

ANNUAL STATEMENT

OF THE

Volunteer State Health Plan, Inc.

of

Chattanooga

in the state of

Tennessee

TO THE

Insurance Department

OF THE STATE OF

Tennessee

For the Year Ending
December 31, 2011

2011



ANNUAL STATEMENT

For the Year Ending December 31, 2011

OF THE CONDITION AND AFFAIRS OF THE

Volunteer State Health Plan, Inc.

NAIC Group Code	3498 <small>(Current Period)</small>	3498 <small>(Prior Period)</small>	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[] Dental Service Corporation[] Other[]	Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]	Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]			
Incorporated/Organized	07/11/1996		Commenced Business	11/01/1996		
Statutory Home Office	1 Cameron Hill Circle <small>(Street and Number)</small>		Chattanooga, TN 37402 <small>(City or Town, State and Zip Code)</small>			
Main Administrative Office	Chattanooga, TN 37402 <small>(City or Town, State and Zip Code)</small>		1 Cameron Hill Circle <small>(Street and Number)</small>		(423)535-5600 <small>(Area Code) (Telephone Number)</small>	
Mail Address	1 Cameron Hill Circle 1.3 <small>(Street and Number or P.O. Box)</small>		Chattanooga, TN 37402 <small>(City or Town, State and Zip Code)</small>			
Primary Location of Books and Records	Chattanooga, TN 37402 <small>(City or Town, State and Zip Code)</small>		1 Cameron Hill Circle <small>(Street and Number)</small>		(423)535-5600 <small>(Area Code) (Telephone Number)</small>	
Internet Website Address	www.vshptn.com					
Statutory Statement Contact	Toliver Ralph Woodard, Jr. <small>(Name)</small>		(423)535-5192 <small>(Area Code)(Telephone Number)(Extension)</small>			
	Ralph_Woodard@bcbst.com <small>(E-Mail Address)</small>		(423)535-8331 <small>(Fax Number)</small>			

CORPORATE OFFICERS

Name	Title	#
Scott Christian Pierce	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, VP of Finance #	Amber Jeanine Cambron, Chief Operating Officer #
David Matthew Moroney MD, VP & Chief Medical Officer	James Howard Srite, Actuary
Reid Allen Smiley, Chief Financial Officer #	

DIRECTORS OR TRUSTEES

Vicky Brown Gregg, Chairman	William Morgan Gracey #
John Francis Giblin	

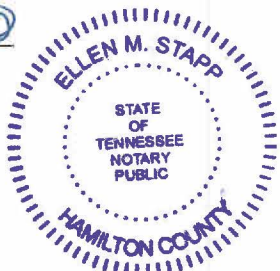
State of Tennessee
County of Hamilton ss

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.

 _____ <small>(Signature)</small> Scott Christian Pierce <small>(Printed Name)</small> 1. President & CEO <small>(Title)</small>	 _____ <small>(Signature)</small> Shelia Dian Clemons <small>(Printed Name)</small> 2. Secretary <small>(Title)</small>	 _____ <small>(Signature)</small> Reid Allen Smiley <small>(Printed Name)</small> 3. Chief Financial Officer <small>(Title)</small>
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Subscribed and sworn to before me this 23rd day of February, 2012

(Notary Public Signature)



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 _____

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Statement of Actuarial Opinion

ACTUARIAL OPINION

TABLE of KEY INDICATORS

This Opinion is: Unqualified Qualified Adverse Inconclusive

IDENTIFICATION SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

SCOPE SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

RELIANCE SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

OPINION SECTION

Prescribed Wording Only Prescribed Wording with Additional Wording Revised Wording

RELEVANT COMMENTS

Revised Wording

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

IDENTIFICATION

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

SCOPE

I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities and related items listed below, as shown in the annual statement of Volunteer State Health Plan as prepared for filing with state regulatory officials, as of December 31, 2011.

A. Claims unpaid (Page 3, Line 1);	\$ 159,627,541
B. Accrued medical incentive pool and bonus payments (Page 3, Line 2);	\$850,917
C. Unpaid claims adjustment expenses (Page 3, Line 3);	\$ 8,014,422
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 Ann Tate, Financial Coordinator 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:

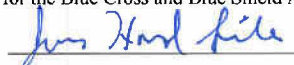
- A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles,
- B. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared,
- C. Meet the 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

2/27/2012
Date

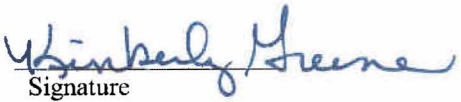
1 Cameron Hill Circle CH 1.3
Chattanooga, Tennessee 37402
423-535-8200

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Volunteer State Health Plan
2011 Reliance Statement

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


Signature

Kimberly Greene
Printed Name

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

423-535-6081
Telephone Number

2/27/12
Date

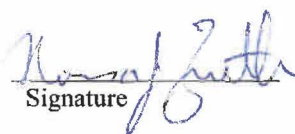
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Volunteer State Health Plan, Inc.
2011 Reliance Statement

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

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

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


Signature

Norman John Zwitter
Printed Name

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

423-535-5697
Telephone Number

2/27/2012
Date

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Volunteer State Health Plan
Reliance Statement
2011 Annual Statement

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


Signature

John Timothy Morgan
Printed Name

1 Cameron Hill Circle - M4
Chattanooga, TN 37402
Address

423-535-3072
Telephone Number

2/15/12
Date

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ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1-2)	Net Admitted Assets
1. Bonds (Schedule D)	184,988,386		184,988,386	160,847,485
2. Stocks (Schedule D)				
2.1 Preferred stocks				
2.2 Common Stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....62,801,969 Schedule E Part 1), cash equivalents (\$.....35,159,655 Schedule E Part 2) and short-term investments (\$.....86,557,761 Schedule DA)	184,519,385		184,519,385	281,543,823
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities	803,972		803,972	27,250
10. Securities Lending Reinvested Collateral Assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	370,311,743		370,311,743	442,418,558
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	1,156,594		1,156,594	1,062,666
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	16,815,438		16,815,438	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	1,201,036		1,201,036	2,545,614
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	5,277,204	833,513	4,443,691	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 adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$.....0) and other amounts receivable	925,421	925,421		14,553,687
25. Aggregate write-ins for other than invested assets				
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	395,687,436	1,758,934	393,928,502	490,517,926
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	395,687,436	1,758,934	393,928,502	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				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)				

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	159,627,541		159,627,541	184,368,783
2. Accrued medical incentive pool and bonus amounts	850,917		850,917	1,185,192
3. Unpaid claims adjustment expenses	8,014,422		8,014,422	10,899,048
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance				121,229,464
9. General expenses due or accrued	6,236,739		6,236,739	5,448,898
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	10,989		10,989	14,198
13. Remittances and items not allocated	2,122,489		2,122,489	503,746
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates	16,820,969		16,820,969	34,521,500
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
20. Reinsurance in unauthorized companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	895,768		895,768	853,199
23. Aggregate write-ins for other liabilities (including \$.....0 current)	24,313,559		24,313,559	26,572,338
24. TOTAL Liabilities (Lines 1 to 23)	218,893,393		218,893,393	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	(31,916,573)	(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	175,035,109	104,921,560
34. TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	393,928,502	490,517,926
DETAILS OF WRITE-INS				
2301. Insured Premium Tax Payable	24,175,817		24,175,817	26,486,362
2302. Pending Escheatment To State	104,569		104,569	41,376
2303. Liquidated Damages Accrual	29,700		29,700	44,600
2398. Summary of remaining write-ins for Line 23 from overflow page	3,473		3,473	
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	24,313,559		24,313,559	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		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	4,911,134	5,025,561
2. Net premium income (including \$.....0 non-health premium income)	X X X	1,695,982,644	1,416,266,552
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$.....0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. TOTAL Revenues (Lines 2 to 7)	X X X	1,695,982,644	1,416,266,552
Hospital and Medical:			
9. Hospital/medical benefits		1,057,049,603	931,456,239
10. Other professional services		252,177,346	236,551,605
11. Outside referrals			
12. Emergency room and out-of-area		42,394,538	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)		1,351,621,487	1,215,050,847
Less:			
17. Net reinsurance recoveries			
18. TOTAL Hospital and Medical (Lines 16 minus 17)		1,351,621,487	1,215,050,847
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....51,453,790 cost containment expenses		89,112,502	93,657,151
21. General administrative expenses		160,252,412	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)		1,600,986,401	1,439,347,006
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	94,996,243	(23,080,454)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		3,128,627	2,361,224
26. Net realized capital gains (losses) less capital gains tax of \$.....0		585,287	1,437,527
27. Net investment gains (losses) (Lines 25 plus 26)		3,713,914	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	98,710,157	(19,281,703)
31. Federal and foreign income taxes incurred	X X X	25,211,047	2,693,121
32. Net income (loss) (Lines 30 minus 31)	X X X	73,499,110	(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 (Line 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 (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	104,921,560	86,912,408
34.	Net income or (loss) from Line 32	73,499,110	(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	2,642	(5,151)
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	(9,256,390)	9,532,046
39.	Change in nonadmitted assets	5,868,187	(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		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		(4)
48.	Net change in capital and surplus (Lines 34 to 47)	70,113,549	18,009,152
49.	Capital and surplus end of reporting year (Line 33 plus 48)	175,035,109	104,921,560
DETAILS OF WRITE-INS			
4701.	Rounding		(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)		(4)

Report #2A: TennCare Select Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	137,864	538,990	536,631
Estimated Revenues:			
1. TennCare Capitation	91,801,496	365,372,932	390,627,663
2. Investment	-	-	-
3. Other Revenues	-	-	-
4. Total Estimated Revenues (Lines 1 to 3)	91,801,496	365,372,932	390,627,663
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	284,078	1,090,389	1,041,103
6. Fee-for Service Physician Services	10,730,319	40,263,944	43,691,997
7. Inpatient Hospital Services	17,466,473	76,799,881	86,289,390
8. Outpatient Hospital Services	7,881,271	30,746,261	32,993,558
9. Emergency Room Services	1,052,375	4,491,571	4,942,984
10. Dental Services	228	308	347
11. Vision Services	73,804	283,460	298,167
12. Pharmacy Services	-	(1,194)	-
13. Home Health Services	23,892,667	96,110,319	105,669,729
14. Chiropractic Services	-	-	-
15. Radiology Services	292,203	1,211,898	1,462,501
16. Laboratory Services	372,622	1,460,182	1,540,476
17. Durable Medical Equipment Services	4,637,046	14,538,794	19,560,669
18. Transportation Services	969,688	3,738,243	4,630,421
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	32,989	420,112	358,061
23. HCBS Services	1,066	2,882	437
24. Other Medical and Hospital Services - Write-Ins	1,634,592	6,295,145	6,135,008
25. Subtotal Medical and Hospital (Lines 5 to 24)	69,321,421	277,452,195	308,614,848
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	1,162,800	4,942,226	4,557,683
27. Inpatient Substance Abuse Treatment and Detox	3,469	21,598	43,236
28. Outpatient Mental Health Services	3,331,721	13,837,283	8,551,034
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	2,028,725	6,880,297	10,525,832
31. Specialized Crisis Services	274,483	1,054,391	1,762,769
32. Psychiatric Rehab and Support Services	139,338	1,410,762	867,974
33. Case Management	2,127,240	8,729,140	4,194,598
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	15,322	78,909	122,775
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,738,062	6,540,689	7,914,587
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. Subtotal MH & SAS (Lines 26 to 43)	10,821,160	43,495,295	38,540,488
45. Subtotal Hospital, Medical, MH&SAS (Lines 25 and 44)	80,142,581	320,947,490	347,155,336
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	300	(786)	10,766
48. Subrogation and Coordination of Benefits	33,848	502,350	846,543
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	34,148	501,564	857,309
50. Total Hospital, Medical, MH&SAS (Lines 45 and 49)	80,108,433	320,445,926	346,298,027
Administration:			
51. Compensation	3,793,730	13,140,965	13,807,207
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	5,049,082	20,095,511	21,476,129
55. Occupancy, Depreciation, and Amortization	360,395	1,124,962	1,129,375
56. Other Administration - Write-Ins	1,867,225	6,759,870	7,226,256
57. Total Administration Expenses (Lines 51 to 56)	11,071,032	41,121,308	43,638,967
58. Total Expenses (Lines 50 and 57)	91,179,465	361,567,234	389,936,994
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	243,645	971,994	(96,467)
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	378,386	2,833,704	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.	1,829,366	6,804,084	6,364,879
2202. Out of Area Claims Expense	-	(4,692)	19,932
2203. Bad Debt Expense	(194,774)	(504,247)	(249,803)
2299. Total Other Medical and Hospital	1,634,592	6,295,145	6,135,008
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Equipment Rental	655,433	2,391,241	2,564,039
5602. Outsourced Services	592,205	2,016,416	2,103,767
5603. Auditing, Actuarial, and Other Consulting	177,026	850,818	995,288
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	239,054	822,613	862,000
5605. Postage/Telephone	177,328	508,213	488,764
5606. Printing and Stationary	26,779	170,569	212,398
5699. Total Other Administration	1,867,825	6,759,870	7,226,256

Report #2A: BlueCare West Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	543,349	2,185,691	2,224,406
Estimated Revenues:			
1. TennCare Capitation	187,178,238	741,600,132	604,258,424
2. Investment	330,452	1,695,885	1,710,005
3. Other Revenues	-	67,712	343,028
4. Total Estimated Revenues (Lines 1 to 3)	187,508,690	743,363,729	606,311,457
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	3,534	17,970	21,871
6. Fee-for Service Physician Services	32,114,583	124,392,604	129,694,820
7. Inpatient Hospital Services	25,943,411	101,548,192	112,568,969
8. Outpatient Hospital Services	16,312,643	69,289,254	73,230,219
9. Emergency Room Services	5,276,848	25,005,773	26,791,996
10. Dental Services	-	3,176	(8,046)
11. Vision Services	111,058	432,083	472,102
12. Pharmacy Services	-	-	-
13. Home Health Services	5,238,653	22,320,774	24,400,185
14. Chiropractic Services	-	-	-
15. Radiology Services	1,402,109	6,265,336	6,500,919
16. Laboratory Services	2,085,084	9,644,988	9,788,827
17. Durable Medical Equipment Services	2,777,834	8,269,805	8,307,485
18. Transportation Services	3,379,898	13,907,103	15,072,213
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	33,227,868	134,345,774	57,644,081
23. HCBS Services	7,216,470	20,828,843	10,041,164
24. Other Medical and Hospital Services - Write-Ins	2,820,630	9,043,589	9,189,814
25. Subtotal Medical and Hospital (Lines 5 to 24)	137,910,623	545,315,264	483,716,619
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	1,843,851	4,938,436	6,743,006
27. Inpatient Substance Abuse Treatment and Detox	97,911	243,258	249,555
28. Outpatient Mental Health Services	1,285,159	4,114,838	3,990,707
29. Outpatient Substance Abuse Treatment and Detox	-	609	-
30. Housing/Residential Treatment	588,875	2,432,211	2,833,824
31. Specialized Crisis Services	799,171	3,113,205	2,935,223
32. Psychiatric Rehab and Support Services	264,149	967,660	259,942
33. Case Management	3,121,995	12,286,032	9,166,188
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	24,713	114,128	164,912
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,608,310	6,408,556	6,197,984
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. Subtotal MH & SAS (Lines 26 to 43)	9,634,134	34,618,933	32,541,341
45. Subtotal Hospital, Medical, MH&SAS (Lines 25 and 44)	147,544,757	579,934,197	516,257,960
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	11,898	52,274	918,980
48. Subrogation and Coordination of Benefits	-	-	(54)
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	11,898	52,274	918,926
50. Total Hospital, Medical, MH&SAS, (Lines 45 and 49)	147,532,859	579,881,923	515,339,034
Administration:			
51. Compensation	9,909,777	43,471,825	39,669,938
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	10,294,803	40,791,731	33,253,080
55. Occupancy, Depreciation, and Amortization	976,260	3,721,503	3,244,843
56. Other Administration - Write-Ins	4,797,130	22,362,441	20,761,983
57. Total Administration Expenses (Lines 51 to 56)	25,977,970	110,347,500	96,929,844
58. Total Expenses (Lines 50 and 57)	173,510,829	690,229,423	612,268,878
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	4,617,247	13,570,756	832,087
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	9,380,614	39,563,550	(6,789,508)
Write-Ins for Other Expense			
Detail of Other Revenues			
0301. Pay-for-Performance Bonus	-	67,712	343,028
0399. Total Other Revenues	-	67,712	343,028
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	2,798,130	8,763,942	9,192,939
2202. Bad Debt Expense	22,500	279,874	-
2203. Out of Area Claims Expense	-	(227)	(3,125)
2299. Total Other Medical and Hospital	2,820,630	9,043,589	9,189,814
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Equipment Rental	1,677,932	7,910,503	7,366,822
5602. Outsourced Services	1,556,786	6,670,541	6,044,396
5603. Auditing, Actuarial, and Other Consulting	395,298	2,814,608	2,859,594
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	625,983	2,721,299	2,476,639
5605. Postage/Telephone	493,158	1,681,228	1,404,285
5606. Printing and Stationary	47,973	564,262	610,247
5699. Total Other Administration	4,797,130	22,362,441	20,761,983

Report #2A: BlueCare East Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	671,666	2,725,444	2,801,156
Estimated Revenues:			
1. TennCare Capitation	233,535,907	954,333,664	811,747,843
2. Investment	403,886	2,109,301	2,174,608
3. Other Revenues	-	-	-
4. Total Estimated Revenues (Lines 1 to 3)	233,939,793	956,442,965	813,922,451
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	68,838	285,335	319,822
6. Fee-for Service Physician Services	49,947,421	195,242,804	202,026,046
7. Inpatient Hospital Services	33,612,808	134,874,373	144,074,723
8. Outpatient Hospital Services	17,382,892	73,375,772	83,352,253
9. Emergency Room Services	3,956,587	17,333,899	20,378,475
10. Dental Services	(807)	8,861	9,881
11. Vision Services	159,676	604,829	627,515
12. Pharmacy Services	-	-	-
13. Home Health Services	6,980,357	29,885,303	34,001,063
14. Chiropractic Services	-	-	-
15. Radiology Services	1,884,810	8,056,167	9,022,722
16. Laboratory Services	2,423,115	11,309,294	12,384,721
17. Durable Medical Equipment Services	5,436,636	17,211,368	20,377,557
18. Transportation Services	4,739,989	19,809,689	21,754,082
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	43,460,590	181,835,964	76,721,828
23. HCBS Services	7,797,104	23,735,901	13,558,495
24. Other Medical and Hospital Services - Write-Ins	2,631,243	9,977,410	9,373,459
25. Subtotal Medical and Hospital (Lines 5 to 24)	180,481,259	723,546,969	647,982,642
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	1,754,775	4,750,333	7,508,980
27. Inpatient Substance Abuse Treatment and Detox	162,560	252,856	1,141,770
28. Outpatient Mental Health Services	3,321,410	11,262,597	7,998,041
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	1,119,643	3,785,300	6,540,898
31. Specialized Crisis Services	834,110	5,871,564	10,531,491
32. Psychiatric Rehab and Support Services	888,075	3,438,101	301,107
33. Case Management	3,411,434	12,226,192	5,646,137
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	34,758	156,576	340,278
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,898,536	6,579,215	12,245,008
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. Subtotal MH & SAS (Lines 26 to 43)	13,425,301	48,322,734	52,253,710
45. Subtotal Hospital, Medical, MH&SAS (Lines 25 and 44)	193,906,560	771,869,703	700,236,352
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	34,190	129,784	842,106
48. Subrogation and Coordination of Benefits	434	381	101
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	34,624	130,165	842,207
50. Total Hospital, Medical, MH&SAS , (Lines 45 and 49)	193,871,936	771,739,538	699,394,145
Administration:			
51. Compensation	13,346,858	56,075,779	51,793,691
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	12,844,475	52,488,352	44,646,131
55. Occupancy, Depreciation, and Amortization	1,305,438	4,800,493	4,236,519
56. Other Administration - Write-Ins	6,483,109	28,846,069	27,107,173
57. Total Administration Expenses (Lines 51 to 56)	33,979,880	142,210,693	127,783,514
58. Total Expenses (Lines 50 and 57)	227,851,816	913,950,231	827,177,659
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	2,524,285	10,852,848	1,851,386
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	3,563,692	31,639,886	(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.	2,603,743	9,571,627	9,372,968
2202. Bad Debt Expense	27,500	348,590	-
2203. Out of Area Claims Expense	-	57,193	491
2299. Total Other Medical and Hospital	2,631,243	9,977,410	9,373,459
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Equipment Rental	2,269,139	10,204,025	9,618,239
5602. Outsourced Services	2,094,069	8,604,556	7,891,660
5603. Auditing, Actuarial, and Other Consulting	550,558	3,630,658	3,733,532
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	842,682	3,510,296	3,233,539
5605. Postage/Telephone	656,104	2,168,674	1,833,456
5606. Printing and Stationary	70,557	727,860	796,747
5699. Total Other Administration	6,483,109	28,846,069	27,107,173

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	1,579,668,663	1,550,145,442
2.	Net investment income	5,201,202	4,126,216
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	1,584,869,865	1,554,271,658
5.	Benefit and loss related payments	1,376,697,004	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	250,119,152	226,693,522
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	25,211,047	2,693,121
10.	Total (Lines 5 through 9)	1,652,027,203	1,402,848,248
11.	Net cash from operations (Line 4 minus Line 10)	(67,157,338)	151,423,410
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	169,827,029	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	35,289	96,668
12.8	Total investment proceeds (Lines 12.1 to 12.7)	169,862,318	110,394,432
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	195,561,830	178,824,377
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications	796,685	25,056
13.7	Total investments acquired (Lines 13.1 to 13.6)	196,358,515	178,849,433
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(26,496,197)	(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		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)	(3,370,903)	75,183,239
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(3,370,903)	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)	(97,024,438)	194,151,648
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	281,543,823	87,392,175
19.2	End of year (Line 18 plus Line 19.1)	184,519,385	281,543,823

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

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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	1,695,982,644							1,695,982,644		
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$.....0 medical expenses)										
4. Risk revenue										
5. Aggregate write-ins for other health care related revenues										
6. Aggregate write-ins for other non-health care related revenues										
7. TOTAL Revenues (Lines 1 to 6)	1,695,982,644									
8. Hospital/medical benefits	1,057,049,603							1,057,049,603		
9. Other professional services	252,177,346							252,177,346		
10. Outside referrals										
11. Emergency room and out-of-area	42,394,538							42,394,538		
12. Prescription drugs										
13. Aggregate write-ins for other hospital and medical										
14. Incentive pool, withhold adjustments and bonus amounts										
15. Subtotal (Lines 8 to 14)	1,351,621,487							1,351,621,487		
16. Net reinsurance recoveries										
17. TOTAL Hospital and Medical (Lines 15 minus 16)	1,351,621,487							1,351,621,487		
18. Non-health claims (net)										
19. Claims adjustment expenses including \$.....51,453,790 cost containment expenses	89,112,502							91,217,989	(2,105,487)	
20. General administrative expenses	160,252,412							161,337,057	(1,084,645)	
21. Increase in reserves for accident and health contracts										
22. Increase in reserves for life contracts										
23. TOTAL Underwriting Deductions (Lines 17 to 22)	1,600,986,401							1,604,176,533	(3,190,132)	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	94,996,243							91,806,111	3,190,132	
DETAILS OF WRITE-INS										
0501.										
0502.										
0503.										
0598. Summary of remaining write-ins for Line 5 from overflow page										
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										
0601.										
0602.										
0603.										
0698. Summary of remaining write-ins for Line 6 from overflow page										
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)										
1301.										
1302.										
1303.										
1398. Summary of remaining write-ins for Line 13 from overflow page										
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1. Comprehensive (hospital and medical)				
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan				
6. Title XVIII - Medicare				
7. Title XIX - Medicaid	1,695,982,644			1,695,982,644
8. Other health				
9. Health subtotal (Lines 1 through 8)	1,695,982,644			1,695,982,644
10. Life				
11. Property/casualty				
12. TOTALS (Lines 9 to 11)	1,695,982,644			1,695,982,644

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

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	33,031,738							33,031,738		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	33,031,738							33,031,738		
2. Incurred but Unreported:										
2.1 Direct	126,595,803							126,595,803		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	126,595,803							126,595,803		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	159,627,541							159,627,541		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	159,627,541							159,627,541		

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year				Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year				
1. Comprehensive (hospital and medical)								
2. Medicare Supplement								
3. Dental only								
4. Vision only								
5. Federal Employees Health Benefits Plan								
6. Title XVIII - Medicare	148,045,763	1,226,467,421	1,081,675	158,545,866	149,127,438	184,368,783		
7. Title XIX - Medicaid								
8. Other health								
9. Health subtotal (Lines 1 to 8)	148,045,763	1,226,467,421	1,081,675	158,545,866	149,127,438	184,368,783		
10. Healthcare receivables (a)	481,573	443,848			481,573	1,300,007		
11. Other non-health								
12. Medical incentive pool and bonus amounts	818,254	990,979		850,917	818,254	1,185,192		
13. TOTALS (Lines 9 - 10 + 11 + 12)	148,382,444	1,227,014,552	1,081,675	159,396,783	149,464,119	184,253,968		

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

VSHP December 2011 YTD

	<u>TennCare Select Supplement 5.1</u>	<u>BlueCare West Supplement 5.2</u>	<u>BlueCare East Supplement 5.3</u>	<u>Other*</u>	<u>Total</u>
TennCare Revenue	\$ 365,372,932	\$ 741,600,132	\$ 954,333,664	\$ (662,081)	\$ 2,060,644,647
Investment Income		1,695,885	2,109,301	(91,273)	3,713,913
Other Revenues		67,712			67,712
Total Revenues	<u>365,372,932</u>	<u>743,363,729</u>	<u>956,442,965</u>	<u>(753,354)</u>	<u>2,064,426,272</u>
Claims Expenses	320,445,926	579,881,923	771,739,538	(609,924)	1,671,457,463
Administrative Expenses	41,121,308	110,347,500	142,210,693	579,151	294,258,652
Pre-Tax Gain/(Loss)	<u>3,805,698</u>	<u>53,134,306</u>	<u>42,492,734</u>	<u>(722,581)</u>	<u>98,710,157</u>
Federal Income Tax	971,994	13,570,756	10,852,848	(184,551)	25,211,047
Net Gain/(Loss)	<u><u>\$ 2,833,704</u></u>	<u><u>\$ 39,563,550</u></u>	<u><u>\$ 31,639,886</u></u>	<u><u>\$ (538,030)</u></u>	<u><u>\$ 73,499,110</u></u>

*Reflects activity for contracts that have ended

Volunteer State Health Plan, Inc.
 Reconciliation of NAIC Filing to Medical Fund Target Report (MCO 4 and 11)
 December 31, 2011 Program to Date

	<u>TennCare Select Financials</u>	<u>Total per DOI</u>
Incurring Claims (4th qtr 2011 YTD)	\$ 320,445,926	\$ 320,445,926
Incurring Claims (4th qtr 2010 YTD)	346,298,026	346,298,026
Incurring Claims (4th qtr 2009 YTD)	364,457,831	364,457,831 *
Incurring Claims (4th qtr 2008 YTD)	313,626,231	313,626,231 *
Incurring Claims (4th qtr 2007 YTD)	545,614,778	545,614,778 *
Incurring Claims (4th qtr 2006 YTD)	962,275,844	962,275,844 *
Incurring Claims (4th qtr 2005 YTD)	961,436,024	961,436,024 *
Incurring Claims (4th qtr 2004 YTD)	943,646,142	943,646,142 *
Incurring Claims (4th qtr 2003 YTD)	652,899,861	652,899,861 *
Incurring Claims (4th qtr 2002 YTD)	526,808,623	526,808,623 *
Total		<u>\$ 5,937,509,286</u>
Directives not included on MFT	(221,094)	
Bad Debt not included on MFT	(661,374)	
Claims prior to July 2002	(280,728,912)	
Incurring Claims per MFT	\$ 5,655,897,906	

Volunteer State Health Plan, Inc.
 Reconciliation of NAIC Filing to West (Insured) Medical Loss Ratio Report
 December 31, 2011 Program to Date

	<u>West - Insured</u>	<u>Total per DOI</u>
Revenues (4th qtr 2011 YTD)	\$ 741,600,132	\$ 741,600,132
Revenues (4th qtr 2010 YTD)	604,258,424	604,258,424
Revenues (4th qtr 2009 YTD)	501,533,700	501,533,700
Revenues (4th qtr 2008 YTD)	78,007,924	78,007,924
Total		\$ 1,925,400,180
Pre-Insured (ASO revenue)	(502,875)	
West Semi Annual Cap Payment	(7,807,964)	
Liq. Dam. on Oct Retro Payment	(500)	
Premium receivable	(2,438,174)	
Choices Recoupment	5,160,769	
3.5% Premiums Rec'd	(157,254)	
West Nov 2010 Withhold	1,499,918	
Rounding	1	
Revenues per MLR	\$ 1,921,154,101	
Incurring Claims (4th qtr 2011 YTD)	\$ 579,881,923	\$ 579,881,923
Incurring Claims (4th qtr 2010 YTD)	515,339,034	515,339,034
Incurring Claims (4th qtr 2009 YTD)	481,561,641	481,561,641
Incurring Claims (4th qtr 2008 YTD)	97,374,827	97,374,827
Total		\$ 1,674,157,425
Pre-Insured (ASO claims)	(475,081)	
Bad Debt	(741,558)	
Change in PDR methodology	(21,151,286)	
Rounding	3	
Incurring Claims per MLR	\$ 1,651,789,503	

Volunteer State Health Plan, Inc.
Reconciliation of NAIC Filing to East (Insured) Medical Loss Ratio Report
December 31, 2011 Program to Date

	<u>East - Insured</u>	<u>Total per DOI</u>
Revenues (4th qtr 2011 YTD)	\$ 954,333,664	\$ 954,333,664
Revenues (4th qtr 2010 YTD)	811,747,843	811,747,843
Revenues (4th qtr 2009 YTD)	698,000,959	698,000,959
Total		<u>\$ 2,464,082,466</u>
Pre-Insured (ASO revenue)	(1,871,562)	
Premium receivable	(1,238,168)	
East Semi Annual Cap Payment	(6,886,387)	
Liq. Dam. on Oct Retro Payment	(2,800)	
Choices Recoupment	6,499,627	
3.5% Premiums Rec'd	(400,744)	
West Nov 2010 Withhold	2,009,525	
rounding	2	
Revenues per MLR	\$ 2,462,191,959	
Incurred Claims (4th qtr 2011 YTD)	\$ 771,739,538	\$ 771,739,538
Incurred Claims (4th qtr 2010 YTD)	699,394,145	699,394,145
Incurred Claims (4th qtr 2009 YTD)	651,171,191	651,171,191
Incurred Claims (4th qtr 2008 YTD)	21,511,981	21,511,981
Total		<u>\$ 2,143,816,855</u>
Pre-Insured (ASO claims)	(1,816,055)	
Change in PDR methodology	(21,511,981)	
Bad Debt	(782,421)	
Rounding	2	
Incurred Claims per MLR	\$ 2,119,706,400	

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

Grand Total

Section A - Paid Health Claims

	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	(998)	(998)	89	39	507
2. 2007	XXX				67,310
3. 2008	XXX	13,900	68,122	67,281	1,111,533
4. 2009	XXX	XXX	994,406	1,112,785	1,207,196
5. 2010	XXX	XXX	XXX	1,057,109	1,227,458
6. 2011	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	(998)	(998)	89	39	507
2. 2007	XXX				67,310
3. 2008	XXX	76,121	68,519	67,451	1,111,665
4. 2009	XXX	XXX	1,137,974	1,114,956	1,208,146
5. 2010	XXX	XXX	XXX	1,240,321	1,386,855
6. 2011	XXX	XXX	XXX	XXX	

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

	Incurred Year Health Claims and Claims Adjustment Expense Ratio									
	1	2	3	4	5	6	7	8	9	10
1. 2007	77,924	67,310	20,092	29,850	87,402	112,163			87,402	112,163
2. 2008	1,197,311	1,111,533	88,314	7,945	1,199,847	100,212			1,199,977	100,223
3. 2009	1,416,267	1,207,196	93,432	7,740	1,300,628	91,835	132	(2)	1,302,618	91,975
4. 2010	1,695,983	1,227,458	76,255	6,212	1,303,713	76,871	950	1,040	1,470,086	86,680
5. 2011							159,397	6,976		

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

Hospital and Medical

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	NONE				
2. 2007					
3. 2008					
4. 2009		X			
5. 2010		X	X X X		
6. 2011		X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	NONE				
2. 2007					
3. 2008					
4. 2009		X			
5. 2010		X	X X X		
6. 2011		X X X	X X X	X X X	

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Claim Adjustment Expense Payments (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Claim Adjustment Expense Payments (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent
1. 2007										
2. 2008										
3. 2009										
4. 2010										
5. 2011										

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

Medicare Supplement

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007	NONE				
3. 2008					
4. 2009		X			
5. 2010		X	X X X		
6. 2011	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007	NONE				
3. 2008					
4. 2009		X			
5. 2010		X	X X X		
6. 2011	X X X	X X X	X X X	X X X	

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Claim Adjustment Expense Payments (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Claim Adjustment Expense Payments (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent
1. 2007										
2. 2008										
3. 2009										
4. 2010										
5. 2011										

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

Dental Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007	NONE				
3. 2008					
4. 2009		X			
5. 2010		X	X		
6. 2011	X	X	X	X	X

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007	NONE				
3. 2008					
4. 2009		X			
5. 2010		X	X		
6. 2011	X	X	X	X	X

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Claim Adjustment Expense Payments (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Claim Adjustment Expense Payments (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent
1. 2007										
2. 2008										
3. 2009										
4. 2010										
5. 2011										

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

Vision Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	NONE				
2. 2007					
3. 2008		X			
4. 2009		X	X		
5. 2010		X	X	X	
6. 2011	X	X	X	X	X

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	NONE				
2. 2007					
3. 2008		X			
4. 2009		X	X		
5. 2010		X	X	X	
6. 2011	X	X	X	X	X

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Claim Adjustment Expense Payments (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Claim Adjustment Expense Payments (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent
1. 2007										
2. 2008										
3. 2009										
4. 2010										
5. 2011										

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

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	NONE				
2. 2007					
3. 2008					
4. 2009					
5. 2010					
6. 2011					

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	NONE				
2. 2007					
3. 2008					
4. 2009					
5. 2010					
6. 2011					

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Claim Adjustment Expense Payments (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Claim Adjustment Expense Payments (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent
1. 2007	NONE									
2. 2008										
3. 2009										
4. 2010										
5. 2011										

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

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007	NONE				
3. 2008					
4. 2009		X			
5. 2010		X	X		
6. 2011	X	X	X	X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007	NONE				
3. 2008					
4. 2009		X			
5. 2010		X	X		
6. 2011	X	X	X	X	

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Claim Adjustment Expense Payments (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Claim Adjustment Expense Payments (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent
1. 2007										
2. 2008										
3. 2009										
4. 2010										
5. 2011										

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

Title XIX - Medicaid

Section A - Paid Health Claims

	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	(998)	(998)	89	39	507
2. 2007	XXX				67,310
3. 2008	XXX	13,900	68,122	67,281	1,111,533
4. 2009	XXX	XXX	994,406	1,112,785	1,207,196
5. 2010	XXX	XXX	XXX	1,057,109	XXX
6. 2011	XXX	XXX	XXX	XXX	1,227,458

Section B - Incurred Health Claims

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior	(998)	(998)	89	39	507
2. 2007	XXX				67,310
3. 2008	XXX	76,121	68,519	67,451	1,111,665
4. 2009	XXX	XXX	1,137,974	1,114,956	1,208,146
5. 2010	XXX	XXX	XXX	1,240,321	XXX
6. 2011	XXX	XXX	XXX	XXX	1,386,855

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

	Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio									
	1	2	3	4	5	6	7	8	9	10
1. 2007	77,924	67,310	14,223	21,131	81,533	104,631			81,533	104,631
2. 2008	1,197,311	1,111,533	87,243	7,849	1,198,776	100,122			1,198,906	100,133
3. 2009	1,416,267	1,207,196	93,669	7,759	1,300,865	91,852	132	(2)	1,302,601	91,974
4. 2010	1,695,983	1,227,458	78,150	6,367	1,305,608	76,982	159,397	786	1,469,695	86,657
5. 2011										

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

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2007	2 2008	3 2009	4 2010	5 2011
1. Prior					
2. 2007					
3. 2008	XXX				
4. 2009	XXX	XXX			
5. 2010	XXX	XXX	XXX		
6. 2011	XXX	XXX	XXX	XXX	

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Claim Adjustment Expense Payments (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Claim Adjustment Expense Payments (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Total Claims and Claims Adjustment Expense Incurred (Col. 9/1) Percent
1. 2007										
2. 2008			5,869		5,869				5,869	
3. 2009			1,071		1,071				1,071	
4. 2010			(237)		(237)				254	
5. 2011			(1,895)		(1,895)				2,286	

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

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

NONE

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building)	3,388,298	2,669,830	2,183,221		8,241,349
2. Salaries, wages and other benefits	41,563,282	32,750,046	26,780,955		101,094,283
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)					
4. Legal fees and expenses	570,191	449,287	367,399		1,386,877
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	2,850,229	2,245,856	1,836,522		6,932,607
7. Traveling expenses	1,024,237	807,055	659,959		2,491,251
8. Marketing and advertising	731,704	576,551	471,467		1,779,722
9. Postage, express and telephone	1,702,506	1,341,500	1,096,996		4,141,002
10. Printing and office supplies	571,404	450,241	368,179		1,389,824
11. Occupancy, depreciation and amortization	25,465	20,066	16,409		61,940
12. Equipment	5,473,669	4,313,012	3,526,914		13,313,595
13. Cost or depreciation of EDP equipment and software	2,536,949	1,999,004	1,634,662		6,170,615
14. Outsourced services including EDP, claims, and other services	6,754,963	5,322,615	4,352,504		16,430,082
15. Boards, bureaus and association fees	413,440	325,773	266,397		1,005,610
16. Insurance, except on real estate	193,998	152,863	125,002		471,863
17. Collection and bank service charges	(1,787)	(1,408)	(1,151)		(4,346)
18. Group service and administration fees	(114,255)	(90,029)	(73,620)		(277,904)
19. Reimbursements by uninsured plans	(19,147,893)	(15,087,701)	(12,337,786)		(46,573,380)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses	354,840	279,598	228,638		863,076
22. Real estate taxes	773	610	499		1,882
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes			113,905,109		113,905,109
23.3 Regulator authority licenses and fees	(62,564)	(49,297)	(40,312)		(152,173)
23.4 Payroll taxes	2,458,722	1,937,366	1,584,257		5,980,345
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere				339,461	339,461
25. Aggregate write-ins for expenses	165,619	(2,754,126)	13,300,192		10,711,685
26. TOTAL Expenses Incurred (Lines 1 to 25)	51,453,790	37,658,712	160,252,412	339,461	(a) 249,704,375
27. Less expenses unpaid December 31, current year		8,014,422	6,236,739		14,251,161
28. Add expenses unpaid December 31, prior year		10,899,048	469,049		11,368,097
29. Amounts receivable relating to uninsured plans, prior year			2,545,614		2,545,614
30. Amounts receivable relating to uninsured plans, current year			1,201,036		1,201,036
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	51,453,790	40,543,338	153,140,144	339,461	245,476,733
DETAILS OF WRITE-INS					
2501. Other Miscellaneous Expense	145,941	114,995	13,287,513		13,548,449
2502. Charitable Expense	19,678	15,505	12,679		47,862
2503. Claims Adjustment Expense (change in accrual)		(2,884,626)			(2,884,626)
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	165,619	(2,754,126)	13,300,192		10,711,685

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 485,463	544,604
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 2,754,891	2,766,850
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 118,711	156,634
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	3,359,065	3,468,088
11. Investment expenses		(g) 339,461
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		339,461
17. Net Investment income (Line 10 minus Line 16)		3,128,627
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

- (a) Includes \$ 59,130 accrual of discount less \$ (2,225,620) amortization of premium and less \$ 767,089 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ (18,472) amortization of premium and less \$ 5,065 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	105,917		105,917		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	499,333	(19,963)	479,370	2,642	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	605,250	(19,963)	585,287	2,642	
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Invested income due and accrued			
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	833,513	6,327,114	5,493,601
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable	925,421	1,300,007	374,586
25. Aggregate write-ins for other than invested assets			
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,758,934	7,627,121	5,868,187
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	1,758,934	7,627,121	5,868,187
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501.			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
Source of Enrollment						
1. Health Maintenance Organizations	415,198	411,759	410,234	407,842	403,278	4,911,134
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	415,198	411,759	410,234	407,842	403,278	4,911,134
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1	2	3	4	5	6	7
Name of Debtor	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Admitted
0199999 Total individuals						
0299998 Premium due and unpaid not individually listed						
0299999 Total group						
0399999 Premiums due and unpaid from Medicare entities						
0499999 Premiums due and unpaid from Medicaid entities	19,092,778	1,609,272	1,219,978	(5,106,590)		16,815,438
0599999 Accident and health premiums due and unpaid (Page 2, Line 15)	19,092,778	1,609,272	1,219,978	(5,106,590)		16,815,438

EXHIBIT 3 - HEALTH CARE RECEIVABLES

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
0199998 Pharmaceutical Rebate Receivables - Not Individually Listed						
0199999 Subtotal - Pharmaceutical Rebate Receivables						
0299998 Claim Overpayment Receivables - Not Individually Listed				925,421	925,421	
0299999 Subtotal - Claim Overpayment Receivables				925,421	925,421	
0399998 Loans and Advances to Providers - Not Individually Listed						
0399999 Subtotal - Loans and Advances to Providers						
0499998 Capitation Arrangement Receivables - Not Individually Listed						
0499999 Subtotal - Capitation Arrangement Receivables						
0599998 Risk Sharing Receivables - Not Individually Listed						
0599999 Subtotal - Risk Sharing Receivables						
0699998 Other Receivables - Not Individually Listed						
0699999 Subtotal - Other Receivables						
0799999 Gross health care receivables				925,421	925,421	

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

Aging Analysis of Unpaid Claims

Account	1	2	3	4	5	6	7
	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Over 120 Days	Total	
0299999 Aggregate Accounts Not Individually Listed - Uncovered							
0399999 Aggregate Accounts Not Individually Listed - Covered	32,040,786	924,889	66,063			33,031,738	
0499999 Subtotals	32,040,786	924,889	66,063			33,031,738	
0599999 Unreported claims and other claim reserves							126,595,803
0699999 Total Amounts Withheld							
0799999 Total Claims Unpaid							159,627,541
0899999 Accrued Medical Incentive Pool and Bonus Amounts							850,917

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliate	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	Admitted		
						7 Current	8 Non-Current	
	N O N E							
0399999 Total gross amounts receivable								

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5
Affiliate	Description	Amount	Current	Non-Current
Individually listed payables				
BCBST	Administrative services, ITS claims and miscellaneous due to BCBST	16,820,969	16,820,969	
0199999 Total - Individually listed payables	XX X	16,820,969	16,820,969	
0299999 Payables not individually listed	XX X			
0399999 Total gross payables	XX X	16,820,969	16,820,969	

EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total Payments	3 Total Members Covered	4 Column 3 as a % of Total Members	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups						
2. Intermediaries	27,926,991	2.029				27,926,991
3. All other providers	9,723,004	0.706				9,723,004
4. TOTAL Capitation Payments	37,649,995	2.736				37,649,995
Other Payments:						
5. Fee-for-service			X X X	X X X		
6. Contractual fee payments	1,336,863,189	97.133	X X X	X X X		1,336,863,189
7. Bonus/withhold arrangements - fee-for-service			X X X	X X X		
8. Bonus/withhold arrangements - contractual fee payments	1,809,233	0.131	X X X	X X X		1,809,233
9. Non-contingent salaries			X X X	X X X		
10. Aggregate cost arrangements			X X X	X X X		
11. All other payments			X X X	X X X		
12. TOTAL Other Payments	1,338,672,422	97.264	X X X	X X X		1,338,672,422
13. TOTAL (Line 4 plus Line 12)	1,376,322,417	100.000	X X X	X X X		1,376,322,417

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC
	SouthEas Transportation	27,926,991			
9999999 Totals		27,926,991	X X X	X X X	X X X

EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

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

NONE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

The TDCI 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 and permitted practices by the State of Tennessee. Prescribed accounting practices are those practices which are incorporated directly or by reference to state laws, regulations and general administrative rules applicable to all insurance enterprises domiciled in Tennessee. Permitted accounting practices include deviations from NAIC Statutory Accounting Principles (SAP) specifically requested by an insurer and granted by the TDCI. These statements have no deviations from NAIC SAP other than as described in the following paragraphs.

VSHP has accepted the risk for uninsured claims overpayments for which the Company determined the State was not responsible. At the direction of the TDCI, TennCare Oversight Division, the Company records the uninsured claims overpayments as claims expense instead of reporting the net gain or loss on the general administrative expense line as required by NAIC SAP.

At the request of the TDCI, TennCare Oversight Division, the Company does not report the receivables and offsetting payables related to premium taxes for Administrative Services Only (ASO) business. 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.

The TDCI, TennCare Oversight Division, allows a prescribed practice of admitting the most current 90 days of health care receivables per Tennessee Code Annotated (T.C.A.) §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, VSHP reports gross transactions with the affiliates listed on Schedule Y of the Annual Statement.

There are no differences between NAIC SAP and practices prescribed and permitted by the State of Tennessee with regards to the Company's net income and capital and surplus.

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

The preparation of financial statements in conformity with SAP requires management to make estimates and assumptions that affect the reported amounts. Such estimates and assumptions could change in the future as more information becomes known, which could impact amounts reported and disclosed herein.

C. Accounting Policy

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

The Company does not insure life coverage.

The Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the scientific amortization method.
- (3) The Company does not hold common stock.
- (4) The Company does not hold preferred stock.
- (5) The Company did not invest in mortgage loans as of December 31, 2011.
- (6) The Company holds certain loan-backed and structured securities, including commercial mortgage-backed securities and asset-backed securities.
- (7) The Company does not hold investments in subsidiaries, controlled or affiliated companies.
- (8) The Company does not hold investments in joint ventures, partnerships or limited liability companies.
- (9) The Company does not use derivatives within its investment portfolio.
- (10) The Company did not need a premium deficiency reserve at December 31, 2011. The Company included investment income as a factor when determining whether a premium deficiency was needed in accordance with Statements of Statutory Accounting Principles (SSAP) No. 54, *Individual and Group Accident Health Contracts*.

Notes to Financial Statements

- (11) Unpaid losses and loss adjustment expenses include amounts determined from estimates, loss reports, and past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates. Management believes the amount is adequate; however, the ultimate liability may be more or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and adjustments are reflected in the current period.
- (12) The Company does not have a capitalization policy because fixed assets are held by the Parent.
- (13) The Company does not have a receivable for pharmaceutical rebates.

2. Accounting Changes and Corrections of Errors

During 2011, the Company revised its method of classification for compensation and benefit related liabilities by reclassifying amounts from page 3, Line 12, Amounts withheld or retained for the account of others, to Line 9, General expenses due or accrued. Prior year reported balances for compensation and benefit related liabilities in the amount of \$5,024,449 have been reclassified to conform to the current year presentation.

3. Business Combinations and Goodwill

- A. No business combinations taking the form of a statutory purchase have occurred in 2011.
- B. No business combinations taking the form of a statutory merger have occurred in 2011.
- C. The Company had no goodwill resulting from assumption reinsurance in 2011.
- D. The Company did not record an impairment loss relating to the above transaction types in 2011.

4. Discontinued Operations

The Company had no discontinued operations during 2011 or 2010.

5. Investments

During 2011, the Company recognized \$19,963 of other-than-temporary impairments (OTTI) on bond holdings.

- A. The Company had no mortgage loans in 2011.
- B. The Company had no debt restructuring in 2011.
- C. The Company had no reverse mortgages in 2011.
- 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.

Notes to Financial Statements

- (2) The amounts of OTTI recognized on loan-backed securities during the twelve months ended December 31, 2011, by quarter, 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	0	0	0
Total 1st Quarter	\$ 0	\$ 0	\$ 0
OTTI recognized 2 nd Quarter:			
Intent to Sell	\$ 0	\$ 0	\$ 0
Inability or lack of intent to retain the investment in the security for a period of time	0	0	0
Total 2nd Quarter	\$ 0	\$ 0	\$ 0
OTTI recognized 3 rd Quarter:			
Intent to Sell	\$ 0	\$ 0	\$ 0
Inability or lack of intent to retain the investment in the security for a period of time	0	0	0
Total 3rd Quarter	\$ 0	\$ 0	\$ 0
OTTI recognized 4 th Quarter:			
Intent to Sell	\$ 221,991	\$ 1,753	\$ 220,238
Inability or lack of intent to retain the investment in the security for a period of time	0	0	0
Total 4th Quarter	\$ 221,991	\$ 1,753	\$ 220,238
Total	\$ 221,991	\$ 1,753	\$ 220,238

- (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.

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

- (4) The aggregate amortized cost and fair value of loan-backed securities where fair value was less than amortized cost at December 31, 2011 and for which OTTI has not been recognized is as follows:

	At a Loss Less Than 12 Months	At a Loss 12 Months or Longer	Total
Amortized Cost	\$15,863,303	\$ 34,785	\$15,898,088
Fair Value	15,780,525	34,269	15,814,794
Unrealized Loss	\$ 82,778	\$ 516	\$ 83,294

- (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.

Notes to Financial Statements

- E. The Company had no repurchase agreements and/or securities lending transactions in 2011.
- F. The Company had no real estate in 2011.
The Company had no low-income housing tax credits in 2011.

6. Joint Ventures, Partnerships or Limited Liability Companies

- A. The Company had no investments in joint ventures, partnerships or limited liability companies which exceeded 10% of admitted assets in 2011.
- B. No impairments were recorded in 2011 related to joint ventures, partnerships or limited liability companies.

7. Investment Income

- A. No investment income due and accrued is excluded from surplus in 2011.
- B. The total amount excluded is \$0.

8. Derivative Instruments

The Company had no derivative instruments.

9. Income Taxes

The application of SSAP No. 10R, *Income Taxes*, requires a company to evaluate the recoverability of the deferred tax asset (DTA) and to establish a valuation allowance, if necessary, to reduce the DTA to an amount which is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the Company considers many factors, including: (1) the nature of DTAs and deferred tax liabilities (DTLs); (2) whether they are ordinary or capital; (3) the timing of their reversal; (4) taxable income in prior carryback years as well as projected taxable earnings exclusive of reversing temporary differences and carry forwards; (5) the length of time that carryovers can be utilized; (6) unique tax rules that would impact the utilization of the DTAs; and (7) tax planning strategies that the Company would employ to avoid a tax benefit from expiring unused. Management believes it is more likely than not that the DTA will be realized. Accordingly, the Company has not recorded a valuation allowance as of December 31, 2011.

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

	Ordinary	Capital	Total
Total gross DTA, admitted and nonadmitted	\$ 5,299,522	\$ 38,033	\$ 5,337,555
Statutory valuation allowance	0	0	0
Adjusted gross DTA, admitted and nonadmitted	\$ 5,299,522	\$ 38,033	\$ 5,337,555
Total of DTL	0	60,351	60,351
Net DTA before admissibility test	<u>\$ 5,299,522</u>	<u>\$ (22,318)</u>	<u>\$ 5,277,204</u>

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

	Ordinary	Capital	Total
Admitted pursuant to paragraph 10(a)	\$ 4,443,691	\$ 0	\$ 4,443,691
Admitted pursuant to paragraph 10(b)	0	0	0
Admitted pursuant to paragraph 10(c)	22,318	38,033	60,351
Total admitted DTA	<u>4,466,009</u>	<u>38,033</u>	<u>4,504,042</u>
Total DTL	0	60,351	60,351
Net admitted DTA	<u>\$ 4,466,009</u>	<u>\$ (22,318)</u>	<u>\$ 4,443,691</u>
Nonadmitted DTA	<u>\$ 833,513</u>	<u>\$ 0</u>	<u>\$ 833,513</u>

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

	Ordinary	Capital	Total
Total gross DTA, admitted and nonadmitted	\$ 14,502,547	\$ 31,047	\$ 14,533,594
Statutory valuation allowance	0	0	0
Adjusted gross DTA, admitted and nonadmitted	14,502,547	31,047	14,533,594
Total DTL	0	0	0
Net DTA before admissibility test	<u>\$ 14,502,547</u>	<u>\$ 31,047</u>	<u>\$ 14,533,594</u>

Notes to Financial Statements

The amount of admitted adjusted gross DTA under each component of SSAP No. 10R as of December 31, 2010 is:

	Ordinary	Capital	Total
Admitted pursuant to paragraph 10(a)	\$ 0	\$ 0	\$ 0
Admitted pursuant to paragraph 10(b)	8,206,480	0	8,206,480
Admitted pursuant to paragraph 10(c)	0	0	0
Total admitted DTA	<u>8,206,480</u>	<u>0</u>	<u>8,206,480</u>
Total DTL	0	0	0
Net admitted DTA	<u>\$ 8,206,480</u>	<u>\$ 0</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 DTAs recognized in the Company's balance sheet are:

	Ordinary	Capital	Total
Total gross DTA, admitted and nonadmitted	\$ (9,203,025)	\$ 6,986	\$ (9,196,039)
Statutory valuation allowance	0	0	0
Adjusted gross DTA, admitted and nonadmitted	(9,203,025)	6,986	(9,196,039)
Total DTL	0	60,351	60,531
Net DTA before admissibility test	<u>\$ (9,203,025)</u>	<u>\$ (53,365)</u>	<u>\$ (9,256,390)</u>

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

	Ordinary	Capital	Total
Admitted pursuant to paragraph 10(a)	\$ 4,443,691	\$ 0	\$ 4,443,691
Admitted pursuant to paragraph 10(b)	(8,206,480)	0	(8,206,480)
Admitted pursuant to paragraph 10(c)	22,318	38,033	60,351
Total admitted DTA	<u>(3,740,471)</u>	<u>38,033</u>	<u>(3,702,438)</u>
Total DTL	0	60,351	60,351
Net admitted DTA	<u>\$ (3,740,471)</u>	<u>\$ (22,318)</u>	<u>\$ (3,762,789)</u>
Nonadmitted DTA	<u>\$ (5,462,554)</u>	<u>\$ (31,047)</u>	<u>\$ (5,493,601)</u>

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

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

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

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

	December 31, 2011	December 31, 2010
Federal	\$ 25,211,047	\$ 2,693,121
Foreign	0	0
	<u>25,211,047</u>	<u>2,693,121</u>
Federal income tax on capital gains	0	0
Utilization of capital loss carryforwards	0	0
Federal and foreign income taxes incurred	<u>\$ 25,211,047</u>	<u>\$ 2,693,121</u>

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

	December 31, 2011	December 31, 2010	Change
Adjusted gross DTAs, admitted and nonadmitted	\$ 5,337,555	\$ 14,533,594	\$ (9,196,039)
Total DTLs	60,351	0	60,351
Adjusted gross DTAs, less DTLs	<u>\$ 5,277,204</u>	<u>\$ 14,533,594</u>	<u>(9,256,390)</u>
Tax effect of nonadmitted assets			624,027
Change in net deferred income tax			<u>\$ (8,632,363)</u>

Notes to Financial Statements

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

	December 31, 2011	Effective Tax Rate
Provision computed at statutory rate	\$ 34,549,107	35.0%
SSAP adjustment related to premium tax	(1,540)	0.0%
2010 Federal tax true-up adjustment	(866,830)	(0.9%)
Statutory adjustment related to true-up	162,673	0.2%
Change in net deferred income taxes	(8,632,363)	(8.7%)
Federal and foreign income taxes incurred	\$ 25,211,047	25.6%

- E. The Company has no net capital loss carryforwards or net operating loss carryforwards.
- F. (1) The Company's federal income tax return is consolidated with the following entities:

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

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

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. The Company is a subsidiary of Southern Diversified Business Solutions (SDBS). BCBST owns 100% of BeneVive, Inc. (BeneVive) and SDBS.

BeneVive owns 100% of the for-profit corporations Shared Health, Inc. (Shared Health), Riverbend Government Benefits Administrator, Inc. (Riverbend), RiverTrust Solutions, Inc. (RiverTrust), and Onlife Health, Inc. (Onlife). Shared Health is a health information technology company. Riverbend performs services as a Medicare administrative contractor or subcontractor for the Centers for Medicare and Medicaid Services (Medicare) pursuant to the Medicare Modernization Act of 2003. In 2010, CGS Administrators, LLC (CGS) was awarded a Medicare Administrator Contract for Jurisdiction 15 (J15). The Company performed services as a subcontractor to CGS under the J15 contract. CGS terminated the subcontract with Riverbend, effective December 5, 2011. RiverTrust is a Qualified Independent Contractor able to bid on Medicare appeals workloads. Onlife mitigates the rising cost of health care by encouraging the formation of healthy lifestyle behaviors and providing case management for existing illnesses. BeneVive owned 100% of Security Care which was dissolved effective November 2, 2011.

SDBS owns 100% of the for-profit corporations Golden Security Insurance Company (Golden Security), Group Insurance Services, Inc. (GIS), and Volunteer State Health Plan, Inc. (VSHP). Golden Security is licensed to provide health, term life, disability and other insurance coverage to its policyholders. GIS is an insurance broker. VSHP is contracted by the State of Tennessee to provide services for TennCare members.

Tennessee Health Foundation, Inc. (THF), doing business as BlueCross BlueShield of Tennessee Health Foundation, is a public benefit not-for-profit Tennessee corporation that promotes charitable activities. BCBST appoints the board of directors of THF, which has been granted a 501(c)(3) tax exemption by the Internal Revenue Service.

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

Notes to Financial Statements

As of December 31, 2011, BCBST directly or indirectly owned common and preferred stock of its subsidiaries and affiliates as follows:

Subsidiary and Affiliate Stock Owned		
	Shares Held	% of O/S Shares Held
Owned by BCBST:		
BeneVive	100	100%
SDBS	4,000	100%
Owned by BeneVive:		
Onlife	1,000	100%
Shared Health	1,000	100%
RiverTrust	800	100%
Owned by SDBS:		
Golden Security	1,500,000	100%
GIS	500	100%
VSHP	1,000	100%

- B.&C. BCBST transferred \$450,000 and \$79,000,000 for the years ended December 31, 2011 and 2010, respectively, to SDBS as capital contributions. Of the total capital contributions transferred to SDBS, \$0 and \$79,000,000 were passed through to VSHP for the years 2011 and 2010, respectively.

BCBST received \$125,605,610 in 2011 and \$121,712,437 in 2010 from the subsidiaries, net of payments to subsidiaries. SDBS paid a cash dividend to BCBST of \$500,000 in 2011 and \$880,823 in 2010. No other dividends were paid to BCBST, and no contributed capital was returned to BCBST in 2011 or 2010.

The Company paid BCBST for services performed under administrative services and tax sharing agreements. For the twelve months ended December 31, the Company paid \$129,900,333 and \$80,895,705 in 2011 and 2010, respectively. Payments are net of reimbursements to the Parent for Cover Tennessee, MedAdvantage and other operations.

- D. The Company reported \$16,820,969 as due to BCBST and \$34,521,500 as due to BCBST as of December 31, 2011 and 2010, respectively.
- E. As of December 31, 2011, the Company had no guarantees or undertakings, written or otherwise, for the benefit of an affiliate or related party that result in a material contingent exposure of the Company's or any related party's assets or liabilities. See also Note 14.
- F. BCBST is the contractor for CoverKids, a state-sponsored program pursuant to T.C.A. §71-3-1101 et seq.; CoverTN, a state-sponsored program pursuant to T.C.A. §56-7-3001 et seq.; and AccessTN, a state-sponsored program pursuant to T.C.A. §56-7-2901 et seq. These state-sponsored programs are each administered by separate contracts, under the Cover Tennessee program. BCBST subcontracts with its wholly-owned subsidiary, VSHP, to provide certain services required under the Cover Tennessee contracts, including but not limited to medical management, outreach and education, and other related services. The provision of services, and expenses related thereto, is documented in the form of intercompany administrative services agreements between BCBST and VSHP.

On April 18, 2008, the Tennessee Department of Finance and Administration approved VSHP to act as a subcontractor under the Cover Tennessee contracts pursuant to these intercompany agreements. The risk for the Cover Tennessee contracts is retained by BCBST, and the financial balances related to the Cover Tennessee contracts are recorded on the financial statements of BCBST. VSHP is compensated for costs incurred under the administrative services agreements through intercompany payables and receivables, which are cleared periodically.

The Company also provides certain services, including but not limited to medical director review of appeals and denials, for BCBST's MedAdvantage and other operations. The cost of services performed by the Company is fully reimbursed by the BCBST.

- G. All outstanding shares of the Company are owned by SDBS, an insurance holding company 100% owned by BCBST and domiciled in the State of Tennessee.
- H. The Company deducted no amounts from the value of an upstream intermediate entity or parent-owned, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated (SCA) entity, in accordance with the *Purposes and Procedures* of the Securities Valuation Office of the NAIC, "Procedures for Valuing Common Stocks and Stock Warrants."
- I. The Company has no investment in an SCA entity that exceeds 10% of admitted assets.
- J. The Company has no investment in an impaired SCA entity.
- K. The Company has no investments in foreign insurance subsidiaries.
- L. The Company is not using the "look-through" approach to admit any investment in an SCA entity, joint venture, partnership or limited liability company.

Notes to Financial Statements

11. Debt

The Company has no debt.

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

All disclosures of retirement plans, postemployment benefits and other postretirement benefit plans are included in BCBST's statement.

A. Defined Benefit Plan

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

B. Defined Contribution Plan

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

C. Multiemployer Plans

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

D. Consolidated/Holding Company Plans

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

E. Postemployment Benefits and Compensated Absences

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

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

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

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

- (1) The Company has 1,000 shares authorized, 1,000 shares issued and outstanding of common stock. Par or stated value is \$.01 per share.
- (2) The Company has no preferred stock outstanding.
- (3) In accordance with T.C.A. §56-11-106(b) the maximum amount of dividends which can be paid by State of Tennessee insurance companies to shareholders without prior approval of the Insurance Commissioner is subject to restrictions relating to the greater of ten percent (10%) of net worth of the preceding December 31 or the net gain from operations for the preceding year. The Company may only pay dividends to BCBST from excess Unassigned funds without prior approval of the Insurance Commissioner.
- (4) No dividends were paid by the Company in 2011.
- (5) Within the limitations of (3) above, there are no other restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (6) The Company's statutory deposit, required by the State of Tennessee, was \$34,651,682 at December 31, 2011. Assets in the amount of \$35,073,470 for the period ended December 31, 2011, were on deposit with government authorities or trustees.
- (7) The Company has no advances to surplus not repaid.
- (8) The Company has no stock, including stock of affiliated companies, held for special purposes.
- (9) The Company has no special surplus funds in 2011.
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$2,642.
- (11) The Company has no surplus debentures or similar obligations.
- (12) No quasi-reorganizations occurred in 2011.
- (13) No quasi-reorganizations have occurred in the past ten years.

14. Contingencies

- A. In the first quarter of 2008, BCBST raised \$200,000,000 in order to help finance the construction of its headquarters in Chattanooga. The Industrial Development Board of the City of Chattanooga issued \$200,000,000 of taxable variable rate demand revenue bonds on March 14, 2008 and made these funds available to BCBST pursuant to a lease agreement between the issuer and BCBST. The payment of principal and interest on the bonds is secured by an irrevocable, direct-pay letter of credit issued by Bank of America, NA ("BOA"). The bonds are subject to mandatory redemption upon certain events as described in the debt agreements. The letter of credit will expire on March 14, 2013, unless extended as provided in the Reimbursement Agreement.

Effective from February 1, 2010 through December 22, 2011, the Company was a guarantor of the BCBST \$200,000,000 financing. On December 22, 2011, VSHP was released from its obligations

Notes to Financial Statements

under the guaranty. As a condition of the release of the guaranty, VSHP entered into a springing guaranty agreement, effective December 22, 2011, whereby VSHP will become a guarantor of BCBST's financing if any of the following events occur:

- 1.) BCBST's Risk Based Capital Ratio falls below 6.0x; or
 - 2.) VSHP's net assets exceed 20% of the consolidated net assets of BCBST and its subsidiaries; or
 - 3.) An event of default occurs under the financing agreements.
- B. The Company receives periodic liquidated damage assessments from the State of Tennessee, primarily related to operational performance targets.
 - C. The Company has no gain contingencies not recognized in the Company's financial statements as required in SSAP No. 5, *Liabilities, Contingencies and Impairments of Assets*.
 - D. The Company has no claims related extra contractual obligation and bad faith losses stemming from lawsuits which would have a material financial effect.
 - E. Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. As of December 31, 2011, the Company has no other contingencies to be reported as required by SSAP No. 5.
 - F. The Company has no other contingencies to be reported as required by SSAP No. 5.

15. Leases

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

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk (SSAP No. 27)

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

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

- A. The Company has no transfer of receivables reported as sales (SSAP No. 42, *Sale of Premium Receivables*).
- B. The Company has no transfers and servicing of financial assets and extinguishment of liabilities (SSAP No. 91, *Accounting for Transfers 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 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 had an Emergency Room Diversion Grant (ERDG) contract with the State of Tennessee Department of Finance and Administration. Under this contract the Company was fully reimbursed for costs related to the administration of the grant. The contract ended on April 15, 2011.

Amounts receivable from ASO plans at December 31, 2011 reflected on page 2, line 17, are as follows:

	<u>Amount</u>
a. Select Community premium accrual	\$ 879,752
b. Electronic visit verification system	605,600
c. Medical management	352,000
d. Unbilled expenses (timing differences)	(250,140)
e. Miscellaneous	(386,176)
Total amounts receivable relating to ASO plans	<u>\$ 1,201,036</u>

Notes to Financial Statements

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

	(1)	(2)	(3)
	ASO Uninsured Plans	Uninsured Portion of Partially - Insured Plans	Total ASO Plans
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$ 3,192,081	0	\$ 3,192,081
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	\$ 3,190,131	0	\$ 3,190,131
d. Total claims payment volume	\$ 329,543,952	0	\$ 329,543,952

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

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

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

20. Fair Value Measurement

The Company holds only investment grade bonds in its investment portfolio, which are reported at amortized cost. Due to this, and in accordance with the provisions of SSAP No. 100, *Fair Value Measurements*, the Company is not required to categorize these assets within the fair value hierarchy. The Company has no financial liabilities.

The Company held no common or preferred equity securities, mutual fund investments, hybrid securities, mortgage loans, non-agency residential mortgage-backed securities or auction rate securities at December 31, 2011. At December 31, 2011, the average credit rating of the Company's total bonds was AA. At December 31, 2011, the Company held commercial mortgage-backed securities with a fair value of \$6,496,177 and an average credit rating of AAA. At December 31, 2011, the Company held asset-backed securities with a fair value of \$20,366,244 and an average credit rating of AAA. Fair values of the bonds are provided by independent pricing services, including the Company's custodians. Where independent pricing services provided fair values, the Company has obtained an understanding of the methods, models and inputs used, and has controls in place to validate that amounts provided represent current exit prices. For securities not actively traded, the third party pricing services may use quoted market prices of comparable instruments or models, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds. Management periodically reviews the securities in the portfolio with the Company's investment managers and the Company's investment consultant. If unusual fluctuations in pricing or variances in pricing from different sources are noted during these reviews, management may obtain additional information from other pricing services, or request an investigation into the evaluation of the security by the pricing service, to validate the quoted price.

21. Other Items

- A. No extraordinary events and/or transactions outlined in SSAP No. 24, *Discontinued Operations and Extraordinary Items*, occurred in 2011.
- B. No troubled debt restructuring (SSAP No. 36, *Troubled Debt Restructuring*) occurred in 2011 or 2010.
- C. Other Disclosures
- 1) As of December 31, 2011, assets were on deposit with government authorities or trustees. See Note 13(6) for more information.
 - 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 twelve months ended December 31, 2011 compared to the same period in the prior year is primarily attributable the Choices program that began effective August 1, 2010. The following provides a comparison of expense excluding ASO administrative fees and premium tax.

Notes to Financial Statements

Line#	Administrative Expenses:	December 31, 2011	December 31, 2010	%
				Change
20	Claims adjustment expense	\$ 89,112,502	\$ 93,657,151	
21	General administrative expense	160,252,412	130,639,008	
	Total Expense	249,364,914	224,296,159	
	Less: ASO administrative fees	46,573,380	45,981,202	
	Less: Premium tax	113,905,109	99,068,900	
	Expenses before ASO admin fees and excluding premium tax	<u>\$182,033,185</u>	<u>\$171,208,461</u>	6.3%

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

- D. The Company does not anticipate any uncollectible premium balances.
- E. The Company had no business interruption recognized during 2011.
- F. The Company has no state transferable tax credits.
- G. The Company has no investments in subprime mortgages or bonds backed by subprime mortgages as of December 31, 2011, nor has the Company had any such investments at any time in the past.

22. Events Subsequent

Type I – Recognized Subsequent Events:

Subsequent events have been considered through February 23, 2012 for the statutory statement issued on March 1, 2012. The Company has no required disclosures of Type I events (SSAP No. 9, *Subsequent Events*).

Type II – Non-recognized Subsequent Events:

The Subsequent events have been considered through February 23, 2012 for the statutory statement issued on March 1, 2012. The Company has no required disclosures of Type II events (SSAP No. 9).

23. Reinsurance

- A. The Company does not have any reinsurance where the disclosures required by this section are applicable.
- B. The Company has not written off in the current year reinsurance balances due.
- C. The Company has no amounts reported in its operations in the current year as a result of commutation of reinsurance with other companies.

24. Retrospectively Rated Contracts

There were no net premiums written by the Company through December 31, 2011 that are subject to retrospective rating features.

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, was \$195,153,016. Through December 31, 2011, \$157,159,608 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 \$34,789,849. The reserve remaining for prior year was \$3,203,559 of December 31, 2011.

26. Intercompany Pooling Arrangements

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

27. Structured Settlements

Not applicable to health entities.

Notes to Financial Statements

28. Health Care Receivables

- A. The Company has no pharmaceutical rebate receivables.
- B. The Company does not have any risk-sharing receivables where the receivable and payable balances with a single provider are netted.

29. Participating Policies

The Company has no participating policies where the Company pays policyholders dividends (SSAP No. 54, *Individual and Group Accident and Health Contracts*).

30. Premium Deficiency Reserve

The Company has no premium deficiency reserves.

31. Anticipated Salvage and Subrogation

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[] N/A[]
- 1.3 State Regulating? Tennessee
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[X] No[]
- 2.2 If yes, date of change: 03/15/2011
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2008
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 02/23/2011
- 3.4 By what department or departments?
Tennessee Department of Commerce and Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[] No[] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[] N/A[]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[] No[X]
- 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[] No[X]
- 4.22 renewals? Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

1 Nationality	2 Type of Entity

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young - Republic Centre, Suite 1500 - 633 Chestnut Street - Chattanooga, TN 37450
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes[] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[] No[X] N/A[]
- 10.6 If the answer to 10.5 is "NO" or "N/A" please explain:
The BCBST board has authorized the enterprise Audit Committee to have authority over the subsidiaries.
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
James Howard Srite, FSA, MAAA - Senior Vice President, Chief Actuary - BlueCross BlueShield of Tennessee, Inc.

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes No
 12.11 Name of real estate holding company
 12.12 Number of parcels involved 0
 12.13 Total book/adjusted carrying value \$ 0
 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes No N/A
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes No N/A
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes No N/A
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes 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.
 14.11 If the response to 14.1 is no, please explain:
 14.2 Has the code of ethics for senior managers been amended? Yes No
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes No
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes No
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001

BOARD OF DIRECTORS

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

FINANCIAL

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

INVESTMENT

- 24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3) Yes No
- 24.2 If no, give full and complete information, relating thereto:
 24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 17 where this information is also provided)
- 24.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes No N/A
 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. \$ 0
 24.6 If answer to 24.4 is no, report amount of collateral for other programs. \$ 0
 24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No N/A
 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A
 24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes No N/A

GENERAL INTERROGATORIES (Continued)

- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3) Yes[X] No[]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|----|------------|
| 25.21 Subject to repurchase agreements | \$ | 0 |
| 25.22 Subject to reverse repurchase agreements | \$ | 0 |
| 25.23 Subject to dollar repurchase agreements | \$ | 0 |
| 25.24 Subject to reverse dollar repurchase agreements | \$ | 0 |
| 25.25 Pledged as collateral | \$ | 0 |
| 25.26 Placed under option agreements | \$ | 0 |
| 25.27 Letter stock or securities restricted as to sale | \$ | 0 |
| 25.28 On deposit with state or other regulatory body | \$ | 35,073,470 |
| 25.29 Other | \$ | 0 |

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[] No[X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[] No[] N/A[X]
If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[] No[X]
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$ 0
28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No[]
- 28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
US Bank	2204 Lakeshore Drive, Ste 302, Birmingham, AL 35209
Bank of New York Mellon	One Mellon Center, Pittsburgh, PA 15258

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

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

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes[X] No[]
- 28.04 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	05/20/2011	Rating downgrade of former custodian

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

1 Central Registration Depository Number(s)	2 Name	3 Address
Exempt	BlackRock Financial Management	40 East 52nd Street, New York, NY 10022
4161	Morgan Keegan	50 Front Street, Memphis, TN 38103
113972	Standish Asset Management BNY Mellon Center	201 Washington Street, Boston, MA 02108

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])? Yes[] No[X]
- 29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 Total		

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

GENERAL INTERROGATORIES (Continued)

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	184,988,386	185,879,540	891,154
30.2 Preferred stocks			
30.3 Totals	184,988,386	185,879,540	891,154

30.4 Describe the sources or methods utilized in determining the fair values
Fair values were obtained from the custodians - US Bank and Bank of New York, Mellon.

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes[X] No[]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes[X] No[] N/A[]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[]
- 32.2 If no, list exceptions:

OTHER

- 33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 0
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

- 34.1 Amount of payments for legal expenses, if any? \$ 0
- 34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ 0
- 35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

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

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator	1,695,982,644	1,416,266,522
2.2 Premium Denominator	1,695,982,644	1,416,266,552
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4 Reserve Numerator	160,478,458	185,553,975
2.5 Reserve Denominator	160,478,458	185,553,975
2.6 Reserve Ratio (2.4 / 2.5)	1.000	1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes No
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes No
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes No N/A
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes No
- 5.2 If no, explain:
The Company, with guaranty from Parent to maintain 200% RBC level, is sufficient size to cover full-risk.
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical \$ 0
- 5.32 Medical Only \$ 0
- 5.33 Medicare Supplement \$ 0
- 5.34 Dental & Vision \$ 0
- 5.35 Other Limited Benefit Plan \$ 0
- 5.36 Other \$ 0
- 6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
If insolvency occurs, BCBST satisfies claims for the covered period. All agreements with providers include statutory hold harmless provisions. Other MCOs in the State would be required to take enrollees.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes No
- 7.2 If no, give details:
- 8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year 19,284
- 8.2 Number of providers at end of reporting year 20,961
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes No
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months 0
- 9.22 Business with rate guarantees over 36 months 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes No
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ 2,000,000
- 10.22 Amount actually paid for year bonuses \$ 1,809,233
- 10.23 Maximum amount payable withholds \$ 0
- 10.24 Amount actually paid for year withholds \$ 0
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes No
- 11.13 An Individual Practice Association (IPA), or, Yes No
- 11.14 A Mixed Model (combination of above)? Yes No
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes No
- 11.3 If yes, show the name of the state requiring such net worth.
Tennessee
- 11.4 If yes, show the amount required. \$ 34,651,682
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes No
- 11.6 If the amount is calculated, show the calculation.
4% times the first \$150M in dollars projected plus 1.5% for any dollars projected over the first \$150M
- 12. List service areas in which the reporting entity is licensed to operate:

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

GENERAL INTERROGATORIES (Continued)

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

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

	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	0
\$	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	0

FIVE-YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	393,928,502	490,517,926	270,182,565	151,642,822	43,669,782
2. TOTAL Liabilities (Page 3, Line 24)	218,893,393	385,596,366	183,270,157	124,786,521	12,306,565
3. Statutory surplus	34,651,682	34,651,682	25,326,692	25,326,692	25,703,132
4. TOTAL Capital and Surplus (Page 3, Line 33)	175,035,109	104,921,560	86,912,408	26,856,301	31,363,217
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	1,695,982,644	1,416,266,552	1,197,311,190	77,924,108	8,414,304
6. TOTAL Medical and Hospital Expenses (Line 18)	1,351,621,487	1,215,050,847	1,130,371,735	76,120,732	(998,392)
7. Claims adjustment expenses (Line 20)	89,112,502	93,657,151	85,775,902	18,622,849	772,985
8. TOTAL Administrative Expenses (Line 21)	160,252,412	130,639,008	79,244,800	11,153,144	1,086,872
9. Net underwriting gain (loss) (Line 24)	94,996,243	(23,080,454)	(98,081,247)	(70,635,884)	7,552,839
10. Net investment gain (loss) (Line 27)	3,713,914	3,798,751	2,452,271	1,531,325	1,868,624
11. TOTAL Other Income (Lines 28 plus 29)					(8,500,283)
12. Net income or (loss) (Line 32)	73,499,110	(21,974,824)	(64,415,657)	(61,776,488)	605,107
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(67,157,338)	151,423,410	(8,174,727)	54,566,792	5,732,146
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	175,035,109	104,921,560	86,912,408	26,856,301	31,363,217
15. Authorized control level risk-based capital	51,819,531	47,404,533	43,032,479	4,445,487	1,047,185
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	403,278	415,198	418,045	189,281	
17. TOTAL Members Months (Column 6, Line 7)	4,911,134	5,025,561	5,204,333	369,733	
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	79.7	85.8	94.4	97.7	1,161.2
20. Cost containment expenses	3.0	3.8	2.1	7.2	(135.8)
21. Other claims adjustment expenses	2.2	2.8	5.1	16.7	(763.3)
22. TOTAL Underwriting Deductions (Line 23)	94.4	101.6	108.2	190.6	(1,001.9)
23. TOTAL Underwriting Gain (Loss) (Line 24)	5.6	(1.6)	(8.2)	(90.6)	(8,784.5)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	149,464,119	119,957,478	54,618,584	76,120,732	(998,392)
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	184,253,968	143,964,733	62,220,304		
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					

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

If no, please explain::



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

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

	1		2		3		4	5	6	7	8	9	10
	Total	Individual	Comprehensive (Hospital & Medical)	Group	Medicare Supplement	Vision Only								Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
TOTAL Members at end of:													
1. Prior Year	415,198											415,198	
2. First Quarter	411,759											411,759	
3. Second Quarter	410,234											410,234	
4. Third Quarter	407,842											407,842	
5. Current Year	403,278											403,278	
6. Current Year Member Months	4,911,134											4,911,134	
TOTAL Member Ambulatory Encounters for Year:													
7. Physician	4,970,565											4,970,565	
8. Non-Physician	432,223											432,223	
9. TOTAL	5,402,788											5,402,788	
10. Hospital Patient Days Incurred	281,077											281,077	
11. Number of Inpatient Admissions	45,983											45,983	
12. Health Premiums Written (b)	1,695,982,644											1,695,982,644	
13. Life Premiums Direct													
14. Property/Casualty Premiums Written													
15. Health Premiums Earned	1,695,982,644											1,695,982,644	
16. Property/Casualty Premiums Earned													
17. Amount Paid for Provision of Health Care Services	1,376,322,417											1,376,322,417	
18. Amount Incurred for Provision of Health Care Services	1,351,621,487											1,351,621,487	

(a) For health business: number of persons insured under PPO managed care products0 and number of persons insured under indemnity only products0.
 (b) For health business: number of persons insured under PPO managed care products0 and number of persons insured under indemnity only products0.



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

NAIC Group Code 3498 NAIC Company Code 14046
 REPORT FOR: 1. CORPORATION: 2. LOCATION:
 BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR

	1	2		3	4	5	6	7	8	9	10
	Total	Individual	Group	Medicare Supplement								Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
TOTAL Members at end of:											
1. Prior Year	415,198									415,198	
2. First Quarter	411,759									411,759	
3. Second Quarter	410,234									410,234	
4. Third Quarter	407,842									407,842	
5. Current Year	403,278									403,278	
6. Current Year Member Months	4,911,134									4,911,134	
TOTAL Member Ambulatory Encounters for Year:											
7. Physician	4,970,565									4,970,565	
8. Non-Physician	432,223									432,223	
9. TOTAL	5,402,788									5,402,788	
10. Hospital Patient Days Incurred	281,077									281,077	
11. Number of Inpatient Admissions	45,983									45,983	
12. Health Premiums Written (b)	1,695,982,644									1,695,982,644	
13. Life Premiums Direct											
14. Property/Casualty Premiums Written											
15. Health Premiums Earned											
16. Property/Casualty Premiums Earned											
17. Amount Paid for Provision of Health Care Services	1,376,322,417									1,376,322,417	
18. Amount Incurred for Provision of Health Care Services	1,351,621,487									1,351,621,487	

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

SCHEDULE S - PART 1 - SECTION 2

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

1	2	3	4	5	6	7	8	9	10	11	12
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsured	Domiciliary Jurisdiction	Type of Reinsurance Assumed	Premiums	Unearned Premiums	Reserve Liability Other Than for Unearned Premiums	Reinsurance Payable on Paid and Unpaid Losses	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
NONE											
0999999 Total (Sum of 0399999 and 0699999)											

SCHEDULE S - PART 2

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

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Company	5 Domiciliary Jurisdiction	6 Paid Losses	7 Unpaid Losses
<div style="border: 1px solid black; padding: 10px; display: inline-block;"> <h1 style="margin: 0;">N O N E</h1> </div>						
1799999 Total (Sum of 0799999 and 1499999)						

SCHEDULE S - PART 3 - SECTION 2

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

1	2	3	4	5	6	7	8	9	10		11	12	13
NAIC Company Code	Federal ID Number	Effective Date	Name of Company	Domiciliary Jurisdiction	Type	Premiums	Unearned Premiums (estimated)	Reserve Credit Taken Other than for Unearned Premiums	Current Year	Prior Year	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance	
NONE													
3399999 Total (Sum of 1599999 and 3099999)													

SCHEDULE S - PART 4 Reinsurance Ceded To Unauthorized Companies

1	2	3	4	5	6	7	8	9	Letter of Credit Issuing or Confirming Bank (a)		13	14	15	16	17	
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsurer	Reserve Credit Taken	Paid and Unpaid Losses Recoverable (Debit)	Other Debits	Totals (Cols. 5 + 6 + 7)	Letters of Credit	10 American Bankers Association (ABA) Routing Number	11 Letter of Credit Code	12 Bank Name	Funds Deposited by and Withheld from Reinsurers	Other	Miscellaneous Balances (Credit)	Sum of Cols. 9+13+14 +15+16 But Not in Excess of Col. 8	
2599999 Total (Sum of 1599999 and 2299999)																
									XXX	XXX	XXX					

(a)	NONE
Code	
American Bankers Association (ABA) Routing Number	

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

	1 2011	2 2010	3 2009	4 2008	5 2007
A. OPERATIONS ITEMS					
1. Premiums					
2. Title XVIII-Medicare					
3. Title XIX - Medicaid					
4. Commissions and reinsurance expense allowance					
5. TOTAL Hospital and Medical Expenses					
B. BALANCE SHEET ITEMS					
6. Premiums receivable					
7. Claims payable	NONE				
8. Reinsurance recoverable on paid losses					
9. Experience rating refunds due or unpaid					
10. Commissions and reinsurance expense allowances unpaid					
11. Unauthorized reinsurance offset					
C. UNAUTHORIZED REINSURANCE					
(DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F)					
13. Letters of credit (L)					
14. Trust agreements (T)					
15. Other (O)					

SCHEDULE S - PART 6

Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 12)	370,311,743		370,311,743
2. Accident and health premiums due and unpaid (Line 15)	16,815,438		16,815,438
3. Amounts recoverable from reinsurers (Line 16.1)			
4. Net credit for ceded reinsurance	X X X		
5. All other admitted assets (Balance)	6,801,321		6,801,321
6. TOTAL Assets (Line 28)	393,928,502		393,928,502
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1)	159,627,541		159,627,541
8. Accrued medical incentive pool and bonus payments (Line 2)	850,917		850,917
9. Premiums received in advance (Line 8)			
10. Funds held under reinsurance treaties with authorized and unauthorized reinsurers (Line 19)			
11. Reinsurance in unauthorized companies (Line 20)			
12. All other liabilities (Balance)	58,414,935		58,414,935
13. TOTAL Liabilities (Line 24)	218,893,393		218,893,393
14. TOTAL Capital and Surplus (Line 33)	175,035,109	X X X	175,035,109
15. TOTAL Liabilities, Capital and Surplus (Line 34)	393,928,502		393,928,502
NET CREDIT FOR CEDED REINSURANCE			
16. Claims unpaid			
17. Accrued medical incentive pool			
18. Premiums received in advance			
19. Reinsurance recoverable on paid losses			
20. Other ceded reinsurance recoverables			
21. TOTAL Ceded Reinsurance Recoverables			
22. Premiums receivable			
23. Funds held under reinsurance treaties with authorized and unauthorized reinsurers			
24. Unauthorized reinsurance			
25. Other ceded reinsurance payables/offsets			
26. TOTAL Ceded Reinsurance Payables/Offsets			
27. TOTAL Net Credit for Ceded Reinsurance			

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

1	2	Direct Business Only							9
		3	4	5	6	7	8		
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	L			1,695,982,644				1,695,982,644	
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Marianas Islands (MP)	N								
57. Canada (CN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X			1,695,982,644				1,695,982,644	
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	(a) 1			1,695,982,644				1,695,982,644	

DETAILS OF WRITE-INS

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

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

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE T - PART 2

INTERSTATE COMPACT - EXHIBIT OF PREMIUMS WRITTEN ALLOCATED BY STATES AND TERRITORIES

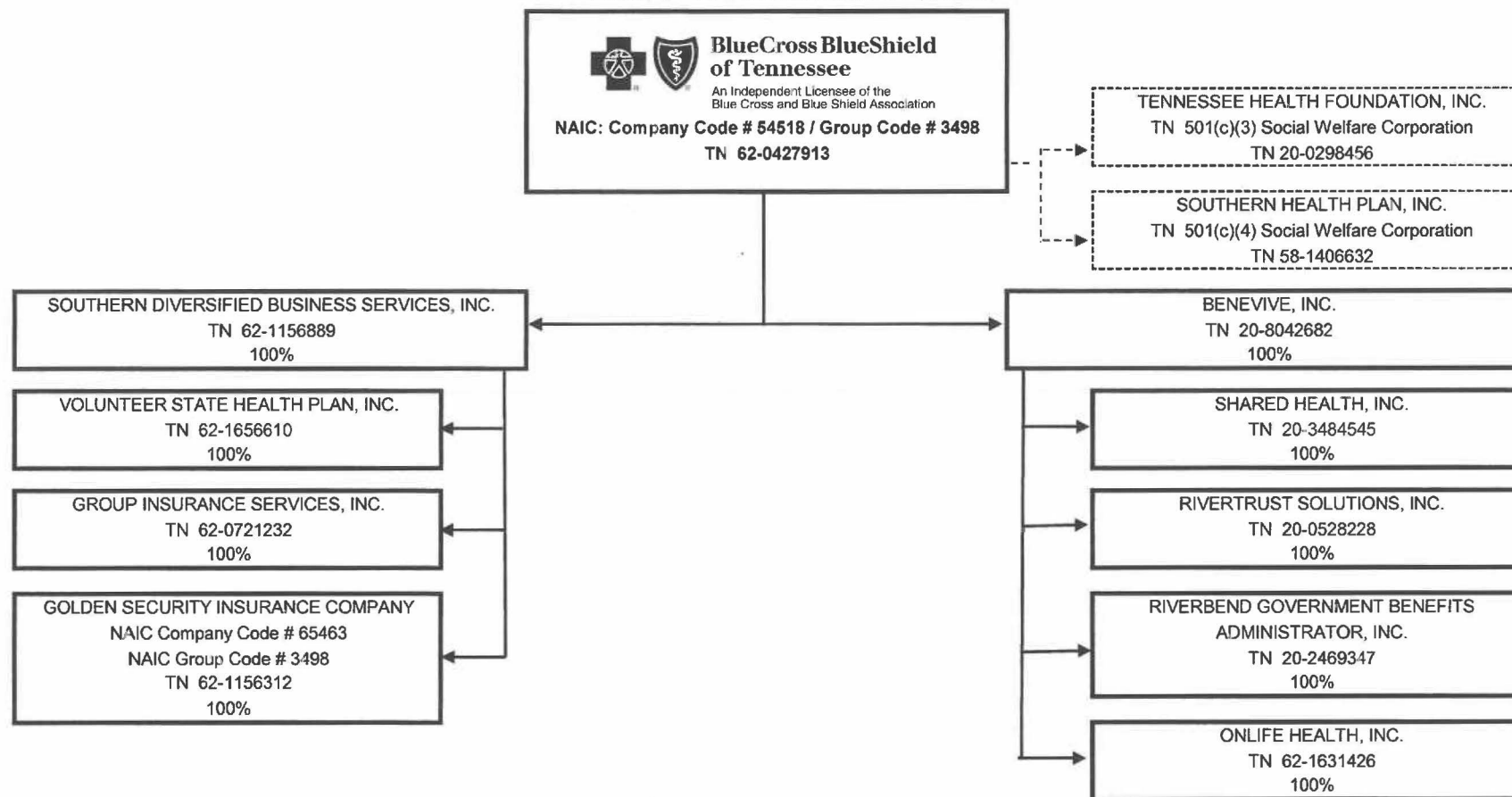
Direct Business only						
	1	2	3	4	5	6
States, Etc.	Life (Group and Individual)	Annuities (Group and Individual)	Disability Income (Group and Individual)	Long-Term Care (Group and Individual)	Deposit-Type Contracts	Totals
1. Alabama (AL)						
2. Alaska (AK)						
3. Arizona (AZ)						
4. Arkansas (AR)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

NONE

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y
PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Comp-any Code	Federal ID Number	FEDERAL RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Name of Parent Subsidiaries or Affiliates	Domic-iliary Loca-tion	Relation-ship to Report-ing Entity	Directly Controlled by (Name of Entity / Person)	Type of Control Ownership, Board, Management, Attorney-in-Fact, Influence, Other	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies) / Person(s)	
3498	BlueCross BlueShield of Tennessee	54518	62-0427913				BlueCross BlueShield of Tennessee, Inc.	TN	UIP	Southern Diversified Business Services, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
3498	BlueCross BlueShield of Tennessee	14046	62-1656610				Volunteer State Health Plan, Inc.	TN		BlueCross BlueShield of Tennessee, Inc.	Ownership		BlueCross BlueShield of Tennessee, Inc.	1
		00000	20-0298456				Tennessee Health Foundation, Inc.	TN	OTH	BlueCross BlueShield of Tennessee, Inc.	Board of Directors		BlueCross BlueShield of Tennessee, Inc.	2
		00000	58-1406632				Southern Health Plan	TN	OTH	BlueCross BlueShield of Tennessee, Inc.	Board of Directors		BlueCross BlueShield of Tennessee, Inc.	
		00000	62-1156889				Southern Diversified Business Services, Inc.	TN	UDP	BlueCross BlueShield of Tennessee, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	62-0721232				Group Insurance Services	TN	IA	Southern Diversified Business Services, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
3498	BlueCross BlueShield of Tennessee	65463	62-1156312				Golden Security Insurance Company	TN	IA	Southern Diversified Business Services, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	20-8042682				BeneVive, Inc.	TN	NIA	BlueCross BlueShield of Tennessee, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	20-3484545				Shared Health, Inc.	TN	NIA	BeneVive, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	20-0528228				RiverTrust Solutions, Inc.	TN	NIA	BeneVive, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	20-2469347				Riverbend Government Benefits Administrator, Inc.	TN	NIA	BeneVive, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	62-1631426				Onlife Health, Inc.	TN	NIA	BeneVive, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	*

Asterisk	Explanation
0000001	BlueCross BlueShield of Tennessee, Inc. appoints the Board of Tennessee Health Foundation, Inc.
0000002	BlueCross BlueShield of Tennessee, Inc. appoints the Board of Southern Health Plan, Inc. doing business as BlueCross BlueShield of Tennessee Community Trust

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

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/(Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/(Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
54518	62-0427913	BlueCross BlueShield of Tennessee, Inc. (BCBST)					105,152,483				105,152,483	
54518	62-0427913	BCBST-Other				126	126				126	
54518	62-0427913	BCBST-Med Advantage					(254,950)				(254,950)	
54518	62-0427913	BCBST-CoverTN					(708,497)				(708,497)	
54518	62-0427913	BCBST-AccessTN					(1,145,270)				(1,145,270)	
54518	62-0427913	BCBST-CoverKids					(1,376,711)				(1,376,711)	
14046	62-1656610	Volunteer State Health Plan, Inc. (VSHP)					(101,667,181)				(101,667,181)	
9999999	Control Totals								XX			

Schedule Y Part 2 Explanation:

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

Response

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

MARCH FILING

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

APRIL FILING

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

JUNE FILING

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

AUGUST FILING

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

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

MARCH FILING

- | | |
|--|----|
| 11. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? | No |
| 12. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC? | No |
| 13. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC? | No |
| 14. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1? | No |
| 15. Will the actuarial opinion on participating and non-participating policies as required in Interrogatories 1 and 2 on Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1? | No |
| 16. Will the actuarial opinion on non-guaranteed elements as required in Interrogatory 3 to Exhibit 5 to Life Supplement be filed with the state of domicile and electronically with the NAIC by March 1? | No |
| 17. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1? | No |
| 18. Will an approval from the reporting entity's state of domicile for relief related to the five-year rotation requirement for lead audit partner be filed electronically with the NAIC by March 1? | No |
| 19. Will an approval from the reporting entity's state of domicile for relief related to the one-year cooling off period for independent CPA be filed electronically with the NAIC by March 1? | No |
| 20. Will an approval from the reporting entity's state of domicile for relief related to the Requirements for Audit Committees be filed electronically with the NAIC by March 1? | No |

APRIL FILING

- | | |
|--|----|
| 21. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1? | No |
| 22. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC? | No |
| 23. Will the Supplemental Property/Casualty Insurance Expense Exhibit due April 1 be filed with any state that requires it, and, if so, the NAIC? | No |
| 24. Will the Supplemental Health Care Exhibit (Parts 1, 2 and 3) be filed with the state of domicile and the NAIC by April 1? | No |
| 25. Will the regulator only (non-public) Supplemental Health Care Exhibit's Allocation Report be filed with the state of domicile and the NAIC by April 1? | No |

AUGUST FILING

- | | |
|--|-----|
| 26. Will Management's Report of Internal Control Over Financial Reporting be filed with the state of domicile by August 1? | Yes |
|--|-----|

Explanations:

Bar Codes:

Medicare Supplement Insurance Experience Exhibit



1404620113600000 2011 Document Code: 360

Health Life Supplement



1404620112050000 2011 Document Code: 205

Health Property / Casualty Supplement



1404620112070000 2011 Document Code: 207

Schedule SIS



1404620114200000 2011 Document Code: 420

Actuarial Opinion on Participating and Non-Participating Policies



1404620113710000 2011 Document Code: 371

Statement of Non-Guaranteed Elements for Exhibit 5



1404620113700000 2011 Document Code: 370

Medicare Part D Coverage Supplement



1404620113650000 2011 Document Code: 365

Approval for Relief related to five-year rotation for lead Audit Partner



1404620112240000 2011 Document Code: 224

Approval for Relief related to one-year cooling off period for inde. CPA



1404620112250000 2011 Document Code: 225

Approval for Relief related to Require. for Audit Committees



1404620112260000 2011 Document Code: 226

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES (continued)

LTC Supplemental Interrogatories



1404620113060000 2011 Document Code: 306

Health Life Supplement - LHA Guaranty Association Reconciliation



14046201121100000 2011 Document Code: 211

Health Property/Casualty Supplement - Insurance Expense Exhibit



14046201121300000 2011 Document Code: 213

Supplemental Health Care Exhibit



14046201121600000 2011 Document Code: 216

Supplemental Health Care Exhibit's Expense Allocation Report



14046201121700000 2011 Document Code: 217

OVERFLOW PAGE FOR WRITE-INS

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2304. Due State of Tennessee	3,473		3,473	
2305.				
2397. Summary of remaining write-ins for Line 23 (Lines 2304 through 2396)	3,473		3,473	

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
0604.	X X X		
0605.	X X X		
0606.	X X X		
0607.	X X X		
0608.	X X X		
0609.	X X X		
0610.	X X X		
0611.	X X X		
0612.	X X X		
0613.	X X X		
0614.	X X X		
0615.	X X X		
0616.	X X X		
0617.	X X X		
0618.	X X X		
0619.	X X X		
0697. Summary of remaining write-ins for Line 6 (Lines 0604 through 0696)	X X X		
1404.			
1497. Summary of remaining write-ins for Line 14 (Lines 1404 through 1496)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

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

OVERFLOW PAGE FOR WRITE-INS

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

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

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage
1. Bonds:						
1.1 U.S. treasury securities	19,777,058	5.341	19,777,058		19,777,058	5.341
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies						
1.22 Issued by U.S. government sponsored agencies	37,941,586	10.246	37,941,586		37,941,586	10.246
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)						
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations						
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations						
1.43 Revenue and assessment obligations						
1.44 Industrial development and similar obligations						
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or Guaranteed by GNMA	1,982,109	0.535	1,982,109		1,982,109	0.535
1.512 Issued or Guaranteed by FNMA and FHLMC	10,162,513	2.744	10,162,513		10,162,513	2.744
1.513 All other						
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	9,615,952	2.597	9,615,952		9,615,952	2.597
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521						
1.523 All other	5,998,141	1.620	5,998,141		5,998,141	1.620
2. Other debt and other fixed income securities (excluding short term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	94,217,118	25.443	94,217,118		94,217,118	25.443
2.2 Unaffiliated Non-U.S. securities (including Canada)	5,293,909	1.430	5,293,909		5,293,909	1.430
2.3 Affiliated securities						
3. Equity interests:						
3.1 Investments in mutual funds						
3.2 Preferred stocks:						
3.21 Affiliated						
3.22 Unaffiliated						
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated						
3.32 Unaffiliated						
3.4 Other equity securities:						
3.41 Affiliated						
3.42 Unaffiliated						
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated						
3.52 Unaffiliated						
4. Mortgage loans:						
4.1 Construction and land development						
4.2 Agricultural						
4.3 Single family residential properties						
4.4 Multifamily residential properties						
4.5 Commercial loans						
4.6 Mezzanine real estate loans						
5. Real estate investments:						
5.1 Property occupied by company						
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt)						
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt)						
6. Contract loans						
7. Derivatives						
8. Receivables for securities	803,972	0.217	803,972		803,972	0.217
9. Securities Lending (Line 10, Asset Page reinvested collateral)				X X X	X X X	X X X
10. Cash, cash equivalents and short-term investments	184,519,385	49.828	184,519,385		184,519,385	49.828
11. Other invested assets						
12. Total invested assets	370,311,743	100.000	370,311,743		370,311,743	100.000

SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

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

SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

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

SCHEDULE BA - VERIFICATION BETWEEN YEARS**Other Long-Term Invested Assets**

1.	Book/adjusted carrying value, December 31 of prior year		
2.	Cost of acquired:		
2.1	Actual cost at time of acquisition (Part 2, Column 8)		
2.2	Additional investment made after acquisition (Part 2, Column 9)		
3.	Capitalized deferred interest and other:		
3.1	Totals, Part 1, Column 16		
3.2	Totals, Part 3, Column 12		
4.	Accrual of discount		
5.	Unrealized valuation increase (decrease):		
5.1	Totals, Part 1, Column 13		
5.2	Totals, Part 3, Column 9		
6.	Total gain (loss) on disposals, Part 3, Column 19		
7.	Deduct amounts received on disposals, Part 3, Column 18		
8.	Deduct amortization of premium and depreciation		
9.	Total foreign exchange change in book/adjusted carrying value:		
9.1	Totals, Part 1, Column 17		
9.2	Totals, Part 3, Column 14		
10.	Deduct current year's other than temporary impairment recognized:		
10.1	Totals, Part 1, Column 15		
10.2	Totals, Part 3, Column 11		
11.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12.	Deduct total nonadmitted amounts		
13.	Statement value at end of current period (Line 11 minus Line 12)		

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

1.	Book/adjusted carrying value, December 31 of prior year		160,847,485
2.	Cost of bonds and stocks acquired, Part 3, Column 7		195,561,830
3.	Accrual of Discount		59,130
4.	Unrealized valuation increase (decrease):		
4.1	Part 1, Column 12	(13,041)	
4.2	Part 2, Section 1, Column 15		
4.3	Part 2, Section 2, Column 13		
4.4	Part 4, Column 11	357	(12,684)
5.	Total gain (loss) on disposals, Part 4, Column 19		605,250
6.	Deduction consideration for bonds and stocks disposed of, Part 4, Column 7		169,827,029
7.	Deduct amortization of premium		2,225,633
8.	Total foreign exchange change in book/adjusted carrying value:		
8.1	Part 1, Column 15		
8.2	Part 2, Section 1, Column 19		
8.3	Part 2, Section 2, Column 16		
8.4	Part 4, Column 15		
9.	Deduct current year's other than temporary impairment recognized:		
9.1	Part 1, Column 14	19,963	
9.2	Part 2, Section 1, Column 17		
9.3	Part 2, Section 2, Column 14		
9.4	Part 4, Column 13		19,963
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)		184,988,386
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)		184,988,386

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	57,718,644	57,917,112	58,009,086	56,940,000
	2. Canada				
	3. Other Countries				
	4. Totals	57,718,644	57,917,112	58,009,086	56,940,000
U.S. States, Territories and Possessions (Direct and guaranteed)	5. Totals				
U.S. Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	6. Totals				
U.S. Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	7. Totals	21,760,577	22,026,176	21,859,573	20,978,469
Industrial and Miscellaneous and Hybrid Securities (unaffiliated)	8. United States	100,215,255	100,673,480	101,428,727	97,777,491
	9. Canada	1,015,230	1,013,680	1,018,890	1,000,000
	10. Other Countries	4,278,680	4,249,092	4,297,644	4,225,000
	11. Totals	105,509,165	105,936,252	106,745,261	103,002,491
Parent, Subsidiaries and Affiliates	12. Totals				
	13. Total Bonds	184,988,386	185,879,540	186,613,920	180,920,960
PREFERRED STOCKS					
Industrial and Miscellaneous (unaffiliated)	14. United States				
	15. Canada				
	16. Other Countries				
	17. Totals				
Parent, Subsidiaries and Affiliates	18. Totals				
	19. Total Preferred Stocks				
COMMON STOCKS					
Industrial and Miscellaneous (unaffiliated)	20. United States				
	21. Canada				
	22. Other Countries				
	23. Totals				
Parent, Subsidiaries and Affiliates	24. Totals				
	25. Total Common Stocks				
	26. Total Stocks				
	27. Total Bonds and Stocks	184,988,386	185,879,540	186,613,920	

SCHEDULE D - PART 1A - SECTION 1

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

Quality Rating Per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 9.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments											
1.1 Class 1	68,096,142	39,246,868				107,343,010	35.00	6,949,675	1.59	107,343,010	
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 TOTALS	68,096,142	39,246,868				107,343,010	35.00	6,949,675	1.59	107,343,010	
2. All Other Governments											
2.1 Class 1											
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
2.7 TOTALS											
3. U.S. States, Territories and Possessions etc., Guaranteed											
3.1 Class 1											
3.2 Class 2											
3.3 Class 3											
3.4 Class 4											
3.5 Class 5											
3.6 Class 6											
3.7 TOTALS											
4. U.S. Political Subdivisions of States, Territories & Possessions, Guaranteed											
4.1 Class 1											
4.2 Class 2											
4.3 Class 3											
4.4 Class 4											
4.5 Class 5											
4.6 Class 6											
4.7 TOTALS											
5. U.S. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed											
5.1 Class 1	31,418,995	9,590,512	6,065,574	2,409,880	106,002	49,590,963	16.17	58,605,861	13.37	49,590,963	
5.2 Class 2											
5.3 Class 3											
5.4 Class 4											
5.5 Class 5											
5.6 Class 6											
5.7 TOTALS	31,418,995	9,590,512	6,065,574	2,409,880	106,002	49,590,963	16.17	58,605,861	13.37	49,590,963	

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

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

Quality Rating Per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 9.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Industrial and Miscellaneous (unaffiliated)											
6.1 Class 1	60,265,921	85,424,596	2,036,712	1,522,255	522,345	149,771,829	48.83	372,859,375	85.05	149,771,829	
6.2 Class 2											
6.3 Class 3											
6.4 Class 4											
6.5 Class 5											
6.6 Class 6											
6.7 TOTALS	60,265,921	85,424,596	2,036,712	1,522,255	522,345	149,771,829	48.83	372,859,375	85.05	149,771,829	
7. Hybrid Securities											
7.1 Class 1											
7.2 Class 2											
7.3 Class 3											
7.4 Class 4											
7.5 Class 5											
7.6 Class 6											
7.7 TOTALS											
8. Parent, Subsidiaries and Affiliates											
8.1 Class 1											
8.2 Class 2											
8.3 Class 3											
8.4 Class 4											
8.5 Class 5											
8.6 Class 6											
8.7 TOTALS											

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

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 9.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
9.	Total Bonds Current Year											
9.1	Class 1	(d) 159,781,058	134,261,976	8,102,286	3,932,135	628,347	306,705,802	100.00	X X X	X X X	306,705,802	
9.2	Class 2	(d)							X X X	X X X		
9.3	Class 3	(d)							X X X	X X X		
9.4	Class 4	(d)							X X X	X X X		
9.5	Class 5	(d)					(c)		X X X	X X X		
9.6	Class 6	(d)					(c)		X X X	X X X		
9.7	TOTALS	159,781,058	134,261,976	8,102,286	3,932,135	628,347	306,705,802	100.00	X X X	X X X	306,705,802	
9.8	Line 9.7 as a % of Column 6	52.10	43.78	2.64	1.28	0.20	100.00	X X X	X X X	X X X	100.00	
10.	Total Bonds Prior Year											
10.1	Class 1	302,795,779	124,225,308	8,001,948	2,966,223	425,653	X X X	X X X	438,414,911	100.00	438,414,911	
10.2	Class 2						X X X	X X X				
10.3	Class 3						X X X	X X X				
10.4	Class 4						X X X	X X X				
10.5	Class 5						X X X	X X X	(c)			
10.6	Class 6						X X X	X X X	(c)			
10.7	TOTALS	302,795,779	124,225,308	8,001,948	2,966,223	425,653	X X X	X X X	(b) 438,414,911	100.00	438,414,911	
10.8	Line 10.7 as a % of Col. 8	69.07	28.34	1.83	0.68	0.10	X X X	X X X	(b) 100.00	X X X	100.00	
11.	Total Publicly Traded Bonds											
11.1	Class 1	159,781,059	134,261,974	8,102,286	3,932,135	628,347	306,705,801	100.00	438,414,911	100.00	306,705,801	X X X
11.2	Class 2											X X X
11.3	Class 3											X X X
11.4	Class 4											X X X
11.5	Class 5											X X X
11.6	Class 6											X X X
11.7	TOTALS	159,781,059	134,261,974	8,102,286	3,932,135	628,347	306,705,801	100.00	438,414,911	100.00	306,705,801	X X X
11.8	Line 11.7 as a % of Col. 6	52.10	43.78	2.64	1.28	0.20	100.00	X X X	X X X	X X X	100.00	X X X
11.9	Line 11.7 as a % of Line 9.7, Col. 6, Section 9	52.10	43.78	2.64	1.28	0.20	100.00	X X X	X X X	X X X	100.00	X X X
12.	Total Privately Placed Bonds											
12.1	Class 1										X X X	
12.2	Class 2										X X X	
12.3	Class 3										X X X	
12.4	Class 4										X X X	
12.5	Class 5										X X X	
12.6	Class 6										X X X	
12.7	TOTALS										X X X	
12.8	Line 12.7 as a % of Col. 6										X X X	
12.9	Line 12.7 as a % of Line 9.7, Col. 6, Section 9										X X X	

(a) Includes \$.....0 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$.....0 current year, \$.....0 prior year of bonds with Z designations and \$.....6,351,538 current year, \$.....4,716,376 prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.

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

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

SCHEDULE D - PART 1A - SECTION 2

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

Distribution by Type		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 9.5	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1.	U.S. Governments											
	1.1 Issuer Obligations	68,096,142	39,246,868				107,343,010	35.00	6,949,675	1.59	107,343,009	
	1.2 Residential Mortgage-Backed Securities											
	1.3 Commercial Mortgage-Backed Securities											
	1.4 Other Loan-Backed and Structured Securities											
	1.5 Totals	68,096,142	39,246,868				107,343,010	35.00	6,949,675	1.59	107,343,009	
2.	All Other Governments											
	2.1 Issuer Obligations											
	2.2 Residential Mortgage-Backed Securities											
	2.3 Commercial Mortgage-Backed Securities											
	2.4 Other Loan-Backed and Structured Securities											
	2.5 Totals											
3.	U.S. States, Territories and Possessions, Guaranteed											
	3.1 Issuer Obligations											
	3.2 Residential Mortgage-Backed Securities											
	3.3 Commercial Mortgage-Backed Securities											
	3.4 Other Loan-Backed and Structured Securities											
	3.5 Totals											
4.	U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
	4.1 Issuer Obligations											
	4.2 Residential Mortgage-Backed Securities											
	4.3 Commercial Mortgage-Backed Securities											
	4.4 Other Loan-Backed and Structured Securities											
	4.5 Totals											
5.	U.S. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed											
	5.1 Issuer Obligations	27,830,386	5,207,559	3,796,980	1,427,435	106,002	27,830,386	9.07	37,936,138	8.65	27,830,386	
	5.2 Residential Mortgage-Backed Securities	1,606,645	4,382,952	2,268,594	982,445		12,144,621	3.96	11,674,290	2.66	12,144,622	
	5.3 Commercial Mortgage-Backed Securities	1,981,965					9,615,956	3.14	8,995,433	2.05	9,615,955	
	5.4 Other Loan-Backed and Structured Securities											
	5.5 Totals	31,418,996	9,590,511	6,065,574	2,409,880	106,002	49,590,963	16.17	58,605,961	13.37	49,590,963	
6.	Industrial and Miscellaneous											
	6.1 Issuer Obligations	54,035,028	68,990,242				123,025,270	40.11	357,618,134	81.57	123,025,270	
	6.2 Residential Mortgage-Backed Securities											
	6.3 Commercial Mortgage-Backed Securities	4,472,249	11,588,414	1,800,977	1,266,952	479,969	19,608,561	6.39	15,241,205	3.48	19,608,561	
	6.4 Other Loan-Backed and Structured Securities	1,758,644	4,845,940	235,735	255,303	42,376	7,137,998	2.33	7,137,998		7,137,998	
	6.5 Totals	60,265,921	85,424,596	2,036,712	1,522,255	522,345	149,771,829	48.83	372,859,339	85.05	149,771,829	
7.	Hybrid Securities											
	7.1 Issuer Obligations											
	7.2 Residential Mortgage-Backed Securities											
	7.3 Commercial Mortgage-Backed Securities											
	7.4 Other Loan-Backed and Structured Securities											
	7.5 Totals											
8.	Parent, Subsidiaries and Affiliates											
	8.1 Issuer Obligations											
	8.2 Residential Mortgage-Backed Securities											
	8.3 Commercial Mortgage-Backed Securities											
	8.4 Other Loan-Backed and Structured Securities											
	8.5 Totals											

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

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

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 9.5	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
9. Total Bonds Current Year											
9.1 Issuer Obligations	149,961,556	108,237,110	3,796,980	1,427,435	106,002	258,198,666	84.18	X X X	X X X	258,198,665	
9.2 Residential Mortgage-Backed Securities	1,606,645	5,207,559	3,796,980	1,427,435	106,002	12,144,621	3.96	X X X	X X X	12,144,622	
9.3 Commercial Mortgage-Backed Securities	6,454,214	15,971,366	4,069,571	2,249,397	479,969	29,224,517	9.53	X X X	X X X	29,224,516	
9.4 Other Loan-Backed and Structured Securities	1,758,644	4,845,940	235,735	255,303	42,376	7,137,998	2.33	X X X	X X X	7,137,998	
9.5 Totals	159,781,059	134,261,975	8,102,286	3,932,135	628,347	306,705,802	100.00	X X X	X X X	306,705,801	
9.6 Line 9.5 as a % of Col. 6	52.10	43.78	2.64	1.28	0.20	100.00	X X X	X X X	X X X	100.00	
10. Total Bonds Prior Year											
10.1 Issuer Obligations	295,316,761	106,518,177	669,009	1,270,497	151,171	X X X	X X X	402,503,947	91.81	402,503,947	
10.2 Residential Mortgage-Backed Securities	1,592,126	4,932,259	3,728,236	1,270,497	151,171	X X X	X X X	11,674,289	2.66	11,674,290	
10.3 Commercial Mortgage-Backed Securities	5,886,855	12,774,872	3,604,703	1,695,726	274,482	X X X	X X X	24,236,638	5.53	24,236,638	
10.4 Other Loan-Backed and Structured Securities						X X X	X X X				
10.5 Totals	302,795,742	124,225,308	8,001,948	2,966,223	425,653	X X X	X X X	438,414,874	100.00	438,414,875	
10.6 Line 10.5 as a % of Col. 8	69.07	28.34	1.83	0.68	0.10	X X X	X X X	100.00	X X X	100.00	
11. Total Publicly Traded Bonds											
11.1 Issuer Obligations	149,961,556	108,237,109	3,796,980	1,427,435	106,002	258,198,665	84.18	402,503,947	91.81	258,198,665	X X X
11.2 Residential Mortgage-Backed Securities	1,606,645	5,207,559	3,796,980	1,427,435	106,002	12,144,621	3.96	11,674,290	2.66	12,144,621	X X X
11.3 Commercial Mortgage-Backed Securities	6,454,210	15,971,366	4,069,571	2,249,396	479,969	29,224,512	9.53	24,236,638	5.53	29,224,512	X X X
11.4 Other Loan-Backed and Structured Securities	1,758,648	4,845,940	235,735	255,303	42,376	7,138,002	2.33	438,414,875	100.00	7,138,002	X X X
11.5 Totals	159,781,059	134,261,974	8,102,286	3,932,134	628,347	306,705,800	100.00	438,414,875	100.00	306,705,800	X X X
11.6 Line 11.5 as a % of Col. 6	52.10	43.78	2.64	1.28	0.20	100.00	X X X	X X X	X X X	100.00	X X X
11.7 Line 11.5 as a % of Line 9.5, Col. 6, Section 9	52.10	43.78	2.64	1.28	0.20	100.00	X X X	X X X	X X X	100.00	X X X
12. Total Privately Placed Bonds											
12.1 Issuer Obligations										X X X	
12.2 Residential Mortgage-Backed Securities										X X X	
12.3 Commercial Mortgage-Backed Securities										X X X	
12.4 Other Loan-Backed and Structured Securities										X X X	
12.5 Totals										X X X	
12.6 Line 12.5 as a % of Col. 6										X X X	
12.7 Line 12.5 as a % of Line 9.5, Col. 6, Section 9										X X X	

SCHEDULE DA - VERIFICATION BETWEEN YEARS

Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, December 31 of prior year	277,567,425	277,567,425			
2. Cost of short-term investments acquired	1,837,898,507	1,837,898,507			
3. Accrual of discount					
4. Unrealized valuation increase (decrease)					
5. Total gain (loss) on disposals					
6. Deduct consideration received on disposals	2,028,889,700	2,028,889,700			
7. Deduct amortization of premium	18,471	18,471			
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)	86,557,761	86,557,761			
11. Deduct total nonadmitted amounts					
12. Statement value at end of current period (Line 10 minus Line 11)	86,557,761	86,557,761			

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

SCHEDULE DB - PART A - VERIFICATION BETWEEN YEARS

Options, Caps, Floors, Collars, Swaps and Forwards

1.	Book/Adjusted carrying value, December 31, prior year (Line 9, prior year)			
2.	Cost paid/(Consideration received) on additions:			
2.1	Current year paid/(consideration received) at time of acquisition, still open, Section 1, Column 12			
2.2	Current year paid/(consideration received) at time of acquisition, terminated, Section 2, Column 14			
3.	Unrealized valuation increase/(decrease):			
3.1	Section 1, Column 17			
3.2	Section 2, Column 19			
4.	Total gain (loss) on termination recognized, Section 2, Column 22			
5.	Considerations received/(paid) on terminations, Section 2, Column 23			
6.	Amortization:			
6.1	Section 1, Column 19			
6.2	Section 2, Column 21			
7.	Adjustment to the book/adjusted carrying value of hedged item:			
7.1	Section 1, Column 20			
7.2	Section 2, Column 23			
8.	Total foreign exchange change in book/adjusted carrying value:			
8.1	Section 1, Column 18			
8.2	Section 2, Column 20			
9.	Book/Adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 + 7 + 8)			
10.	Deduct nonadmitted assets			
11.	Statement value at end of current period (Line 9 minus Line 10)			

NONE

SCHEDULE DB - PART B - VERIFICATION BETWEEN YEARS

Futures Contracts

1.	Book/Adjusted carrying value, December 31 of prior year				
2.	Net cash deposits (Section 1, Broker Name/Net Cash Deposits Footnote)				
3.1	Change in variation margin on open contracts:				
3.11	Section 1, Column 15, current year minus				
3.12	Section 1, Column 15, prior year				
3.2	Add:				
	Change in adjustment to basis of hedged item:				
3.21	Section 1, Column 17, current year to date minus				
3.22	Section 1, Column 17, prior year				
	Change in amount recognized				
3.23	Section 1, Column 16, current year to date minus				
3.24	Section 1, Column 16, prior year				
3.3	Subtotal (Line 3.1 minus Line 3.2)				
4.1	Variation margin on terminated contracts during the year (Section 1, Column 15)				
4.2	Less:				
4.21	Amount used to adjust basis of hedged item (Section 2, Column 17)				
4.22	Amount recognized (Section 2, Column 16)				
4.3	Subtotal (Line 4.1 minus Line 4.2)				
5.	Disposition gains (losses) on contracts terminated in prior year:				
5.1	Recognized				
5.2	Used to adjust basis of hedged items				
6.	Book/Adjusted carrying value at end of current period (Lines 1 + 2 + 3.3 - 4.3 - 5.1 - 5.2)				
7.	Deduct total nonadmitted amounts				
8.	Statement value at end of current period (Line 6 minus Line 7)				

NONE

SCHEDULE DB - PART C - SECTION 1
Replication (Synthetic Asset) Transactions Open as of December 31 of Current Year

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

SCHEDULE DB - PART C - SECTION 2

Replication (Synthetic Asset) Transactions Open

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

N O N E

SCHEDULE DB - VERIFICATION

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

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

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

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

SCHEDULE E - VERIFICATION BETWEEN YEARS (Cash Equivalents)

	1 Total	2 Bonds	3 Other (a)
1. Book/adjusted carrying value, December 31 of prior year			
2. Cost of cash equivalents acquired	73,186,787	73,186,787	
3. Accrual of discount			
4. Unrealized valuation increase (decrease)			
5. Total gain (loss) on disposals			
6. Deduct consideration received on disposals	38,027,132	38,027,132	
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)	35,159,655	35,159,655	
11. Deduct total nonadmitted amounts			
12. Statement value at end of current period (Lines 10 minus 11)	35,159,655	35,159,655	

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

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

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

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

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

SCHEDULE A - PART 3

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

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

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

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

General Interrogatory:

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

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

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

SCHEDULE B - PART 3

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

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

SCHEDULE BA - PART 1

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

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

SCHEDULE BA - PART 2

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

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

SCHEDULE BA - PART 3

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

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

SCHEDULE D - PART 1

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

1	2	3 Codes			6	7	8 Fair Value		10	11	12 Change in Book Adjusted Carrying Value				15			16			17			18			19			20			21			22		
		4	5	6			9	10			11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38
CUSIP Identification	Description	Code	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of Interest	Effective Rate of Interest	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity																		
46625MTX7	JP MORGAN CHASE COMMERCIAL A2			1FM	661,500	102.6680	646,908	630,000	646,808	(12,949)	(2,342)			4.985	4.414	MON	2,617	23,554	03/03/2011	01/12/2037																		
617451AF5	MORGAN STANLEY CAPITAL Q10 A4			1AM	1,077,020	110.0320	1,100,320	1,000,000	1,073,180		(3,839)			5.230	4.550	MON	4,358	46,852	05/24/2011	09/15/2042																		
61745MT45	MORGAN STANLEY CAPITAL HQ4 A7			1FE	514,500	105.5870	517,376	490,000	513,084		(1,416)			4.970	4.446	MON	2,029	16,235	04/11/2011	04/14/2040																		
61746WD49	MORGAN STANLEY DEAN WIT HQ2 A2			1AM	743,919	102.9070	730,640	710,000	742,162		(1,757)			4.920	4.351	MON	2,911	17,466	06/15/2011	03/12/2035																		
65475QAB7	NISSAN AUTO RECEIVABLES OB A2			1FE	829,916	100.0220	830,183	830,000	829,926		10			0.740	0.740	MON	273	484	11/09/2011	09/15/2014																		
90290FA08	USAA AUTO OWNER TRUST 1 A4			1AM	918,563	101.4330	912,897	900,000	916,174		(2,388)			2.140	1.531	MON	856	8,025	07/19/2011	09/15/2015																		
92867FAB1	VOLKSWAGEN AUTO LEASE TRU A A2			1FE	634,934	100.0640	635,066	635,000	634,934		1			1.100	1.107	MON	213	494	11/16/2011	02/20/2014																		
92867DAB6	VOLKSWAGEN AUTO LOAN ENH A A2			1FE	598,331	100.0020	597,563	597,841	598,313		(18)			0.670	0.592	MON	122	695	11/03/2011	12/20/2013																		
98158KAC3	WORLD OMNI AUTO RECEIVABLE A3			1FE	854,781	100.2990	852,542	850,000	854,471		(311)			1.110	0.886	MON	419	1,573	11/02/2011	05/15/2015																		
98158NAB9	WORLD OMNI AUTOMOBILE A A2			1FE	774,327	99.9840	773,387	773,511	774,196		(130)			0.810	0.714	MON	278	1,566	09/29/2011	10/15/2013																		
349999 Subtotal - Industrial & Miscellaneous (Unaffiliated) - Commercial Mortgage-Backed Securities					19,680,572	XXX	19,715,325	19,205,549	19,608,562	(13,041)	(49,699)			XXX	XXX	XXX	46,518	318,380	XXX	XXX																		
Industrial & Miscellaneous (Unaffiliated) - Other Loan-Backed and Structured Securities																																						
02005MAE2	ALLY AUTO RECEIVABLES TRU 3 A4			1FE	989,646	101.2270	1,002,147	990,000	989,799		106			1.550	1.571	MON	554	15,345	08/12/2010	08/17/2015																		
03064KAC3	AUMCAR 2009-1 A3			1FE	99,821	100.5480	99,129	98,589	99,130		(46)			3.040	2.342	MON	133	2,997	10/09/2009	10/15/2013																		
14041NCL3	CAPITAL ONE MULTI-ASSET A10 A			1FE	789,000	99.8590	798,972	800,000	793,648		3,612			0.336	0.633	MON	127	2,513	09/21/2010	09/15/2015																		
14312WAD5	CARMAX AUTO OWNER 09-1 CL A-3			1FE	34,787	100.2290	34,269	34,190	34,785		(2)			4.120	0.950	MON	63	1,432	09/15/2009	09/15/2013																		
17306BAH1	CITIBANK OMNI MASTER TRU A8 A8			1FE	708,790	100.6140	704,298	700,000	701,413		(6,864)			2.360	1.378	MON	734	16,536	12/06/2010	05/15/2016																		
36195BAM2	GENMT 2009-2 A			1FE	418,985	101.5750	416,458	410,000	418,225		(760)			3.890	2.739	MON	672	2,522	10/19/2011	07/15/2016																		
41283NAD3	HARLEY-DAVIDSON MOTORCYCL 1 A3			1FE	601,125	99.7350	598,410	600,000	601,021		(104)			0.960	0.893	MON	256	1,440	09/30/2011	05/15/2016																		
41283KAD9	HARLEY-DAVIDSON MOTORCYCL 1 A4			1FE	658,763	100.3250	662,145	660,000	659,156		(394)			1.530	1.610	MON	449	9,257	02/02/2011	12/15/2013																		
43812UAD3	HAROT 2009-2 A4			1FE	694,891	101.8990	662,344	650,000	654,464		(15,385)			4.430	2.042	MON	1,280	28,795	03/02/2010	07/15/2013																		
43813BA06	HONDA AUTO RECEIVABLES OW 3 A3			1FE	1,329,926	99.9940	1,329,787	1,330,000	1,329,883		78			0.700	0.705	MON	800	9,310	10/20/2010	04/21/2014																		
59022HCP5	MERRILL LYNCH MORTGAGE KEY1 A3			1FE	220,238	102.8690	220,238	214,095	220,238		(133)			4.893	4.558	MON	873	9,629	01/13/2011	11/12/2035																		
80705TAA4	SCHOLAR FUNDING TRUST 2011-A A			1FE	624,494	97.1640	619,000	637,068	636,232		11,746			1.325	1.368	JA-0	1,524	4,381	03/22/2011	04/28/2036																		
359999 Subtotal - Industrial & Miscellaneous (Unaffiliated) - Other Loan-Backed and Structured Securities					7,170,426	XXX	7,147,097	7,123,942	7,137,984	(13,041)	(7,359)			XXX	XXX	XXX	7,465	104,157	XXX	XXX																		
389999 Subtotal - Industrial & Miscellaneous (Unaffiliated)					106,745,261	XXX	105,936,252	103,002,491	105,509,164	(13,041)	(919,333)			XXX	XXX	XXX	782,710	2,263,180	XXX	XXX																		
779999 Subtotal - Issuer Obligations					137,903,349	XXX	136,990,942	133,613,000	136,481,253		(1,104,130)			XXX	XXX	XXX	989,381	2,366,023	XXX	XXX																		
789999 Subtotal - Residential Mortgage-Backed Securities					12,194,980	XXX	12,389,333	11,572,332	12,144,624		(30,279)			XXX	XXX	XXX	51,958	420,604	XXX	XXX																		
799999 Subtotal - Commercial Mortgage-Backed Securities					29,345,165	XXX	29,352,168	28,611,686	29,224,515	(13,041)	(80,433)			XXX	XXX	XXX	69,807	608,164	XXX	XXX																		
809999 Subtotal - Other Loan-Backed and Structured Securities					7,170,426	XXX	7,147,097	7,123,942	7,137,984		(7,359)			XXX	XXX	XXX	7,465	104,157	XXX	XXX																		
839999 Grand Total - Bonds					186,613,920	XXX	185,879,540	180,920,960	184,988,386	(13,041)	(1,222,200)			XXX	XXX	XXX	1,18,611	3,518,948	XXX	XXX																		

SCHEDULE D - PART 2 - SECTION 2

Showing All Common Stocks Owned December 31 of Current Year

1 CUSIP Identification	2 Description	Codes		5 Number of Shares	6 Book/Adjusted Carrying Value	7 Rate per Share Used to Obtain Fair Value	Fair Value		9 Actual Cost	Dividends		12 Nonadmitted Declared But Unpaid	13 Unrealized Valuation Increase/ (Decrease)	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change in B./A.C.V. (Col. 13-14)	16 Total Foreign Exchange Change in B./A.C.V.	17 NAIC Market Indicator (a)	18 Date Acquired
		3	4				8	10		11								
NONE																		
989999 Total Preferred and Common Stocks																		
(a) For all common stocks bearing the NAIC market indicator "U" provide: the number of such issues .....0, the total \$ value (included in Column 8) of all such issues \$0.																		

SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
Bonds - U.S. Governments								
313373JR4	FEDERAL HOME LN BK CONS BD		07/18/2011	UBS Secs	XXX	1,668,351	1,640,000.00	3,195
313374Y61	FEDERAL HOME LN BK CONS BD		09/19/2011	Morgan Stanley	XXX	1,685,316	1,680,000.00	513
313375BT3	FEDERAL HOME LN BK CONS BD		09/29/2011	BNY/Mizuho Secs	XXX	2,500,000	2,500,000.00	603
3133XLJP9	FEDERAL HOME LN BK CONS BD		05/03/2011	Morgan Stanley	XXX	1,703,580	1,500,000.00	18,563
3133XWE70	FEDERAL HOME LN BK CONS BD		05/10/2011	First Tennessee	XXX	1,498,910	1,440,000.00	14,800
3134A4JU6	FEDERAL HOME LN MTG CORP		05/03/2011	BNP Paribas Securities	XXX	1,786,907	1,600,000.00	24,222
3134G2UA8	FEDERAL HOME LN MTG CORP		12/21/2011	ADP Clearing	XXX	2,926,958	2,900,000.00	11,761
3134G2WG3	FEDERAL HOME LN MTG CORP		08/24/2011	Cantor Fitzgerald	XXX	1,253,648	1,250,000.00	521
3137EA4H0	FEDERAL HOME LN MTG CORP		12/20/2011	Bank of America	XXX	1,493,908	1,400,000.00	14,758
3137EACR8	FEDERAL HOME LN MTG CORP		09/08/2011	UBS Secs	XXX	1,810,974	1,770,000.00	946
3135G0AP8	FEDERAL HOME LN MTG ASSN		08/05/2011	MF Global Inc/Fixed Incom	XXX	1,342,928	1,320,000.00	7,379
3135G0FY4	FEDERAL NATL MTG ASSN		11/15/2011	Citigroup GBL	XXX	1,349,960	1,350,000.00	
31398AYY2	FEDERAL NATL MTG ASSN		06/27/2011	Credit Suisse	XXX	1,703,288	1,600,000.00	13,600
912828NU0	U S TREASURY NOTE		10/12/2011	Bank of America	XXX	2,681,518	2,660,000.00	3,199
912828RG7	U S TREASURY NOTE		10/05/2011	VARIOUS	XXX	6,096,261	6,125,000.00	857
912828RN2	U S TREASURY NOTE		11/08/2011	Goldman Sachs NY	XXX	900,108	900,000.00	87
912828RQ5	U S TREASURY NOTE		12/01/2011	VARIOUS	XXX	2,577,083	2,580,000.00	290
912828RV4	U S TREASURY NOTE		12/19/2011	First Boston Corp	XXX	1,993,835	2,000,000.00	68
912828LZ1	U S TREASURY NOTES		09/01/2011	Morgan Stanley	XXX	2,638,094	2,500,000.00	13,644
912828RB8	U S TREASURY NOTES		08/31/2011	RBS SECURITIES INC, GREEN	XXX	1,005,277	1,000,000.00	299
912828RS1	U S TREASURY NT		12/09/2011	VARIOUS	XXX	3,650,225	3,650,000.00	204
912828RL6	U.S. TREASURY NOTE		11/08/2011	VARIOUS	XXX	1,379,033	1,375,000.00	456
0599999	Subtotal - Bonds - U.S. Governments					45,646,162	44,740,000.00	129,965
Bonds - U.S. Special Revenue, Special Assessment								
3128CJTB2	FHLMC POOL #G3-0546		05/10/2011	Morgan Stanley	XXX	1,332,563	1,200,000.00	3,200
3128PVB58	FHLMC POOL #J1-5449		06/01/2011	First Union Cap Mkts	XXX	2,073,337	1,992,096.92	3,320
31402Q6K2	FNMA POOL #0735374		09/02/2011	RBS SECURITIES INC, GREEN	XXX	1,309,796	1,223,393.88	2,753
38374J6Y7	GNMA GTD REMIC P/T 04-103 CD		02/09/2011	Credit Suisse	XXX	1,311,328	1,250,000.00	2,204
38374C3K5	GNMA REMIC P/T 03-85 CL VB		04/26/2011	Credit Suisse	XXX	1,430,051	1,350,000.00	4,725
78444YAC9	SLM STUDENT LOAN TRUST 5 A3		08/24/2011	Credit Suisse	XXX	305,813	300,000.00	453
78442GQP4	SLM STUDENT LOAN TRUST 8 A3		06/13/2011	First Tennessee	XXX	1,276,438	1,300,000.00	721
3199999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment					9,039,326	8,615,490.80	17,376
Bonds - Industrial and Miscellaneous (Unaffiliated)								
06738GUZ1	BARCLAYS BANK PLC	F	09/29/2011	JP Morgan Securities Inc,	XXX	1,029,760	1,000,000.00	3,331
06739FFZ9	BARCLAYS BANK PLC	F	02/01/2011	Barclays Capital	XXX	352,745	325,000.00	1,127
961214BJ1	WESTPAC BANKING CORP	F	09/29/2011	J P Morgan Secs	XXX	1,013,710	1,000,000.00	8,438
00440EAN7	ACE INA HOLDINGS		12/13/2011	Morgan Stanley	XXX	1,327,495	1,300,000.00	2,159
00440EAG2	ACE INA HOLDINGS INC		06/23/2011	Wells Fargo Securities LL	XXX	731,510	650,000.00	1,379
02005WAB6	ALLY AUTO RECEIVABLES TR 5 A2		11/09/2011	Merrill Lynch	XXX	714,994	715,000.00	
02005VAC6	ALLY AUTO RECEIVABLES TRU 2 A3		04/27/2011	Citibank NY	XXX	1,349,997	1,350,000.00	
03076CAB2	AMERIPRISE FINANCIAL INC		12/15/2011	Morgan Stanley	XXX	271,740	240,000.00	1,318
00206RAP7	AT&T INC		08/01/2011	Wells Fargo Secs	XXX	1,459,055	1,300,000.00	19,114
05947UXN3	BANC OF AMERICA COMMERCIA 5 A3		01/13/2011	BANK OF AMERICA	XXX	709,844	700,000.00	1,596
06406HBL2	BANK OF NEW YORK MELLON		08/03/2011	Citigroup Global Markets	XXX	598,956	550,000.00	5,453
05531FAH6	BB&T CORPORATION		04/25/2011	Deutsche Bank Secs	XXX	1,474,322	1,475,000.00	
05565QB14	BP CAPITAL MARKETS PLC		11/22/2011	Non Broker Trade	XXX	2,023,120	2,000,000.00	3,372
110122AL2	BRISTOL MYERS SQUIBB CO SR NT		07/25/2011	Credit Suisse	XXX	437,348	400,000.00	9,508
14041NED9	CAPITAL ONE MULTI-ASSET A3 A3		10/05/2011	JP Morgan Securities Inc,	XXX	957,340	900,000.00	3,283
14312AAB7	CARMAX AUTO OWNER TRUST 3 A2		11/02/2011	Barclays Cap	XXX	669,949	670,000.00	
14912L4L2	CATERPILLAR FINANCIAL SERVICES		10/06/2011	Merrill Lynch	XXX	915,687	900,000.00	350

SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
92344SAP5	CELLCO PARTNERSHIP / VERIZON W		06/09/2011	FTN Financial Secs	XXX	720,181	650,000.00	13,328
808513AC9	CHARLES SCHWAB CORP		12/09/2011	Cantor Fitzgerald	XXX	355,654	328,000.00	586
172967EZ0	CITIGROUP INC		10/25/2011	JPMorgan Securities Inc,	XXX	1,187,491	1,120,000.00	2,224
191216AS9	COCA-COLA COITHE		08/19/2011	UBS Secs	XXX	1	1.00	
22544QAB5	CREDIT SUISSE MORTGAGE C C3 A2		05/03/2011	Deutsche Bank Secs	XXX	806,372	786,464.39	250
24702RAK7	DELL INC		08/01/2011	Goldman Sachs NY	XXX	1,721,879	1,700,000.00	9,520
24702RAP6	DISCOVER CARD MASTER TRU A1 A1		06/23/2011	Non Broker Trade	XXX	2,290,948	2,200,000.00	16,671
254683AL9	EIDU PONT DE NEMOURS & CO		11/03/2011	Nomura Secs NY	XXX	448,407	445,000.00	243
34529RAD3	FORD CREDIT AUTO OWNER TR B A4		03/22/2011	JPMorgan Securities Inc,	XXX	399,960	930,000.00	
34528QAH7	FORD CREDIT FLOORPLAN MAST 2 A		07/19/2011	Citigroup Global Markets	XXX	740,522	400,000.00	
34529EAC4	FORDO 2009-B A3		06/02/2011	JPMorgan Securities Inc,	XXX	247,657	730,000.00	780
34529GAF2	FORDO 2009-D A3		10/27/2011	Wells Fargo Securities LL	XXX	743,328	245,928.15	305
36159JBM2	GEMNT 2009-2 A		10/27/2011	Morgan Stanley	XXX	418,985	738,481.41	712
36159JCC3	GEMNT 2010-3 A		10/19/2011	UBS Secs	XXX	410,000.00	410,000.00	378
36955QAK4	GENERAL DYNAMICS CORP		10/27/2011	Robert Baird & Co	XXX	664,650	650,000.00	638
36962G4H4	GENERAL ELECTRIC CAPITAL CORP		08/19/2011	JPMorgan Securities Inc,	XXX	657,987	620,000.00	7,246
373334JM4	GEORGIA PWR CO SR NT		09/29/2011	Barclays Cap	XXX	1,017,980	1,000,000.00	6,689
38141EA33	GOLDMAN SACHS GROUP INC/THE		07/01/2011	Goldman Sachs NY	XXX	420,804	379,000.00	4,169
41283NAD3	HARLEY-DAVIDSON MOTORCYCL 1 A3		11/15/2011	Nomura Secs NY	XXX	1,001,331	939,000.00	2,661
43813TAB9	HARLEY-DAVIDSON MOTORCYCL 1 A4		09/30/2011	Wells Fargo Securities LL	XXX	601,125	600,000.00	320
44918AAB2	HONDA AUTO RECEIVABLES OW 1 A2		02/02/2011	Wells Fargo Securities LL	XXX	658,763	660,000.00	617
46625MTX7	HYUNDAI AUTO RECEIVABLES CA2		09/29/2011	Wells Fargo Securities LL	XXX	900,633	900,000.00	309
46625HHN3	JPMORGAN CHASE & CO		09/28/2011	Citigroup GBL	XXX	999,932	1,000,000.00	
494368AX1	KIMBERLY-CLARK CORP		03/03/2011	JMP Securities	XXX	661,500	630,000.00	611
59022HCP5	MASSMUTUAL GLOBAL FUNDIN		01/19/2011	U S Bancorp	XXX	536,790	500,000.00	3,423
592179JG1	MERRILL LYNCH MORTGAGE KEY1 A3		08/04/2011	JPMorgan Securities Inc,	XXX	1,019,660	1,000,000.00	3,063
617451AF6	METLIFE INC		10/20/2011	Merrill Lynch	XXX	430,936	400,000.00	3,889
61746WD49	METROPOLITAN LIFE GLOBAL 144A		02/11/2011	J P Morgan Secs	XXX	1,138,489	1,100,000.00	3,434
61980AAA1	MORGAN STANLEY CAPITA IQ10 A4A		01/13/2011	Citadel Secs	XXX	413,103	398,171.20	974
65475QAB7	MORGAN STANLEY CAPITAL HQ4 A7		11/16/2011	VARIOUS	XXX	1,736,821	1,700,000.00	11,245
674599CA1	MOTIVA ENTERPRISES SR NT 144A		11/10/2011	Nomura Secs NY	XXX	1,340,892	1,275,000.00	6,534
69373JAA5	NISSAN AUTO RECEIVABLES O B A2		05/24/2011	Citibank NY	XXX	272,930	250,000.00	908
713448BU1	OCCIDENTAL PETROLEUM CORP		04/11/2011	Wells Fargo Secs	XXX	514,500	490,000.00	879
718172AB5	PACCAR INC MEDIUM TERMS		06/15/2011	Citadel Secs	XXX	743,919	710,000.00	1,844
6934768M4	PEPSICO INC		02/11/2011	JPMorgan Securities Inc,	XXX	345,534	325,000.00	
7425A0A59	PHILIP MORRIS INTERNATIONAL IN		11/09/2011	Citigroup GBL	XXX	829,916	830,000.00	
743315AK9	PRINCIPAL LIFE GLOBAL MTN 144A		07/13/2011	Wells Fargo Securities LL	XXX	1,319,409	1,300,000.00	1,833
74456QAY2	PROGRESSIVE CORP/THE		04/14/2011	Merrill Lynch	XXX	359,349	315,000.00	3,850
807057AA4	PUB SVC ELEC & GAS		09/28/2011	Mizuho Secs	XXX	999,370	1,000,000.00	532
828807CC9	RAYTHEON COMPANY		06/29/2011	JPMorgan Securities Inc,	XXX	696,800	650,000.00	4,313
84240DER0	SCHOLAR FUNDING TRUST 2011-A A		10/25/2011	VARIOUS	XXX	579,056	575,000.00	951
88165FAC6	SIMON PROPERTY GROUP LP		03/15/2011	Sterne Agee	XXX	536,335	500,000.00	4,594
91132AG1	SOUTHERN CALIFORNIA EDISON CO		01/20/2011	Wells Fargo Secs	XXX	1,581,435	1,500,000.00	2,656
90290FAD8	TEVA PHARMACEUT FIN BV		08/10/2011	JPMorgan Securities Inc,	XXX	1,174,307	1,175,000.00	
92343VBD5	UNITED PARCEL SVC INC		11/29/2011	Salomon Brothers	XXX	474,425	475,000.00	
92867FAB1	USAA AUTO OWNER TRUST 1 A4		03/22/2011	JPMorgan Securities Inc,	XXX	637,172	650,000.00	
92867DAB6	VERIZON COMMUNICATIONS		12/14/2011	Wells Fargo Securities LL	XXX	687,655	650,000.00	10,465
	VOLKSWAGEN AUTO LEASE TRU A A2		06/30/2011	FTN Financial Secs	XXX	1,341,302	1,225,000.00	29,094
	VOLKSWAGEN AUTO LEAN ENHA 1 A2		11/22/2011	Non Broker Trade	XXX	2,007,420	2,000,000.00	2,400
			10/11/2011	Merrill Lynch	XXX	630,210	600,000.00	6,675
			07/19/2011	First Tennessee	XXX	918,563	900,000.00	3,75
			11/22/2011	Non Broker Trade	XXX	2,500,000	2,500,000.00	3,472
			11/16/2011	Barclays Cap	XXX	634,994	635,000.00	
			11/03/2011	Morgan Stanley	XXX	675,554	675,000.00	226

SCHEDULE D - PART 3 Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
25468PCQ7	WALT DISNEY CO/THE		11/29/2011	Citigroup GBL	XXX	348,856	350,000.00	
959802AB5	WESTERN UNION CO/THE		12/12/2011	Wells Fargo Securities LL	XXX	394,727	350,000.00	4,266
959802AN9	WESTERN UNION CO/THE		03/02/2011	Morgan Stanley	XXX	1,000,000	1,000,000.00	
98158KAC3	WORLD OMNI AUTO RECEIVABL A A3		11/02/2011	Robert Baird & Co	XXX	854,781	850,000.00	577
98158NAB9	WORLD OMNI AUTOMOBILE LE A A2		09/29/2011	UBS Secs	XXX	800,844	800,000.00	342
064149A56	BANK OF NOVA SCOTIA	F	09/29/2011	Mizuho Secs	XXX	1,018,890	1,000,000.00	4,500
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					66,128,606	64,190,046.15	253,088
8399997	Subtotal - Bonds - Part 3					120,814,094	117,545,536.95	400,429
8399998	Summary item from Part 5 for Bonds					74,747,736	72,835,454.99	366,663
8399999	Subtotal - Bonds					195,561,830	190,380,991.94	767,092
8999998	Summary item from Part 5 for Preferred Stocks						XXX	
9799998	Summary item from Part 5 for Common Stocks						XXX	
9899999	Subtotal - Preferred and Common Stocks						XXX	
9999999	Totals					195,561,830	XXX	767,092

SCHEDULE D - PART 4

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

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value				16 Book/Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (Cols. 11+12-13)							15 Total Foreign Exchange Change in B./A.C.V.
8399997	Subtotal - Bonds - Part 4					95,198,295	93,404,362.63	86,965,701	87,975,524	357	(743,763)		(743,406)	94,674,574		523,721	523,721	1,725,524	X X X
8399998	Summary Item from Part 5 for Bonds					74,628,734	72,835,454.99	74,747,736	87,975,524	357	(200,531)		(200,531)	74,547,205		81,529	81,529	929,475	X X X
8399999	Subtotal - Bonds					169,827,029	166,239,817.62	170,713,437	169,221,779		(943,937)		(943,937)	169,221,779		605,250	605,250	2,654,999	X X X
9799998	Summary Item from Part 5 for Preferred Stocks						X X X												X X X
9799999	Summary Item from Part 5 for Common Stocks						X X X												X X X
9999999	Subtotal - Preferred and Common Stocks						X X X												X X X
9999999	Totals					169,827,029	X X X	170,713,437	87,975,524	357	(944,294)		(943,937)	169,221,779		605,250	605,250	2,654,999	X X X

SCHEDULE D - PART 5

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

1	2	3	4	5	6	7	8	9	10	11	Change in Book/Adjusted Carrying Value				17	18	19	20	21	
											12	13	14	15						16
CUSIP Identification	Description	FOREGIGN	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) Number of Shares (Stock)	Actual Cost	Consideration	Book/Adjusted Carrying Value at Disposal	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A C.V. (Col. 12+ 13-14)	Total Foreign Exchange Change in B/A C.V.	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
Bonds - U.S. Governments																				
313371U49	FEDERAL HOME LN BK CONS		04/14/2011	Mizuho Secs	08/05/2011	First Boston Corp	1,400,000.000	1,378,034	1,397,410	1,380,193		2,159		2,159		17,217	17,217	10,461	6,067	
313371PE0	FEDERAL HOME LN BK CONS		03/28/2011	Barclays Cap	08/18/2011	VARIOUS	1,325,000.000	1,307,378	1,325,000	1,309,936		2,558		2,558		15,064	15,064	7,950	3,857	
3134G12L7	FEDERAL HOME LN MITG CORP		05/18/2011	DAIWA CAPITAL MKTS	08/03/2011	Chemical Securities	1,500,000.000	1,505,025	1,503,750	1,503,576		(1,449)		(1,449)		174	174	6,233	3,577	
3134G2U42	FEDERAL HOME LN MITG CORP		10/18/2011	Cantor Fitzgerald	12/21/2011	Salomon Brothers	1,350,000.000	1,345,239	1,349,663	1,346,568		329		329		3,095	3,095	942	56	
3135G0BR3	FEDERAL NATL MITG ASSN		09/19/2011	Salomon Brothers	11/14/2011	Morgan Stanley	1,350,000.000	1,354,185	1,352,255	1,353,848		(337)		(337)		(1,593)	(1,593)	1,800	769	
912828NH9	U.S. TREASURY NOTE		10/12/2011	Deutsche Bank Secs	09/08/2011	Goldman Sachs NY	2,200,000.000	2,230,086	2,230,500	2,228,180		(1,906)		(1,906)		2,321	2,321	10,795	8,115	
912828NL0	U.S. TREASURY NOTE		08/05/2011	Morgan Stanley	11/21/2011	Chemical Securities	2,000,000.000	2,082,272	2,102,493	2,080,356		(1,917)		(1,917)		22,138	22,138	7,235	3,974	
912828NG9	U.S. TREASURY NOTE		03/30/2011	Citigroup GBL	08/31/2011	VARIOUS	4,000,000.000	4,008,138	4,018,221	4,006,112		(2,027)		(2,027)		12,109	12,109	12,449	4,075	
912828NV8	U.S. TREASURY NOTE		09/16/2011	JP Morgan Chase	10/12/2011	VARIOUS	1,970,000.000	2,020,257	2,004,644	2,019,438		(819)		(819)		(14,794)	(14,794)	2,751	1,285	
912828PZ7	U.S. TREASURY NOTE		03/28/2011	VARIOUS	06/22/2011	First Boston Corp	4,000,000.000	4,001,156	4,032,252	4,001,273		117		117		30,979	30,979	8,628	2,047	
912828QS2	U.S. TREASURY NOTE		07/07/2011	VARIOUS	10/17/2011	VARIOUS	2,625,000.000	2,629,323	2,630,946	2,629,369		46		46		1,577	1,577	2,116	1,059	
912828QU7	U.S. TREASURY NOTE		08/01/2011	Goldman Sachs NY	10/17/2011	VARIOUS	900,000.000	902,109	903,481	902,065		(44)		(44)		1,416	1,416	677	306	
912828RK8	U.S. TREASURY NOTE		10/18/2011	Bank of America Secs LLC	10/20/2011	Goldman Sachs NY	700,000.000	698,034	698,111	698,039		5		5		72	72	60	50	
912828RB8	U.S. TREASURY NOTES		08/31/2011	RBS SECURITIES	10/28/2011	Goldman Sachs NY	225,000.000	226,275	225,272	226,208		(68)		(68)		(936)	(936)	226	67	
912828RL6	U.S. TREASURY NOTE		10/19/2011	INC. GREEN	10/28/2011	Goldman Sachs NY	1,050,000.000	1,050,967	1,052,539	1,050,962		(6)		(6)		1,578	1,578	186	101	
912828QH6	UNITED STATES TREAS NT		09/08/2011	JP Morgan Securities	09/16/2011	JP Morgan Securities	2,630,000.000	2,692,780	2,692,659	2,692,221		(558)		(558)		438	438	3,127	2,233	
912828QL7	UNITED STATES TREAS NT		03/28/2011	Goldman Sachs NY	11/16/2011	Chemical Securities	3,000,000.000	2,996,864	3,022,021	2,997,779		915		915		24,243	24,243	13,125	2,233	
0599999 Subtotal	- U.S. Governments						32,225,000.000	32,423,122	32,541,217	32,426,123		(3,002)		(3,002)		115,098	115,098	88,761	37,638	
Bonds - U.S. Special Revenue, Special Assessment																				
3128PVBS8	FHLMC POOL #11-5449		05/25/2011	Wells Fargo Securities	06/01/2011	VARIOUS	2,000,000.000	2,081,563	2,081,563	2,082,094		531		531		(531)	(531)	9,974	3,333	
3199999 Subtotal	- U.S. Special Revenue, Special Assessment						2,000,000.000	2,081,563	2,081,563	2,082,094		531		531		(531)	(531)	9,974	3,333	
Bonds - Industrial and Miscellaneous (Unaffiliated)																				
55608JAA6	MACQUARIE GROUP LTD	F	01/19/2011	VARIOUS	08/01/2011	VARIOUS	2,175,000.000	2,410,378	2,439,246	2,388,978		(21,400)		(21,400)		50,267	50,267	128,921	75,783	
060505BM5	BANK AMER CORP NT		01/24/2011	UBS Secs	06/27/2011	Montgomery Secs	450,000.000	482,117	483,017	478,273		(3,844)		(3,844)		4,744	4,744	13,102	2,822	
06051GDY2	BANK OF AMERICA CORP		04/12/2011	VARIOUS	06/27/2011	SBC Capital Mkts	1,200,000.000	1,359,930	1,349,628	1,344,296		(15,634)		(15,634)		5,332	5,332	55,313	25,874	
06051GEB1	BANK OF AMERICA CORP		02/01/2011	MLPFS INC/Fixed Income	06/22/2011	BNP Paribas Securities	150,000.000	156,123	156,893	155,584		(539)		(539)		1,308	1,308	4,913	2,306	
06051GED7	BANK OF AMERICA CORP		01/21/2011	Montgomery Secs	06/10/2011	Montgomery Secs	310,000.000	310,381	314,185	310,352		(30)		(30)		3,833	3,833	9,335	4,970	
06051GEFZ	BANK OF AMERICA CORP		01/26/2011	Deutsche Bank Secs	07/19/2011	First Boston Corp	1,000,000.000	996,280	996,280	1,000,000		16		16		(3,720)	(3,720)	8,065	2,177	
08464BR1	BERKSHIRE HATHAWAY FIN		01/03/2011	Goldman Sachs NY	01/20/2011	FTN Financial Secs	400,000.000	398,928	399,976	398,944		16		16		1,032	1,032	217	1,032	
172967EY3	CITIGROUP INC		10/19/2011	VARIOUS	12/09/2011	VARIOUS	1,635,000.000	1,800,054	1,733,919	1,776,474		(23,580)		(23,580)		(42,555)	(42,555)	71,784	23,509	
172967E20	CITIGROUP INC		10/25/2011	VARIOUS	12/09/2011	VARIOUS	2,630,000.000	2,810,018	2,749,531	2,795,733		(14,285)		(14,285)		(46,202)	(46,202)	68,821	30,325	
172967FL0	CITIGROUP INC		01/06/2011	Citigroup GBL	07/20/2011	Morgan Stanley	525,000.000	525,132	525,000	525,000						132	132	4,798	132	
172967EU1	CITIGROUP INC GLOBAL SR NT		01/10/2011	VARIOUS	12/07/2011	Morgan Stanley	625,000.000	689,144	649,494	667,168		(21,976)		(21,976)		(17,674)	(17,674)	53,377	16,115	
191216AS9	COCA-COLA CO/THE		08/17/2011	Non Broker Trade	09/14/2011	JP Morgan Securities Inc.	250,000.000	251,360	252,368	251,341		(19)		(19)		1,027	1,027	488	488	
191219AY0	COCA-COLA REFRESH USA		08/19/2011	Non Broker Trade	08/19/2011	Non Broker Trade	1,000	1	1	1								8,503	8,503	
22544QAB5	CREDIT SUISSE MORTGAGE C		05/01/2011	Deutsche Bank Secs	06/17/2011	VARIOUS	1,574,453,990	1,614,307	1,614,307	1,614,273		(35)		(35)		35	35	2,411	474	
236851AK8	DANAHER CORP		06/27/2011	Credit Suisse	09/28/2011	Chemical Securities	1,600,000.000	1,610,528	1,617,728	1,609,652		(876)		(876)		8,076	8,076	5,778	404	
36950AS7	GENERAL DYNAMICS CORP		07/05/2011	JP Morgan Securities Inc.	08/31/2011	Bank of America	450,000.000	449,280	455,126	449,311		31		31		5,815	5,815	928	928	
36962G4C5	GENERAL ELECTRIC CAP		10/17/2011	J P Morgan Secs	11/28/2011	U S Bancorp	600,000.000	656,706	654,390	654,257		(2,449)		(2,449)		133	133	19,470	15,438	
36967HAV9	GENERAL ELECTRIC CAPITAL		04/25/2011	Morgan Stanley	09/02/2011	SBC Capital Mkts	1,400,000.000	1,435,500	1,432,396	1,427,965		(7,535)		(7,535)		4,431	4,431	21,073	10,495	

SCHEDULE D - PART 5

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

1	2	3	4	5	6	7	8	9	10	11	Change in Book/Adjusted Carrying Value				17	18	19	20	21
											12	13	14	15						16
CUSIP Identification	Description	FOREGIGN	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) Number of Shares (Stock)	Actual Cost	Consideration	Book/Adjusted Carrying Value at Disposal	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A.C.V. (Col. 12+ 13-14)	Total Foreign Exchange Change in B/A.C.V.	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
369604AY9 372917AQ7	GENERAL ELECTRIC CO GENZYME CORP		10/17/2011 06/28/2011	Keybank Capital Mkts Credit Suisse	11/30/2011 09/14/2011	William Blair & Co JPMorgan Securities Inc.	400,000,000 475,000,000	418,820 506,246	417,359 509,765	417,196 504,643	(1,624) (1,603)	(1,624) (1,603)		(1,624) (1,603)		164 5,122	164 5,122	6,763 4,496	4,389 765
38141GDK7 38141EA74 38141GEA8	GOLDMAN SACHS GROUP GOLDMAN SACHS GROUP INC GOLDMAN SACHS GROUP INC		01/06/2011 04/08/2011	BNP Paribas Securities VARIOUS	06/20/2011 06/22/2011	VARIOUS First Boston Corp	125,000,000 713,000,000	132,956 720,239	132,366 728,928	131,566 719,652	(1,390) (587)	(1,390) (587)		(1,390) (587)		800 9,277	800 9,277	5,552 20,573	2,903 10,132
38143JAB7	GOLDMAN SACHS GROUP INC		04/12/2011	VARIOUS	06/22/2011	Goldman Sachs NY	852,000,000	913,439	915,946	910,367	(3,072)	(3,072)		(3,072)		4,979	4,979	19,649	10,797
38141EA33	GOLDMAN SACHS GROUP		01/19/2011	Citigroup GBL	08/01/2011	Chase Greenwich	900,000,000	979,794	962,487	965,918	(13,876)	(13,876)		(13,876)		(3,431)	(3,431)	25,621	1,159
38141GCM4	GOLDMAN SACHS GROUP		10/25/2011	VARIOUS	12/09/2011	VARIOUS	886,000,000	951,531	913,235	946,333	(5,198)	(5,198)		(5,198)		(33,098)	(33,098)	32,310	21,020
38141GDO4	GOLDMAN SACHS GROUP		01/13/2011	UBS Secs	02/24/2011	Goldman Sachs NY	350,000,000	384,815	381,983	383,834	(980)	(980)		(980)		(1,851)	(1,851)	5,668	3,422
428236B88	INC/THE HEWLETT - PACKARD CO		02/03/2011 10/20/2011	BNP Paribas Securities Wells Fargo Securities	02/24/2011 12/12/2011	BNP Paribas Securities Morgan Stanley	150,000,000 675,000,000	161,951 677,133	161,763 662,047	161,699 676,972	(251) (161)	(251) (161)		(251) (161)		64 (14,926)	64 (14,926)	2,975 2,156	2,472 984
428236BK8 285661AD6	HEWLETT-PACKARD CO HP ENTERPRISE SERVICES		07/20/2011	VARIOUS	12/12/2011	Morgan Stanley	885,000,000	887,525	866,026	887,241	(284)	(284)		(284)		(21,216)	(21,216)	7,430	474
458140AH3 46623EJEO	INTEL CORP JPMORGAN CHASE & CO		10/18/2011 09/14/2011 08/31/2011	VARIOUS Goldman Sachs NY JPMorgan Securities	12/12/2011 10/25/2011	Bank of America BNY/Mizuho Secs.	1,190,000,000 350,000,000	1,294,854 349,465	1,258,377 357,900	1,280,756 349,476	(14,098) 11	(14,098) 11		(14,098) 11		(22,379) 8,424	(22,379) 8,424	26,577 739	8,993
580645AD1 61747WAD1	MCGRAW-HILL COS INC/THE MORGAN STANLEY		01/24/2011 08/31/2011	Montgomery Secs VARIOUS	11/30/2011 09/09/2011	Chemical Securities Alex Brown & Sons	650,000,000 570,000,000	658,242 604,724	647,357 594,447	657,409 592,865	(833) (11,859)	(833) (11,859)		(833) (11,859)		(10,052) 1,582	(10,052) 1,582	4,687 32,935	1,555 13,787
61747YCF0 61747YDC6	MORGAN STANLEY MORGAN STANLEY		01/13/2011 04/26/2011	VARIOUS Morgan Stanley	06/22/2011	Morgan Stanley	1,175,000,000 1,000,000,000	1,276,956 1,000,000	1,286,519 942,715	1,263,690 1,000,000	(13,266) (9,525)	(13,266) (9,525)		(13,266) (9,525)		22,830 (57,285)	22,830 (57,285)	43,083 6,257	11,696
617446HQ3 742718DQ9	MORGAN STANLEY GLOBAL NT PROCTER & GAMBLE CO/THE		01/12/2011 06/29/2011	BNP Paribas Securities Morgan Stanley	12/01/2011 12/01/2011	BNP Paribas Securities Lehman Bros Inc	325,000,000 625,000,000	348,241 659,219	324,188 673,313	338,715 657,852	(9,525) (1,367)	(9,525) (1,367)		(9,525) (1,367)		(14,528) 15,460	(14,528) 15,460	21,770 4,285	6,555 6,781
742718DU0 87612EAW6	PROCTER & GAMBLE CO/THE TARGET CORP		08/10/2011 08/01/2011	Deutsche Bank Secs VARIOUS	08/31/2011 10/04/2011	Alex Brown & Sons Salomon Brothers	650,000,000 1,555,000,000	647,329 1,555,393	651,964 1,561,176	647,379 1,555,080	51 (312)	51 (312)		51 (312)		4,285 6,095	4,285 6,095	265 3,627	475
882508AQ7 883556AW2	TEXAS INSTRUMENT INC THERMO FISHER SCIENTIFIC		05/16/2011 02/14/2011	Morgan Stanley JPMorgan Securities	09/28/2011	Goldman Sachs NY	1,170,000,000	1,168,538	1,181,396	1,168,713	175	175		175		12,683	12,683	5,809	
90520EAC5 92343YBA1	UNION BANK NA VERIZON COMMUNICATIONS		06/01/2011 03/23/2011	Morgan Stanley Goldman Sachs NY	11/08/2011 06/22/2011	Bear Stearns Mitsubishi UFJ Secs	720,000,000 650,000,000	719,791 646,265	740,671 652,932	719,841 646,283	49 19	49 19		49 19		20,831 4,648	20,831 4,648	10,742 1,138	
931142DA8 WAL-MART STORES INC			04/11/2011	Citigroup GBL	05/23/2011	First Union Cap Mkts	1,025,000,000	1,023,637	1,042,558	1,023,710	73	73		73		18,848	18,848	3,220	
983024A48 89153JAB7	WYETH NT TOTAL CAPITAL CANADA LTD		02/17/2011 A	Goldman Sachs NY First Boston Corp	10/11/2011 10/18/2011	MF Global Alex Brown & Sons	250,000,000 850,000,000	267,375 846,266	267,198 865,385	265,432 848,683	(6,943) 417	(6,943) 417		(6,943) 417		1,765 16,702	1,765 16,702	14,858 10,091	6,035
3899999 Subtotal - Industrial and Miscellaneous (Unaffiliated)							38610454,990	40,237,051	40,000,954	40,038,988	(198,060)	(198,060)		(198,060)		(33,038)	(33,038)	830,740	325,692
8399998 Subtotal - Bonds							72835454,990	74,747,736	74,628,734	74,547,205	(200,531)	(200,531)		(200,531)		81,529	81,529	929,475	366,663
9999999 Totals								74,747,736	74,628,734	74,547,205	(200,531)	(200,531)		(200,531)		81,529	81,529	929,475	366,663

SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

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

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

SCHEDULE D - PART 6 - SECTION 2

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

SCHEDULE DA - PART 1

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

1 CUSIP Identifi- cation	2 Description	3 Codes		4 For- eign Code	5 Date Acquired	6 Name of Vendor	7 Maturity Date	8 Book/ Adjusted Carrying Value	9 Unrealized Valuation Increase/ (Decrease)	10 Current Year's (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Total Foreign Exchange Change in B./A.C.V.	13 Par Value	14 Actual Cost	15 Amount Due and Accrued Dec. 31 of Current Year on Bond Not in Default	16 Non-Admitted Due and Accrued	Interest			21 Paid For Accrued Interest	
		17 Rate of	18 Effective Rate of														19 When Paid	20 Amount Received During Year			
Bonds - U.S. Governments - Issuer Obligations																					
0199999	Subtotal - Bonds - U.S. Governments - Issuer Obligations							34,984,654					35,000,000	34,984,654	4,503			X X X	X X X		
0599999	Subtotal - Bonds - U.S. Governments							34,984,654					35,000,000	34,984,654	4,503			X X X	X X X		
Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations																					
2599999	Subtotal - Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Issuer Obligations							21,598,678					21,600,000	21,598,678	174			X X X	X X X		
3199999	Subtotal - Bonds - U.S. Special Revenue and Special Assessment Obligations and all Non Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions							21,598,678					21,600,000	21,598,678	174			X X X	X X X		
Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations																					
3299999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations		F		10/05/2011	Mizuho Secs	09/15/2012	1,034,020		(11,480)			1,000,000	1,045,500	15,900			X X X	MS		3,900
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				10/07/2011	JPMorgan Securities Inc.	10/01/2012	671,726		(6,720)			650,000	678,447	8,734			X X X	AO		1,165
7799999	Subtotal - Issuer Obligations							1,705,746		(18,200)			1,650,000	1,723,947	24,634			X X X	X X X		5,065
8399999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)							1,705,746		(18,200)			1,650,000	1,723,947	24,634			X X X	X X X		5,065
8999999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)							58,289,078		(18,200)			58,250,000	58,307,279	29,311			X X X	X X X		5,065
8399999	Total Bonds							58,289,078		(18,200)			58,250,000	58,307,279	29,311			X X X	X X X		5,065
8699999	Total - Parent, Subsidiaries and Affiliates												X X X					X X X	X X X		
Class One Money Market Mutual Funds																					
996087094	BSDT - LATE MONEY				12/23/2011	Non Broker Trade															
996085254	DREYFUS CASH MGMT				12/28/2011	Non Broker Trade		28,238,878						28,238,878	14,304					2,106	
60934N203	FEDERATED TREASURY OBLIGATION				12/15/2009	Non Broker Trade															92,402
316175108	FIDELITY INSTITUTIONAL GOVT CL 1				05/02/2011	Non Broker Trade															
31846V435	FIRST AMERICAN PRIME OBLIGATIONS				11/30/2011	Non Broker Trade		29,805						29,805							15,019
8999999	Subtotal - Class One Money Market Mutual Funds							28,268,683						28,268,683	14,304					X X X	X X X
9199999	Total Short-Term Investments							86,557,761		(18,200)				86,575,962	43,615					X X X	X X X
																					109,527
																					109,527
																					5,065

SCHEDULE DB - PART A - SECTION 1

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

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

(a)	1	Code	Hedge Method
			NONE
		0000	

SCHEDULE DB - PART A - SECTION 2

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

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

(a)	1	NONE																				
	Code																					
	0000																					

SCHEDULE DB - PART B - SECTION 1

Futures Contracts Open December 31 of Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	Change in Valuation Margin			19	20	
														15	16	17			18
Ticker Symbol	Number of Contracts	Notional Amount	Description	Description of Hedged Item(s)	Schedule/Exhibit Identifier	Type(s) of Risk(s)	Date of Maturity or Expiration	Exchange	Trade Date	Transaction Price	Reporting Date Price	Fair Value	Book/Adjusted Carrying Value	Cumulative	Gain (Loss) Recognized in Current Year	Gain (Loss) Used to Adjusted Basis of Hedged Item	Deferred	Potential Exposure	Hedge Effectiveness at Inception and at Year-end (a)
1449999 Grand Total																		XXXX	

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

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

SCHEDULE DB - PART B - SECTION 2

Futures Contracts Terminated December 31 of Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Change in Variation Margin			19
Ticker Symbol	Number of Contracts	Notional Amount	Description	Description of Hedged Item(s)	Schedule/Exhibit Identifier	Type(s) of Risk(s)	Date of Maturity or Expiration	Exchange	Trade Date	Transaction Price	Termination Date	Termination Price	Indicate Exercise, Expiration, Maturity or Sale	Book/Adjusted Carrying Value At Termination	Gain (Loss) Recognized in Current Year	Gain (Loss) Used to Adjust Basis of hedged item in Current Year	Deferred	Hedge Effectiveness at inception/ and at Termination (a)
1469999 Grand Total																		
..... XXX																		

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

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

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

1 Description Counterparty or Exchange Traded	2 Master Agreement (Y or N)	3 Credit Support Annex (Y or N)	4 Fair Value of Acceptable Collateral	Book/Adjusted Carrying Value			Fair Value			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 Totals											

SCHEDULE DL - PART 1 SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned December 31 Current Year

1 CUSIP Identification	2 Description	3 Code	4 NAIC Designation / Market Indicator	5 Fair Value	6 Book/Adjusted Carrying Value	7 Maturity Dates
NONE						
9999999 Grand Totals						X X X

General Interrogatories:

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

SCHEDULE DL - PART 2 SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned December 31 Current Year

1 CUSIP Identification	2 Description	3 Code	4 NAIC Designation Market Indicator	5 Fair Value	6 Book/Adjusted Carrying Value	7 Maturity Dates
NONE						
9999999 Grand Totals						X X X

General Interrogatories:

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

SCHEDULE E - PART 1 - CASH

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Year	5 Amount of Interest Accrued December 31 of Current Year	6 Balance	7 *
open depositories						
WELLS FARGO & CO TD	MELLON	0.010			926,979	X X X
US Bank	150 4th Avenue North, Nashville, TN 37219				59,312,714	X X X
US Bank	150 4th Avenue North, Nashville, TN 37219				6,748,385	X X X
US Bank	150 4th Avenue North, Nashville, TN 37219				2,284,306	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402				1,027,571	X X X
US Bank	150 4th Avenue North, Nashville, TN 37219				(7,715,334)	X X X
0199998 Deposits in .....677 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories						
		X X X	6,228		217,348	X X X
0199999 Totals - Open Depositories						
		X X X	6,228		62,801,969	X X X
0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories						
		X X X				X X X
0299999 Totals - Suspended Depositories						
		X X X				X X X
0399999 Total Cash On Deposit						
		X X X	6,228		62,801,969	X X X
0499999 Cash in Company's Office						
		X X X	X X X	X X X		X X X
0599999 Total Cash						
		X X X	6,228		62,801,969	X X X

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

1. January	7,039,401	4. April	10,370,034	7. July	9,301,102	10. October	50,919,917
2. February	(32,235,955)	5. May	(10,951,739)	8. August	7,659,991	11. November	41,974,674
3. March	16,941,708	6. June	13,029,454	9. September	64,087,650	12. December	62,801,969

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned December 31 of Current Year

1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year
Bonds - U.S. Governments - Issuer Obligations							
FEDERAL HOME LN BK CONS DISC		10/11/2011	0.000	10/04/2012	1,996,410	812	
FEDERAL HOME LN BK CONS DISC		11/16/2011	0.000	05/16/2012	4,998,231	442	
FEDERAL HOME LN BK CONS DISC		10/13/2011	0.000	06/01/2012	7,645,070	1,686	
0199999 Subtotal - Bonds - U.S. Governments - Issuer Obligations					14,639,711	2,940	
0599999 Subtotal - Bonds - U.S. Governments					14,639,711	2,940	
Bonds - U.S. Special Revenue, Special Assessment - Issuer Obligations							
FEDERAL HOME LN BK CONS DISC		12/30/2011	0.000	01/03/2012	6,231,708		
2599999 Subtotal - Bonds - U.S. Special Revenue, Special Assessment - Issuer Obligations					6,231,708		
3199999 Subtotal - Bonds - U.S. Special Revenue, Special Assessment					6,231,708		
Bonds - Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations							
CRC FDG LLC DISC		10/27/2011	0.000	01/25/2012	1,498,688	954	
COLLATERALIZED CP DISC		11/16/2011	0.000	02/22/2012	1,798,677	620	
CROWN POINT CAP DISC		10/21/2011	0.000	01/11/2012	1,998,178	1,594	
GENERAL ELEC CAP DISC		11/02/2011	0.000	03/05/2012	1,998,278	826	
GOVCO INC DISC		10/13/2011	0.000	01/09/2012	1,998,453	1,403	
MARKET STREET FDG DISC		09/30/2011	0.000	01/05/2012	1,998,922	1,032	
METLIFE SHORT DISC		11/16/2011	0.000	02/08/2012	1,998,880	614	
TORONTO DOM HLDGS DISC		09/29/2011	0.000	04/04/2012	998,160	914	
3299999 Subtotal - Bonds - Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations					14,288,236	7,957	
3899999 Subtotal - Bonds - Industrial & Miscellaneous (Unaffiliated)					14,288,236	7,957	
7799999 Subtotals - Bonds - Issuer Obligations					35,159,655	10,897	
8399999 Subtotals - Bonds					35,159,655	10,897	
8699999 Total Cash Equivalents					35,159,655	10,897	

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

States. Etc.	1 Type of Deposit	2 Purpose of Deposit	Deposits For the Benefit of All Policyholders		All Other Special Deposits	
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
			1. Alabama (AL)			
2. Alaska (AK)						
3. Arizona (AZ)						
4. Arkansas (AR)						
5. California (CA)						
6. Colorado (CO)						
7. Connecticut (CT)						
8. Delaware (DE)						
9. District of Columbia (DC)						
10. Florida (FL)						
11. Georgia (GA)						
12. Hawaii (HI)						
13. Idaho (ID)						
14. Illinois (IL)						
15. Indiana (IN)						
16. Iowa (IA)						
17. Kansas (KS)						
18. Kentucky (KY)						
19. Louisiana (LA)						
20. Maine (ME)						
21. Maryland (MD)						
22. Massachusetts (MA)						
23. Michigan (MI)						
24. Minnesota (MN)						
25. Mississippi (MS)						
26. Missouri (MO)						
27. Montana (MT)						
28. Nebraska (NE)						
29. Nevada (NV)						
30. New Hampshire (NH)						
31. New Jersey (NJ)						
32. New Mexico (NM)						
33. New York (NY)						
34. North Carolina (NC)						
35. North Dakota (ND)						
36. Ohio (OH)						
37. Oklahoma (OK)						
38. Oregon (OR)						
39. Pennsylvania (PA)						
40. Rhode Island (RI)						
41. South Carolina (SC)						
42. South Dakota (SD)						
43. Tennessee (TN)	B	Multiple Purposes	35,073,470	35,162,713		
44. Texas (TX)						
45. Utah (UT)						
46. Vermont (VT)						
47. Virginia (VA)						
48. Washington (WA)						
49. West Virginia (WV)						
50. Wisconsin (WI)						
51. Wyoming (WY)						
52. American Samoa (AS)						
53. Guam (GU)						
54. Puerto Rico (PR)						
55. U.S. Virgin Islands (VI)						
56. Northern Mariana Islands (MP)						
57. Canada (CN)						
58. Aggregate other alien (OT)	X X X	X X X				
59. Total	X X X	X X X	35,073,470	35,162,713		
DETAILS OF WRITE-INS						
5801.						
5802.						
5803.						
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X	X X X				
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	X X X				

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SUPPLEMENTAL COMPENSATION EXHIBIT

For the Year Ended December 31, 2011
(To be filed by March 1)

PART 1 - INTERROGATORIES

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

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

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

PART 2 - OFFICERS AND EMPLOYEES COMPENSATION

1	2	Annual Compensation			
		3	4	5	6
Name and Principal Position	Year	Salary	Bonus	All Other Compensation	Totals
1. Scott Christian Pierce VSHP President and Chief Executive Officer	2011	66,866		10,063	76,929
	2010				
	2009				
2. David Matthew Moroney, MD VSHP Vice President and Chief Medical Officer	2011	236,474		59,995	296,469
	2010	245,581		72,660	318,241
	2009	159,771		69,021	228,792
3. Stephen Edward Kerr VSHP Vice President of Finance	2011	208,506		69,118	277,624
	2010	216,422		52,883	269,305
	2009	141,099		48,664	189,763
4. Amber Jeanine Cambron Vice President and Chief Operating Officer	2011	182,306		64,355	246,661
	2010	185,891		36,365	222,256
	2009	162,134		64,253	226,387
5. James Howard Srite Actuary	2011	50,561		31,835	82,396
	2010	32,595		13,687	46,282
	2009	28,883		13,506	42,389
6. Vicky Brown Gregg BCBST Chief Executive Officer	2011	222,013		394,895	616,908
	2010	279,119		337,442	616,561
	2009	219,499		324,200	543,699
7. Jason David Hickey BCBST Senior Vice President Health Care Services	2011	233,247		110,084	343,331
	2010				
	2009				
8. John Francis Giblin BCBST Executive Vice President and Chief Financial Officer	2011	105,967		118,378	224,345
	2010	133,275		98,372	231,647
	2009	104,987		95,280	200,267
9. Barbara Easterling Smith VSHP Medical Director	2011	177,049		24,698	201,747
	2010	164,153		20,479	184,632
	2009				
10. Andrea Degeoris Willis VSHP Medical Director	2011	165,055		22,187	187,242
	2010	157,916		940	158,856
	2009				

PART 3 - DIRECTOR COMPENSATION

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

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MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT
For The Year Ended December 31, 2011
 (To be filed by March 1)
 FOR THE STATE OF TENNESSEE

NAIC Group Code: 3498
 Address (City, State and Zip Code): Chattanooga, TN 37402
 Person Completing This Exhibit:

NAIC Company Code: 14046

Title: Telephone:

1	2	3	4	5	6	7	8	9	10	Policies Issued Through 2008			Policies Issued in 2009, 2010, 2011				
										11	12	13	14	15	16	17	18
Compliance with OBRA	Policy Form Number	Standardized Medicare Supplement Benefit Plan	Medicare Select	Plan Characteristics	Date Approved	Date Approval Withdrawn	Date Last Amended	Date Closed	Policy Marketing Trade Name	Premiums Earned	Amount	Percent of Premiums Earned	Number of Covered Lives	Premiums Earned	Amount	Percent of Premiums Earned	Number of Covered Lives
0299999 Total Experience on Group Policies																	
GENERAL INTERROGATORIES																	

NONE

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





NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS
SCHEDULE SIS

STOCKHOLDER INFORMATION SUPPLEMENT

FC **NONE**

(To Be Filed by March 1)

**REQUIRED BY THE APPLICABLE QUESTION ON THE SUPPLEMENTAL EXHIBITS AND SCHEDULES
INTERROGATORIES FOR THE PROPERTY / CASUALTY, LIFE, ACCIDENT AND HEALTH, TITLE
AND HEALTH INSURANCE BLANKS**

TO ANNUAL STATEMENT OF THE

Volunteer State Health Plan, Inc.

COMPANY

GENERAL INSTRUCTIONS

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

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

FINANCIAL REPORTING TO STOCKHOLDERS

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

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

3. If an Annual Report to stockholders was distributed for the previous year or contemporaneous with the solicitation of proxies in respect to the Annual Meeting? Yes No
If answer is "No" explain in detail below. Attach separate sheet if necessary.:

NONE

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

INFORMATION REGARDING MANAGEMENT AND DIRECTORS

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

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

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

- A. Information as to any material interest, direct or indirect, on the part of such individual during the year in any material transaction or any material proposed transaction as to which the Company, or any of its subsidiaries, was or is to be a party.
- B. Information as to all options to purchase securities of the Company granted to or exercised by each such individual during the year.

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

 No
 No
 No
 No
 No
 No
 No
 No

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

XXX No No No No No

4. Did the stockholders have an opportunity to vote for or against other matters to be presented at any stockholder's meeting?
Answer No If N O N E sheet.

5. Will the Company solicit proxies from its stockholders during the following year and will such solicitation(s) precede any shareholders' meeting or meetings by at least 10 days?
Answer No If answer is "yes" and proxies are to be solicited, copies of the proxy statement and form of proxy and other soliciting material to be furnished stockholders shall be submitted to the Insurance Commissioner of the Company's domiciliary state at least 10 days prior to the date such material is first sent or given to stockholders.

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

INSTRUCTIONS FOR INFORMATION REGARDING MANAGEMENT AND DIRECTORS

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

STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

(See Instructions Below)

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

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

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

INSTRUCTIONS FOR STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Column 1 - Name and Title

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

Column 2 - Title of Security

The statement of the title of a security should be such as to clearly identify the security. The title of a security may be only one class, for example: "Common stock," "4% convertible preferred stock," etc.

N O N E

Column 3 - Nature of Ownership

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

Columns 4 to 8 - Number of Shares

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

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

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



Medicare Part D Coverage Supplement (Net of Reinsurance)

NAIC Group Code: 3498

(To be Filed By March 1)

NAIC Company Code: 14046

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected					
1.1 Standard Coverage					
1.11 With Reinsurance Coverage		X X X		X X X	
1.12 Without Reinsurance Coverage		X X X		X X X	
1.13 Risk-Corridor Payment Adjustments		X X X		X X X	
1.2 Supplemental Benefits		X X X		X X X	
2. Premiums Due and Uncollected - change					
2.1 Standard Coverage					
2.11 With Reinsurance Coverage		X X X		X X X	X X X
2.12 Without Reinsurance Coverage		X X X		X X X	X X X
2.2 Supplemental Benefits		X X X		X X X	X X X
3. Unearned Premium and Advance Premium - change					
3.1 Standard Coverage					
3.11 With Reinsurance Coverage		X X X		X X X	X X X
3.12 Without Reinsurance Coverage		X X X		X X X	X X X
3.2 Supplemental Benefits		X X X		X X X	X X X
4. Risk-Corridor Payment Adjustments - change					
4.1 Receivable		X X X		X X X	X X X
4.2 Payable		X X X		X X X	X X X
5. Earned Premiums					
5.1 Standard Coverage					
5.11 With Reinsurance Coverage		X X X		X X X	X X X
5.12 Without Reinsurance Coverage		X X X		X X X	X X X
5.13 Risk-Corridor Payment Adjustments		X X X		X X X	X X X
5.2 Supplemental Benefits		X X X		X X X	X X X
6. Total Premiums		X X X		X X X	
7. Claims Paid					
7.1 Standard Coverage					
7.11 With Reinsurance Coverage		NONE		X X X	
7.12 Without Reinsurance Coverage		NONE		X X X	
7.2 Supplemental Benefits		NONE		X X X	
8. Claim Reserves and Liabilities - change					
8.1 Standard Coverage					
8.11 With Reinsurance Coverage		X X X		X X X	X X X
8.12 Without Reinsurance Coverage		X X X		X X X	X X X
8.2 Supplemental Benefits		X X X		X X X	X X X
9. Healthcare Receivables - change					
9.1 Standard Coverage					
9.11 With Reinsurance Coverage		X X X		X X X	X X X
9.12 Without Reinsurance Coverage		X X X		X X X	X X X
9.2 Supplemental Benefits		X X X		X X X	X X X
10. Claims Incurred					
10.1 Standard Coverage					
10.11 With Reinsurance Coverage		X X X		X X X	X X X
10.12 Without Reinsurance Coverage		X X X		X X X	X X X
10.2 Supplemental Benefits		X X X		X X X	X X X
11. Total Claims		X X X		X X X	
12. Reinsurance Coverage and Low Income Cost Sharing					
12.1 Claims Paid - net to reimbursements applied	X X X		X X X		
12.2 Reimbursements Received but Not Applied - change	X X X		X X X		
12.3 Reimbursements Receivable - change	X X X		X X X		X X X
12.4 Healthcare Receivables - change	X X X		X X X		X X X
13. Aggregate Policy Reserves - change					X X X
14. Expenses Paid		X X X		X X X	
15. Expenses Incurred		X X X		X X X	X X X
16. Underwriting Gain/Loss		X X X		X X X	X X X
17. Cash Flow Results	X X X	X X X	X X X	X X X	



Approval from State of Domicile for Relief related to 5-Year Rotation Requirement for Lead Audit Partner

NONE



Approval from State of Domicile for Relief related to 1-Year Cooling Off Period for Independent CPA

NONE



Approval from State of Domicile for Relief related to the Requirement for Audit Committees

NONE

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