earned .....	435,146,330								435,146,330	
16. Property/Casualty Premiums Earned .....										
17. Amount Paid for Provision of Health Care Services .....	328,440,541								328,440,541	
18. Amount Incurred for Provision of Health Care Services .....	345,443,646								345,443,646	

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

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

## Aging Analysis of Unpaid Claims

	1	2	3	4	5	6	7
	Account	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 days	Over 120 Days	Total
0199999	Individually Listed Claims Unpaid						
0299999	Aggregate Accounts Not Individually Listed - Uncovered						
0399999	Aggregate Accounts Not Individually Listed - Covered	27,278,402	787,418	56,244			28,122,064
0499999	Subtotals	27,278,402	787,418	56,244			28,122,064
0599999	Unreported claims and other claim reserves						172,749,824
0699999	Total Amounts Withheld						
0799999	Total Claims Unpaid						200,871,888
0899999	Accrued Medical Incentive Pool And Bonus Amounts						1,685,192

**UNDERWRITING AND INVESTMENT EXHIBIT**

## ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1+3)	6  Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid Dec 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital & medical) .....						
2. Medicare Supplement .....						
3. Dental only .....						
4. Vision only .....						
5. Federal Employees Health Benefits Plan .....						
6. Title XVIII - Medicare .....						
7. Title XIX - Medicaid .....	132,799,596	196,280,935	37,772,913	163,098,975	170,572,509	184,368,783
8. Other health .....						
9. Health subtotal (Lines 1 to 8) .....	132,799,596	196,280,935	37,772,913	163,098,975	170,572,509	184,368,783
10. Healthcare receivables (a) .....	258,266	381,724			258,266	
11. Other non-health .....						
12. Medical incentive pools and bonus amounts .....			1,185,192		1,185,192	1,185,192
13. Totals (Lines 9 - 10 + 11 + 12) .....	132,541,330	196,899,211	38,958,105	163,598,975	171,499,435	185,553,975

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

## Notes to Financial Statement

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

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

The TDCI recognizes only statutory accounting practices prescribed or permitted by the State of Tennessee for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the State of Tennessee's insurance law. The National Association of Insurance Commissioner's Accounting Practices and Procedures Manual (NAIC AP&P) has been adopted as a component of prescribed or permitted practices by the State of Tennessee. The Commissioner of Insurance has the right to permit specific practices that deviate from prescribed practices.

The TDCI, TennCare Division, allows a prescribed practice of admitting the most current 90 days of health care receivables (per Tennessee Code Annotated §56-32-212 (a) 5D). This prescribed practice differs from the NAIC's AP&P, which requires non-admission of health care receivables related to claim overpayments.

At the request of the TDCI, TennCare Division, the Company does not report the receivables and associated payables to the State of Tennessee for ASO premium taxes. The rationale behind the exclusion of these assets and liabilities is that they have no economic effect on the Company. The exclusion of premium taxes for ASO plans became effective in 2003.

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

NET INCOME	State of Domicile	March 31, 2011	December 31, 2010
(1) Net Income (Loss) State Statutory Basis	TN	\$ 26,676,463	\$ (21,974,824)
(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 Income (Loss) NAIC Statutory Basis	TN	\$ 26,676,463	\$ (21,974,824)
SURPLUS			
(5) Surplus State Statutory Basis	TN	\$ 129,086,781	\$ 104,921,560
(6) State Prescribed Practices that increase (decrease) NAIC SAP:			
Admission of Health Care Receivables < 91 Days	TN	0	(14,553,687)
(7) Tennessee Permitted Practices that increase (decrease) NAIC SAP	TN	0	0
(8) Surplus NAIC Statutory Basis	TN	\$ 129,086,781	\$ 90,367,873

### 5. Investments

#### D. Loan-Backed Securities

- (1) Prepayment assumptions are consistent with current market and economic conditions and were obtained from Bloomberg, bond portfolio managers and custodians. Fair values are obtained from custodians using actual market quotes if available or matrix pricing of securities with similar terms.
- (2) The amount of other-than-temporary-impairments (OTTI) recognized on loan-backed securities during the three months ended March 31, 2011, is as follows:

	Amortized Cost Basis Before OTTI	OTTI Recognized in Loss	Fair Value
OTTI recognized 1 <sup>st</sup> 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 1 <sup>st</sup> Quarter	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

## Notes to Financial Statement

- (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 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 March 31, 2011 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	\$ 10,677,989	\$ 0	\$ 10,677,989
Fair Value	10,631,764	0	10,631,764
Unrealized Loss	\$ 46,225	\$ 0	\$ 46,225

- (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.

### 9. Income Taxes

A. The components of the net DTA recognized in the Company's balance sheet as of March 31, 2011 are:

	Ordinary	Capital	Total
Total of gross DTA, admitted and nonadmitted	\$ 6,157,715	\$ 31,047	\$ 6,188,762
Statutory valuation allowance	-	-	-
Adjusted gross DTA, admitted and nonadmitted	\$ 6,157,715	\$ 31,047	\$ 6,188,762
Total DTL	-	-	-
Net DTA before admissibility test	\$ 6,157,715	\$ 31,047	\$ 6,188,762

The amount of admitted adjusted gross DTA under each component of SSAP No. 10R as of March 31, 2011 is:

	Ordinary	Capital	Total
Admitted pursuant to paragraph 10(a)	\$ 4,865,243	\$ 31,047	\$ 4,896,290
Admitted pursuant to paragraph 10(b)	270,028	-	270,028
Admitted pursuant to paragraph 10(c)	-	-	-
Total Admitted DTA	\$ 5,135,271	\$ 31,047	\$ 5,166,318
Total DTL	-	-	-
Net admitted DTA	\$ 5,135,271	\$ 31,047	\$ 5,166,318
Nonadmitted DTA	\$ 1,022,444	\$ -	\$ 1,022,444

The components of the net DTA recognized in the Company's balance sheet as of December 31, 2010 are:

	Ordinary	Capital	Total
Total of gross DTA, admitted and nonadmitted	\$ 14,502,547	\$ 31,047	\$ 14,533,594
Statutory valuation allowance	-	-	-
Adjusted gross DTA, admitted and nonadmitted	14,502,547	31,047	14,533,594
Total DTL	-	-	-
Net DTA before admissibility test	\$ 14,502,547	\$ 31,047	\$ 14,533,594

## Notes to Financial Statement

The amount of admitted adjusted gross DTA under each component of SSAP No. 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 DTA	<u>8,206,480</u>	<u>-</u>	<u>8,206,480</u>
Total DTL	-	-	-
Net admitted DTA	<u>\$ 8,206,480</u>	<u>\$ -</u>	<u>\$ 8,206,480</u>
Nonadmitted DTA	<u>\$ 6,296,067</u>	<u>\$ 31,047</u>	<u>\$ 6,327,114</u>

The changes during 2011 in the components of the net DTA recognized in the Company's balance sheet are:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Total of gross DTA, admitted and nonadmitted	\$ (8,344,832)	\$ -	\$ (8,344,832)
Statutory valuation allowance	-	-	-
Adjusted gross DTA, admitted and nonadmitted	<u>\$ (8,344,832)</u>	<u>\$ -</u>	<u>\$ (8,344,832)</u>
Total DTL	-	-	-
Net DTA before admissibility test	<u>\$ (8,344,832)</u>	<u>\$ -</u>	<u>\$ (8,344,832)</u>

The changes during 2011 in the amount of admitted adjusted gross DTA under each component of SSAP No. 10R are:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Admitted pursuant to paragraph 10(a)	\$ 4,865,243	\$ 31,047	\$ 4,896,290
Admitted pursuant to paragraph 10(b)	(7,936,452)	-	(7,936,452)
Admitted pursuant to paragraph 10(c)	-	-	-
Total Admitted DTA	<u>(3,071,209)</u>	<u>31,047</u>	<u>(3,040,162)</u>
Total DTL	-	-	-
Net admitted DTA	<u>\$ (3,071,209)</u>	<u>\$ 31,047</u>	<u>\$ (3,040,162)</u>
Nonadmitted DTA	<u>\$ (5,273,623)</u>	<u>\$ (31,047)</u>	<u>\$ (5,304,670)</u>

The Company did not qualify to elect to admit the increased amount of DTA under SSAP No. 10R in 2011 or 2010.

C. The provisions for incurred income taxes on earnings for the periods ended March 31, 2011 and December 31, 2010 are:

	<u>March 31, 2011</u>	<u>December 31, 2010</u>
Federal	\$ 2,199,361	\$ 2,693,121
Foreign	-	-
	<u>2,199,361</u>	<u>2,693,121</u>
Federal income tax on capital gains	-	-
Utilization of capital loss carryforwards	-	-
Federal and foreign income taxes incurred	<u>\$ 2,199,361</u>	<u>\$ 2,693,121</u>

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

	<u>March 31, 2011</u>	<u>December 31, 2010</u>	<u>Change</u>
Adjusted gross DTAs, admitted and nonadmitted	\$ 6,188,762	\$ 14,533,594	\$ (8,344,832)
Total DTLs	-	-	-
Adjusted gross DTAs, less DTLs	<u>\$ 6,188,762</u>	<u>\$ 14,533,594</u>	<u>\$ (8,344,832)</u>
Tax effect of nonadmitted assets			437,655
Change in net deferred income tax			<u>\$ (7,907,177)</u>

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

	<u>March 31, 2011</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$ 10,106,538	35.0%
Change in net deferred income taxes	(7,907,177)	(27.4%)
Federal and foreign income taxes incurred	<u>\$ 2,199,361</u>	<u>7.6%</u>



## Notes to Financial Statement

### 10. Information Concerning Parent, Subsidiaries and Affiliates

- A. The Company is a wholly owned subsidiary of Southern Diversified Business Services, Inc. (SDBS), which is a wholly owned subsidiary of BlueCross BlueShield of Tennessee, Inc. (BCBST or the Parent).

The members of BCBST's holding company group have not changed since December 31, 2010 (see Schedule Y on page Q15).

BCBST transferred \$450,000 during the first three months of 2011 and \$79,000,000 in 2010 to SDBS (SDBS) as additional capital contributions. The capital contributions for 2010 were passed through SDBS to VSHP.

- C. The Company has administrative service contracts under which BCBST provides certain administrative services to the Company and the Company provides certain services to BCBST. The Company reimburses BCBST for both direct and allocated expenses paid by BCBST on behalf of the Company and BCBST reimburses the Company for both direct and allocated expenses incurred by the Company on behalf of BCBST. Net amounts transferred between BCBST and the Company for the three months ended March 31 were \$45,062,756 and \$16,301,912 in 2011 and 2010, respectively.

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

- 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 sheets. 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 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. The contract will end April 15, 2011.

The gain from operations from ASO plans and the uninsured portion of partially insured plans were as follows during 2011:

	(1)	(2)	(3)
	ASO Uninsured Plans	Uninsured Portion of Partially - Insured Plans	Total ASO Plans
a. Net reimbursement for administrative expenses (including administrative fees)			
in excess of actual expenses	\$ 893,526	0	\$ 893,526
b. Total net other income or (expenses) (including interest paid to or received from plans)	(1,950)	0	(1,950)
c. Net gain from operations	\$ 891,576	0	\$ 891,576
d. Total claims payment volume	\$ 74,311,661	0	\$ 74,311,661

### 20. Fair Value Measurement

The Company holds only investment grade bonds in its investment portfolio, which are reported at amortized cost. Due to this, the Company is not required under SSAP 100 to categorize its assets within the fair value hierarchy. At March 31, 2011, the Company held commercial mortgage-backed securities with a fair value of \$5,632,541 and an average credit rating of AA. At March 31, 2011, the Company held asset-backed securities with a fair value of \$12,746,453 and an average credit rating of AA. The Company has no financial liabilities, preferred equity securities, mutual fund investments, hybrid securities, mortgage loans, non-agency residential mortgage-backed securities or auction rate securities at March 31, 2011.

**Notes to Financial Statement**21. **Other Items**

## C Other Disclosures

- 1) As of March 31, 2011, assets in the amount of \$35,101,172 were on deposit with government authorities or trustees. This amount exceeds the deposit amount required by the State of Tennessee of \$34,651,682.
- (1) Expenses are shown on the Statement of Revenue and Expenses net of administrative fees from ASO contracts. The increase in claims adjustment and general administrative expense in the three months ended March 31, 2011 compared to the same period in the prior year was primarily attributable to the addition of the Choices and Select Community programs, which began August 8, 2010 and June 1, 2010, respectively. The following provides a comparison of expense excluding ASO administrative fees and premium tax.

<u>Line#</u>	<u>Administrative Expenses:</u>	<u>March 31, 2011</u>	<u>March 31, 2010</u>	<u>% Change</u>
20	Claims adjustment expense	\$27,920,465	\$25,088,473	
21	General administrative expense	33,743,105	25,871,893	
	Total Expense	61,663,570	50,960,366	
	Less: ASO administrative fees	11,315,152	10,977,964	
	Less: Premium tax	(28,628,183)	(21,865,511)	
	Expenses before ASO admin fees and excluding premium tax	\$44,350,539	\$40,072,819	11%

22. **Events Subsequent**

## Type I – Recognized Subsequent Events:

Subsequent events have been considered through May 11, 2011 for the statutory statement issued on May 16, 2011. The Company has no required disclosures of Type I events (SSAP No. 9).

## Type II – Non-recognized Subsequent Events:

Subsequent events have been considered through May 11, 2011 for the statutory statement issued on May 16, 2011. As noted on Supplemental Exhibit 2 – Accident and Health Premiums Due and Unpaid, the State of Tennessee withheld \$31.9 million in premiums due as of March 31, 2011. Subsequent to March 31, 2011 through May 11, 2011, the State of Tennessee withheld an additional \$18.5 million, bringing the total withhold to \$50.4 million. The Company has no other required disclosures of Type II events (SSAP No. 9).

25. **Change in Incurred Claims and Claim Adjustment Expenses**

As of December 31, 2010, a reserve for unpaid insured claims and claim adjustment expenses, net of gross healthcare receivables, amounted to \$195,267,831. Through March 31, 2011, \$140,376,574 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 2010 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 \$14,054,540. The reserve remaining for prior year was \$40,836,717 as of March 31, 2011.

**Other Notes**

There have been no significant changes during the first three months of 2011 in notes not presented herein.

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# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes[ ] No[X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes[ ] No[ ] N/A[X]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[X] No[ ]
- 2.2 If yes, date of change: 03/15/2011
3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes[ ] No[X]  
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes[ ] No[X] N/A[ ]  
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2008
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 02/23/2011
- 6.4 By what department or departments?  
Tennessee Department of Commerce and Insurance
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes[ ] No[ ] N/A[X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[ ] N/A[ ]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[ ] No[X]
- 7.2 If yes, give full information
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

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

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes[X] No[ ]  
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended? Yes[ ] No[X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[ ] No[X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

### FINANCIAL

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

### INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes[ ] No[X]
- 11.2 If yes, give full and complete information relating thereto:
12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ ..... 0
13. Amount of real estate and mortgages held in short-term investments: \$ ..... 0
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes[ ] No[X]
- 14.2 If yes, please complete the following:

## GENERAL INTERROGATORIES (Continued)

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

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

Yes[ ] No[X]

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

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

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[ ]

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

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

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

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

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

Yes[ ] No[X]

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

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

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

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

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

Yes[X] No[ ]

17.2 If no, list exceptions:

## GENERAL INTERROGATORIES

### PART 2 - HEALTH

1. Operating Percentages:	
1.1 A&H loss percent	..... 83.100%
1.2 A&H cost containment percent	..... 3.700%
1.3 A&H expense percent excluding cost containment expenses	..... 10.400%
2.1 Do you act as a custodian for health savings accounts?	Yes[ ] No[X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.	\$..... 0
2.3 Do you act as an administrator for health savings accounts?	Yes[ ] No[X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date.	\$..... 0



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

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

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS****Current Year to Date - Allocated by States and Territories**

State, Etc.	1 Active Status	Direct Business Only							
		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
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			435,146,330				435,146,330	
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 Mariana Islands (MP)	N								
57. Canada (CN)	N								
58. Aggregate other alien (OT)	XXX								
59. Subtotal	XXX			435,146,330				435,146,330	
60. Reporting entity contributions for Employee Benefit Plans	XXX								
61. Total (Direct Business)	(a) 1			435,146,330				435,146,330	
<b>DETAILS OF WRITE-INS</b>									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX								

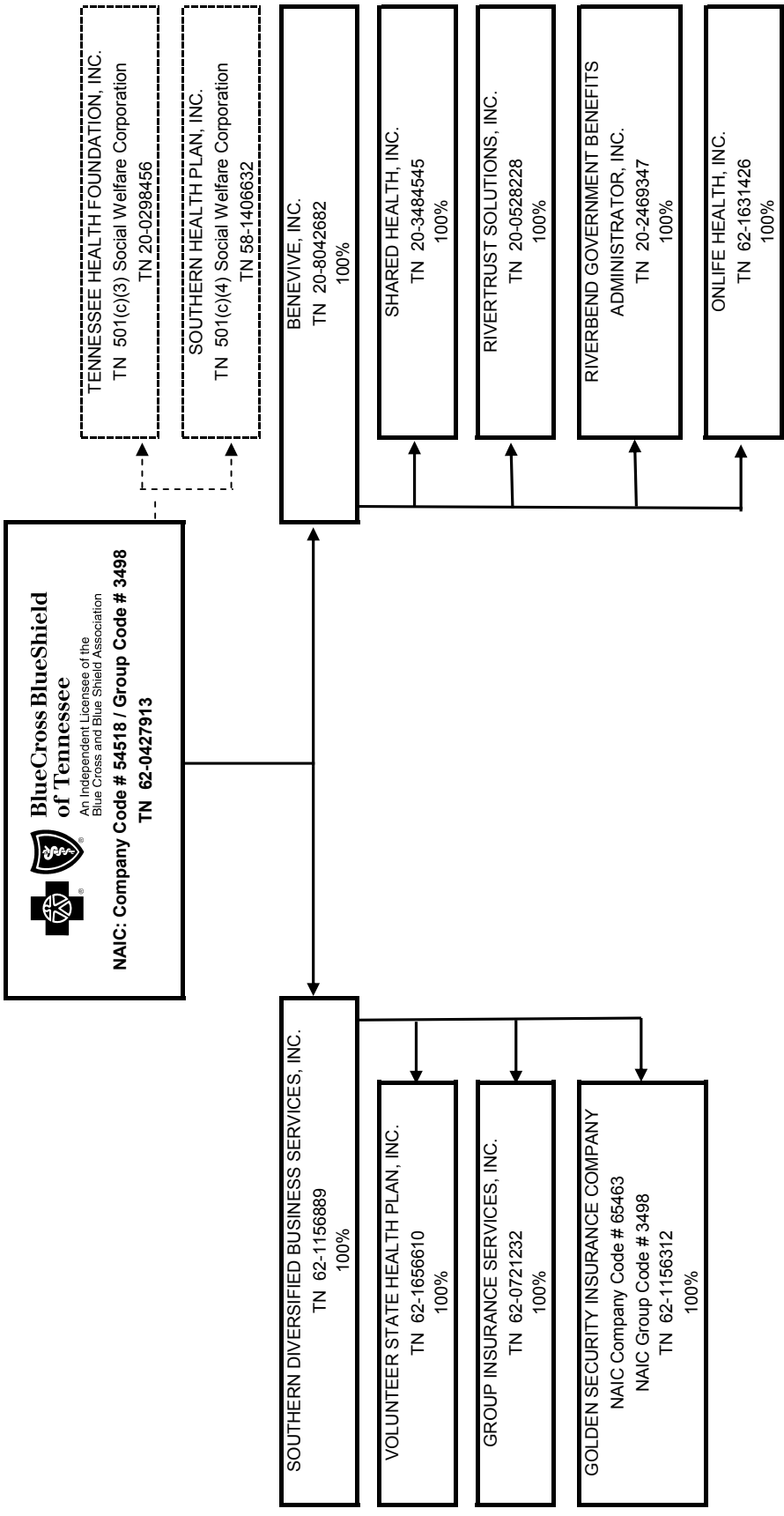
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

## MEMBERS OF A HOLDING COMPANY GROUP

### PART 1 - ORGANIZATIONAL CHART



## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

**RESPONSE**

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

No

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



14046201136500001

2011

Document Code: 365

**OVERFLOW PAGE FOR WRITE-INS**

**LIABILITIES, CAPITAL AND SURPLUS**

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

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

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
4704. ....			
4705. ....			
4706. ....			
4707. ....			
4708. ....			
4709. ....			
4710. ....			
4711. ....			
4712. ....			
4713. ....			
4714. ....			
4715. ....			
4716. ....			
4717. ....			
4718. ....			
4797. Summary of remaining write-ins for Line 47 (Lines 4704 through 4796) .....			

**SCHEDULE A - VERIFICATION****Real Estate**

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

**NONE****SCHEDULE B - VERIFICATION****Mortgage Loans**

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

**NONE****SCHEDULE BA - VERIFICATION****Other Long-Term Invested Assets**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		
2.2 Additional investment made after acquisition .....		
3. Capitalized deferred interest and other .....		
4. Accrual of discount .....		
5. Unrealized valuation increase (decrease) .....		
6. Total gain (loss) on disposals .....		
7. Deduct amounts received on disposals .....		
8. Deduct amortization of premium and depreciation .....		
9. Total foreign exchange change in book/adjusted carrying value .....		
10. Deduct current year's other than temporary impairment recognized .....		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) .....		
12. Deduct total nonadmitted amounts .....		
13. Statement value at end of current period (Line 11 minus Line 12) .....		

**NONE****SCHEDULE D - VERIFICATION****Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	160,847,485	93,191,585
2. Cost of bonds and stocks acquired .....	39,464,502	178,824,377
3. Accrual of discount .....	8,980	41,434
4. Unrealized valuation increase (decrease) .....	(9,677)	(7,964)
5. Total gain (loss) on disposals .....	63,254	1,525,683
6. Deduct consideration for bonds and stocks disposed of .....	37,961,380	110,385,920
7. Deduct amortization of premium .....	504,280	2,253,006
8. Total foreign exchange change in book/adjusted carrying value .....		
9. Deduct current year's other than temporary impairment recognized .....		88,704
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	161,908,884	160,847,485
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....	161,908,884	160,847,485

## SCHEDULE D - PART 1B

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

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a) .....	438,414,874	328,736,328	464,924,371	(505,251)	301,721,580			438,414,874
2. Class 2 (a) .....								
3. Class 3 (a) .....								
4. Class 4 (a) .....								
5. Class 5 (a) .....								
6. Class 6 (a) .....								
7. Total Bonds .....	438,414,874	328,736,328	464,924,371	(505,251)	301,721,580			438,414,874
<b>PREFERRED STOCK</b>								
8. Class 1 .....								
9. Class 2 .....								
10. Class 3 .....								
11. Class 4 .....								
12. Class 5 .....								
13. Class 6 .....								
14. Total Preferred Stock .....								
15. Total Bonds & Preferred Stock .....	438,414,874	328,736,328	464,924,371	(505,251)	301,721,580			438,414,874

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

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

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals .....	139,812,696	X X X	139,812,696	16,366	

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

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	277,567,425	80,553,492
2. Cost of short-term investments acquired .....	289,271,826	531,222,171
3. Accrual of discount .....		
4. Unrealized valuation increase (decrease) .....		
5. Total gain (loss) on disposals .....		599
6. Deduct consideration received on disposals .....	427,026,283	334,189,683
7. Deduct amortization of premium .....	272	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) .....	139,812,696	277,567,425
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....	139,812,696	277,567,425



## SCHEDULE DB - PART A - VERIFICATION

### Options, Caps, Floors, Collars, Swaps and Forwards

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

NONE

## SCHEDULE DB - PART B - VERIFICATION

### Futures Contracts

1.	Book/Adjusted Carrying Value, December 31 of prior year .....				
2.	Net Cash Deposits (Section 1, Broker Name/Net Cash Deposits Footnote) .....				
3.1	Change in variation margin on open contracts .....				
3.2	Add:				
	Change in adjustment to basis of hedged item				
	3.21 Section 1, Column 17, current year minus .....				
	3.22 Section 1, Column 17, prior year .....				
	Change in amount recognized				
	3.23 Section 1, Column 16, current year 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 .....				
	4.22 Amount recognized .....				
4.3	Subtotal (Line 4.1 minus Line 4.2) .....				
5.	Dispositions gains (losses) on contracts terminated in prior year:				
	5.1 Recognized .....				
	5.2 Used to adjust basis of hedged items .....				
6.	Book Adjusted Carrying Value at end of current period (Lines 1 + 2 + 3.3 - 4.3 - 5.1 - 5.2) .....				
7.	Deduct total nonadmitted amounts .....				
8.	Statement value at end of current period (Line 6 minus Line 7) .....				

NONE

**SCHEDULE DB - PART C - SECTION 1**  
**Replication (Synthetic Asset) Transactions Open as of Current Statement Date**

1	Replication (Synthetic Asset) Transactions							Components of the Replication (Synthetic Asset) Transactions							
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Number	Description	NAIC Designation or Other Description	Notional Amount	Book/Adjusted Carrying Value	Fair Value	Effective Date	Maturity Date	Description	Book/Adjusted Carrying Value	Fair Value	CUSIP	Description	NAIC Designation or Other Description	Book/Adjusted Carrying Value	Fair Value
						<b>XXX</b>	<b>XXX</b>	<b>XXX</b>			<b>XXX</b>		<b>XXX</b>		
9999999	Totals					<b>XXX</b>	<b>XXX</b>	<b>XXX</b>			<b>XXX</b>		<b>XXX</b>		

**NONE**

## 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										
3. 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										
6. Statement Value	X X X		X X X		X X X		X X X		X X X	
7. Ending Inventory										

NONE

**SCHEDULE DB - VERIFICATION****Verification of Book/Adjusted Carrying Value, Fair Value and Potential Exposure of all Open Derivative Contracts**

		Book/Adjusted Carrying Value Check	
1.	Part A, Section 1, Column 14 .....		
2.	Part B, Section 1, Column 14 .....		
3.	Total (Line 1 plus Line 2) .....		
4.	Part , Column 5 .....		
5.	Part D, Column 6 .....		
6.	Total (Line 3 minus Line 4 minus Line 5) .....		

		Fair Value Check	
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) .....		

**NONE**

		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**  
(Cash Equivalents)

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year .....	.....	.....
2.	Cost of cash equivalents acquired .....	.....	1,999,527
3.	Accrual of discount .....	.....	.....
4.	Unrealized valuation increase (decrease) .....	.....	.....
5.	Total gain (loss) on disposals .....	.....	(52)
6.	Deduct consideration received on disposals .....	.....	1,999,475
7.	Deduct amortization of premium .....	.....	.....
8.	Total foreign exchange change in book/adjusted carrying value .....	.....	.....
9.	Deduct current year's other than temporary impairment recognized .....	.....	.....
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	.....	.....
11.	Deduct total nonadmitted amounts .....	.....	.....
12.	Statement value at end of current period (Line 10 minus Line 11) .....	.....	.....

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

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	2 City	3 State						
<b>NONE</b>								
0399999 Totals .....								

**SCHEDULE A - PART 3**  
**Showing All Real Estate DISPOSED During the Final Year on "Sales Under Contract"**

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

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

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

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

1 Loan Number	2 Location		4 Loan Type	5 Date Acquired	6 Disposal Date	7 Book Value/Recorded Investment Excluding Accrued Interest Prior Year	Change in Book Value/Recorded Investment					13 Total Foreign Exchange Change in Book Value	14 Book Value/Recorded Investment Excluding Accrued Interest on Disposal	15 Consideration	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal
	3 City	3 State					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)						
<b>NONE</b>																	
0599999 Totals .....																	

## SCHEDULE BA - PART 2

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

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

## SCHEDULE BA - PART 3

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

1 CUSIP Identification	2 Name or Description	Location		3 City	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	Change in Book/Adjusted Carrying Value										
										9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B./A.C.V. (9 + 10 - 11 + 12)	14 Total Foreign Exchange Change in B./A.C.V.	15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal
<b>NONE</b>																				
4199999 TOTALS .....																				



**SCHEDULE D - PART 3**  
Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Governments</b>									
912828NQ9	U S TREASURY NOTE		03/30/2011	Citigroup GBL	X X X	4,008,138	4,000,000.00	4,075	1
912828PZ7	U S TREASURY NOTE		03/28/2011	VARIOUS	X X X	4,001,156	4,000,000.00	2,047	1
912828QL7	UNITED STATES TREAS NT		03/28/2011	Goldman Sachs NY	X X X	2,996,864	3,000,000.00		1
0599999	Subtotal - Bonds - U.S. Governments				X X X	11,006,158	11,000,000.00	6,122	X X X
<b>Bonds - U.S. Special Revenue, Special Assessment</b>									
38374J6Y7	GNMA GTD REMIC P/T 04-103 CD		02/09/2011	Credit Suisse	X X X	1,311,328	1,250,000.00	2,204	1
3199999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				X X X	1,311,328	1,250,000.00	2,204	X X X
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>									
05947UXN3	BANC OF AMERICA COMMERCIA 5 A3		01/13/2011	BANK OF AMERICA	X X X	709,844	700,000.00	1,596	1Z*
060505BM5	BANK AMER CORP NT		01/24/2011	UBS Secs	X X X	482,117	450,000.00	2,822	1FE
06051GDY2	BANK OF AMERICA CORP		02/02/2011	VARIOUS	X X X	707,248	625,000.00	8,205	1FE
06051GEB1	BANK OF AMERICA CORP		02/01/2011	MLPFS INC/Fixed Income	X X X	156,123	150,000.00	2,306	1FE
06051GED7	BANK OF AMERICA CORP		01/21/2011	Montgomery Secs	X X X	310,381	310,000.00	4,970	1FE
06051GEF2	BANK OF AMERICA CORP		01/26/2011	Deutsche Bank Secs	X X X	1,000,000	1,000,000.00		1FE
06739FFZ9	BARCLAYS BANK PLC		02/01/2011	Barclays Capital	X X X	352,745	325,000.00	1,127	1FE
084664BR1	BERKSHIRE HATHAWAY FIN		01/03/2011	Goldman Sachs NY	X X X	398,928	400,000.00		1FE
172967EY3	CITIGROUP INC		01/21/2011	BNP Paribas Securities	X X X	278,783	250,000.00	7,260	1FE
172967EZ0	CITIGROUP INC		02/03/2011	Goldman Sachs NY	X X X	946,654	875,000.00	15,106	1FE
172967FLO	CITIGROUP INC		01/06/2011	Citigroup GBL	X X X	525,000	525,000.00		1FE
172967EU1	CITIGROUP INC GLOBAL SR NT		01/10/2011	VARIOUS	X X X	689,144	625,000.00	16,115	1FE
263534CH0	EI DU PONT DE NEWMOURS & CO		03/22/2011	JPMorgan Securities Inc,	X X X	930,000	930,000.00	3,857	1FE
313371PE0	FEDERAL HOME LN BK CONS BD		03/28/2011	Barclays Cap	X X X	1,307,378	1,325,000.00	2,903	1FE
38141GDK7	GOLDMAN SACHS GROUP		01/06/2011	BNP Paribas Securities	X X X	132,956	125,000.00	8,741	1FE
38141EA74	GOLDMAN SACHS GROUP INC		01/05/2011	J P Morgan Secs	X X X	530,308	525,000.00	1,159	1FE
38143UAB7	GOLDMAN SACHS GROUP INC SR NT		01/19/2011	Citigroup GBL	X X X	979,794	900,000.00	3,422	1FE
38141GCM4	GOLDMAN SACHS GROUP INC/THE		01/13/2011	UBS Secs	X X X	384,815	350,000.00	2,472	1FE
38141GDQ4	GOLDMAN SACHS GROUP INC/THE		02/03/2011	BNP Paribas Securities	X X X	161,951	150,000.00	617	1FE
41283KAD9	HARLEY-DAVIDSON MOTORCYCL 1 A4		02/02/2011	Wells Fargo Securities LL	X X X	658,763	660,000.00	611	1Z*
46625MTX7	JP MORGAN CHASE COMMERCIAL C1 A2		03/03/2011	JMP Securities	X X X	661,500	630,000.00	3,423	1FE
46625HHN3	JP MORGAN CHASE & CO		01/19/2011	U S Bancorp	X X X	536,790	500,000.00	75,783	1FE
55608JAA6	MACQUARIE GROUP LTD		01/19/2011	VARIOUS	X X X	2,410,378	2,175,000.00	13,787	1FE
57629WBH2	MASSMUTUAL GLOBAL FUNDIN		02/11/2011	J P Morgan Secs	X X X	1,138,489	1,100,000.00	974	1Z*
580645AD1	MCGRAW-HILL COS INC/THE		01/24/2011	Montgomery Secs	X X X	604,724	570,000.00	519	1FE
59022HCP5	MERRILL LYNCH MORTGAGE KEY1 A3		01/13/2011	VENDOR CODE AMM NOT IN TA	X X X	413,103	398,171.20	11,696	1FE
61747WAD1	MORGAN STANLEY		02/03/2011	VARIOUS	X X X	1,149,363	1,150,000.00	6,555	1FE
61747YGF0	MORGAN STANLEY		01/13/2011	VARIOUS	X X X	1,276,956	1,175,000.00	7,089	1FE
617446HR3	MORGAN STANLEY GLOBAL NT		01/12/2011	BNP Paribas Securities	X X X	348,241	325,000.00	4,594	1FE
61980AAA1	MOTIVA ENTERPRISES SR NT 144A		02/11/2011	JPMorgan Securities Inc,	X X X	345,534	325,000.00	2,656	1FE
7425A0A59	PRINCIPAL LIFE GLOBAL MTN 144A		03/15/2011	Sterne Agee	X X X	536,335	500,000.00		1FE
743315AK9	PROGRESSIVE CORP/THE		01/20/2011	Wells Fargo Secs	X X X	1,581,435	1,500,000.00		1FE
80705TAA4	SCHOLAR FUNDING TRUST 2011-A A		03/22/2011	JPMorgan Securities Inc,	X X X	637,172	650,000.00		1FE
883556AW2	THERMO FISHER SCIENTIFIC		02/14/2011	JPMorgan Securities Inc,	X X X	719,791	720,000.00		1FE
89153UAB7	TOTAL CAPITAL CANADA LTD		01/21/2011	First Boston Corp	X X X	848,266	850,000.00		1FE
92343VBA1	VERIZON COMMUNICATIONS		03/23/2011	Goldman Sachs NY	X X X	1,023,637	1,025,000.00		1FE

**SCHEDULE D - PART 3**

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
959802AN9	WESTERN UNION CO/THE		03/02/2011	Morgan Stanley	X X X	1,000,000	1,000,000.00		1FE
983024AA8	WYETH INT		02/17/2011	Goldman Sachs NY	X X X	272,375	250,000.00	6,035	1FE
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	27,147,021	26,043,171.20	219,834	X X X
8399997	Subtotal - Bonds - Part 3				X X X	39,464,507	38,293,171.20	228,160	X X X
8399998	Summary Item from Part 5 for Bonds (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
8399999	Subtotal - Bonds				X X X	39,464,507	38,293,171.20	228,160	X X X
8999998	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
9799998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
9899999	Subtotal - Preferred and Common Stocks				X X X	X X X	X X X	X X X	X X X
9999999	Total - Bonds, Preferred and Common Stocks				X X X	39,464,507	X X X	228,160	X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0.

## SCHEDULE D - PART 4

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

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	11 Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Designation or Market Indicator (e)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B./A.C.V.							
<b>Bonds - U.S. Governments</b>																					
912828N6	U.S. TREASURY NOTE		01/20/2011	Goldman Sachs NY	X X X	2,009,915	2,000,000.00	2,006,882	2,006,809	(138)				2,006,672		3,243	3,243	10,331	07/15/2013	IFE	
912828P0	U.S. TREASURY NOTE		01/21/2011	Goldman Sachs NY	X X X	1,976,243	2,000,000.00	1,998,679	1,998,745	25			1,998,769		(22,526)	(22,526)	2,775	10/15/2013	IFE		
912828P8	U.S. TREASURY NOTE		01/07/2011	Morgan Stanley	X X X	1,643,070	1,660,000.00	1,644,702	1,644,936	83			1,645,019		(1,949)	(1,949)	889	12/15/2013	IFE		
912828P6	UNITED STATES TREASURY NOTE BO		02/04/2011	Salomon Brothers	X X X	2,961,057	2,970,000.00	2,962,585	2,962,760	351			2,963,112		(2,055)	(2,055)	2,815	11/30/2012	IFE		
0595999	Subtotal - Bonds - U.S. Governments				X X X	8,590,285	8,630,000.00	8,612,848	8,613,250	321			8,613,572		(23,287)	(23,287)	16,810	X X X	X X X		
<b>Bonds - U.S. Special Revenue, Special Assessment</b>																					
31331GJ6	FEDERAL FARM CR BKS CONS SYS		01/12/2011	MATURITY	X X X	200,000	200,000.00	200,006	200,000				200,000				1,600	01/12/2011	IFE		
31339AD3	FEDERAL NATL MTG ASSN		01/25/2011	CALLLED @ 100,000,000.00	X X X	1,540,000	1,540,000.00	1,551,350	1,540,869	(869)			1,540,000				16,363	01/25/2013	IFE		
31398AH70	FEDERAL NATL MTG ASSN		03/15/2011	CALLLED @ 100,000,000.00	X X X	1,250,000	1,250,000.00	1,250,000	1,250,000				1,250,000				11,250	03/15/2013	IFE		
31398AK35	FEDERAL NATL MTG ASSN		03/25/2011	CALLLED @ 100,000,000.00	X X X	1,200,000	1,200,000.00	1,197,960	1,198,484	158			1,198,622		1,378	1,378	11,100	03/25/2013	IFE		
31342A519	FHLMC POOL #78.0653		03/15/2011	PRINCIPAL RECEIPT	X X X	9,135	9,135.11	9,432	9,435	(290)			9,135				76	09/01/2033	IFE		
31339A1663	FHLMC MULTICLASS CTF5 2802 VE		03/15/2011	PRINCIPAL RECEIPT	X X X	12,242	12,241.87	13,011	12,888	(626)			12,242				300	04/15/2013	IFE		
31339RRD4	FHLMC MULTICLASS MTG		03/15/2011	PRINCIPAL RECEIPT	X X X	72,943	72,942.84	76,658	76,225	(3,282)			72,943				502	08/15/2016	IFE		
31339APM4	FHLMC MULTICLASS MTG 2557 WD		03/15/2011	PRINCIPAL RECEIPT	X X X	88,420	88,420.15	91,359	91,350	(2,930)			88,420				466	01/15/2016	IFE		
31394NAB4	FHLMC MULTICLASS MTG 2723 EA		03/15/2011	PRINCIPAL RECEIPT	X X X	82,214	82,213.52	86,993	86,207	(2,994)			82,214				312	08/15/2020	IFE		
31397CYB9	FHLMC MULTICLASS MTG 3253 A		03/15/2011	PRINCIPAL RECEIPT	X X X	88,856	88,856.37	91,805	91,549	(2,965)			88,856				601	10/15/2027	IFE		
31397FX5	FHLMC MULTICLASS MTG 3291 NA		03/15/2011	PRINCIPAL RECEIPT	X X X	88,687	88,687.11	91,805	91,549	(2,862)			88,687				88	07/01/2033	IFE		
31342AZE2	FHLMC POOL #78-0741		03/15/2011	PRINCIPAL RECEIPT	X X X	20,889	20,888.54	21,551	20,889	(647)			20,889				254	02/15/2019	IFE		
31335LAD3	FHLMC REMIC SERIES 2924		03/15/2011	PRINCIPAL RECEIPT	X X X	53,148	53,147.84	55,639	55,488	(2,340)			53,148				225	05/01/2019	IFE		
31402C5E8	FNMA POOL #0725445		03/25/2011	PRINCIPAL RECEIPT	X X X	47,857	47,857.40	50,527	50,336	(2,478)			47,857				339	06/01/2035	IFE		
31403CV17	FNMA POOL #0735591		03/25/2011	PRINCIPAL RECEIPT	X X X	70,863	70,862.82	73,288	73,271	(2,408)			70,863				419	07/01/2020	IFE		
31404PEU1	FNMA POOL #0774959		03/25/2011	PRINCIPAL RECEIPT	X X X	88,949	88,949.42	93,806	93,501	(4,652)			88,949				780	04/01/2019	IFE		
31404WTV8	FNMA POOL #0760994		03/25/2011	PRINCIPAL RECEIPT	X X X	81,527	81,527.35	86,075	85,750	(4,222)			81,527				377	05/01/2019	IFE		
31410K6W9	FNMA POOL #0890185		03/25/2011	PRINCIPAL RECEIPT	X X X	66,972	66,971.56	70,927	70,712	(3,741)			66,972				343	10/01/2021	IFE		
31410K6Y5	FNMA POOL #0890187		03/25/2011	PRINCIPAL RECEIPT	X X X	46,480	46,480.45	49,342	49,170	(2,690)			46,480				233	12/01/2020	IFE		
31416BAM7	FNMA POOL #0995528		03/25/2011	PRINCIPAL RECEIPT	X X X	29,691	29,690.81	30,846	30,792	(1,101)			29,691				137	12/01/2021	IFE		
31416BAP0	FNMA POOL #0995530		03/25/2011	PRINCIPAL RECEIPT	X X X	31,619	31,618.70	32,972	32,930	(1,311)			31,619				169	12/01/2021	IFE		
31418MAX7	FNMA POOL #0A0D0837		03/25/2011	PRINCIPAL RECEIPT	X X X	39,070	39,070.30	91,907	91,689	(4,618)			39,070				387	03/01/2023	IFE		
31394CPN6	FNMA GTD REMIC PTT 05-10 AJ		03/25/2011	PRINCIPAL RECEIPT	X X X	37,671	37,670.93	41,121	40,826	(1,155)			37,671				212	01/25/2023	IFE		
31397NQ06	FNMA GTD REMIC PTT 09-43 GJ		03/01/2011	PRINCIPAL RECEIPT	X X X	54,627	54,626.58	56,880	56,195	(2,065)			54,627				231	06/25/2024	IFE		
31416BRED	FNMA GTD REMIC PTT 09-70 NT		03/25/2011	PRINCIPAL RECEIPT	X X X	66,878	66,878.13	69,478	66,943	(2,065)			66,878				277	08/25/2019	IFE		
36211V608	GNMA POOL #0993185		03/15/2011	PRINCIPAL RECEIPT	X X X	24,185	24,184.66	25,254	25,173	(989)			24,185				187	12/01/2023	IFE		
36209EAL3	GNMA POOL #0524779		03/15/2011	PRINCIPAL RECEIPT	X X X	14,406	14,405.66	15,052	15,078	(673)			14,406				114	09/15/2023	IFE		
36236E5H5	GNMA POOL #0688448		03/15/2011	PRINCIPAL RECEIPT	X X X	3,435	3,434.93	3,587	3,575	(140)			3,435				18	07/15/2023	IFE		
36237A3K7	GNMA POOL #0706502		03/15/2011	PRINCIPAL RECEIPT	X X X	1,994	1,993.84	2,040	2,034	(60)			1,994				21	01/15/2024	IFE		
36237B4P3	GNMA POOL #0707430		03/15/2011	PRINCIPAL RECEIPT	X X X	22,285	22,285.43	23,271	23,197	(911)			22,285				14	01/15/2024	IFE		
36237CVT3	GNMA POOL #0708126		03/15/2011	PRINCIPAL RECEIPT	X X X	2,413	2,412.91	2,522	2,514	(101)			2,413				35	12/20/2039	IFE		
36225EVZ2	GNMA II POOL #0082431		03/15/2011	PRINCIPAL RECEIPT	X X X	9,965	9,965.25	10,115	10,112	(146)			9,965				19	04/15/2024	IFE		
36210BAN2	GNMA POOL #0487829		03/15/2011	PRINCIPAL RECEIPT	X X X	22,228	22,227.98	23,006	22,980	(752)			22,228				43	04/15/2024	IFE		
36210BAR3	GNMA POOL #0487832		03/15/2011	PRINCIPAL RECEIPT	X X X	6,325	6,325.43	6,610	6,589	(264)			6,325				15	05/15/2018	IFE		
784422AA5	SLC STUDENT LN 07 2 CL A-1		02/15/2011	PRINCIPAL RECEIPT	X X X	12,206	12,205.55	11,839	12,037	169			12,206				5	10/25/2019	IFE		
83149EAC1	SLM STUDENT LN 06 5 CL A3		03/15/2011	PRINCIPAL RECEIPT	X X X	53,329	53,328.67	51,487	51,562	325			53,329				47,897	03/15/2019	IFE		
78442GHP4	SLM STUDENT LN TR 08-8 CL A-4		03/15/2011	PRINCIPAL RECEIPT	X X X	5,769,191	5,769,190.19	5,847,883	5,830,947	(63,137)			5,767,813		1,378	1,378	47,897	X X X	X X X		
0595999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				X X X	57,691,191	57,691,190.19	58,847,883	58,830,947	(63,137)			57,678,137		1,378	1,378	47,897	X X X	X X X		
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>																					
05665QB4	BP CAPITAL MARKETS PLC		03/23/2011	Banc of America Secs LLC	X X X	814,410	750,000.00	818,655	817,072	(5,222)			811,851		2,559	2,559	15,422	11/07/2013	IFE		
31737UAJ8	FINANCE FOR DASH INC		03/23/2011	Pershing LLC	X X X	1,442,462	1,440,314	1,440,314	1,440,312	(17)			1,440,312		2,167	2,167	2,397	12/06/2012	IFE		
6325020W1	NATIONAL AUSTRALIA BANK		03/23/2011	Goldman Sachs NY	X X X	1,012,566	1,000,000.00	1,012,400	1,011,619	(715)			1,010,904		1,662	1,662	3,778	07/08/2014	IFE		
6325020B5	NATIONAL AUSTRALIA BANK L 144A		03/28/2011	Alex Brown & Sons	X X X	702,943	700,000.00	700,000	700,000				700,000		2,343	2,343	2,298	12/10/2013	IFE		
6325020C7	NORDEA BANK AB		03/23/2011	First Boston Corp	X X X	1,942,421	1,950,000.00	1,948,156	1,943,311	137			1,948,447		(6,027)	(6,027)	13,110	10/04/2013	IFE		
037417AT2	APACHE CORP NT		02/01/2011	Salomon Brothers	X X X	542,235	500,000.00	545,158	542,587	(1,585)			542,587		(389)	(389)	7,948	04/15/2013	IFE		
054303AT9	AVON PRODS INC NT		02/15/2011	Speer Leeds & Kellogg	X X X	424,428	400,000.00	431,240	430,282	(1,689)			428,553		(4,165)	(4,165)	8,907	03/01/2013	IFE		
05947UNX3	BANK OF AMERICA COMMERCIA 5 A3		01/20/2011	FTN Financial Secs	X X X	163,704	163,704.26	166,006	163,704	(2,302)			163,704		1,032	1,032	622	11/10/2014	IFE		
084664BRT	BERKSHIRE HATHAWAY FIN		01/20/2011	PRINCIPAL RECEIPT	X X X	399,976	400,000.00	398,928	398,928	16			398,944				217	01/10/2014	IFE		
09657CAC4	BMWLT 2009-1 A3		03/15/2011	Lehman Bros Inc	X X X	173,488	173,596.55	176,987	174,674	(1,077)			173,597		1,032	1,032	572	03/15/2012	IFE		
097104AG9	BOEING CAP CORP SRNT		02/14/2011	PRINCIPAL RECEIPT																	

## SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value				16	17	18	19	20	21	22	
										11	12	13	14								15
CUSIP	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)	
17248RAF3	CINGULAR WIRELESS LLC SR NT	01/25/2011	Morgan Stanley	XXX	78,830	75,000.00	79,971	76,795	(122)	(122)		(122)		76,673		2,158	2,158	582	12/15/2011	IFE	
191216AN0	COCA-COLA CO THE	01/20/2011	BNP Paribas Securities	XXX	642,142	690,000.00	649,695	649,710	5	(682)		5		649,716		(7,574)	(7,574)	934	11/15/2011	IFE	
191219AU7	COCA-COLA ENTERPRISES INC	01/20/2011	Morgan Stanley	XXX	517,115	500,000.00	525,740	515,152	(682)	(682)		(682)		514,470		2,645	2,645	7,448	03/01/2012	IFE	
20825CAS3	CONOPHILLIPS GTD NT	02/09/2011	Alex Brown & Sons	XXX	108,755	100,000.00	102,684	101,729	(56)	(56)		(56)		101,673		7,082	7,082	2,547	02/01/2014	IFE	
22541LAB9	CREDIT SUISSE FB USA INC SR NT	01/25/2011	Salomon Brothers	XXX	626,640	600,000.00	648,522	624,953	(1,894)	(1,894)		(1,894)		623,059		3,581	3,581	7,452	11/15/2011	IFE	
276642AA1	EBAY INC	01/20/2011	McDonald	XXX	445,793	450,000.00	449,069	449,128	16	(798)		16		449,145		(3,352)	(3,352)	941	10/15/2011	IFE	
532457BD9	ELLILLY & CO	01/25/2011	U.S Bancorp	XXX	773,880	750,000.00	777,691	764,239	(798)	(798)		(798)		763,441		10,439	10,439	10,502	03/06/2012	IFE	
34528CAE5	FORD CR AUTO 06-C CL A4A	03/15/2011	PRINCIPAL RECEIPT	XXX	25,955	25,955.55	25,785	25,747	208	(2,925)		208		25,966				165	02/15/2012	IFE	
34529FA1	FORD 2009-C A3	03/15/2011	PRINCIPAL RECEIPT	XXX	211,921	211,921.00	214,846	214,846		(2,925)		(2,925)		211,921				652	11/15/2012	IFE	
36168YD08	GE CAP COMI MTG 01-C3 CL A2	03/10/2011	PRINCIPAL RECEIPT	XXX	27,149	27,149.48	27,878	27,878		(728)		(728)		27,149				412	06/10/2038	1Z*	
36168YBA6	GE CAP COMI MTG CORP 01-A 2	03/15/2011	PRINCIPAL RECEIPT	XXX	395,771	395,770.90	396,499	396,499		(728)		(728)		395,771				2,889	05/15/2033	1Z*	
36967HAL1	GENERAL ELEC CAP CORP MTN	03/11/2011	MATURITY	XXX	200,000	200,000.00	199,938	199,994	6	(635)		6		200,000		22,092	22,092	1,800	03/11/2011	IFE	
37373ZAC1	GLAXOSMITHKLINE CAP INC GTD NT	01/21/2011	Merrill Lynch	XXX	649,520	600,000.00	642,750	642,750		(980)		(980)		627,432		(1,851)	(1,851)	5,739	05/15/2013	IFE	
38141GDM4	GOLDMAN SACHS GROUP INC THE	02/24/2011	Goldman Sachs NY	XXX	381,983	350,000.00	384,815	384,815		(251)		(251)		383,834		64	64	5,668	11/15/2014	IFE	
41283JAB8	GOLDMAN SACHS GROUP INC THE	03/15/2011	PRINCIPAL RECEIPT	XXX	161,763	150,000.00	161,951	161,951		(9)		(9)		161,699		(1,049)	(1,049)	2,975	10/15/2014	IFE	
42823BBB8	HEWLETT - PACKARD CO	01/20/2011	Merrill Lynch	XXX	673,481	675,000.00	674,467	674,521	9	(16)		(16)		674,530		(5)	(5)	3,070	09/13/2013	IFE	
43813HAD1	HONDA AUTO REC 07-2 CL A-4	02/22/2011	VARIOUS	XXX	275,417	275,417.32	284,239	275,438	(401)	(401)		(401)		275,422		(661)	(661)	2,430	11/21/2012	IFE	
43812TAC8	HONDA AUTO REC 08-1 CL A-3	01/17/2011	MATURITY	XXX	42,139	42,139.07	42,995	43,401	402	(402)				43,000				213	01/16/2012	IFE	
46625HDC1	JP MORGAN CHASE SR NT	03/01/2011	VARIOUS	XXX	50,000	500,000.00	484,500	499,598	328	(28)		328		500,000		(537)	(537)	587	01/17/2011	IFE	
52108HDF8	LB US COMI MTG TR 01-C2 CL A2	02/17/2011	VARIOUS	XXX	90,306	90,306.23	90,730	90,515	32	(32)		32		90,844		6	6	760	11/15/2027	1Z*	
52108HJ62	LB US COMI MTG TR 04-C6 A-3	02/17/2011	VARIOUS	XXX	148,369	148,369.33	148,190	148,332	32	(6,965)		32		148,364		17,954	17,954	1,117	08/15/2029	1Z*	
55608JAA6	MACQUARIE GROUP LTD	03/28/2011	ME Global	XXX	1,395,050	1,250,000.00	1,384,082	1,483,332		(976)		(976)		1,377,096		9,931	9,931	60,833	08/01/2014	IFE	
57623WBK6	MASSMUTUAL GLOBAL FUNDN 144A	01/20/2011	SBC Capital Mkts	XXX	323,098	320,000.00	318,982	319,154	13	(976)		13		319,167		8,947	8,947	2,377	04/21/2014	IFE	
58013MIED2	MCDONALD'S CORP MEDIUM TERM NTS	02/03/2011	Lehman Bros Inc	XXX	532,200	500,000.00	532,430	524,229		(2,078)		(2,078)		523,253		8,947	8,947	9,376	03/01/2013	IFE	
59022HCP5	MERRILL LYNCH MORTGAGE KEY1 A3	03/14/2011	PRINCIPAL RECEIPT	XXX	20,341	20,341.09	21,104	20,341		(763)		(763)		20,341		23,888	23,888	83	11/12/2035	1Z*	
674599BW4	OCCIDENTAL PETE CORP SR NT	01/20/2011	Lehman Bros Inc	XXX	1,011,771	875,000.00	1,014,396	989,961		(2,078)		(2,078)		987,883		4,364	4,364	14,122	11/01/2013	IFE	
69373JAB3	PACCAR INC	03/07/2011	Salomon Brothers	XXX	105,382	100,000.00	110,745	101,212	(94)	(2,753)		(2,753)		101,018		23,743	23,743	10,905	02/15/2012	IFE	
69351UAL7	PPL ELEC UTILS CORP SR SEC BD	01/25/2011	Speer Leeds & Kellogg	XXX	400,149	364,000.00	400,655	395,214	(2,203)	(2,203)		(2,203)		1,072,196		7,138	7,138	9,100	11/30/2012	IFE	
771196AQ5	ROCHE HDGS INC GTD NT 144A	03/24/2011	VARIOUS	XXX	1,362,790	1,375,000.00	1,372,979	1,373,133	138	(4,804)		138		1,373,270		(10,480)	(10,480)	7,391	01/15/2014	IFE	
80028MNA7	ROYAL BANK OF CANADA	03/23/2011	RBC Capital Markets Corp	XXX	210,516	210,516.18	215,320	215,320	92	(4,804)		92		210,516		(3,236)	(3,236)	1,082	10/15/2013	IFE	
136069DP3	USAA AUTO OWNER TR 08-1 A4	03/15/2011	PRINCIPAL RECEIPT	XXX	1,020,808	1,025,000.00	1,023,832	1,023,952		(2,781)		(2,781)		1,024,044		(32,518)	(32,518)	8,133	09/13/2013	IFE	
30216BBS0	CANADIAN IMP BK COMM NY	03/28/2011	Goldman Sachs NY	XXX	1,288,070	1,230,000.00	1,327,994	1,323,369		(47,161)		(47,161)		1,320,588		85,165	85,165	11,104	04/24/2014	IFE	
3899999 Subtotal	Bonds - Industrial and Miscellaneous (Unaffiliated)			XXX	23,601,906	22,740,691.56	23,713,760	21,046,982	357	(109,977)		(109,977)		23,516,705		63,256	63,256	257,408	XXX	XXX	XXX
8399997 Subtotal	Bonds - Part 4			XXX	37,961,382	37,139,881.75	38,174,511	35,491,179	357	(109,977)		(109,977)		37,898,090		63,256	63,256	322,115	XXX	XXX	XXX
8399998 Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX		XXX		XXX	XXX	XXX	XXX	XXX	XXX
8399999 Subtotal	Bonds			XXX	37,961,382	37,139,881.75	38,174,511	35,491,179	357	(109,977)		(109,977)		37,898,090		63,256	63,256	322,115	XXX	XXX	XXX
8999998 Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX		XXX		XXX	XXX	XXX	XXX	XXX	XXX
9799998 Summary Item from Part 5 for Common Stocks (N/A to Quarterly)				XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX		XXX		XXX	XXX	XXX	XXX	XXX	XXX
9899999 Subtotal	Preferred and Common Stocks			XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX		XXX		XXX	XXX	XXX	XXX	XXX	XXX
9999999 Total	Bonds, Preferred and Common Stocks			XXX	37,961,382	37,139,881.75	38,174,511	35,491,179	357	(109,977)		(109,977)		37,898,090		63,256	63,256	322,115	XXX	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide the number of such issues.....0.

**SCHEDULE DB - PART A - SECTION 1**

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Description	Description of Items Hedged or Used for Income Generation	Schedule/ Exhibit Identifier	Type(s) of Risk(s)	Exchange or Counterparty	Trade Date	Date of Maturity or Expiration	Number of Contracts	Notional Amount	Strike Price, Rate of Indexed Received (Paid)	Prior Year Initial Cost of Premium (Received) Paid	Current Year Initial Cost of Premium (Received) Paid	Current Year Income	Book/ Adjusted Carrying Value	Code	Fair Value	Unrealized Valuation Increase/ (Decrease)	Total Foreign Exchange Change in B/A.C.V.	Current Year's (Amortization) Accretion	Adjustment to Carrying Value of Hedged Item	Potential Exposure	Credit Quality of Reference Entity	Hedge Effectiveness at Inception and at Quarter end (a)
144999 Totals																						
														XXX							XXX	XXX

(a)	NONE	
1	Hedge Code	
Code		
0000		

**SCHEDULE DB - PART B - SECTION 1**  
**Futures Contracts Open as of the Current Statement Date**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	Change in Valuation Margin			19	20	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
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 Quarter-End (e)
1449999 Totals .....																			XXX

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

(a)	2
1	Financial or Economic Impact of the Hedge at the End of the Reporting Period
Code	
... 0000 .....	

**SCHEDULE DB - PART D**

**Counterparty Exposure for Derivative Instruments Open as of Current Statement Date**

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

## SCHEDULE DL - PART 1 SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

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 to date Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0
2. Average balance for the year to date 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 Current Statement Date

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 to date Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0
2. Average balance for the year to date 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

### Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
					First Month	Second Month	Third Month	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
<b>open depositories</b>								
US Bank .....	150 4th Avenue North, Nashville, TN 37219 .....					7,222	111,496,989	X X X
US Bank .....	150 4th Avenue North, Nashville, TN 37219 .....					5,609	7,330,990	X X X
Regions Bank .....	601 Market Street, Chattanooga, TN 37402 .....				9,014,088	4,083,288	6,147,572	X X X
US Bank .....	150 4th Avenue North, Nashville, TN 37219 .....						3,199,634	X X X
Regions Bank .....	601 Market Street, Chattanooga, TN 37402 .....				450,353	339,079	1,056,708	X X X
Regions Bank .....	601 Market Street, Chattanooga, TN 37402 .....				(5,427,906)	(39,974,856)	349,022	X X X
US Bank .....	150 4th Avenue North, Nashville, TN 37219 .....						(112,684,713)	X X X
								X X X
								X X X
0199998 Deposits in .....	2 depositories that do not exceed the allowable limit in any one depository - open depositories .....				3,002,866	3,303,703	45,506	X X X
0199999 Totals - Open Depositories .....					7,039,401	(32,235,955)	16,941,708	X X X
0299998 Deposits in .....	0 depositories that do not exceed the allowable limit in any one depository - suspended depositories .....							X X X
0299999 Totals - Suspended Depositories .....								X X X
0399999 Total Cash On Deposit .....					7,039,401	(32,235,955)	16,941,708	X X X
0499999 Cash in Company's Office .....								X X X
0599999 Total Cash .....					7,039,401	(32,235,955)	16,941,708	X X X

## SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

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



## MEDICARE PART D COVERAGE SUPPLEMENT

### Net of Reinsurance

NAIC Group Code: 3498

NAIC Company Code: 14046

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

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

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**EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID**

1 Name of debtor	2 1 - 30 days	3 31 - 60 days	4 61 - 90 days	5 Over 90 days	6 Nonadmitted	7 Admitted
0199999 Total Individuals.....						
0299999 Total group.....						
0399999 Premiums due and unpaid from Medicare entities.....						
Medicaid Entities:						
State of Tennessee Premium Withhold Receivable .....	14,196,044	14,199,523		3,509,443		31,905,010
Premium Accrual.....	7,928,383	3,532,254	2,670,540	21,285,383		35,416,560
0499997 Subtotal - Medicaid Entities.....	22,124,427	17,731,777	2,670,540	24,794,826	-	67,321,570
0499999 Premiums due and unpaid from Medicaid entities.....	-	-	-	-	-	-
0599999 Accident and health premiums due and unpaid (Page 2, Line 13).....	22,124,427	17,731,777	2,670,540	24,794,826	-	67,321,570



**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.....						
Provider Receivables	-	-	-	660,017	660,017	-
0299998 Claim Overpayment Receivables - Not Individually Listed.....	-	-	-	660,017	660,017	-
0299999 Subtotal - Claim Overpayment Receivables.....						
Loans and Advances to Providers						
0399998 Loans and Advances to Providers - Not Individually Listed.....						
0399999 Subtotal - Loans and Advances to Providers.....						
0499998 Capitation Arrangement Receivables - Not Individually Listed.....						
0499999 Subtotal - Capitation Arrangement Receivables.....						
0599998 Risk Sharing Receivables - Not Individually Listed.....						
0599999 Subtotal - Risk Sharing Receivables.....						
Other Receivables						
Provider receivables.....						
0699998 Other Receivables - Not Individually Listed.....						
0699999 Subtotal - Other Receivables.....	-	-	-	-	-	-
0799999 Gross health care receivables.....	-	-	-	660,017	660,017	-

**EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES**

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

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

Affiliate	2 Description	3 Amount	5	
			4 Current	Non-Current
BlueCross BlueShield of Tennessee	Capital Contribution with Administrative Expense offset	14,474,863	14,474,863	-
0199999 Total - Individually listed payables	.....XXX.....	14,474,863	14,474,863	-
0299999 Payables not individually listed	.....XXX.....	.....	.....	.....
0399999 Total gross payables	.....XXX.....	14,474,863	14,474,863	-