

**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
June 30, 2011**

2011



QUARTERLY STATEMENT
AS OF June 30, 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 & VP of Finance # Amber Jeanine Cambron, Interim Chief Operating Officer #
 David Matthew Moroney MD, VP & Chief Medical Officer James Howard Srite, Actuary

DIRECTORS OR TRUSTEES

Vicky Brown Gregg, Chairman William Morgan Gracey #
 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 11th day of August, 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 Commission Expires:
 January 8, 2014**



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Statement of Actuarial OpinionACTUARIAL OPINION

TABLE of KEY INDICATORS

This Opinion is: Unqualified Qualified Adverse Inconclusive

IDENTIFICATION SECTION

 Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

SCOPE SECTION

 Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

RELIANCE SECTION

 Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

OPINION SECTION

 Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

RELEVANT COMMENTS

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

IDENTIFICATION

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

SCOPE

I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities and related items listed below, as shown in the 2nd quarter statement of Volunteer State Health Plan as prepared for filing with state regulatory officials, as of June 30, 2011.

A. Claims unpaid (Page 3, Line 1);	\$ 181,660,817
B. Accrued medical incentive pool and bonus payments (Page 3, Line 2);	\$841,896
C. Unpaid claims adjustment expenses (Page 3, Line 3);	\$ 8,523,437
D. Aggregate health policy reserves (Page 3, Line 4) including unearned premium reserves and additional policy reserves from the Underwriting and Investment Exhibit – Part 2D;	\$0
E. Aggregate life policy reserves (Page 3, Line 5);	\$0
F. Property/casualty unearned premium reserves (Page 3, Line 6);	\$0
G. Aggregate health claim reserves (Page 3, Line 7); and	\$0
H. Any actuarial reserves or liabilities not included in the items above.	\$0
I. Specified actuarial items presented as assets in the annual statement	\$0

RELIANCE

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

OPINION

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

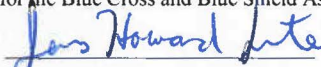
- A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles,
- B. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared,
- C. Meet the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

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

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

RELEVANT COMMENTS

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


James Howard Srite, FSA, MAAA

8-10-11
Date

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

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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	166,661,387		166,661,387	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 (\$.....13,029,454), cash equivalents (\$.....0) and short-term investments (\$.....267,837,188)	280,866,642		280,866,642	281,543,823
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities	1,827,814		1,827,814	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)	449,355,843		449,355,843	442,418,558
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	1,252,261		1,252,261	1,062,666
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	70,965,127		70,965,127	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	83,326		83,326	2,545,614
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	13,794,837	797,411	12,997,426	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	515,251	515,251		14,553,687
25. Aggregate write-ins for other than invested assets	69,250	69,250		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	536,035,895	1,381,912	534,653,983	490,517,926
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	536,035,895	1,381,912	534,653,983	490,517,926
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Expenses	69,250	69,250		
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)	69,250	69,250		

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	181,660,817		181,660,817	184,368,783
2. Accrued medical incentive pool and bonus amounts	841,896		841,896	1,185,192
3. Unpaid claims adjustment expenses	8,523,437		8,523,437	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	123,436,932		123,436,932	121,229,464
9. General expenses due or accrued	104,519		104,519	424,449
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	7,082,003		7,082,003	5,038,647
13. Remittances and items not allocated	940,339		940,339	503,746
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates	19,647,858		19,647,858	34,521,500
16. Derivatives				
17. Payable for securities	3,244,519		3,244,519	
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	5,423,821		5,423,821	853,199
23. Aggregate write-ins for other liabilities (including \$.....0 current)	39,707,563		39,707,563	26,572,338
24. Total liabilities (Lines 1 to 23)	390,613,704		390,613,704	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	(62,911,403)	(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	144,040,279	104,921,560
34. Total Liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	534,653,983	490,517,926
DETAILS OF WRITE-INS				
2301. Insured Premium Tax Payable	26,589,274		26,589,274	26,486,362
2302. Liquidated Damages Accrual	13,061,100		13,061,100	44,600
2303. Pending Escheatment to State	57,189		57,189	41,376
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	39,707,563		39,707,563	26,572,338
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	2,471,442	2,519,221	5,025,561
2. Net premium income (including \$.....0 non-health premium income)	X X X	851,247,238	591,766,344	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	851,247,238	591,766,344	1,416,266,552
Hospital and Medical:				
9. Hospital/medical benefits		534,042,490	405,383,124	931,456,239
10. Other professional services		117,204,827	113,063,509	236,551,605
11. Outside referrals				
12. Emergency room and out-of-area		22,071,755	22,911,810	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)		673,319,072	541,358,443	1,215,050,847
Less:				
17. Net reinsurance recoveries				
18. Total hospital and medical (Lines 16 minus 17)		673,319,072	541,358,443	1,215,050,847
19. Non-health claims (net)				
20. Claims adjustment expenses, including \$.....35,168,134 cost containment expenses		60,521,905	49,548,916	93,657,151
21. General administrative expenses		68,084,253	51,825,742	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)		801,925,230	642,733,101	1,439,347,006
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	49,322,008	(50,966,757)	(23,080,454)
25. Net investment income earned		1,690,590	1,617,120	2,361,224
26. Net realized capital gains (losses) less capital gains tax of \$.....0		324,036	141,812	1,437,527
27. Net investment gains or (losses) (Lines 25 plus 26)		2,014,626	1,758,932	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	51,336,634	(49,207,825)	(19,281,703)
31. Federal and foreign income taxes incurred	X X X	17,728,747	(17,242,926)	2,693,121
32. Net income (loss) (Lines 30 minus 31)	X X X	33,607,887	(31,964,899)	(21,974,824)
DETAILS OF WRITE-INS				
0601.	X X X			
0602.	X X X			
0603.	X X X			
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X			
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X			
0701.	X X X			
0702.	X X X			
0703.	X X X			
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X			
0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			
1401.				
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)				

Report #2A: TennCare Select Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	133,440	265,970	536,631
Estimated Revenues:			
1. TennCare Capitation	93,611,969	180,405,219	390,627,663
2. Investment	-	-	-
3. Other Revenues	-	-	-
4. Total Estimated Revenues (Lines 1 to 3)	93,611,969	180,405,219	390,627,663
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	269,951	532,813	1,041,103
6. Fee-for Service Physician Services	10,309,600	19,901,110	43,691,997
7. Inpatient Hospital Services	20,888,515	39,413,021	86,289,390
8. Outpatient Hospital Services	7,958,347	14,687,954	32,993,558
9. Emergency Room Services	1,202,745	2,300,855	4,942,984
10. Dental Services	11	11	347
11. Vision Services	67,467	132,677	298,167
12. Pharmacy Services	-	-	-
13. Home Health Services	24,621,181	46,919,602	105,669,729
14. Chiropractic Services	-	-	-
15. Radiology Services	302,048	610,881	1,462,501
16. Laboratory Services	360,746	680,791	1,540,476
17. Durable Medical Equipment Services	3,785,371	6,515,129	19,560,669
18. Transportation Services	985,716	1,788,190	4,630,421
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	101,689	322,050	358,061
23. HCBS Services	-	904	437
24. Other Medical and Hospital Services - Write-Ins	1,879,188	2,827,022	6,135,008
25. Subtotal Medical and Hospital (Lines 5 to 24)	72,732,575	136,633,010	308,614,848
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	1,386,445	2,479,068	4,557,683
27. Inpatient Substance Abuse Treatment and Detox	11,960	16,621	43,236
28. Outpatient Mental Health Services	3,400,170	7,371,228	8,551,034
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	1,424,939	3,148,177	10,525,832
31. Specialized Crisis Services	246,198	511,481	1,762,769
32. Psychiatric Rehab and Support Services	291,429	1,138,509	867,974
33. Case Management	2,277,384	4,464,504	4,194,598
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	21,516	42,001	122,775
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,290,129	3,036,549	7,914,587
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. Subtotal MH & SAS (Lines 26 to 43)	10,350,170	22,208,138	38,540,488
45. Subtotal Hospital, Medical, MH&SAS (Lines 25 and 44)	83,082,745	158,841,148	347,155,336
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	(547)	(1,495)	10,766
48. Subrogation and Coordination of Benefits	183,590	279,814	846,543
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	183,043	278,319	857,309
50. Total Hospital, Medical, MH&SAS (Lines 45 and 49)	82,899,702	158,562,829	346,298,027
Administration:			
51. Compensation	2,519,315	5,863,724	13,807,207
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	5,148,659	9,922,287	21,476,129
55. Occupancy, Depreciation, and Amortization	206,069	479,629	1,129,375
56. Other Administration - Write-Ins	1,318,527	3,068,887	7,226,256
57. Total Administration Expenses (Lines 51 to 56)	9,192,570	19,334,527	43,638,967
58. Total Expenses (Lines 50 and 57)	92,092,272	177,897,356	389,936,994
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	790,808	866,073	(96,467)
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	728,889	1,641,790	787,136
Write-Ins for Other Expense			
Detail of Other Revenues			
0301.	-	-	-
0399. Total Other Revenues	-	-	-
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	1,787,998	3,240,666	6,364,879
2202. Out of Area Claims Expense	(1,565)	(4,692)	19,932
2203. Bad Debt Expense	92,755	(408,952)	(249,803)
2299. Total Other Medical and Hospital	1,879,188	2,827,022	6,135,008
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Equipment Rental	467,843	1,088,911	2,564,039
5602. Outsourced Services	383,861	893,440	2,103,767
5603. Auditing, Actuarial, and Other Consulting	181,604	422,685	995,288
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	157,282	366,078	862,000
5605. Postage/Telephone	89,182	207,571	488,764
5606. Printing and Stationary	38,755	90,202	212,398
5699. Total Other Administration	1,318,527	3,068,887	7,226,256

Report #2A: BlueCare West Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	547,904	1,096,350	2,224,406
Estimated Revenues:			
1. TennCare Capitation	180,326,641	368,660,994	604,258,424
2. Investment	523,430	911,395	1,710,005
3. Other Revenues	-	-	343,028
4. Total Estimated Revenues (Lines 1 to 3)	180,850,071	369,572,389	606,311,457
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	5,729	10,749	21,871
6. Fee-for Service Physician Services	29,897,848	60,872,718	129,694,820
7. Inpatient Hospital Services	24,596,599	51,090,752	112,568,969
8. Outpatient Hospital Services	19,885,707	35,553,771	73,230,219
9. Emergency Room Services	7,639,028	13,296,178	26,791,996
10. Dental Services	-	3,176	(8,046)
11. Vision Services	96,159	201,229	472,102
12. Pharmacy Services	-	-	-
13. Home Health Services	5,987,511	11,673,230	24,400,185
14. Chiropractic Services	-	-	-
15. Radiology Services	1,531,616	3,452,665	6,500,919
16. Laboratory Services	2,314,831	4,960,849	9,788,827
17. Durable Medical Equipment Services	2,521,992	3,738,062	8,307,485
18. Transportation Services	3,486,793	7,096,132	15,072,213
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	28,269,609	70,823,855	57,644,081
23. HCBS Services	5,990,302	6,435,973	10,041,164
24. Other Medical and Hospital Services - Write-Ins	2,030,145	4,005,981	9,189,814
25. Subtotal Medical and Hospital (Lines 5 to 24)	134,253,869	273,215,320	483,716,619
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	52,469	1,305,828	6,743,006
27. Inpatient Substance Abuse Treatment and Detox	6,890	80,195	249,555
28. Outpatient Mental Health Services	(547,545)	1,560,728	3,990,707
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	653,084	1,170,088	2,833,824
31. Specialized Crisis Services	770,821	1,538,934	2,935,223
32. Psychiatric Rehab and Support Services	223,146	466,252	259,942
33. Case Management	3,192,756	5,947,568	9,166,188
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	26,879	55,075	164,912
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,519,071	3,240,813	6,197,984
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. Subtotal MH & SAS (Lines 26 to 43)	5,897,571	15,365,481	32,541,341
45. Subtotal Hospital, Medical, MH&SAS (Lines 25 and 44)	140,151,440	288,580,801	516,257,960
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	14,437	25,859	918,980
48. Subrogation and Coordination of Benefits	1,723	-	(54)
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	16,160	25,859	918,926
50. Total Hospital, Medical, MH&SAS, (Lines 45 and 49)	140,135,280	288,554,942	515,339,034
Administration:			
51. Compensation	12,814,974	23,265,629	39,669,938
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	9,917,966	20,276,355	33,253,080
55. Occupancy, Depreciation, and Amortization	1,048,213	1,903,035	3,244,843
56. Other Administration - Write-Ins	6,706,953	12,176,494	20,761,983
57. Total Administration Expenses (Lines 51 to 56)	30,488,106	57,621,513	96,929,844
58. Total Expenses (Lines 50 and 57)	170,623,386	346,176,455	612,268,878
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	7,076,571	8,079,622	832,087
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	3,150,114	15,316,312	(6,789,508)
Write-Ins for Other Expense			
Detail of Other Revenues			
0301. Pay-for-Performance Bonus	-	-	343,028
0399. Total Other Revenues	-	-	343,028
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	1,909,324	3,874,067	9,192,939
2202. Bad Debt Expense	121,083	132,141	-
2203. Out of Area Claims Expense	(262)	(227)	(3,125)
2299. Total Other Medical and Hospital	2,030,145	4,005,981	9,189,814
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Equipment Rental	2,379,779	4,320,496	7,366,822
5602. Outsourced Services	1,952,583	3,544,920	6,044,396
5603. Auditing, Actuarial, and Other Consulting	923,764	1,677,096	2,859,594
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	2,800,052	1,452,499	2,476,639
5605. Postage/Telephone	453,640	823,585	1,404,285
5606. Printing and Stationary	197,135	357,898	610,247
5699. Total Other Administration	6,706,953	12,176,494	20,761,983

Report #2A: BlueCare East Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	685,186	1,375,093	2,801,156
Estimated Revenues:			
1. TennCare Capitation	235,793,128	482,603,425	811,747,843
2. Investment	656,706	1,150,480	2,174,608
3. Other Revenues	-	-	-
4. Total Estimated Revenues (Lines 1 to 3)	236,449,834	483,753,905	813,922,451
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	70,379	146,652	319,822
6. Fee-for Service Physician Services	50,966,825	98,433,287	202,026,046
7. Inpatient Hospital Services	28,820,125	64,772,430	144,074,723
8. Outpatient Hospital Services	22,209,264	38,274,174	83,352,253
9. Emergency Room Services	4,499,462	8,720,827	20,378,475
10. Dental Services	4,132	4,907	9,881
11. Vision Services	160,987	286,640	627,515
12. Pharmacy Services	-	-	-
13. Home Health Services	8,237,474	15,634,820	34,001,063
14. Chiropractic Services	-	-	-
15. Radiology Services	2,188,345	4,167,284	9,022,722
16. Laboratory Services	2,772,540	5,916,525	12,384,721
17. Durable Medical Equipment Services	5,195,439	7,971,714	20,377,557
18. Transportation Services	5,141,308	10,205,134	21,754,082
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	40,842,252	97,014,801	76,721,828
23. HCBS Services	6,954,866	7,657,208	13,558,495
24. Other Medical and Hospital Services - Write-Ins	2,581,210	4,861,471	9,373,459
25. Subtotal Medical and Hospital (Lines 5 to 24)	180,644,608	364,067,874	647,982,642
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	(294,081)	1,026,967	7,508,980
27. Inpatient Substance Abuse Treatment and Detox	(35,001)	(74,230)	1,141,770
28. Outpatient Mental Health Services	(901,189)	4,323,979	7,998,041
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	1,004,933	1,669,317	6,540,898
31. Specialized Crisis Services	1,999,310	4,258,798	10,531,491
32. Psychiatric Rehab and Support Services	742,427	1,573,104	301,107
33. Case Management	3,198,891	5,112,237	5,646,137
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	37,923	68,434	340,278
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,311,025	2,732,044	12,245,008
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. Subtotal MH & SAS (Lines 26 to 43)	7,064,238	20,690,650	52,253,710
45. Subtotal Hospital, Medical, MH&SAS (Lines 25 and 44)	187,708,846	384,758,524	700,236,352
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	33,297	63,187	842,106
48. Subrogation and Coordination of Benefits	736	(53)	101
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	34,033	63,134	842,207
50. Total Hospital, Medical, MH&SAS, (Lines 45 and 49)	187,674,813	384,695,390	699,394,145
Administration:			
51. Compensation	15,471,306	29,083,075	51,793,691
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	12,968,622	26,543,188	44,646,131
55. Occupancy, Depreciation, and Amortization	1,265,491	2,378,880	4,236,519
56. Other Administration - Write-Ins	8,097,191	15,221,157	27,107,173
57. Total Administration Expenses (Lines 51 to 56)	37,802,610	73,226,300	127,783,514
58. Total Expenses (Lines 50 and 57)	225,477,423	457,921,690	827,177,659
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	7,789,161	8,920,975	1,851,386
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	3,183,250	16,911,240	(15,106,594)
Write-Ins for Other Expense			
Detail of Other Revenues			
0301.	-	-	-
0399. Total Other Revenues	-	-	-
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	2,369,949	4,636,251	9,372,968
2202. Bad Debt Expense	153,953	168,027	-
2203. Out of Area Claims Expense	57,308	57,193	491
2299. Total Other Medical and Hospital	2,581,210	4,861,471	9,373,459
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Equipment Rental	2,873,067	5,400,812	9,618,239
5602. Outsourced Services	2,357,321	4,431,308	7,891,660
5603. Auditing, Actuarial, and Other Consulting	1,115,244	2,096,444	3,733,532
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	965,890	1,815,688	3,233,539
5605. Postage/Telephone	547,672	1,029,518	1,833,456
5606. Printing and Stationary	237,997	447,387	796,747
5699. Total Other Administration	8,097,191	15,221,157	27,107,173

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	104,921,560	86,912,408	86,912,408
34. Net income or (loss) from Line 32	33,607,887	(31,964,899)	(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	4,374	(150,833)	(5,151)
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax	(738,757)	(36,567)	9,532,046
39. Change in nonadmitted assets	6,245,209	127,994	(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		31,000,000	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	6		(4)
48. Net change in capital and surplus (Lines 34 to 47)	39,118,719	(1,024,305)	18,009,152
49. Capital and surplus end of reporting period (Line 33 plus 48)	144,040,279	85,888,103	104,921,560
DETAILS OF WRITE-INS			
4701. Rounding	6		(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)	6		(4)

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	804,220,500	607,363,873	1,550,145,442
2. Net investment income	2,513,431	1,813,043	4,126,216
3. Miscellaneous income			
4. Total (Lines 1 to 3)	806,733,931	609,176,916	1,554,271,658
5. Benefit and loss related payments	676,370,334	540,543,298	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	124,313,389	101,520,449	226,693,522
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	17,728,747	(17,242,926)	2,693,121
10. Total (Lines 5 through 9)	818,412,470	624,820,821	1,402,848,248
11. Net cash from operations (Line 4 minus Line 10)	(11,678,539)	(15,643,905)	151,423,410
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	77,097,008	35,446,430	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	1,446,199		96,668
12.8 Total investment proceeds (Lines 12.1 to 12.7)	78,543,207	35,446,430	110,394,432
13. Cost of investments acquired (long-term only):			
13.1 Bonds	83,596,835	96,264,881	178,824,377
13.2 Stocks			
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications	345	16,966	25,056
13.7 Total investments acquired (Lines 13.1 to 13.6)	83,597,180	96,281,847	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)	(5,053,973)	(60,835,417)	(68,455,001)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			17,000,000
16.2 Capital and paid in surplus, less treasury stock		31,000,000	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)	16,055,331	50,652,559	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)	16,055,331	81,652,559	111,183,239
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(677,181)	5,173,237	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)	280,866,642	92,565,412	281,543,823

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

20.0001				
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EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1		Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
	Total	2	3	Group							
Total Members at end of:											
1. Prior Year	415,198									415,198	
2. First Quarter	411,759									411,759	
3. Second Quarter	410,234									410,234	
4. Third Quarter											
5. Current Year											
6. Current Year Member Months	2,471,442									2,471,442	
Total Member Ambulatory Encounters for Period:											
7. Physician	2,451,602									2,451,602	
8. Non-Physician	213,183									213,183	
9. Total	2,664,785									2,664,785	
10. Hospital Patient Days Incurred	149,634									149,634	
11. Number of Inpatient Admissions	22,855									22,855	
12. Health Premiums Written (a)	851,247,238									851,247,238	
13. Life Premiums Direct											
14. Property/Casualty Premiums Written											
15. Health Premiums Earned	851,247,238									851,247,238	
16. Property/Casualty Premiums Earned											
17. Amount Paid for Provision of Health Care Services	676,027,038									676,027,038	
18. Amount Incurred for Provision of Health Care Services	673,319,072									673,319,072	

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

STATEMENT AS OF **June 30, 2011** OF THE **Volunteer State Health Plan, Inc.**
CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
0199999 Individually Listed Claims Unpaid						
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	24,669,539	712,110	50,865			25,432,514
0499999 Subtotals	24,669,539	712,110	50,865			25,432,514
0599999 Unreported claims and other claim reserves						156,228,303
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						181,660,817
0899999 Accrued Medical Incentive Pool And Bonus Amounts						841,896

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	147,040,794	527,571,872	10,360,853	171,299,964	157,401,647	184,368,783
7. Title XIX - Medicaid						
8. Other health						
9. Health subtotal (Lines 1 to 8)	147,040,794	527,571,872	10,360,853	171,299,964	157,401,647	184,368,783
10. Healthcare receivables (a)	(171,048)	(613,708)			(171,048)	
11. Other non-health						
12. Medical incentive pools and bonus amounts	814,808	158,104		841,896	814,808	1,185,192
13. Totals (Lines 9 - 10 + 11 + 12)	148,026,650	528,343,684	10,360,853	172,141,860	158,387,503	185,553,975

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

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Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

The TDCI 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 Commissioners' (NAIC) *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 Oversight Division, allows a prescribed practice of admitting the most current 90 days of health care receivables (per Tennessee Code Annotated § 56-32-112(a)(5)(D)). This prescribed practice differs from the NAIC AP&P, which requires non-admission of health care receivables related to claim overpayments.

At the request of the TDCI, TennCare Oversight 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 impact 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 AP&P and practices prescribed and permitted by the State of Tennessee is shown below:

NET INCOME	State of Domicile	June 30, 2011	December 31, 2010
(1) Net Income (Loss) State Statutory Basis	TN	\$ 33,607,887	\$ (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	\$ 33,607,887	\$ (21,974,824)
SURPLUS			
(5) Surplus State Statutory Basis	TN	\$ 144,040,279	\$ 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	\$ 144,040,279	\$ 90,367,873

5. Investments

During the first six months of 2011, the Company did not recognize any other-than-temporary impairments (OTTI) on bond or equity holdings.

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 amounts of other-than-temporary-impairments (OTTI) recognized on loan-backed securities during the six months ended June 30, 2011, are as follows:

	Amortized Cost Basis Before OTTI	OTTI Recognized in Loss	Fair Value
OTTI recognized 1 st Quarter:			
Intent to Sell	\$ 0	\$ 0	\$ 0
Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost	0	0	0
Total 1 st Quarter	\$ 0	\$ 0	\$ 0

Notes to Financial Statement

	<u>Amortized Cost Basis Before OTTI</u>	<u>OTTI Recognized in Loss</u>	<u>Fair Value</u>
OTTI recognized 2 nd Quarter:			
Intent to Sell	\$ 0	\$ 0	\$ 0
Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost	0	0	0
Total 2 nd Quarter	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

- (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 OTTI solely because the present value of expected cash flows is less than amortized cost.

<u>CUSIP</u>	<u>Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI</u>	<u>Present Value of Projected Cash Flows</u>	<u>Recognized OTTI</u>	<u>Amortized Cost After OTTI</u>	<u>Fair Value at time of OTTI</u>	<u>Date of Financial Statement Where Reported</u>
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 June 30, 2011 and for which OTTI has not been recognized is as follows:

	<u>At a Loss Less Than 12 Months</u>	<u>At a Loss 12 Months Or Longer</u>	<u>Total</u>
Amortized Cost	\$ 6,130,092	\$ 0	\$ 6,130,092
Fair Value	6,083,089	0	6,083,089
Unrealized Loss	<u>\$ 47,003</u>	<u>\$ 0</u>	<u>\$ 47,003</u>

- (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 June 30, 2011 are:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Total of gross DTA, admitted and nonadmitted	\$ 13,763,790	\$ 31,047	\$ 13,794,837
Statutory valuation allowance	-	-	-
Adjusted gross DTA, admitted and nonadmitted	\$ 13,763,790	\$ 31,047	\$ 13,794,837
Total DTL	-	-	-
Net DTA before admissibility test	<u>\$ 13,763,790</u>	<u>\$ 31,047</u>	<u>\$ 13,794,837</u>

Notes to Financial Statement

The amount of admitted adjusted gross DTA under each component of SSAP No. 10R as of June 30, 2011 is:

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
Admitted pursuant to paragraph 10(a)	\$ 12,997,426	\$ -	\$ 12,997,426
Admitted pursuant to paragraph 10(b)	-	-	-
Admitted pursuant to paragraph 10(c)	-	-	-
Total Admitted DTA	<u>\$ 12,997,426</u>	<u>\$ -</u>	<u>\$ 12,997,426</u>
Total DTL	-	-	-
Net admitted DTA	<u>\$ 12,997,426</u>	<u>\$ -</u>	<u>\$ 12,997,426</u>
Nonadmitted DTA	<u>\$ 766,364</u>	<u>\$ 31,047</u>	<u>\$ 797,411</u>

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

	<u>Ordinary</u>	<u>Capital</u>	<u>Total</u>
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	<u>\$ 14,502,547</u>	<u>\$ 31,047</u>	<u>\$ 14,533,594</u>

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	\$ (738,757)	\$ -	\$ (738,757)
Statutory valuation allowance	-	-	-
Adjusted gross DTA, admitted and nonadmitted	\$ (738,757)	\$ -	\$ (738,757)
Total DTL	-	-	-
Net DTA before admissibility test	<u>\$ (738,757)</u>	<u>\$ -</u>	<u>\$ (738,757)</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)	\$ 12,997,426	-	\$ 12,997,426
Admitted pursuant to paragraph 10(b)	(8,206,480)	-	(8,206,480)
Admitted pursuant to paragraph 10(c)	-	-	-
Total Admitted DTA	<u>4,790,946</u>	<u>-</u>	<u>4,790,946</u>
Total DTL	-	-	-
Net admitted DTA	<u>\$ 4,790,946</u>	<u>\$ -</u>	<u>\$ 4,790,946</u>
Nonadmitted DTA	<u>\$ (5,529,703)</u>	<u>\$ -</u>	<u>\$ (5,529,703)</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 June 30, 2011 and December 31, 2010 are:

Notes to Financial Statement

	<u>June 30, 2011</u>	<u>December 31, 2010</u>
Federal	\$ 17,728,747	\$ 2,693,121
Foreign	-	-
	<u>17,728,747</u>	<u>2,693,121</u>
Federal income tax on capital gains	-	-
Utilization of capital loss carryforwards	-	-
Federal and foreign income taxes incurred	<u>\$ 17,728,747</u>	<u>\$ 2,693,121</u>

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

	<u>June 30, 2011</u>	<u>December 31, 2010</u>	<u>Change</u>
Adjusted gross DTAs, admitted and nonadmitted	\$ 13,794,837	\$ 14,533,594	\$ (738,757)
Total DTLs	-	-	-
Adjusted gross DTAs, less DTLs	<u>\$ 13,794,837</u>	<u>\$ 14,533,594</u>	<u>\$ (738,757)</u>
Tax effect of nonadmitted assets			499,682
Change in net deferred income tax			<u>\$ (239,075)</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>June 30, 2011</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$ 17,967,822	35.0%
Change in net deferred income taxes	(239,075)	(0.5%)
Federal and foreign income taxes incurred	<u>\$ 17,728,747</u>	<u>34.5%</u>

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 six 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 six months ended June 30 were \$33,430,017 and \$13,025,708 in 2011 and 2010, respectively.

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

- C. The Company has no wash sales involving transactions for securities with an NAIC designation of 3 or below, or unrated (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 and the Stabilization Plan are Administrative Services Only (ASO) arrangements with the State of Tennessee, effective July 1, 2001 and July 1, 2002, respectively. Cash and invested assets related to TennCare Select and the Stabilization Plan are reported in the appropriate categories on the Assets statement. 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. Other assets and liabilities related to TennCare Select and the Stabilization Plan are netted and reported either on page 2, line 17 in the category labeled Amounts receivable relating to uninsured plans or on page 3, line 22 in the category labeled Liability for amounts held under uninsured 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 ended on April 15, 2011.

Notes to Financial Statement

The gain from operations from ASO plans and the uninsured portion of partially insured plans are 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	\$ 2,236,668	0	\$ 2,236,668
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	\$ 2,238,618	0	\$ 2,238,618
d. Total claims payment volume	\$ 158,361,802	0	\$ 158,361,802

20. Fair Value Measurement

The Company holds only investment grade bonds in its investment portfolio, which are reported at amortized cost. Due to this fact, and in accordance with the provisions of Statement of Statutory Accounting Principles (SSAP) No. 100, *Fair Value Measurements*, the Company is not required to categorize these assets within the fair value hierarchy. At June 30, 2011, the Company held investment grade commercial mortgage-backed securities and investment grade asset-backed securities with a fair value of \$9,227,012 and \$9,010,446, respectively. At June 30, 2011, the average credit rating of the Company's entire fixed income portfolio was AA. The Company held no equity securities, mutual fund investments, mortgage loans, non-agency residential mortgage-backed securities, Alt-A securities or auction rate securities at June 30, 2011.

Fair values of bonds are provided by independent pricing services. The Company has obtained an understanding of the methods, models and inputs used, and has controls in place to validate that amounts provided represent reasonable estimates of exit prices. For securities not actively traded, the third party pricing services may use quoted market prices of similar instruments or models, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds. Management periodically reviews the securities in the portfolio with the Company's investment managers and investment consultant. If unusual fluctuations in pricing or variances in pricing from different sources are noted, management may obtain additional information from other pricing services, or request an investigation into the evaluation of the security by the pricing service to validate the quoted price.

21. Other Items

C. Other Disclosures

- 1) As of June 30, 2011, assets in the amount of \$35,127,827 were on deposit with government authorities or trustees. This amount exceeds the deposit amount required by the State of Tennessee of \$34,651,682.
- 2) Expenses are shown on the Statement of Revenue and Expenses net of administrative fees from ASO contracts. The increase in claims adjustment and general administrative expense for the six months ended June 30, 2011 compared to the same period in the prior year is primarily attributable to the addition of the Select Community and Choices programs, which began June 1, 2010 and August 8, 2010, respectively, and \$13,061,100 in liquidated damages assessed by the State of Tennessee primarily attributable to the Choices program, partially offset by reductions in claims adjustment and general administrative expenses on non-Choices programs.

Notes to Financial Statement

The following provides a comparison of expense excluding ASO administrative fees and premium tax:

Line#	Administrative Expenses:	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	% Change
20	Claims adjustment expense	\$60,521,905	\$49,548,916	
21	General administrative expense	68,084,253	51,825,742	
	Total Expense	128,606,158	101,374,658	
	Less: ASO administrative fees	22,363,950	21,790,029	
	Less: Premium tax	(56,730,385)	(43,364,299)	
	Expenses before ASO admin fees and excluding premium tax	<u>\$94,239,723</u>	<u>\$ 79,800,388</u>	18.1%

22. Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through August 9, 2011 for the statutory statement issued on August 15, 2011. The risk and ASO contracts include provisions for liquidated damages related primarily to operational performance measures. The State of Tennessee monitors performance and determines any damages to be assessed. On July 13, 2011, the Company was notified of \$13,050,000 in liquidated damages related to the Choices program. The assessment relates to periods prior to June 30, 2011, and the Company accrued this amount as of June 30, 2011. The amount is reported on page Q3, line 23 in the category labeled Aggregate write-ins for other liabilities and on page Q4, line 21 in the category labeled General administrative expenses.

Type II – Non-recognized Subsequent Events:

Subsequent events have been considered through August 9, 2011 for the statutory statement issued on August 15, 2011. As noted on Supplemental Exhibit 2 – Accident and Health Premiums Due and Unpaid, the State of Tennessee withheld \$75,789,229 in premiums due as of June 30, 2011. Subsequent to June 30, 2011, the State of Tennessee withheld an additional \$28,760,987. In August 2011, the State of Tennessee returned previously withheld amounts totaling \$89,886,353. As of August 9, 2011, premiums withheld by the State totaled \$14,663,863. 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 \$196,453,023. Through June 30, 2011, \$156,685,622 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 \$27,200,286. The reserve remaining for prior year amounts to \$12,567,115 as of June 30, 2011.

Other Notes

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[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[X] No[]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
The VSHP Code of Business Conduct (Code) is applicable to all employees, officers, contractors, and members of the Board of Directors. According to the Code of Conduct Annual Review Policy, it is the responsibility of the Corporate Compliance Department to perform an annual review and revision of the Code in order to maintain a current, accurate, and applicable Code for VSHP. This annual review process was completed during the first quarter of 2011 with Board approval and acceptance of the revised Code occurring in April 2011. The only changes made to the Code this year included minor wording revisions and the addition of a new corporate purpose and values page. The primary content and standards of the Code were unchanged.
- 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:

GENERAL INTERROGATORIES (Continued)

INVESTMENT

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
- 14.2 If yes, please complete the following:

	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
- 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
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 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
US Bank	2204 Lakeshore Drive, Ste 302 Birmingham, AL 35209
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
- 16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Regions Morgan Keegan Trust	US Bank	05/11/2011 ..	Credit Rating of Regions

- 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 No
- 17.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages:	
1.1 A&H loss percent	..... 83.200%
1.2 A&H cost containment percent	..... 4.100%
1.3 A&H expense percent excluding cost containment expenses	..... 11.000%
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)
			NONE			

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			851,247,238				851,247,238	
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)	X X X								
59. Subtotal	X X X			851,247,238				851,247,238	
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. Total (Direct Business)	(a) 1			851,247,238				851,247,238	
DETAILS OF WRITE-INS									
5801.	X X X								
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

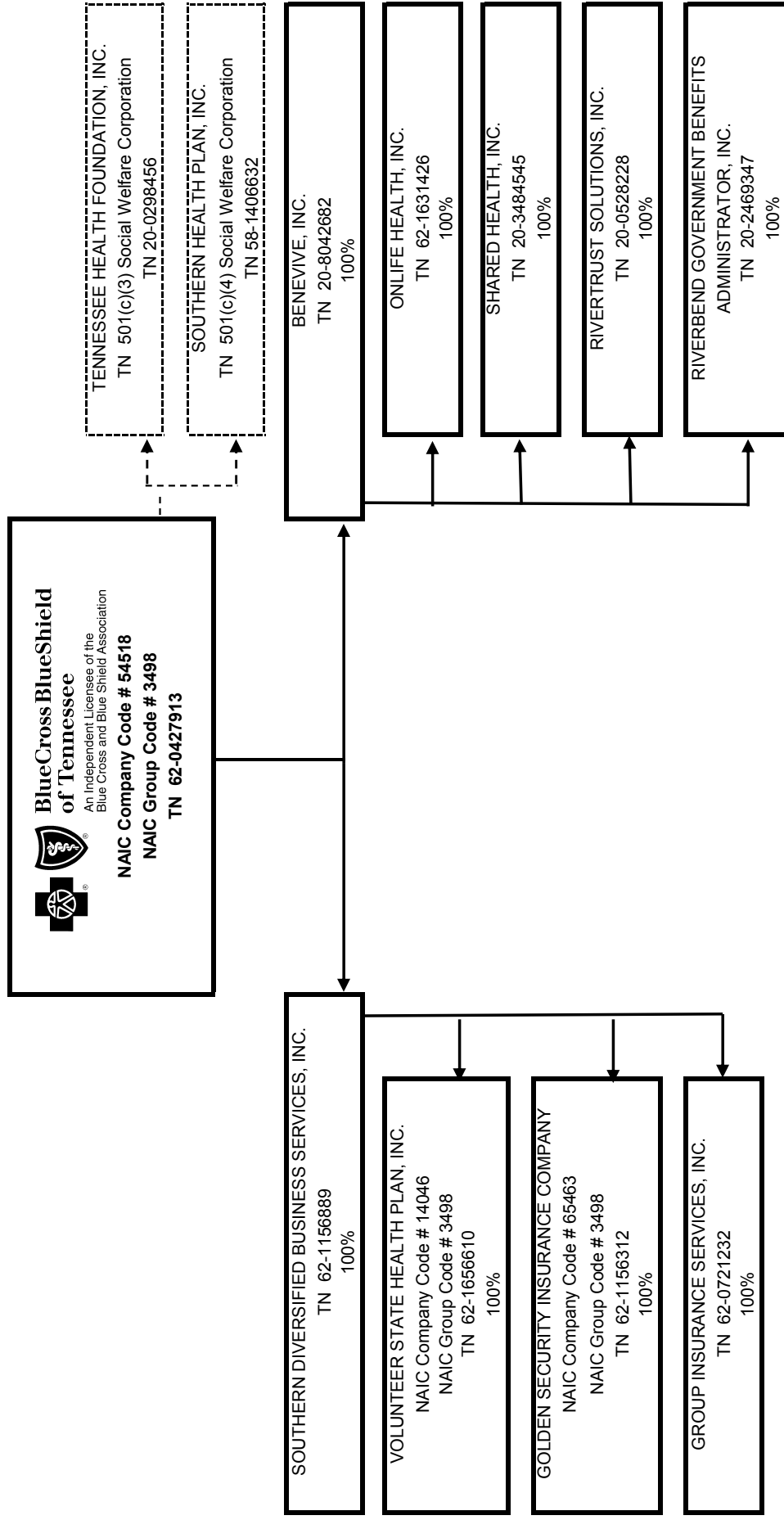
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

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



14046201136500002

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	NONE	
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)		

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	NONE	
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)		

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)	NONE	
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)		

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	83,596,835	178,824,377
3. Accrual of discount	29,522	41,434
4. Unrealized valuation increase (decrease)	2,130	(7,964)
5. Total gain (loss) on disposals	324,381	1,525,683
6. Deduct consideration for bonds and stocks disposed of	77,097,008	110,385,920
7. Deduct amortization of premium	1,041,958	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)	166,661,387	160,847,485
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	166,661,387	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
BONDS								
1. Class 1 (a)	301,721,580	602,714,588	469,432,487	(505,106)	301,721,580	434,498,575		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	301,721,580	602,714,588	469,432,487	(505,106)	301,721,580	434,498,575		438,414,874
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	301,721,580	602,714,588	469,432,487	(505,106)	301,721,580	434,498,575		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	267,837,188	X X X	267,836,966	71,959	

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	847,854,081	531,222,171
3. Accrual of discount	568	
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	(345)	599
6. Deduct consideration received on disposals	857,584,269	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)	267,837,188	277,567,425
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	267,837,188	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 Description	3 NAIC Designation or Other Description	4 Notional Amount	5 Book/Adjusted Carrying Value	6 Fair Value	7 Effective Date	8 Maturity Date	9 Derivative Instrument(s) Open		10 Cash Instrument(s) Held					
Number	Description	NAIC Designation or Other Description	Notional Amount	Book/Adjusted Carrying Value	Fair Value	Effective Date	Maturity Date	9 Description	10 Book/Adjusted Carrying Value	11 Fair Value	12 CUSIP	13 Description	14 NAIC Designation or Other Description	15 Book/Adjusted Carrying Value	16 Fair Value
						NONE									
9999999 Totals						XXX . XXX . XXX .	XXX . XXX . XXX .	XXX . XXX .			XXX .	XXX .	XXX .		

SCHEDULE DB - PART C - SECTION 2

Replication (Synthetic Asset) Transactions Open

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

NONE

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

		Book/Adjusted Carrying Value Check	
1.	Part A, Section 1, Column 14		
2.	Part B, Section 1, 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							
NONE									
0399999 Totals									

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

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

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

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

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

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

SCHEDULE BA - PART 2

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

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

SCHEDULE BA - PART 3

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

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

SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
912828QS2	U S TREASURY NOTE		06/27/2011	VARIOUS	X X X	1,605,601	1,600,000.00	492	1
059999	Subtotal - Bonds - U.S. Governments				X X X	1,605,601	1,600,000.00	492	X X X
Bonds - U.S. Special Revenue, Special Assessment									
31398AYY2	FEDERAL NATL MTG ASSN		06/27/2011	Credit Suisse	X X X	1,703,288	1,600,000.00	13,600	1FE
3128CUTB2	FHLMC POOL #G3-0546		05/10/2011	Morgan Stanley	X X X	1,332,563	1,200,000.00	3,200	1FE
3128PVB58	FHLMC POOL #J1-5449		06/01/2011	VARIOUS	X X X	4,154,900	3,992,096.92	6,653	1FE
38374C3K5	GNMA REMIC PRT 03-85 CL VB		04/26/2011	Credit Suisse	X X X	1,430,051	1,350,000.00	4,725	1FE
78442GQP4	SLM STUDENT LOAN TRUST 8 A3		06/13/2011	First Tennessee	X X X	1,276,438	1,300,000.00	721	1FE
319999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				X X X	9,897,240	9,442,096.92	28,899	X X X
Bonds - Industrial and Miscellaneous (Unaffiliated)									
00440EAG2	ACE INA HOLDINGS INC		06/23/2011	Wells Fargo Securities LL	X X X	731,510	650,000.00	1,379	1FE
02005VAC6	ALLY AUTO RECEIVABLES TRU 2 A3		04/27/2011	Citibank NY	X X X	1,349,997	1,350,000.00		1Z*
06051GDY2	BANK OF AMERICA CORP		04/12/2011	Barclays Capital	X X X	652,683	575,000.00	17,669	1FE
05531FAH6	BB&T CORPORATION		04/25/2011	Deutsche Bank Secs	X X X	1,474,322	1,475,000.00		1FE
92344SAP5	CELLCO PARTNERSHIP / VERIZON W		06/09/2011	FTN Financial Secs	X X X	720,181	650,000.00	13,328	1FE
17297EY3	CITIGROUP INC		04/12/2011	MLPFS INC/Fixed Income	X X X	982,686	885,000.00	9,873	1FE
22544QAB5	CREDIT SUISSE MORTGAGE C C3 A2		05/03/2011	Deutsche Bank Secs	X X X	2,420,679	2,360,918.38	724	1Z*
238651AK8	DANAHER CORP		06/27/2011	Credit Suisse	X X X	1,610,528	1,600,000.00	404	1FE
24702RAP6	DELL INC		06/23/2011	Non Broker Trade	X X X	2,290,948	2,200,000.00	16,671	1FE
313371J49	FEDERAL HOME LN BK CONS BD		04/14/2011	Mizuho Secs	X X X	1,378,034	1,400,000.00	6,067	1FE
3133XLJP9	FEDERAL HOME LN BK CONS BD		05/03/2011	Morgan Stanley	X X X	1,703,580	1,500,000.00	18,563	1FE
3133XWE70	FEDERAL HOME LN BK CONS BD		05/10/2011	First Tennessee	X X X	1,498,910	1,440,000.00	14,800	1FE
3134A4JU6	FEDERAL HOME LN MTG CORP		05/03/2011	BNP Paribas Securities	X X X	1,786,907	1,600,000.00	24,222	1FE
3134G1ZL7	FEDERAL HOME LN MTG CORP		05/18/2011	Added by SunGard	X X X	1,505,025	1,500,000.00	3,577	1FE
34528QAH7	FORD CREDIT FLOORPLAN MAST 2 A		06/02/2011	JPMorgan Securities Inc,	X X X	740,522	730,000.00	780	1Z*
36967HAV9	GENERAL ELECTRIC CAPITAL CORP		04/25/2011	Morgan Stanley	X X X	1,435,500	1,400,000.00	10,495	1FE
372917AQ7	GENZYME CORP		06/28/2011	Credit Suisse	X X X	506,246	475,000.00	765	1FE
38141EA74	GOLDMAN SACHS GROUP INC		04/08/2011	Goldman Sachs NY	X X X	189,931	188,000.00	1,391	1FE
38141GEA8	GOLDMAN SACHS GROUP INC SR NT		04/12/2011	VARIOUS	X X X	913,439	852,000.00	10,797	1FE
428236BK8	HEWLETT-PACKARD CO		05/25/2011	JPMorgan Securities Inc,	X X X	684,801	685,000.00		1FE
61747YDC6	MORGAN STANLEY		04/26/2011	Morgan Stanley	X X X	1,000,000	1,000,000.00		1FE
617451AF6	MORGAN STANLEY CAPITA IQ10 A4A		05/24/2011	Citibank NY	X X X	272,930	250,000.00	908	1Z*
61745MT45	MORGAN STANLEY CAPITAL HQ4 A7		04/11/2011	Wells Fargo Secs	X X X	514,500	490,000.00	879	1FE
61746WD49	MORGAN STANLEY DEAN WIT HQ2 A2		06/15/2011	Citadel Secs	X X X	743,919	710,000.00	1,844	1Z*
69373UAA5	PACCAR INC MEDIUM TERM NTS		04/14/2011	Merrill Lynch	X X X	359,349	315,000.00	3,850	1FE
71817ZAB5	PHILIP MORRIS INTERNATIONAL IN		06/29/2011	JPMorgan Securities Inc,	X X X	696,800	650,000.00	4,313	1FE
742718DQ9	PROCTER & GAMBLE CO/THE		06/29/2011	Morgan Stanley	X X X	659,219	625,000.00	6,781	1FE
842400ER0	SOUTHERN CALIFORNIA EDISON CO		06/30/2011	FTN Financial Secs	X X X	1,341,302	1,225,000.00	29,094	1FE
882508AQ7	TEXAS INSTRUMENT INC		05/16/2011	Morgan Stanley	X X X	1,168,538	1,170,000.00		1FE
90520EAC5	UNION BANK NA		06/01/2011	Morgan Stanley	X X X	648,265	650,000.00		1FE
931142DA8	WAL-MART STORES INC		04/11/2011	Citigroup GBL	X X X	648,245	650,000.00		1FE
389999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	32,629,496	31,250,918.38	199,174	X X X
839997	Subtotal - Bonds - Part 3				X X X	44,132,337	42,293,015.30	228,565	X X X

SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
8399998	Summary Item from Part 5 for Bonds (N/A to Quarterly)				XXX	XXX	XXX	XXX	XXX
8399999	Subtotal - Bonds				XXX	44,132,337	42,293,015.30	228,565	XXX
8999998	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				XXX	XXX	XXX	XXX	XXX
9799998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)				XXX	XXX	XXX	XXX	XXX
9899999	Subtotal - Preferred and Common Stocks				XXX	XXX	XXX	XXX	XXX
9999999	Total - Bonds, Preferred and Common Stocks				XXX	44,132,337	XXX	228,565	XXX

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

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value				16	17	18	19	20	21	22	
										11	12	13	14								15
CUSIP Identification	Description	Disposal Date	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.I.A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B.I.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 (e)
Bonds - U.S. Governments																					
912828NQ9	U.S. TREASURY NOTE	06/23/2011		Alex Brown & Sons	X X X	1,406,284	1,400,000.00	1,402,848	508,007		(498)		(498)		1,402,351		3,934	3,481	07/31/2012	1	
912828PZ7	U.S. TREASURY NOTE	06/22/2011		First Boston Corp	X X X	4,032,252	4,000,000.00	4,001,156	525,835		117		117		4,001,273		30,979	8,628	03/15/2014	1	
912828QS2	U.S. TREASURY NOTE	06/29/2011		VARIOUS	X X X	1,599,432	1,600,000.00	1,605,601	3,705		(8)		(8)		1,605,593		(6,161)	607	06/15/2014	1	
05959999	Subtotal - Bonds - U.S. Governments				X X X	7,037,968	7,000,000.00	7,009,605			(389)		(389)		7,009,217		28,752	12,716	X X X	X X X	
Bonds - U.S. Special Revenue, Special Assessment																					
3133XRY46	FEDERAL HOME LN BK CONS BD	06/23/2011		SBC Capital Mkts	X X X	503,810	500,000.00	523,495	508,007		(5,542)		(5,542)		502,466		1,344	14,844	09/09/2011	IFE	
3133XUKB8	FEDERAL HOME LN BK CONS BD	05/18/2011		BNP Paribas Securities	X X X	526,570	525,000.00	527,546	525,835		(519)		(519)		525,316		1,254	5,574	08/11/2011	IFE	
3133XXUW7	FEDERAL HOME LN BK CONS BD	06/23/2011		BNP Paribas Securities	X X X	1,420,021	1,420,000.00	1,419,134	1,419,836		273		273		1,419,836		185	2,439	10/06/2011	IFE	
3133XF919	FEDERAL HOME LN BKS CONS BD	06/23/2011		SBC Capital Mkts	X X X	429,944	425,000.00	456,004	435,577		(7,321)		(7,321)		428,256		1,087	16,823	09/09/2011	IFE	
3133XTYS0	FEDERAL HOME LOAN BANK CONS	06/24/2011		CALLED @ 100.0000000	X X X	2,200,000	2,200,000.00	2,246,970	2,229,048		(29,048)		(29,048)		2,200,000			38,500	06/24/2014	IFE	
3128XKX86	FEDERAL HOME LOAN MORTGAGE COMPANY	04/27/2011		CALLED @ 100.0000000	X X X	400,000	400,000.00	399,910	399,910		22		22		399,932		68	4,000	04/27/2012	IFE	
31398AWQ1	FEDERAL NATL MTG ASSN	04/28/2011		MATURITY	X X X	375,000	375,000.00	374,885	374,885		145		145		375,000			2,578	04/28/2011	IFE	
3128CUTB2	FHLMC POOL #78-0851	06/01/2011		PRINCIPAL RECEIPT	X X X	3,591	3,028.14	3,708	3,705		(114)		(114)		3,591			34	09/01/2033	IFE	
3128YVBS8	FHLMC POOL #93-0546	06/01/2011		PRINCIPAL RECEIPT	X X X	20,929	20,928.61	23,241	23,241		(2,312)		(2,312)		20,929			3,333	05/01/2026	IFE	
31394YR63	FHLMC POOL #J-5449	06/01/2011		VARIOUS	X X X	2,081,563	2,000,000.00	2,081,563	2,081,563		531		531		2,082,094		(531)				
31333RRD4	FHLMC MULTICLASS CTF5 2802 VE	06/15/2011		PRINCIPAL RECEIPT	X X X	12,411	12,410.97	13,191	13,046		(635)		(635)		12,411			268	04/15/2015	IFE	
31333IPM4	FHLMC MULTICLASS MTG 2557 WD	06/15/2011		PRINCIPAL RECEIPT	X X X	83,916	83,915.62	87,692	86,696		(1,927)		(1,927)		82,840		1,683	760	01/15/2018	IFE	
31394NAB4	FHLMC MULTICLASS MTG 2723 EA	06/15/2011		PRINCIPAL RECEIPT	X X X	65,315	65,315.12	68,397	67,693		(2,781)		(2,781)		65,315		1,284	1,284	01/15/2018	IFE	
31397CYB9	FHLMC MULTICLASS MTG 3253 EA	06/15/2011		PRINCIPAL RECEIPT	X X X	42,222	42,221.65	44,348	44,348		(2,127)		(2,127)		42,222			849	08/15/2020	IFE	
31324XZ62	FHLMC POOL #78-0741	06/01/2011		PRINCIPAL RECEIPT	X X X	39,287	39,287.47	40,669	40,669		(1,268)		(1,268)		39,287			1,046	10/15/2027	IFE	
31395LAD3	FHLMC REMIC SERIES 2924	06/15/2011		PRINCIPAL RECEIPT	X X X	13,589	13,587.54	14,019	14,008		(421)		(421)		13,588			128	07/01/2033	IFE	
31402CBE8	FNMA POOL #0725445	06/27/2011		PRINCIPAL RECEIPT	X X X	44,295	44,294.56	46,371	46,245		(1,960)		(1,960)		44,295			785	02/15/2033	IFE	
31403CVJ7	FNMA POOL #0735591	06/27/2011		PRINCIPAL RECEIPT	X X X	42,106	42,106.20	44,485	44,287		(2,181)		(2,181)		42,106			674	05/01/2019	IFE	
31404P8U1	FNMA POOL #0745017	06/27/2011		PRINCIPAL RECEIPT	X X X	41,903	40,516.14	41,903	41,893		(1,377)		(1,377)		40,516			723	06/01/2035	IFE	
31404WTV8	FNMA POOL #0749559	06/27/2011		PRINCIPAL RECEIPT	X X X	90,451	76,997.64	95,496	81,029		(4,031)		(4,031)		76,998			1,227	07/01/2020	IFE	
31410K6V9	FNMA POOL #0809185	06/27/2011		PRINCIPAL RECEIPT	X X X	49,029	49,028.58	51,763	51,568		(4,680)		(4,680)		90,451			1,297	04/01/2019	IFE	
31410K6V5	FNMA POOL #0809187	06/27/2011		PRINCIPAL RECEIPT	X X X	54,821	54,820.79	58,059	57,883		(3,062)		(3,062)		54,821			1,046	10/01/2021	IFE	
31416B4P7	FNMA POOL #0955528	06/27/2011		PRINCIPAL RECEIPT	X X X	43,458	43,457.81	45,973	45,973		(2,515)		(2,515)		43,458			791	12/01/2020	IFE	
31416B4P2	FNMA POOL #0955530	06/27/2011		PRINCIPAL RECEIPT	X X X	20,086	20,086.05	20,831	20,831		(745)		(745)		20,086			369	12/01/2020	IFE	
31418M4Z0	FNMA POOL #0AD0837	06/27/2011		PRINCIPAL RECEIPT	X X X	23,312	23,311.83	24,278	24,278		(967)		(967)		23,312			454	12/01/2021	IFE	
31394CPN6	FNMA POOL #0955531	06/27/2011		PRINCIPAL RECEIPT	X X X	67,279	67,278.71	71,016	70,847		(3,569)		(3,569)		67,279			1,092	03/01/2023	IFE	
31397N3Q6	FNMA GTD REMIC PIT 05-10 A1	06/27/2011		PRINCIPAL RECEIPT	X X X	25,524	25,523.76	26,527	26,267		(743)		(743)		25,524			461	01/25/2023	IFE	
31396Q2W2	FNMA GTD REMIC PIT 09-43 G3	06/27/2011		PRINCIPAL RECEIPT	X X X	44,384	44,383.54	46,214	45,688		(1,275)		(1,275)		44,384			641	08/25/2024	IFE	
31416BRE0	FNMA POOL #0955165	06/27/2011		PRINCIPAL RECEIPT	X X X	54,078	54,077.63	56,199	55,768		(1,690)		(1,690)		54,078			791	08/25/2019	IFE	
36211V6Q8	GNMA POOL #0524779	06/15/2011		PRINCIPAL RECEIPT	X X X	32,999	30,377.69	32,706	32,559		(2,181)		(2,181)		30,378			906	12/01/2024	IFE	
36295P4L3	GNMA POOL #0576827	06/15/2011		PRINCIPAL RECEIPT	X X X	7,948	7,948.27	8,305	8,319		(371)		(371)		7,948			565	01/15/2024	IFE	
36296E5H8	GNMA POOL #0688948	06/15/2011		PRINCIPAL RECEIPT	X X X	18,799	18,799.43	19,631	19,565		(766)		(766)		18,799			323	07/15/2023	IFE	
36297A3K7	GNMA POOL #0706502	06/15/2011		PRINCIPAL RECEIPT	X X X	1,977	1,976.86	2,064	2,058		(81)		(81)		1,977			79	01/15/2024	IFE	
36297B4P3	GNMA POOL #0707430	06/15/2011		PRINCIPAL RECEIPT	X X X	3,633	3,633.29	4,003	3,950		(157)		(157)		3,633			36	01/15/2024	IFE	
36297CVT3	GNMA POOL #0708126	06/15/2011		PRINCIPAL RECEIPT	X X X	2,662	2,662.08	2,783	2,774		(112)		(112)		2,662			51	01/15/2024	IFE	
36297L6V7	GNMA POOL #0708231	06/15/2011		PRINCIPAL RECEIPT	X X X	199,145	199,144.53	208,915	208,915		(9,771)		(9,771)		199,145			1,658	12/16/2039	IFE	
36210B4N2	GNMA POOL #0824331	06/20/2011		PRINCIPAL RECEIPT	X X X	11,029	11,029.26	11,191	11,191		(162)		(162)		11,029			132	12/20/2039	IFE	
36210B4R2	GNMA POOL #0827829	06/15/2011		PRINCIPAL RECEIPT	X X X	9,793	9,793.85	10,136	10,124		(331)		(331)		9,793			206	04/15/2024	IFE	
36210B4R3	GNMA POOL #0827832	06/15/2011		PRINCIPAL RECEIPT	X X X	13,714	13,713.61	14,331	14,285		(571)		(571)		13,714			289	04/15/2024	IFE	
78442ZNA5	SLM STUDENT LN 07 2 CL A-1	05/16/2011		PRINCIPAL RECEIPT	X X X	16,104	16,104.04	15,881	15,881		223		223		16,104			41	05/15/2018	IFE	
78442ZNA6	SLM STUDENT LN 06 5 CL A3	04/29/2011		PRINCIPAL RECEIPT	X X X	57,187	57,186.92	55,212	55,293		1,894		1,894		57,187			55	10/25/2019	IFE	
78442ZHP4	SLM STUDENT LN TR 08 8 CL A-4	06/15/2011		PRINCIPAL RECEIPT	X X X	9,560	9,569.67	9,207	9,207		346		346		9,560			25	03/15/2019	IFE	
78442ZMK9	SLMIA 2004-7 A5	04/25/2011		PRINCIPAL RECEIPT	X X X	62,953	62,952.86	62,363	62,467		486		486		62,953			74	01/27/2020	IFE	
31959999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				X X X	9,434,225	9,342,911.67	9,589,957	9,216,714		(99,625)		(99,625)		9,430,817		3,407	109,872	X X X	X X X	
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
065451AD0	BHP BILLITON FIN USA LTD GTD	06/22/2011		Merrill Lynch	X X X	517,900	500,000.00	527,433	527,433		(10,441)		(10,441)		516,991		909	19,076	03/29/2012	IFE	
632550BE0	NATIONAL AUSTRALIA BANK 144A	06/22/2011		Salomon Brothers	X X X	532,215	500,000.00	534,290	532,908		(3,606)		(3,606)		529,302		(6,087)	15,365	03/02/2015	IFE	
02005HAB9	ALLYA 2010-1 A3	06/23/2011		VARIOUS	X X X	1,259,082	1,250,000.00	1,249,936	1,249,936		16		16		1,249,920		9,130	9,717	05/15/2014	IFE	
0305AAAC8	AMCAR 2009-1 A3	06/15/2011		PRINCIPAL RECEIPT	X X X	5,162,811	5,162,811	5,232,309	5,199,999		(308)		(308)		5,162,811						

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)	
060505BMS	BANK AMER CORP NT	06/27/2011	Montgomery Secs	XXX	483,017	450,000.00	482,117							478,273		4,744	4,744	13,102	06/15/2014	IFE	
060510GDT	BANK OF AMERICA CORP	06/27/2011	SBC Capital Mkts	XXX	1,518,332	1,350,000.00	1,509,098	149,407				(3,844)				24,551	4,744	62,227	06/15/2014	IFE	
060511LAC7	BANK OF AMERICA CORP	06/22/2011	BNP Paribas Securities	XXX	156,893	150,000.00	156,123				(1,557)					1,308	1,308	4,913	04/01/2015	IFE	
060511GEB1	BANK OF AMERICA CORP	06/10/2011	Montgomery Secs	XXX	314,185	310,000.00	310,381				(539)					3,833	3,833	9,333	09/01/2015	IFE	
084666BK6	BANKSHIRE HATHAWAY FINANCE COR	05/25/2011	First Boston Corp	XXX	206,158	200,000.00	199,534				(62)					6,300	6,300	4,911	04/15/2012	IFE	
09657CAC4	BMWLT 2009-1 A3	06/15/2011	PRINCIPAL RECEIPT	XXX	278,523	278,523.29	283,963				(1,729)							3,592	03/15/2012	IFE	
14312VAD5	CARMAX AUTO OWNER 08-1 CL A-3	06/15/2011	PRINCIPAL RECEIPT	XXX	94,029	94,029.12	95,669				(1,640)							1,660	03/15/2013	IFE	
161571CW2	CHASE ISSUACNE TR 08-5 CL A	05/16/2011	CHASE ISSUACNE TR 08-5 CL A	XXX	750,000	750,000.00	760,320				(10,320)							13,313	05/15/2013	IFE	
17314AA49	CITIGROUP FUNDING INC	06/23/2011	Chemical Securities	XXX	912,096	900,000.00	905,419				(1,120)							13,200	03/30/2012	IFE	
172967EV3	CITIGROUP INC	06/27/2011	Chemical Securities	XXX	249,901	225,000.00	250,904				(3,010)							12,670	08/12/2014	IFE	
172969EZ0	CITIGROUP INC	06/27/2011	VENDOR CODE BRO NOT IN TA	XXX	949,958	875,000.00	946,654				(7,352)							34,089	10/15/2014	IFE	
191216AL4	COCA COLA CO NT	05/17/2011	Stifel Nicolaus	XXX	106,506	100,000.00	99,545				33							6,772	05/15/2014	IFE	
22541LAC7	CREDIT SUISSE FB USA INC NT	04/17/2011	First Boston Corp	XXX	156,834	150,000.00	152,637				(263)							6,086	07/15/2012	IFE	
2254AQAB5	CREDIT SUISSE MORTGAGE C C3 A2	06/17/2011	VARIOUS	XXX	1,642,614	1,602,760.57	1,643,330				(751)							7,231	01/15/2012	IFE	
34528CAE5	FORD CR AUTO 06-C CL AAA	05/15/2011	PRINCIPAL RECEIPT	XXX	987,626	14,542.46	14,447				117							35	06/15/2039	IZ*	
34529FAE1	FORDO 2009-C A3	06/23/2011	VARIOUS	XXX	993,102	979,653.85	993,102				(2,371)							2,480	02/15/2012	IFE	
36158YDAB	GE CAP COML MFG 01-3 CL A 2	06/10/2011	PRINCIPAL RECEIPT	XXX	124,633	124,633.34	127,977				(3,344)							13,819	07/15/2012	IFE	
36158YDB6	GE CAP COML MFG 01-1A 2	04/15/2011	PRINCIPAL RECEIPT	XXX	23,781	23,780.53	23,824				(44)							3,480	06/10/2038	IZ*	
36967HAW7	GENERAL ELECTRIC CAP CORP	06/06/2011	Chemical Securities	XXX	500,100	500,000.00	499,959				(141)							1,234	05/06/2012	IFE	
38141GBK7	GOLDMAN SACHS GROUP	06/20/2011	VARIOUS	XXX	132,966	125,000.00	132,956				(1,390)							800	07/15/2013	IFE	
38141EA7A	GOLDMAN SACHS GROUP INC	06/22/2011	First Boston Corp	XXX	728,928	713,000.00	720,239				(587)							5,552	07/15/2013	IFE	
38141GEA8	GOLDMAN SACHS GROUP INC SR NT	06/22/2011	Goldman Secs NY	XXX	915,946	862,000.00	913,439				(3,072)							20,573	08/01/2015	IFE	
41283JAB6	HDMOT 2009-4 A2	06/15/2011	PRINCIPAL RECEIPT	XXX	109,883	109,882.92	109,876				1							19,649	01/15/2015	IFE	
428236AG8	HEWLETT PACKARD CO GLOBAL NT	05/26/2011	Goldman Secs NY	XXX	515,407	484,000.00	539,965				(9,668)							550	10/15/2012	IFE	
59022HCP5	MERRILL LYNCH MORTGAGE KEY1 A3	06/13/2011	PRINCIPAL RECEIPT	XXX	28,208	28,207.60	29,265				(1,058)							464	11/12/2035	IFE	
59217GAAT	MET LIFE GLOB FUNDING 1444A	05/23/2011	Montgomery Secs	XXX	2,470,215	2,420,000.00	2,444,282				(4,084)							52,938	05/17/2013	IFE	
6147YGF0	MORGAN STANLEY	06/22/2011	Morgan Stanley	XXX	1,286,519	1,175,000.00	1,276,956				(13,266)							22,830	05/13/2014	IFE	
64529WAS2	NEW YORK LIFE GLOBAL FDG	05/24/2011	Lehman Bros Inc	XXX	511,175	500,000.00	498,590				176							5,031	12/14/2012	IFE	
80705TAA4	SCHOLAR FUNDING TRUST 2011-A A	05/01/2011	PRINCIPAL RECEIPT	XXX	426	426.14	418				8							6,149	04/28/2036	IFE	
846042AA7	SOVEREIGN BANK	06/06/2011	SBC Capital Mkts	XXX	253,928	250,000.00	255,908				(925)							2,594	01/17/2012	IFE	
85744RAB8	STATE STR BK & TR CO FDIC GTD	06/06/2011	SBC Capital Mkts	XXX	400,324	400,000.00	400,000				(925)							324	09/15/2011	IFE	
857477AE3	STATE STREET CORP	05/23/2011	Merrill Lynch	XXX	694,671	645,000.00	683,669				(3,633)							13,559	05/30/2014	IFE	
87244EAG7	TIAA GLOBAL MKTS MTN 144A 3C7	05/23/2011	First Union Cap Mkts	XXX	643,568	595,000.00	648,383				(6,188)							25,444	07/15/2013	IFE	
90520EAC5	UNION BANK NA	06/22/2011	Mitsubishi UFI Secs	XXX	652,932	650,000.00	648,265				19							1,138	06/06/2016	IFE	
90327MAD0	USAA AUTO OWNER TR 08-1 A4	06/15/2011	PRINCIPAL RECEIPT	XXX	195,101	195,101.49	199,554				(4,452)							3,744	10/15/2013	IFE	
92343VBA1	VERIZON COMMUNICATIONS	05/23/2011	First Union Cap Mkts	XXX	1,042,558	1,025,000.00	1,023,637				73							3,220	03/26/2014	IFE	
9899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				XXX	22,663,442	21,805,000.53	22,602,099				(113,961)							483,453	XXX	XXX	
9899997 Subtotal - Bonds - Part 4				XXX	39,135,635	38,147,912.20	39,201,661				(213,975)							261,126	606,041	XXX	XXX
9899998 Summary Item from Part 5 for Bonds (N/A to Quarterly)				XXX	XXX	XXX	XXX				XXX							XXX	XXX	XXX	XXX
9899999 Subtotal - Bonds				XXX	39,135,635	38,147,912.20	39,201,661				(213,975)							261,126	606,041	XXX	XXX
9899998 Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				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
9899999 Subtotal - Preferred and Common Stocks				XXX	XXX	XXX	XXX				XXX							XXX	XXX	XXX	XXX
9899999 Total - Bonds, Preferred and Common Stocks				XXX	39,135,635	38,147,912.20	39,201,661				(213,975)							261,126	606,041	XXX	XXX

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

SCHEDULE DB - PART A - SECTION 1

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Description	Description of Items Hedged or Used for Income Generation	Schedule/ Exhibit Identifier	Type(s) of Risk(s)	Exchange or Counterparty	Trade Date	Date of Maturity or Expiration	Number of Contracts	Notional Amount	Strike Price, Rate of Indexed Received (Paid)	Prior Year Initial Cost of Premium (Received) Paid	Current Year Initial Cost of Premium (Received) Paid	Current Year Income	Book/ Adjusted Carrying Value	Code	Fair Value	Unrealized Valuation Increase/ (Decrease)	Total Foreign Exchange Change in B./A.C.V.	Current Year's (Amortization) Accretion	Adjustment to 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 Broker Name	2 Net Cash Deposits
NONE	
9999999 Total - Net Cash Deposits	

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

SCHEDULE DB - PART D

Counterparty Exposure for Derivative Instruments Open as of Current Statement Date

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

SCHEDULE 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
N O N E					
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. 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 Depository		2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
						6 First Month	7 Second Month	8 Third Month	
open depositories									
US Bank	150 4th Avenue North, Nashville, TN 37219					11,868,621	4,901,387	11,597,043	X X X
US Bank	150 4th Avenue North, Nashville, TN 37219					3,229,815	3,229,612	2,536,333	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402					1,079,280	1,100,770	1,101,135	X X X
US Bank	150 4th Avenue North, Nashville, TN 37219					(250,364,398)	(17,096,614)	(2,472,998)	X X X
.....	.....								X X X
.....	.....								X X X
.....	.....								X X X
.....	.....								X X X
.....	.....								X X X
.....	.....								X X X
0199998 Deposits in	5 depositories that do not exceed the allowable limit in any one depository - open depositories	X X X	X X X			244,556,716	(3,086,894)	267,941	X X X
0199999 Totals - Open Depositories		X X X	X X X			10,370,034	(10,951,739)	13,029,454	X X X
0299998 Deposits in	0 depositories that do not exceed the allowable limit in any one depository - suspended depositories	X X X	X X X						X X X
0299999 Totals - Suspended Depositories		X X X	X X X						X X X
0399999 Total Cash On Deposit		X X X	X X X			10,370,034	(10,951,739)	13,029,454	X X X
0499999 Cash in Company's Office		X X X	X X X	X X X	X X X				X X X
0599999 Total Cash		X X X	X X X			10,370,034	(10,951,739)	13,029,454	X X X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

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



MEDICARE PART D COVERAGE SUPPLEMENT

Net of Reinsurance

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

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

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EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1 Name of debtor	2 1 - 30 days	3 31 - 60 days	4 61 - 90 days	5 Over 90 days	6 Nonadmitted	7 Admitted
0199999 Total Individuals.....						
0299999 Total group.....						
0399999 Premiums due and unpaid from Medicare entities.....						
Medicaid Entities:						
.....						
State of Tennessee Premium Withhold Receivable	14,299,701	14,610,566	18,483,395	28,395,567		75,789,229
Premium Accrual.....	282,998	(942,494)	(940,983)	(3,223,623)		(4,824,102)
0499997 Subtotal - Medicaid Entities.....	14,582,699	13,668,072	17,542,412	25,171,944	-	70,965,127
0499999 Premiums due and unpaid from Medicaid entities.....	-	-	-	-	-	-
0599999 Accident and health premiums due and unpaid (Page 2, Line 13).....	14,582,699	13,668,072	17,542,412	25,171,944	-	70,965,127

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	-	-	-	515,251	515,251	-
0299998 Claim Overpayment Receivables - Not Individually Listed.....	-	-	-	515,251	515,251	-
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.....	-	-	-	515,251	515,251	-

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

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

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

Affiliate	2 Description	3 Amount	5	
			4 Current	Non-Current
BlueCross BlueShield of Tennessee	Administrative Expense offset and Federal Income Tax Expense	19,647,858	19,647,858	-
0199999 Total - Individually listed payables	.....XXX	19,647,858	19,647,858	-
0299999 Payables not individually listed	.....XXX	.....	.....	.....
0399999 Total gross payables	.....XXX	19,647,858	19,647,858	-