

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

**of  
Chattanooga  
in the state of  
Tennessee**

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

**FOR THE QUARTER ENDED  
September 30, 2012**

**2012**



**QUARTERLY STATEMENT**  
**AS OF September 30, 2012**  
**OF THE CONDITION AND AFFAIRS OF THE**  
**Volunteer State Health Plan, Inc.**

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

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

Country of Domicile United States of America

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

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

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

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

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

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

Internet Web Site Address www.vshpntn.com

Statutory Statement Contact Toliver Ralph Woodard, Jr. (423)535-5192  
 (Name) (Area Code)(Telephone Number)(Extension)  
Ralph\_Woodard@bcbst.com (423)535-8331  
 (E-Mail Address) (Fax Number)

**CORPORATE OFFICERS**

Name	Title
Scott Christian Pierce	President & CEO
Shelia Dian Clemons	Secretary
Katharine Anne Laurance	Assistant Secretary
Brian Edward Stana	Treasurer #
Alaine Marie Zachary	Assistant Treasurer

**ADMINISTRATIVE OFFICERS**

Reid Allen Smiley, Chief Financial Officer  
 David Matthew Moroney MD, VP & Chief Medical Officer  
 Toliver Ralph Woodard, Jr., Controller and Chief Accounting Officer #

Amber Jeanine Cambron, VP & Chief Operating Officer  
 James Howard Srite, Actuary

**DIRECTORS OR TRUSTEES**

William Morgan Gracey, Chairman #  
 Vicky Brown Gregg #

John Francis Giblin

State of Tennessee  
 County of Hamilton ss

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

(Signature)	(Signature)	(Signature)
Scott Christian Pierce	Shelia Dian Clemons	Reid Allen Smiley
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President & CEO	Secretary	Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this 9th day of Nov., 2012

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

(Notary Public Signature)

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



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**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	221,768,744		221,768,744	184,988,386
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$.....41,679,664), cash equivalents (\$.....28,394,253) and short-term investments (\$.....139,945,715) .....	210,019,632		210,019,632	184,519,385
6. Contract loans (including \$.....0 premium notes) .....				
7. Derivatives .....				
8. Other invested assets .....				
9. Receivables for securities .....	56,381		56,381	803,972
10. Securities lending reinvested collateral assets .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	431,844,757		431,844,757	370,311,743
13. Title plants less \$.....0 charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	1,353,592		1,353,592	1,156,594
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....				16,815,438
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 .....	1,691,021		1,691,021	1,201,036
18.1 Current federal and foreign income tax recoverable and interest thereon .....				
18.2 Net deferred tax asset .....	5,001,649	970,942	4,030,707	4,443,691
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....				
21. Furniture and equipment, including health care delivery assets (\$.....0) .....				
22. Net adjustments in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....				
24. Health care (\$.....0) and other amounts receivable .....	1,445,552	1,445,552		
25. Aggregate write-ins for other than invested assets .....	47,879	39,000	8,879	
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	441,384,450	2,455,494	438,928,956	393,928,502
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	441,384,450	2,455,494	438,928,956	393,928,502
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501. Prepaid Expenses .....	39,000	39,000		
2502. State of Virginia Tax Refund .....	8,879		8,879	
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	47,879	39,000	8,879	

## LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded) .....	151,049,771		151,049,771	159,627,541
2. Accrued medical incentive pool and bonus amounts .....	1,286,776		1,286,776	850,917
3. Unpaid claims adjustment expenses .....	6,959,392		6,959,392	8,014,422
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 reserve .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....				
9. General expenses due or accrued .....	7,029,679		7,029,679	6,236,739
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses)) .....				
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....	4,866		4,866	10,989
13. Remittances and items not allocated .....	2,640,730		2,640,730	2,122,489
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15. Amounts due to parent, subsidiaries and affiliates .....	18,123,067		18,123,067	16,820,969
16. Derivatives .....				
17. Payable for securities .....	5,089,976		5,089,976	
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 .....	498,168		498,168	895,768
23. Aggregate write-ins for other liabilities (including \$.....0 current) .....	42,552,515		42,552,515	24,313,559
24. Total liabilities (Lines 1 to 23) .....	235,234,940		235,234,940	218,893,393
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	34,850,000	34,651,682
31. Unassigned funds (surplus) .....	X X X	X X X	(3,455,984)	(31,916,573)
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	203,694,016	175,035,109
34. Total Liabilities, capital and surplus (Lines 24 and 33) .....	X X X	X X X	438,928,956	393,928,502
<b>DETAILS OF WRITE-INS</b>				
2301. Insured Premium Tax Payable .....	22,907,715		22,907,715	24,175,817
2302. Due State of Tennessee - Premium Payable .....	19,243,310		19,243,310	
2303. Pending Escheatment To State .....	377,990		377,990	104,569
2398. Summary of remaining write-ins for Line 23 from overflow page .....	23,500		23,500	33,173
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	42,552,515		42,552,515	24,313,559
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	34,850,000	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	34,850,000	34,651,682

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months .....	X X X	3,591,595	3,696,119	4,911,134
2. Net premium income (including \$.....0 non-health premium income) .....	X X X	1,265,497,768	1,275,269,315	1,695,982,644
3. Change in unearned premium reserves and reserves for rate credits .....	X X X			
4. Fee-for-service (net of \$.....0 medical expenses) .....	X X X			
5. Risk revenue .....	X X X			
6. Aggregate write-ins for other health care related revenues .....	X X X			
7. Aggregate write-ins for other non-health revenues .....	X X X			
8. Total revenues (Lines 2 to 7) .....	X X X	1,265,497,768	1,275,269,315	1,695,982,644
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....		789,568,089	791,242,789	1,055,574,645
10. Other professional services .....		217,017,338	184,842,944	252,177,346
11. Outside referrals .....				
12. Emergency room and out-of-area .....		32,997,788	33,165,561	42,394,538
13. Prescription drugs .....				
14. Aggregate write-ins for other hospital and medical .....				
15. Incentive pool, withhold adjustments and bonus amounts .....		1,504,503	999,466	1,474,958
16. Subtotal (Lines 9 to 15) .....		1,041,087,718	1,010,250,760	1,351,621,487
<b>Less:</b>				
17. Net reinsurance recoveries .....				
18. Total hospital and medical (Lines 16 minus 17) .....		1,041,087,718	1,010,250,760	1,351,621,487
19. Non-health claims (net) .....				
20. Claims adjustment expenses, including \$.....39,821,454 cost containment expenses .....		70,150,883	67,171,430	89,112,502
21. General administrative expenses .....		111,750,488	122,724,716	160,252,412
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) .....		1,222,989,089	1,200,146,906	1,600,986,401
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X	42,508,679	75,122,409	94,996,243
25. Net investment income earned .....		2,154,894	2,370,043	3,128,627
26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....		900,118	614,002	585,287
27. Net investment gains or (losses) (Lines 25 plus 26) .....		3,055,012	2,984,045	3,713,914
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	45,563,691	78,106,454	98,710,157
31. Federal and foreign income taxes incurred .....	X X X	15,955,505	17,868,942	25,211,047
32. Net income (loss) (Lines 30 minus 31) .....	X X X	29,608,186	60,237,512	73,499,110
<b>DETAILS OF WRITE-INS</b>				
0601. ....	X X X			
0602. ....	X X X			
0603. ....	X X X			
0698. Summary of remaining write-ins for Line 6 from overflow page .....	X X X			
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X			
0701. ....	X X X			
0702. ....	X X X			
0703. ....	X X X			
0798. Summary of remaining write-ins for Line 7 from overflow page .....	X X X			
0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	X X X			
1401. ....				
1402. ....				
1403. ....				
1498. Summary of remaining write-ins for Line 14 from overflow page .....				
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....				
2901. ....				
2902. ....				
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page .....				
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....				

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

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>			
33. Capital and surplus prior reporting year .....	175,035,109	104,921,560	104,921,560
34. Net income or (loss) from Line 32 .....	29,608,186	60,237,512	73,499,110
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 .....	22,836	13,350	2,642
37. Change in net unrealized foreign exchange capital gain or (loss) .....			
38. Change in net deferred income tax .....	(275,555)	(11,413,676)	(9,256,390)
39. Change in nonadmitted assets .....	(533,545)	5,691,654	5,868,187
40. Change in unauthorized reinsurance .....			
41. Change in treasury stock .....			
42. Change in surplus notes .....			
43. Cumulative effect of changes in accounting principles .....	(163,015)		
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 .....			
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 .....			
48. Net change in capital and surplus (Lines 34 to 47) .....	28,658,907	54,528,840	70,113,549
49. Capital and surplus end of reporting period (Line 33 plus 48) .....	203,694,016	159,450,400	175,035,109
<b>DETAILS OF WRITE-INS</b>			
4701. ....			
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) .....			

<b>Report #2A: TennCare Select Only</b>			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	140,046	416,423	538,990
<b>Estimated Revenues:</b>			
1. TennCare Capitation	93,197,186	290,783,877	365,372,932
2. Investment	-	-	-
3. Other Revenues	-	-	-
4. <b>Total Estimated Revenues</b> (Lines 1 to 3)	93,197,186	290,783,877	365,372,932
<b>Estimated Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
5. Capitated Physician Services	287,147	858,369	1,090,389
6. Fee-for Service Physician Services	9,389,134	31,093,363	40,263,944
7. Inpatient Hospital Services	17,784,736	56,432,781	76,799,881
8. Outpatient Hospital Services	7,789,970	24,997,338	30,746,261
9. Emergency Room Services	1,108,144	3,507,618	4,491,571
10. Dental Services	294	629	308
11. Vision Services	87,064	249,908	283,460
12. Pharmacy Services	-	-	(1,194)
13. Home Health Services	25,819,424	77,928,230	96,110,319
14. Chiropractic Services	-	-	-
15. Radiology Services	271,749	860,240	1,211,898
16. Laboratory Services	404,301	1,202,291	1,460,182
17. Durable Medical Equipment Services	5,459,672	15,705,719	14,538,794
18. Transportation Services	842,863	2,509,914	3,738,243
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	154,423	242,431	420,112
23. HCBS Services	1,061	2,563	2,882
24. Other Medical and Hospital Services - Write-Ins	2,080,136	6,083,741	6,295,145
25. <b>Subtotal Medical and Hospital</b> (Lines 5 to 24)	71,480,118	221,675,135	277,452,195
<b>Mental Health and Substance Abuse Services</b>			
26. Inpatient Psychiatric Facility Services	805,649	2,898,226	4,942,226
27. Inpatient Substance Abuse Treatment and Detox	3,301	18,995	21,598
28. Outpatient Mental Health Services	3,326,200	10,410,277	13,837,283
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	1,032,592	4,473,128	6,880,297
31. Specialized Crisis Services	274,383	836,642	1,054,391
32. Psychiatric Rehab and Support Services	133,353	412,344	1,410,762
33. Case Management	1,974,725	6,407,365	8,729,140
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	18,665	63,120	78,909
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,738,511	5,776,870	6,540,689
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. <b>Subtotal MH &amp; SAS</b> (Lines 26 to 43)	9,307,379	31,296,967	43,495,295
45. <b>Subtotal Hospital, Medical, MH&amp;SAS</b> (Lines 25 and 44)	80,787,497	252,972,102	320,947,490
<b>LESS:</b>			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	535	745	(786)
48. Subrogation and Coordination of Benefits	18,419	268,414	502,350
49. <b>Subtotal Reinsurance, Copay, Subrogation</b> (Lines 46 to 48)	18,954	269,159	501,564
50. <b>Total Hospital, Medical, MH&amp;SAS</b> (Lines 45 and 49)	80,768,543	252,702,943	320,445,926
<b>Administration:</b>			
51. Compensation	3,770,902	11,763,616	13,140,965
52. Marketing	90,225	90,225	100,789
53. Interest Expense	-	-	-
54. Premium Tax Expense	5,125,845	16,026,421	20,095,511
55. Occupancy, Depreciation, and Amortization	322,817	1,007,051	1,124,962
56. Other Administration - Write-Ins	1,849,574	5,961,124	6,659,081
57. <b>Total Administration Expenses</b> (Lines 51 to 56)	11,159,363	34,848,437	41,121,308
58. <b>Total Expenses</b> (Lines 50 and 57)	91,927,906	287,551,380	361,567,234
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	449,468	1,131,957	971,994
61. <b>Net Income (Loss)</b> (Line 4 Less Lines 58, 59 and 60)	819,812	2,100,540	2,833,704
<b>Write-Ins for Other Expense</b>			
Detail of Other Revenues			
0301.	-	-	-
0399. Total Other Revenues	-	-	-
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	1,542,849	5,310,224	6,804,084
2202. Bad Debt Expense	537,287	773,517	(504,247)
2203. Out of Area Claims Expense	-	-	(4,692)
2299. Total Other Medical and Hospital	2,080,136	6,083,741	6,295,145
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Equipment Rental	686,186	2,140,608	2,391,241
5602. Outsourced Services	578,627	1,805,070	2,016,416
5603. Auditing, Actuarial, and Other Consulting	244,149	761,642	850,818
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	145,830	646,167	721,824
5605. Postage/Telephone	145,836	454,946	508,213
5606. Printing and Stationary	48,946	152,691	170,569
5699. Total Other Administration	1,849,574	5,961,124	6,659,081



<b>Report #2A: BlueCare West Only</b>			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	539,874	1,618,403	2,185,691
<b>Estimated Revenues:</b>			
1. TennCare Capitation	185,601,453	561,541,951	741,600,132
2. Investment	685,516	1,336,324	1,695,885
3. Other Revenues	6,000	74,000	67,712
<b>4. Total Estimated Revenues (Lines 1 to 3)</b>	<b>186,292,969</b>	<b>562,952,275</b>	<b>743,363,729</b>
<b>Estimated Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
5. Capitated Physician Services	-	-	-
6. Fee-for Service Physician Services	32,624,078	93,268,901	124,112,987
7. Inpatient Hospital Services	27,055,797	80,086,525	101,548,192
8. Outpatient Hospital Services	21,124,380	59,222,722	69,289,254
9. Emergency Room Services	6,922,589	19,680,051	25,005,773
10. Dental Services	312	340	3,176
11. Vision Services	147,980	353,559	432,083
12. Pharmacy Services	-	-	-
13. Home Health Services	7,054,953	18,109,819	22,320,774
14. Chiropractic Services	-	-	-
15. Radiology Services	1,547,316	4,455,229	6,265,336
16. Laboratory Services	2,844,988	7,619,063	9,644,988
17. Durable Medical Equipment Services	2,823,132	7,859,038	8,269,805
18. Transportation Services	3,419,018	9,594,483	13,907,103
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	195,000	585,000	297,587
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	30,147,349	91,162,373	134,345,774
23. HCBS Services	9,716,992	28,738,233	20,828,843
24. Other Medical and Hospital Services - Write-Ins	2,713,948	7,778,775	9,043,589
<b>25. Subtotal Medical and Hospital (Lines 5 to 24)</b>	<b>148,337,832</b>	<b>428,514,111</b>	<b>545,315,264</b>
<b>Mental Health and Substance Abuse Services</b>			
26. Inpatient Psychiatric Facility Services	1,668,485	5,226,447	4,938,436
27. Inpatient Substance Abuse Treatment and Detox	57,244	243,345	243,258
28. Outpatient Mental Health Services	1,596,565	4,407,301	4,114,838
29. Outpatient Substance Abuse Treatment and Detox	-	-	609
30. Housing/Residential Treatment	637,018	2,280,686	2,432,211
31. Specialized Crisis Services	842,339	2,503,878	3,113,205
32. Psychiatric Rehab and Support Services	278,794	908,613	967,660
33. Case Management	3,372,232	9,387,282	12,286,032
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	37,946	100,001	114,128
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,883,366	4,921,648	6,408,556
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
<b>44. Subtotal MH &amp; SAS (Lines 26 to 43)</b>	<b>10,373,989</b>	<b>29,979,201</b>	<b>34,618,933</b>
<b>45. Subtotal Hospital, Medical, MH&amp;SAS (Lines 25 and 44)</b>	<b>158,711,821</b>	<b>458,493,312</b>	<b>579,934,197</b>
<b>LESS:</b>			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	12,081	40,759	52,274
48. Subrogation and Coordination of Benefits	-	(4,513)	-
<b>49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)</b>	<b>12,081</b>	<b>36,246</b>	<b>52,274</b>
<b>50. Total Hospital, Medical, MH&amp;SAS, (Lines 45 and 49)</b>	<b>158,699,740</b>	<b>458,457,066</b>	<b>579,881,923</b>
<b>Administration:</b>			
51. Compensation	9,881,977	31,080,438	43,471,825
52. Marketing	238,382	238,382	333,422
53. Interest Expense	-	-	-
54. Premium Tax Expense	10,208,410	30,888,877	40,791,731
55. Occupancy, Depreciation, and Amortization	845,969	2,660,711	3,721,503
56. Other Administration - Write-Ins	4,845,027	15,749,777	22,029,019
<b>57. Total Administration Expenses (Lines 51 to 56)</b>	<b>26,019,765</b>	<b>80,618,185</b>	<b>110,347,500</b>
<b>58. Total Expenses (Lines 50 and 57)</b>	<b>184,719,505</b>	<b>539,075,251</b>	<b>690,229,423</b>
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	607,695	8,361,262	13,570,756
<b>61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)</b>	<b>965,769</b>	<b>15,515,762</b>	<b>39,563,550</b>
<b>Write-Ins for Other Expense</b>			
<b>Detail of Other Revenues</b>			
0301. Pay-for-Performance Bonus	6,000	74,000	67,712
0399. Total Other Revenues	6,000	74,000	67,712
<b>Detail of Other Medical and Hospital:</b>			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	2,563,223	7,536,640	8,763,942
2202. Bad Debt Expense	150,445	241,873	279,874
2203. Out of Area Claims Expense	280	262	(227)
2299. Total Other Medical and Hospital	2,713,948	7,778,775	9,043,589
<b>Detail of Other MH &amp; SAS:</b>			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
<b>Detail of Other Administration:</b>			
5601. Equipment Rental	1,798,208	5,655,661	7,910,503
5602. Outsourced Services	1,516,341	4,769,142	6,670,541
5603. Auditing, Actuarial, and Other Consulting	639,815	2,012,321	2,814,608
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	380,220	1,707,226	2,387,877
5605. Postage/Telephone	382,175	1,202,004	1,681,228
5606. Printing and Stationary	128,268	403,423	564,262
5699. Total Other Administration	4,845,027	15,749,777	22,029,019

<b>Report #2A: BlueCare East Only</b>			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	654,042	1,973,193	2,725,444
<b>Estimated Revenues:</b>			
1. TennCare Capitation	238,439,554	703,839,009	954,333,664
2. Investment	837,853	1,633,323	2,109,301
3. Other Revenues	8,000	51,000	-
<b>4. Total Estimated Revenues (Lines 1 to 3)</b>	<b>239,285,407</b>	<b>705,523,332</b>	<b>956,442,965</b>
<b>Estimated Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
5. Capitated Physician Services	-	-	-
6. Fee-for-Service Physician Services	46,817,962	142,875,140	194,350,770
7. Inpatient Hospital Services	38,748,810	111,413,937	134,874,373
8. Outpatient Hospital Services	18,299,416	55,148,019	73,375,772
9. Emergency Room Services	4,673,783	13,313,689	17,333,899
10. Dental Services	4,124	8,863	8,861
11. Vision Services	202,240	526,856	604,829
12. Pharmacy Services	-	-	-
13. Home Health Services	8,181,330	22,205,135	29,885,303
14. Chiropractic Services	-	-	-
15. Radiology Services	1,809,918	5,646,117	8,056,167
16. Laboratory Services	4,826,396	11,968,648	11,309,294
17. Durable Medical Equipment Services	5,531,119	15,239,462	17,211,368
18. Transportation Services	4,121,846	11,826,239	19,809,689
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	305,000	919,503	1,177,369
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	39,782,137	119,573,112	181,835,964
23. HCBS Services	7,729,684	24,183,106	23,735,901
24. Other Medical and Hospital Services - Write-Ins	2,876,823	8,287,372	9,977,410
<b>25. Subtotal Medical and Hospital (Lines 5 to 24)</b>	<b>183,910,588</b>	<b>543,135,198</b>	<b>723,546,969</b>
<b>Mental Health and Substance Abuse Services</b>			
26. Inpatient Psychiatric Facility Services	1,218,626	3,756,183	4,750,333
27. Inpatient Substance Abuse Treatment and Detox	94,148	309,076	252,856
28. Outpatient Mental Health Services	3,375,032	10,170,258	11,262,597
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	619,853	2,511,597	3,785,300
31. Specialized Crisis Services	1,110,483	2,641,212	5,871,564
32. Psychiatric Rehab and Support Services	897,769	2,697,010	3,438,101
33. Case Management	3,827,858	10,815,414	12,226,192
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	55,495	157,475	156,576
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,868,379	6,564,948	6,579,215
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
<b>44. Subtotal MH &amp; SAS (Lines 26 to 43)</b>	<b>13,067,643</b>	<b>39,623,173</b>	<b>48,322,734</b>
<b>45. Subtotal Hospital, Medical, MH&amp;SAS (Lines 25 and 44)</b>	<b>196,978,231</b>	<b>582,758,371</b>	<b>771,869,703</b>
<b>LESS:</b>			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	26,798	91,501	129,784
48. Subrogation and Coordination of Benefits	-	(4,374)	381
<b>49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)</b>	<b>26,798</b>	<b>87,127</b>	<b>130,165</b>
<b>50. Total Hospital, Medical, MH&amp;SAS, (Lines 45 and 49)</b>	<b>196,951,433</b>	<b>582,671,244</b>	<b>771,739,538</b>
<b>Administration:</b>			
51. Compensation	12,691,552	40,635,440	56,075,779
52. Marketing	311,668	311,668	430,093
53. Interest Expense	-	-	-
54. Premium Tax Expense	13,114,616	38,713,951	52,488,352
55. Occupancy, Depreciation, and Amortization	1,086,489	3,478,689	4,800,493
56. Other Administration - Write-Ins	6,217,024	20,591,701	28,415,976
<b>57. Total Administration Expenses (Lines 51 to 56)</b>	<b>33,421,349</b>	<b>103,731,449</b>	<b>142,210,693</b>
<b>58. Total Expenses (Lines 50 and 57)</b>	<b>230,372,782</b>	<b>686,402,693</b>	<b>913,950,231</b>
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	3,146,975	6,695,670	10,852,848
<b>61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)</b>	<b>5,765,650</b>	<b>12,424,969</b>	<b>31,639,886</b>
<b>Write-Ins for Other Expense</b>			
<b>Detail of Other Revenues</b>			
0301. Pay-for-Performance Bonus	8,000	51,000	-
0399. Total Other Revenues	8,000	51,000	-
<b>Detail of Other Medical and Hospital:</b>			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	2,692,947	7,991,750	9,571,627
2202. Bad Debt Expense	183,876	295,622	348,590
2203. Out of Area Claims Expense	-	-	57,193
2299. Total Other Medical and Hospital	2,876,823	8,287,372	9,977,410
<b>Detail of Other MH &amp; SAS:</b>			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
<b>Detail of Other Administration:</b>			
5601. Equipment Rental	2,309,465	7,394,370	10,204,025
5602. Outsourced Services	1,947,457	6,235,311	8,604,556
5603. Auditing, Actuarial, and Other Consulting	821,721	2,630,964	3,630,658
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	482,812	2,232,076	3,080,203
5605. Postage/Telephone	490,833	1,571,534	2,168,674
5606. Printing and Stationary	164,736	527,446	727,860
5699. Total Other Administration	6,217,024	20,591,701	28,415,976

**CASH FLOW**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance .....	1,282,313,206	1,156,924,610	1,579,668,663
2. Net investment income .....	3,724,027	3,941,665	5,201,202
3. Miscellaneous income .....			
4. Total (Lines 1 to 3) .....	1,286,037,233	1,160,866,275	1,584,869,865
5. Benefit and loss related payments .....	1,049,229,629	1,035,889,161	1,376,697,004
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
7. Commissions, expenses paid and aggregate write-ins for deductions .....	183,051,046	188,899,389	250,119,152
8. Dividends paid to policyholders .....			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	15,955,505	17,868,942	25,211,047
10. Total (Lines 5 through 9) .....	1,248,236,180	1,242,657,492	1,652,027,203
11. Net cash from operations (Line 4 minus Line 10) .....	37,801,053	(81,791,217)	(67,157,338)
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	158,985,701	121,387,744	169,827,029
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 .....			
12.7 Miscellaneous proceeds .....	5,938,219	9,035,118	35,289
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	164,923,920	130,422,862	169,862,318
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	196,588,389	138,475,715	195,561,830
13.2 Stocks .....			
13.3 Mortgage loans .....			
13.4 Real estate .....			
13.5 Other invested assets .....			
13.6 Miscellaneous applications .....	121,499		796,685
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	196,709,888	138,475,715	196,358,515
14. Net increase (or decrease) in contract loans and premium notes .....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(31,785,968)	(8,052,853)	(26,496,197)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....			
16.2 Capital and paid in surplus, less treasury stock .....			
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) .....	19,485,162	(10,907,307)	(3,370,903)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6) .....	19,485,162	(10,907,307)	(3,370,903)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	25,500,247	(100,751,377)	(97,024,438)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year .....	184,519,385	281,543,823	281,543,823
19.2 End of period (Line 18 plus Line 19.1) .....	210,019,632	180,792,446	184,519,385

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

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## EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year .....	403,278								403,278	
2. First Quarter .....	399,694								399,694	
3. Second Quarter .....	397,704								397,704	
4. Third Quarter .....	398,971								398,971	
5. Current Year .....										
6. Current Year Member Months .....	3,591,595								3,591,595	
Total Member Ambulatory Encounters for Period:										
7. Physician .....	3,767,343								3,767,343	
8. Non-Physician .....	327,595								327,595	
9. Total .....	4,094,938								4,094,938	
10. Hospital Patient Days Incurred .....	236,166								236,166	
11. Number of Inpatient Admissions .....	34,610								34,610	
12. Health Premiums Written (a) .....	1,265,497,767								1,265,497,767	
13. Life Premiums Direct .....										
14. Property/Casualty Premiums Written .....										
15. Health Premiums Earned .....	1,265,497,768								1,265,497,768	
16. Property/Casualty Premiums Earned .....										
17. Amount Paid for Provision of Health Care Services .....	1,050,675,182								1,050,675,182	
18. Amount Incurred for Provision of Health Care Services .....	1,041,087,719								1,041,087,719	

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

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

**Aging Analysis of Unpaid Claims**

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
0199999 Individually Listed Claims Unpaid						
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	30,182,765	871,255	62,233			31,116,253
0499999 Subtotals	30,182,765	871,255	62,233			31,116,253
0599999 Unreported claims and other claim reserves						119,933,518
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						151,049,771
0899999 Accrued Medical Incentive Pool And Bonus Amounts						1,286,776

**UNDERWRITING AND INVESTMENT EXHIBIT****ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE**

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1+3)	6  Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid Dec 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital & medical) .....						
2. Medicare Supplement .....						
3. Dental only .....						
4. Vision only .....						
5. Federal Employees Health Benefits Plan .....						
6. Title XVIII - Medicare .....	148,433,658	901,172,880	(1,969,489)	153,019,260	146,464,169	159,627,541
7. Title XIX - Medicaid .....						
8. Other health .....						
9. Health subtotal (Lines 1 to 8) .....	148,433,658	901,172,880	(1,969,489)	153,019,260	146,464,169	159,627,541
10. Healthcare receivables (a) .....	204,428	1,241,124			204,428	
11. Other non-health .....						
12. Medical incentive pools and bonus amounts .....	855,420	213,224		1,286,776	855,420	850,917
13. Totals (Lines 9 - 10 + 11 + 12) .....	149,084,650	900,144,980	(1,969,489)	154,306,036	147,115,161	160,478,458

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

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## Notes to Financial Statement

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

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

The TDCI recognizes only statutory accounting practices prescribed and permitted by the State of Tennessee for determining and reporting the financial condition and results of operations of an insurance company. 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.

The Company has accepted the risk for uninsured claims overpayments for which the Company determined the State was not responsible. At the direction of the TDCI, 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 direction of the TDCI, the Company does not report the receivables and associated payables related to premiums taxes for Administrative Services Only (ASO) business with the State of Tennessee. 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.

Tennessee Code Annotated § 56-32-112(a)(5)(D) allows the admission of the most current 90 days of health care receivables, which differs from the NAIC AP&P that requires non-admission of health care receivables related to claim overpayments.

At the direction of the TDCI, the Company 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 or capital and surplus as of September 30, 2012 or December 31, 2011.

### 2. Accounting Changes and Corrections of Errors

During the second quarter of 2012, the Company revised its presentation of bonuses paid to providers from page 4, Line 9, Hospital/medical benefits, to Line 15, Incentive pool, withhold adjustments and bonus amounts. Prior year end and prior year to date reported balances for hospital and medical related claims expense in the amount of \$1,474,958 and \$474,958, respectively, have been reclassified to conform to the current year presentation.

### 5. Investments

During the nine months ended September 30, 2012, the Company recognized \$121,510 of other-than-temporary impairments (OTTI) on bond holdings.

#### D. Loan-Backed Securities

(1) Prepayment assumptions are consistent with current market and economic conditions and are obtained from Bloomberg, bond portfolio managers and custodians. Fair values are obtained from custodians using actual market quotes, if available, or matrix pricing of securities with similar terms.

(2) The amount of OTTI recognized on loan-backed securities during the nine months ended September 30, 2012, is as follows:

	Amortized Cost Basis Before OTTI	OTTI Recognized in Loss	Fair Value
OTTI recognized 1 <sup>st</sup> Quarter:			
Intent to Sell	\$ 1,447,092	\$ 19,201	\$ 1,427,891
Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost	0	0	0
Total 1 <sup>st</sup> Quarter	\$ 1,447,092	\$ 19,201	\$ 1,427,891



**Notes to Financial Statement**

	<b>Amortized Cost Basis Before OTTI</b>	<b>OTTI Recognized in Loss</b>	<b>Fair Value</b>
OTTI recognized 2 <sup>nd</sup> Quarter:			
Intent to Sell	\$ 2,779,372	\$ 44,865	\$ 2,734,507
Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost	0	0	0
<b>Total 2<sup>nd</sup> Quarter</b>	<b>\$ 2,779,372</b>	<b>\$ 44,865</b>	<b>\$ 2,734,507</b>
OTTI recognized 3 <sup>rd</sup> Quarter:			
Intent to Sell	\$ 0	\$ 0	\$ 0
Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost	0	0	0
<b>Total 3<sup>rd</sup> Quarter</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total</b>	<b>\$ 4,226,464</b>	<b>\$ 64,066</b>	<b>\$ 4,162,398</b>

- (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.

<b>CUSIP</b>	<b>Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI</b>	<b>Present Value of Projected Cash Flows</b>	<b>Recognized OTTI</b>	<b>Amortized Cost After OTTI</b>	<b>Fair Value at time of OTTI</b>	<b>Date of Financial Statement Where Reported</b>
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 September 30, 2012 and for which OTTI has not been recognized is as follows:

	<b>At a Loss Less Than 12 Months</b>	<b>At a Loss 12 Months Or Longer</b>	<b>Total</b>
Amortized Cost	\$ 5,189,887	\$ 1,093,162	\$ 6,283,049
Fair Value	5,177,605	1,076,688	6,254,293
Unrealized Loss	\$ 12,282	\$ 16,474	\$ 28,756

- (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.

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

- A. The Company is a subsidiary of Southern Diversified Business Services, Inc. (SDBS). BlueCross BlueShield of Tennessee, Inc. (BCBST or the Parent) owns 100% of SDBS.

The members of BCBST's holding company group have not changed since December 31, 2011 (see Schedule Y on page Q15).

- B&C. During the nine months ended September 30, 2012 and the twelve months ended December 31, 2011, the Company paid BCBST \$93,866,030 and \$145,668,686, respectively, for services performed under administrative services and tax sharing agreements. Payments are net of reimbursements to the Parent for Cover Tennessee and other operations.

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

- C. Wash Sales

During the nine months ended September 30, 2012, the Company had no wash sales involving transactions for securities with an unrated NAIC designation or a designation of 3 or below (Statement of Statutory Accounting Principles (SSAP) No. 91, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*).

## Notes to Financial Statement

### 18. Gain or Loss to the Reporting Entity from Uninsured 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 gain from operations from ASO plans and the uninsured portion of partially insured plans is as follows during 2012:

	(1)	(2)	(3)
	ASO Uninsured Plans	Uninsured Portion of Partially - Insured Plans	Total ASO Plans
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$ 2,447,799	\$ 0	\$ 2,447,799
b. Total net other income (including interest paid to or received from plans)	0	0	0
c. Net gain from operations	\$ 2,447,799	\$ 0	\$ 2,447,799
d. Total claims payment volume	\$ 257,226,771	\$ 0	\$ 257,226,771

### 20. Fair Value Measurement

A&B. The Company holds only investment grade bonds in its investment portfolio, which are reported at amortized cost in accordance with SSAP No. 26, *Bonds, Excluding Loan-backed and Structured Securities*. The Company is not required to report any of its assets or liabilities at fair value under SSAP No. 100, *Fair Value Measurements*. At September 30, 2012, the average credit rating of the Company's fixed income portfolio was AA. The Company held no equity securities, mutual fund investments, mortgage loans, non-agency residential mortgage-backed securities, Alt-A securities or auction rate securities at September 30, 2012.

C. The Company has categorized its assets required to be disclosed at fair value into the three level hierarchy based on the priority of the inputs to the respective valuation technique. The Company had no liabilities required to be disclosed at fair value as of September 30, 2012 and December 31, 2011. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Classification of the assets or liabilities within the fair value hierarchy is based on the lowest level of significant input to its valuation. The guidance defines the input levels as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities.

**Level 2:** Quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be derived principally from, or corroborated with, observable market data for substantially the full term of the asset or liability.

**Level 3:** Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the asset or liability. Unobservable inputs reflect the Company's opinions about the assumptions market participants would use in pricing the asset or liability. Level 3 assets include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Transfers between levels, if any, are reflected as of the beginning of the reporting period of the transfer. In the third quarter of 2012, \$48,145,789 of bonds were transferred from Level 2 to Level 1 primarily due to improved access to unadjusted quoted prices in active markets for identical assets or liabilities.

Fair values are based on quoted market prices when available. In instances where there is little or no market activity for the same or similar instruments, management estimates fair value using methods, models and assumptions a hypothetical market participant would use to determine a current transaction price. These valuation techniques involve estimation and judgment, which could become significant with increasingly complex instruments or pricing models. The degree of judgment utilized in measuring fair

## Notes to Financial Statement

value generally correlates to the level of pricing observability. Pricing observability is generally impacted by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and overall market conditions. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

Valuation techniques for estimating fair value are generally categorized into three types. The market approach uses prices and other relevant information from market transactions involving identical or comparable assets or liabilities. The income approach converts future amounts, such as cash flows or earnings, to a single present value. The cost approach is based on the amount that would be required to replace the asset or the service capacity of the asset. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is reasonably available. The Company applied valuation techniques on a consistent basis to similar assets and liabilities at September 30, 2012 and December 31, 2011.

The following tables provide information about the fair value of the Company's financial assets for the period ended September 30, 2012 and December 31, 2011:

	<b>September 30, 2012</b>				
	<b>Aggregate Fair Value</b>	<b>Admitted Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Bonds issued by U.S. government and government agencies and authorities	\$ 38,521,113	\$ 38,284,233	\$ 21,554,999	\$ 16,966,114	\$ 0
Bonds issued by foreign governments	12,160,762	12,106,576	7,879,335	4,281,427	0
Agency mortgage-backed securities	23,652,312	23,681,476	0	23,652,312	0
Commercial and non-agency mortgage-backed securities	14,529,083	14,473,827	0	14,529,083	0
Asset-backed securities	22,539,646	22,504,817	0	22,539,646	0
Investment grade corporate bonds	112,180,370	110,717,815	65,451,934	46,728,436	0
<b>Total assets at fair value</b>	<b>\$223,583,286</b>	<b>\$221,768,744</b>	<b>\$ 94,886,268</b>	<b>\$128,697,018</b>	<b>\$ 0</b>

	<b>December 31, 2011</b>				
	<b>Aggregate Fair Value</b>	<b>Admitted Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Bonds issued by U.S. government and government agencies and authorities	\$ 64,650,761	\$ 64,413,653	\$19,794,669	\$ 44,856,092	\$ 0
Bonds issued by foreign governments	5,262,762	5,293,910	0	5,262,762	0
Agency mortgage-backed securities	12,389,334	12,144,622	0	12,389,334	0
Commercial and non-agency mortgage-backed securities	6,496,177	6,426,727	0	6,496,177	0
Asset-backed securities	23,269,438	23,240,778	0	23,269,438	0
Investment grade corporate bonds	73,811,059	73,468,696	0	73,811,059	0
<b>Total assets at fair value</b>	<b>\$185,879,531</b>	<b>\$184,988,386</b>	<b>\$19,794,669</b>	<b>\$166,084,862</b>	<b>\$ 0</b>

***Level 1 Financial Assets – \$94,886,268 and \$19,794,669 at September 30, 2012 and December 31, 2011, respectively***

Level 1 financial assets include certain actively traded short-term investments and bonds. Unadjusted quoted prices for these securities are provided to the Company by independent pricing services.

***Level 2 Financial Assets – \$128,697,018 and \$166,084,862 at September 30, 2012 and December 31, 2011, respectively***

Level 2 financial assets include certain bonds. Fair values of the bonds reported in this category are provided by independent pricing services. The Company has obtained an understanding of the methods, models and inputs used and has controls in place to validate that amounts provided represent 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 broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds. Management periodically reviews securities in the portfolio with the Company's investment managers. If unusual fluctuations in pricing or significant 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. There were no adjustments to quoted market prices obtained from third party pricing services during the periods ended September 30, 2012 and December 31, 2011.

**Notes to Financial Statement**

At September 30, 2012, the Company held commercial mortgage-backed securities with a fair value of \$14,529,083 and an average credit rating of AAA and asset-backed securities with a fair value of \$22,539,646 and an average credit rating of AAA.

The portfolio of investment grade commercial mortgaged-backed securities had the following characteristics at September 30, 2012:

- Approximately 29% of the underlying assets were guaranteed or had other credit enhancements and 79% of the market value of the securities consisted of senior-level priority tranches.
- The weighted average maturity of the underlying loans was approximately 2.5 years and the weighted average duration of the securities was approximately 1.8 years.
- The underlying loans were geographically diversified.

The portfolio of investment grade asset-backed securities had the following characteristics at September 30, 2012:

- Approximately 19% of the underlying assets were guaranteed or had other credit enhancements.
- The weighted average stated maturity of the underlying loans was approximately 3.7 years and the weighted average duration of the securities was approximately 1.1 years.
- The absolute prepayment speed applied to approximately 42% of the asset-backed securities in the portfolio. The estimated weighted average absolute prepayment speed of these securities was approximately 1.3%.

**Level 3 Financial Assets**

The Company held no Level 3 financial assets at September 30, 2012 or December 31, 2011.

- D. The Company held no financial assets for which it was not practicable to estimate the fair value at September 30, 2012 or December 31, 2011.

**21. Other Items**

## C. Other Disclosures

1)As of September 30, 2012, assets in the amount of \$35,343,989 were on deposit with government authorities or trustees. This amount exceeds the deposit amount required by the State of Tennessee of \$34,850,000.

2)Expenses are shown on the Statement of Revenue and Expenses net of administrative fees from ASO contracts. The following provides a comparison of expenses excluding ASO administrative fees and premium tax for the nine months ended September 30, 2012 and 2011:

<u>Line#</u>	<u>Administrative Expenses:</u>	<u>Nine Months Ended September 30, 2012</u>	<u>Nine Months Ended September 30, 2011</u>	<u>% Change</u>
20	Claims adjustment expense	\$ 70,150,883	\$ 67,171,430	
21	General administrative expense	111,750,488	122,724,716	
	Total expense	181,901,371	189,896,146	
	Exclude: ASO administrative fees	39,015,023	34,290,824	
	Exclude: Premium tax	(85,892,091)	(85,459,153)	
	Expenses before ASO administrative fees and excluding premium tax	<u>\$ 135,024,303</u>	<u>\$138,727,817</u>	(2.7%)

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

As of December 31, 2011, a reserve for unpaid insured claims and claim adjustment expenses, net of gross health care receivables, amounted to \$168,492,880. Through September 30, 2012, \$156,530,056 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 2011 and prior based on the latest information known regarding individual claims, as well as the ongoing analysis of recent loss development trends, resulted in a favorable prior year development of \$14,030,671. The reserve related to prior years is (\$2,067,847) as of September 30, 2012.

**Other Notes**

There have been no significant changes during the first nine months of 2012 in the following notes, as defined in the Official NAIC Annual Statement Instructions: 1B through 1C, 3A through 5C, 5E through 9G, 10D through 17B, 18B through 19, 21A through 21B, 21D through 24D and 26A through 31.

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# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes[ ] No[X]  
 1.2 If yes, has the report been filed with the domiciliary state? Yes[ ] No[ ] N/A[X]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[X] No[ ]  
 2.2 If yes, date of change: 05/01/2012
3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes[ ] No[X]  
 If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]  
 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes[ ] No[ ] N/A[X]  
 If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011  
 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2008  
 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 02/23/2011  
 6.4 By what department or departments?  
 Tennessee Department of Commerce and Insurance  
 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes[ ] No[ ] N/A[X]  
 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[ ] N/A[ ]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[ ] No[X]  
 7.2 If yes, give full information
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[ ] No[X]  
 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[ ] No[X]  
 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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 FDIC	6 SEC
		Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

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

## FINANCIAL

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

## INVESTMENT

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

## GENERAL INTERROGATORIES (Continued)

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

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes[ ] No[X]  
 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[ ] No[ ] N/A[X]  
 If no, attach a description with this statement.

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No[ ]  
 16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Bank of New York Mellon .....	One Mellon Center, Pittsburgh, PA 15258 .....

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

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

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes[ ] No[X]  
 16.4 If yes, give full and complete information relating thereto:

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

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

1 Central Registration Depository	2 Name(s)	3 Address
Exempt .....	Income Research and Management .....	Two International Place 23rd Floor Boston, MA 02110-4106 .....
4161 .....	Morgan Keegan .....	50 Front Street, Memphis, TN 38103 .....
113972 .....	Standish Asset Management BNY Mellon Center .....	201 Washington Street, Boston, MA 02108 .....

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[ ]  
 17.2 If no, list exceptions:

## GENERAL INTERROGATORIES

### PART 2 - HEALTH

1. Operating Percentages:	
1.1 A&H loss percent	..... 85.400%
1.2 A&H cost containment percent	..... 3.100%
1.3 A&H expense percent excluding cost containment expenses	..... 11.200%
2.1 Do you act as a custodian for health savings accounts?	Yes[ ] No[X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.	\$..... 0
2.3 Do you act as an administrator for health savings accounts?	Yes[ ] No[X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date.	\$..... 0



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

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

# SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

## Current Year to Date - Allocated by States and Territories

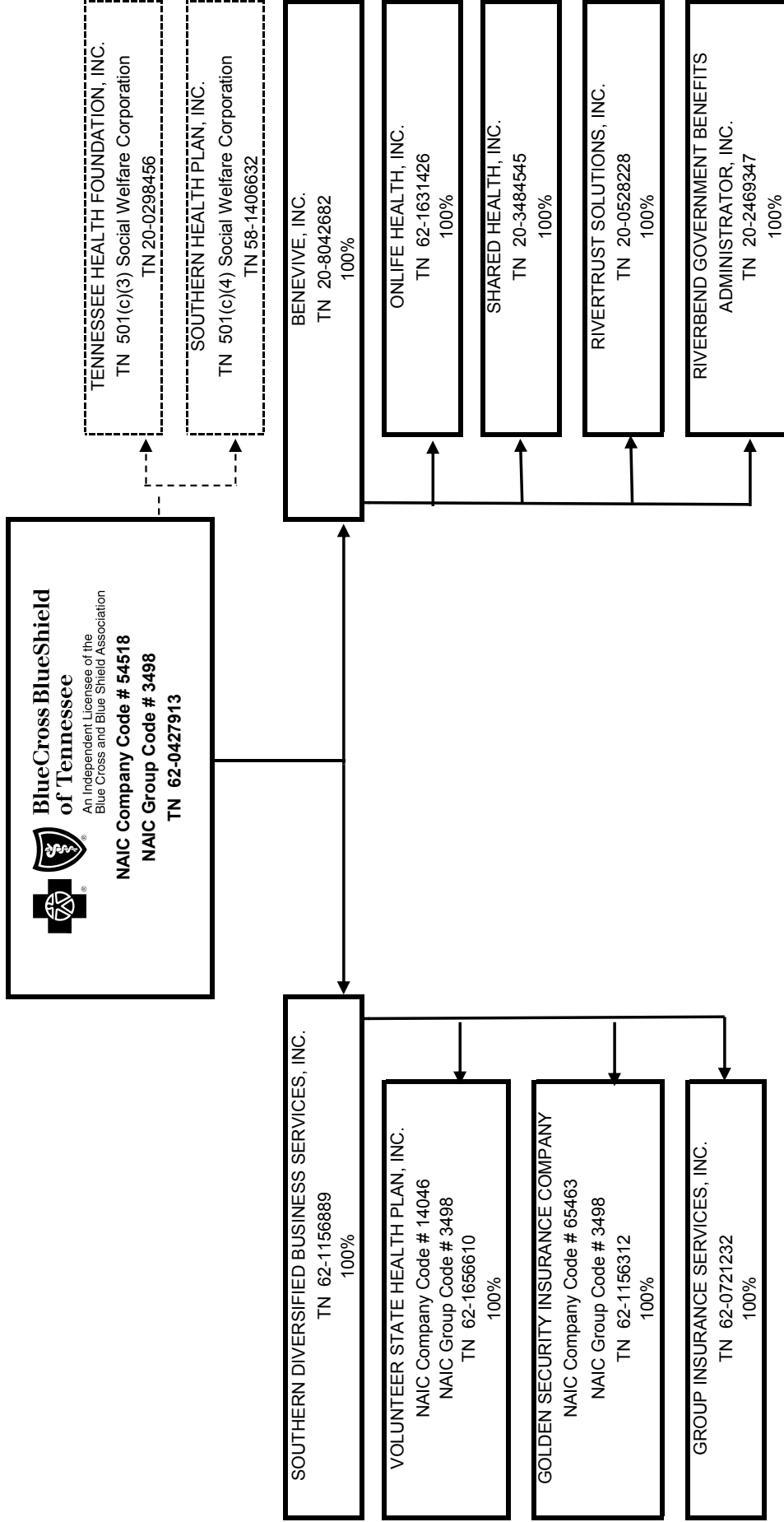
1.	State, Etc.	1	Direct Business Only							
			2	3	4	5	6	7	8	9
		Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
2.	Alabama (AL)	N								
3.	Alaska (AK)	N								
4.	Arizona (AZ)	N								
5.	Arkansas (AR)	N								
6.	California (CA)	N								
7.	Colorado (CO)	N								
8.	Connecticut (CT)	N								
9.	Delaware (DE)	N								
10.	District of Columbia (DC)	N								
11.	Florida (FL)	N								
12.	Georgia (GA)	N								
13.	Hawaii (HI)	N								
14.	Idaho (ID)	N								
15.	Illinois (IL)	N								
16.	Indiana (IN)	N								
17.	Iowa (IA)	N								
18.	Kansas (KS)	N								
19.	Kentucky (KY)	N								
20.	Louisiana (LA)	N								
21.	Maine (ME)	N								
22.	Maryland (MD)	N								
23.	Massachusetts (MA)	N								
24.	Michigan (MI)	N								
25.	Minnesota (MN)	N								
26.	Mississippi (MS)	N								
27.	Missouri (MO)	N								
28.	Montana (MT)	N								
29.	Nebraska (NE)	N								
30.	Nevada (NV)	N								
31.	New Hampshire (NH)	N								
32.	New Jersey (NJ)	N								
33.	New Mexico (NM)	N								
34.	New York (NY)	N								
35.	North Carolina (NC)	N								
36.	North Dakota (ND)	N								
37.	Ohio (OH)	N								
38.	Oklahoma (OK)	N								
39.	Oregon (OR)	N								
40.	Pennsylvania (PA)	N								
41.	Rhode Island (RI)	N								
42.	South Carolina (SC)	N								
43.	South Dakota (SD)	N								
44.	Tennessee (TN)	L			1,265,497,768				1,265,497,768	
45.	Texas (TX)	N								
46.	Utah (UT)	N								
47.	Vermont (VT)	N								
48.	Virginia (VA)	N								
49.	Washington (WA)	N								
50.	West Virginia (WV)	N								
51.	Wisconsin (WI)	N								
52.	Wyoming (WY)	N								
53.	American Samoa (AS)	N								
54.	Guam (GU)	N								
55.	Puerto Rico (PR)	N								
56.	U.S. Virgin Islands (VI)	N								
57.	Northern Mariana Islands (MP)	N								
58.	Canada (CN)	N								
59.	Aggregate other alien (OT)	X X X								
60.	Subtotal	X X X			1,265,497,768				1,265,497,768	
61.	Reporting entity contributions for Employee Benefit Plans	X X X								
62.	<b>Total (Direct Business)</b>	<b>(a) 1</b>			<b>1,265,497,768</b>				<b>1,265,497,768</b>	
<b>DETAILS OF WRITE-INS</b>										
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.	<b>TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)</b>	<b>X X X</b>								

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

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

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

## MEMBERS OF A HOLDING COMPANY GROUP PART 1 - ORGANIZATIONAL CHART



## 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 Company Code	Federal ID Number	FEDERAL RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Name of Parent Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting 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.	Board of Directors		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	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

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

**RESPONSE**

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

No

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



14046201236500003

2012

Document Code: 365

**OVERFLOW PAGE FOR WRITE-INS**

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2304. Liquidated Damages Accrual .....	23,500		23,500	29,700
2305. Due State of Tennessee .....				3,473
2306. ....				
2397. Summary of remaining write-ins for Line 23 (Lines 2304 through 2396) .....	23,500		23,500	33,173

**STATEMENT OF REVENUE AND EXPENSES**

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
0604. ....	XXX			
0605. ....	XXX			
0606. ....	XXX			
0607. ....	XXX			
0608. ....	XXX			
0609. ....	XXX			
0610. ....	XXX			
0611. ....	XXX			
0612. ....	XXX			
0613. ....	XXX			
0614. ....	XXX			
0615. ....	XXX			
0616. ....	XXX			
0617. ....	XXX			
0618. ....	XXX			
0619. ....	XXX			
0697. Summary of remaining write-ins for Line 6 (Lines 0604 through 0696) .....	XXX			
1404. ....				
1497. Summary of remaining write-ins for Line 14 (Lines 1404 through 1496) .....				

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

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

STATEMENT AS OF **September 30, 2012** OF THE **Volunteer State Health Plan, Inc.**  
**SCHEDULE A - VERIFICATION**

**Real Estate**

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

**NONE**

**SCHEDULE B - VERIFICATION**

**Mortgage Loans**

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

**NONE**

**SCHEDULE BA - VERIFICATION**

**Other Long-Term Invested Assets**

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

**NONE**

**SCHEDULE D - VERIFICATION**

**Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	184,988,386	160,847,485
2. Cost of bonds and stocks acquired .....	196,588,389	195,561,830
3. Accrual of discount .....	26,166	59,130
4. Unrealized valuation increase (decrease) .....	43,694	(12,684)
5. Total gain (loss) on disposals .....	1,021,617	605,250
6. Deduct consideration for bonds and stocks disposed of .....	158,985,701	169,827,029
7. Deduct amortization of premium .....	1,792,297	2,225,633
8. Total foreign exchange change in book/adjusted carrying value .....		
9. Deduct current year's other than temporary impairment recognized .....	121,510	19,963
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	221,768,744	184,988,386
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....	221,768,744	184,988,386



## SCHEDULE D - PART 1B

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

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a)	406,671,633	2,726,217,000	2,742,131,952	(647,969)	347,141,124	406,671,633	390,108,712	306,705,800
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	406,671,633	2,726,217,000	2,742,131,952	(647,969)	347,141,124	406,671,633	390,108,712	306,705,800
<b>PREFERRED STOCK</b>								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	406,671,633	2,726,217,000	2,742,131,952	(647,969)	347,141,124	406,671,633	390,108,712	306,705,800

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....87,496,058; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

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

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals .....	139,945,715	X X X	139,999,618	126,072	8,309

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

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	86,557,761	277,567,425
2. Cost of short-term investments acquired .....	1,780,744,161	1,837,898,507
3. Accrual of discount .....	1,513	
4. Unrealized valuation increase (decrease) .....	(1,513)	
5. Total gain (loss) on disposals .....	12	
6. Deduct consideration received on disposals .....	1,727,280,923	2,028,889,700
7. Deduct amortization of premium .....	75,296	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) .....	139,945,715	86,557,761
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11) .....	139,945,715	86,557,761

## SCHEDULE DB - PART A - VERIFICATION

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

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

NONE

## SCHEDULE DB - PART B - VERIFICATION

### Futures Contracts

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

NONE

**SCHEDULE DB - PART C - SECTION 1**

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

1 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 Description	10 Book/Adjusted Carrying Value	11 Fair Value	12 CUSIP	13 Description	14 NAIC Designation or Other Description	15 Book/Adjusted Carrying Value	16 Fair Value
<b>NONE</b>															
9999999 Totals						XXX	XXX	XXX			XXX	XXX	XXX		

## SCHEDULE DB - PART C - SECTION 2

### Replication (Synthetic Asset) Transactions Open

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

NONE

## SCHEDULE DB - VERIFICATION

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

	Book/Adjusted Carrying Value Check	
1. Part A, Section 1, Column 14 .....		
2. Part B, Section 1, 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 .....	NONE	
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**  
(Cash Equivalents)

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year .....	35,159,655	.....
2.	Cost of cash equivalents acquired .....	3,252,779,208	73,186,787
3.	Accrual of discount .....	733	.....
4.	Unrealized valuation increase (decrease) .....	(733)	.....
5.	Total gain (loss) on disposals .....	.....	.....
6.	Deduct consideration received on disposals .....	3,259,544,610	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) .....	28,394,253	35,159,655
11.	Deduct total nonadmitted amounts .....	.....	.....
12.	Statement value at end of current period (Line 10 minus Line 11) .....	28,394,253	35,159,655

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

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

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

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



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

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

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

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

**SCHEDULE BA - PART 2**

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

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

**SCHEDULE BA - PART 3**

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

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	Location	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	Current Year's 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			
	<b>NONE</b>																						
4199999	TOTALS																						

## SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Governments</b>									
912828PS3	U S TREASURY NOTE		09/27/2012	Jefferies & Co	X X X	769,411	730,000.00	2,341	1
912828NP1	UNITED STATES TREASURY NOTE		08/21/2012	Credit Suisse	X X X	8,833,056	8,500,000.00	8,893	1
059999	Subtotal - Bonds - U.S. Governments				X X X	9,602,467	9,230,000.00	11,234	X X X
<b>Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>									
491189FC5	KENTUCKY ASSET / LIABILITY COM		09/19/2012	Raymond James	X X X	1,218,590	1,165,000.00	17,719	1FE
2499999	Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions				X X X	1,218,590	1,165,000.00	17,719	X X X
<b>Bonds - U.S. Special Revenue, Special Assessment</b>									
3135G0BY8	FEDERAL NATL MTG ASSN		09/19/2012	Bank of America	X X X	4,042,640	4,000,000.00	2,042	1
3128S5LE2	FHLMC POOL #1Q-1225		09/01/2012	BNP Paribas Securities	X X X	6,649,855	6,205,737.11	9,244	1
3128S5SP0	FHLMC POOL #1Q-1426		08/16/2012	JPMorgan Securities Inc,	X X X	3,435,661	3,205,281.40	5,302	1
31393NK24	FHLMC MULTICLASS MTG		08/24/2012	Deutsche Bank Secs	X X X	2,515,769	2,337,532.54	9,090	1
3137ACT41	FHLMC MULTICLASS MTG 3902 MA		08/22/2012	Barclays Bank NY	X X X	1,630,578	1,517,257.61	4,931	1
31403DHF9	FNMA POOL #0745530		09/11/2012	BANK OF AMERICA	X X X	3,346,871	2,948,784.71	5,614	1
3138EH4T6	FNMA POOL #0AL1733		08/16/2012	Wells Fargo Securities LL	X X X	3,261,623	3,062,556.90	4,641	1
3138EJPA0	FNMA POOL #0AL2216		08/16/2012	BNP Paribas Securities	X X X	3,376,987	3,152,380.19	4,783	1
83162CPR2	SBA GTD PARTN CTFS 2005-20F 1		09/09/2012	Merrill Lynch	X X X	4,182,402	3,753,137.31	47,644	1
3199999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				X X X	32,442,366	30,182,667.77	93,291	X X X
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>									
21686CAD2	RABOBANK NEDERLAND UTREC	F	08/23/2012	Goldman Sachs NY	X X X	1,727,102	1,640,000.00	5,565	1FE
822582AQ5	SHELL INTERNATIONAL FINANCE BV	F	08/23/2012	VARIOUS	X X X	1,764,526	1,650,000.00	8,129	1FE
874060AA4	TAKEDA PHARMACEUTICAL 144A	F	08/24/2012	RBC Capl Markets	X X X	1,415,668	1,410,000.00	1,696	1FE
0258M0DB2	AMER EXPRESS CREDIT CO		07/24/2012	Mizuho Secs	X X X	725,270	720,000.00	843	1FE
0258M0CZ0	AMERICAN EXPRESS CREDIT CORP		08/29/2012	VARIOUS	X X X	1,781,739	1,640,000.00	9,547	1FE
02666QL43	AMERICAN HONDA FINANCE		09/04/2012	BNP Paribas Securities	X X X	1,666,510	1,670,000.00		1FE
03523TBA5	ANHEUSER-BUSCH INBEV WORLDWIDE		09/04/2012	VARIOUS	X X X	2,035,360	1,910,000.00	2,162	1FE
039483AW2	ARCHER-DANIELS-MIDLAND CO		08/27/2012	Nomura Secs Intl	X X X	1,664,667	1,666,000.00	607	1FE
78387GAP8	AT&T INC		08/27/2012	Merrill Lynch	X X X	873,128	800,000.00	18,700	1FE
06051GEA3	BANK OF AMERICA CORP		08/23/2012	VARIOUS	X X X	1,700,925	1,500,000.00	6,410	1FE
06406HBL2	BANK OF NEW YORK MELLON		08/27/2012	JPMorgan Securities Inc,	X X X	415,284	390,000.00	4,891	1FE
064058AA8	BANK OF NEW YORK MELLON CORP/T		08/27/2012	Mellon	X X X	3,003,530	2,900,000.00	8,882	1FE
071813AW9	BAXTER INTERNATIONAL INC		08/13/2012	Merrill Lynch	X X X	1,680,596	1,414,000.00	3,013	1FE
07387BEB5	BEAR STEARNS COMMERCIA PW10 A4		08/15/2012	Barclays Capital	X X X	2,040,882	1,815,000.00	5,178	1FE
07383FXN3	BEAR STEARNS COMMERCIAL T12 A4		09/10/2012	Morgan Stanley	X X X	683,602	664,295.42	1,036	1FE
07385TAA5	BEAR STEARNS COS LLC/THE		09/11/2012	VARIOUS	X X X	1,152,702	1,050,000.00	18,517	1FE
14912L4F5	CATERPILLAR FINANCIAL SERVICES COR		08/29/2012	VARIOUS	X X X	1,676,874	1,550,000.00	2,906	1FE
12513EAG9	CD 2005 C1 2005-C1 CL A4		08/15/2012	Merrill Lynch	X X X	2,027,341	1,810,000.00	5,152	1AM
17275RAJ1	CISCO SYSTEMS INC		08/27/2012	VARIOUS	X X X	1,834,836	1,800,000.00	13,163	1FE
172967FH9	CITIBANK INC		08/24/2012	Deutsche Bank Secs	X X X	2,513,203	2,350,000.00	21,011	1FE
17308BAN8	CITIBANK OMNI MASTER T A17 A17		08/14/2012	Merrill Lynch	X X X	3,464,471	3,175,000.00	39,758	1FE
12513YAC4	CITIGROUP/DEUTSCHE BAN CD4 A2B		08/27/2012	Deutsche Bank Secs	X X X	1,404,509	1,379,928.68	5,985	1FE
202795HW3	COMMONWEALTH EDISON		09/24/2012	VARIOUS	X X X	1,496,099	1,475,000.00	3,602	1FE
233851AQ7	DAIMLER FINANCE NA LLC 144A		08/27/2012	BNP Paribas Securities	X X X	1,805,642	1,800,000.00	1,842	1FE

## SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
34528QBA1	FORD CREDIT FLOORPLAN MAS 1 A2		08/22/2012	Deutsche Bank Secs	X X X	1,591,788	1,580,000.00	442	1FE
36159JDB4	GE CAPITAL CREDIT CARD MAS 4 A		08/17/2012	Nomura Secs NY	X X X	1,050,021	1,045,000.00	110	1FE
36962G4C5	GENERAL ELECTRIC CAP CORP		08/23/2012	VARIOUS	X X X	543,798	500,000.00	8,604	1FE
38141GGT5	GOLDMAN SACHS GROUP INC/THE		09/11/2012	VARIOUS	X X X	980,664	950,000.00	10,675	1FE
41283TAC2	HARLEY-DAVIDSON MOTORCYCL 1 A3		09/25/2012	Merrill Lynch	X X X	1,047,123	1,045,000.00	257	1FE
437076AP7	HOME DEPOT INC/THE		08/21/2012	Perishing LLC	X X X	352,365	306,000.00	7,941	1FE
40429CFV9	HSBC FINANCE CORP		08/23/2012	Barclays Cap	X X X	793,288	800,000.00	674	1FE
459200GW5	INTERNATIONAL BUSINESS MACHINE		08/21/2012	Wells Fargo Securities LL	X X X	1,015,200	1,000,000.00	3,542	1FE
24422ERK7	JOHN DEERE CAPITAL CORP		08/22/2012	Chemical Securities	X X X	908,724	894,000.00	2,639	1FE
47787RAB6	JOHN DEERE OWNER TRUST B A2		08/28/2012	Merrill Lynch	X X X	4,159,881	4,160,000.00	14,363	1FE
46625M3N7	JP MORGAN CHASE COMMERC1 C2 A3		08/27/2012	Morgan Stanley	X X X	3,407,625	3,200,000.00	1,061	1FE
61746SBR1	MORGAN STANLEY		08/23/2012	Perishing LLC	X X X	881,144	950,000.00	19,260	1FE
61746SBR9	MORGAN STANLEY		08/21/2012	Morgan Stanley	X X X	1,051,200	1,000,000.00	5,406	1FE
713448BX5	PEPSICO INC		08/23/2012	Morgan Stanley	X X X	1,505,085	1,500,000.00	1,528	1FE
713448CB2	PEPSICO INC		09/24/2012	VSHP - Pledged Assets	X X X	1,011,870	1,000,000.00	4,875	1FE
76720AAE6	RIO TINTO FIN USA PLC		09/24/2012	Non Broker Trade	X X X	3,028,500	3,000,000.00	13,247	1FE
771196AQ5	ROCHE HLDGS INC GTD NT 144A		09/21/2012	VARIOUS	X X X	824,970	775,000.00	2,094	1FE
87612EAW6	TARGET CORP		09/11/2012	VARIOUS	X X X	1,647,343	1,625,000.00	7,650	1FE
88166HAA5	TEVA PHARMACEUTICAL FINANCE IV		08/23/2012	JPMorgan Securities Inc,	X X X	1,536,600	1,500,000.00	1,658	1FE
89233P6J0	TOYOTA MOTOR CREDIT CORP		08/23/2012	VARIOUS	X X X	1,855,589	1,850,000.00	5,414	1AM
92976BBN1	WACHOVIA BANK COMMERCIA C22 A4		08/20/2012	Citibank NY	X X X	1,813,008	1,620,000.00	3,710	1FE
929766GS6	WACHOVIA BANK COMMERCIAL C5 A2		08/23/2012	JPMorgan Securities Inc,	X X X	1,260,892	1,239,967.93	3,895	1FE
931142CX9	WAL-MART STORES INC		08/23/2012	Siftel Nicolaus	X X X	782,618	760,000.00	12,954	1FE
94974BEZ9	WELLS FARGO & CO		09/14/2012	Wells Fargo Securities LL	X X X	1,999,998	1,890,000.00	17,325	1FE
94974BFD7	WELLS FARGO & CO		08/13/2012	Mellon	X X X	3,106,860	3,000,000.00	9,995	1FE
063679BV5	BANK OF MONTREAL 144A	A	08/24/2012	VARIOUS	X X X	1,747,680	1,650,000.00	347,914	X X X
3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					X X X	80,458,300	77,019,192.03	470,158	X X X
8399997 Subtotal - Bonds - Part 3					X X X	123,721,723	117,596,859.80	X X X	X X X
8399998 Summary Item from Part 5 for Bonds (N/A to Quarterly)					X X X	X X X	X X X	X X X	X X X
8399999 Subtotal - Bonds					X X X	123,721,723	117,596,859.80	470,158	X X X
8999998 Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)					X X X	X X X	X X X	X X X	X X X
9799998 Summary Item from Part 5 for Common Stocks (N/A to Quarterly)					X X X	X X X	X X X	X X X	X X X
9899999 Subtotal - Preferred and Common Stocks					X X X	X X X	X X X	X X X	X X X
9999999 Total - Bonds, Preferred and Common Stocks					X X X	123,721,723	X X X	470,158	X X X

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

## SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value				16	17	18	19	20	21	22	
										11	12	13	14								15
CUSIP Identification	Description	Disposal Date	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Years (Amortization)/Accretion	Current Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Contractual Maturity Date	NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Governments</b>																					
36211V6Q8	GNMA POOL #0524779	08/21/2012	08/21/2012	VARIOUS	XXX	103,492	95,475.70	99,199	99,199		(186)		(186)	99,013		4,479	4,479	3,468	3,468	01/15/2024	1
36235P4L3	GNMA POOL #0676827	08/21/2012	08/21/2012	VARIOUS	XXX	87,025	80,281.41	83,882	83,882		(185)		(185)	83,661		3,365	3,365	2,917	2,917	05/15/2023	1
36236E5H6	GNMA POOL #0689448	08/21/2012	08/21/2012	VARIOUS	XXX	146,922	135,572.08	141,567	140,826		(287)		(287)	140,539		6,383	6,383	4,922	4,922	07/15/2023	1
36297A3KT	GNMA POOL #0706502	08/21/2012	08/21/2012	VARIOUS	XXX	113,140	104,360.94	108,976	108,431		(196)		(196)	108,216		4,905	4,905	3,792	3,792	01/15/2024	1
36297BCP3	GNMA POOL #0707430	08/21/2012	08/21/2012	VARIOUS	XXX	256,619	237,988.91	248,523	247,281		(1,066)		(1,066)	246,216		10,404	10,404	8,530	8,530	01/15/2024	1
3837AL6Y7	GNMA POOL #0708126	08/21/2012	08/21/2012	VARIOUS	XXX	452,604	440,163.51	454,795	461,077		(711)		(711)	454,206		5,420	5,420	4,677	4,677	12/16/2031	1
3623E5VZ2	GNMA LTD REMIC PT 04-103 CD	08/22/2012	08/22/2012	VARIOUS	XXX	590,096	562,156.97	570,588	570,273		(533)	5,981	(6,514)	569,588		10,528	10,528	12,212	12,212	12/20/2038	1
36210B4N2	GNMA POOL #0487832	08/21/2012	08/21/2012	VARIOUS	XXX	174,036	162,048.09	167,720	167,433		(409)		(409)	167,024		7,011	7,011	5,283	5,283	04/15/2024	1
36374C4R3	GNMA POOL #0487832	08/21/2012	08/21/2012	VARIOUS	XXX	205,282	189,698.37	198,235	198,235		(528)		(528)	196,715		8,968	8,968	6,879	6,879	04/15/2024	1
36374C4R3	GNMA REMIC PT 03-85 CL VB	08/14/2012	08/14/2012	VARIOUS	XXX	806,811	798,754.54	815,169	842,516		(15,730)	43,449	(27,730)	814,786		9,133	(7,975)	25,564	25,564	07/20/2024	1
912828MH0	U.S. TREASURY NOTE	09/19/2012	09/19/2012	Morgan Stanley	XXX	2,019,558	1,930,000.00	2,022,360	1,930,000		(11,936)		(11,936)	2,010,424		9,133	9,133	23,601	23,601	01/31/2015	1
912828NLO	U.S. TREASURY NOTE	08/29/2012	08/29/2012	First Boston Corp	XXX	1,689,485	1,670,943.00	1,670,943	1,670,943		(9,874)		(9,874)	1,661,068		8,416	8,416	19,695	19,695	06/30/2015	1
912828PFS3	U.S. TREASURY NOTE	09/14/2012	09/14/2012	Chase Greenwich	XXX	1,580,268	1,500,000.00	1,579,868	1,500,000		(7,698)		(7,698)	1,491,170		8,098	8,098	18,913	18,913	01/31/2016	1
912828RGT	U.S. TREASURY NOTE	08/14/2012	08/14/2012	Chase Greenwich	XXX	1,174,078	1,175,000.00	1,169,722	1,170,153		1,000		1,000	1,172,254		2,824	2,824	2,690	2,690	09/15/2014	1
912828RQ5	U.S. TREASURY NOTE	08/20/2012	08/20/2012	SBC Capital Mkts	XXX	1,206,592	1,205,000.00	1,203,992	1,203,992		222		222	1,204,214		2,382	2,382	3,463	3,463	11/15/2014	1
912828RV4	U.S. TREASURY NOTE	08/15/2012	08/15/2012	Chase Greenwich	XXX	1,697,072	1,700,000.00	1,695,346	1,695,346		341		341	1,695,694		1,378	1,378	970	970	11/15/2014	1
912828SZ4	U.S. TREASURY NOTE	08/31/2012	08/31/2012	Chase Greenwich	XXX	1,358,065	1,355,000.00	1,353,893	1,353,893		78		78	1,353,971		4,094	4,094	1,125	1,125	06/15/2015	1
912828ZL1	U.S. TREASURY NOTES	08/14/2012	08/14/2012	Morgan Stanley	XXX	937,263	900,000.00	949,714	944,638		(9,418)		(9,418)	935,220		2,042	2,042	13,534	13,534	11/30/2014	1
912828NP1	UNITED STATES TREASURY NOTE	09/24/2012	09/24/2012	VARIOUS	XXX	5,477,412	5,264,000.00	5,479,377	5,479,377		(17,588)		(17,588)	5,460,789		16,624	16,624	38,138	38,138	07/31/2015	1
912828SET	UNITED STATES TREASURY NOTE	08/22/2012	08/22/2012	VARIOUS	XXX	1,796,344	1,800,000.00	1,793,296	1,793,296		496		496	1,793,712		2,632	2,632	2,301	2,301	02/15/2015	1
0699999 Subtotal	U.S. Governments				XXX	21,981,794	21,365,240.89	21,942,200	6,571,215		(43,404)	49,430	(92,834)	21,873,043		108,751	108,751	217,796	217,796	02/15/2015	XXX
31331JH65	FEDERAL FARM CR BK CONS BD	09/21/2012	09/21/2012	CALLED @ 100.00000000	XXX	4,000,000	4,000,000.00	4,033,000	4,011,921		(11,921)		(11,921)	4,000,000		4,896	4,896	75,000	75,000	09/21/2015	1
31337JEAR8	FEDERAL HOME LN BK CONS BD	08/02/2012	08/02/2012	Morgan Stanley	XXX	2,946,529	2,900,000.00	2,944,666	2,944,666		(3,033)		(3,033)	2,941,633		4,896	4,896	5,710	5,710	08/25/2014	1
31372FCR8	FEDERAL HOME LN BK CORP	08/31/2012	08/31/2012	Bank of America	XXX	1,799,962	1,770,000.00	1,810,974	1,805,779		(1,060)		(1,060)	1,794,719		4,342	4,342	24,946	24,946	02/25/2014	1
31360AP8	FEDERAL NATL MTG ASSN	09/30/2012	09/30/2012	VARIOUS	XXX	1,338,964	1,320,000.00	1,342,928	1,339,321		(6,920)		(6,920)	1,333,400		5,564	5,564	36,000	36,000	08/10/2015	1
3136FM9E0	FEDERAL NATL MTG ASSN	09/10/2012	09/10/2012	CALLED @ 100.00000000	XXX	1,900,000	1,900,000.00	1,901,900	1,900,579		(679)		(679)	1,900,000		120,000	120,000	120,000	120,000	08/13/2015	1
3136M7A6	FEDERAL NATL MTG ASSN	09/13/2012	09/13/2012	CALLED @ 100.00000000	XXX	4,000,000	4,000,000.00	4,141,840	4,043,412		(43,412)		(43,412)	4,000,000		70	70	4,698	4,698	11/01/2036	1
31285LEZ2	FLMCM POOL #1Q-1225	09/01/2012	09/01/2012	BNP Paribas Securities	XXX	3,377,154	3,151,616.59	3,377,154	3,377,154		(70)		(70)	3,377,084		70	70	4,698	4,698	11/01/2036	1
31285SP0	FLMCM POOL #1Q-426	09/01/2012	09/01/2012	PRINCIPAL RECEIPT	XXX	34,070	34,069.91	36,518	34,069.91		(2,449)		(2,449)	34,000		70	70	4,698	4,698	11/01/2036	1
31284A5L9	FLMCM POOL #7R-0851	09/01/2012	09/01/2012	PRINCIPAL RECEIPT	XXX	28,500	28,499.73	29,384	29,384		(884)		(884)	28,500		421	421	421	421	09/01/2033	1
3128CPJ2	FLMCM POOL #G3-0546	09/07/2012	09/07/2012	VARIOUS	XXX	1,002,589	907,842.62	1,008,131	1,005,357		(9,563)		(9,563)	995,794		6,796	6,796	42,255	42,255	03/01/2026	1
3128P6S8	FLMCM POOL #1E-5449	09/07/2012	09/07/2012	VARIOUS	XXX	1,568,219	1,469,316.32	1,529,237	1,527,604		(7,914)		(7,914)	1,519,690		38,530	38,530	45,753	45,753	05/01/2026	1
3130AYB63	FLMCM MULTICLASS CTES 2802 VE	09/17/2012	09/17/2012	PRINCIPAL RECEIPT	XXX	13,292	13,292.14	14,127	13,816		(624)		(624)	13,292		824	824	488	488	04/15/2015	1
3135BLX2	FLMCM MULTICLASS CTES 2916 YG	08/15/2012	08/15/2012	VARIOUS	XXX	418,770	417,819.56	421,208	423,436		(620)	4,113	(620)	419,704		(934)	(934)	13,989	13,989	07/15/2030	1
31353NK24	FLMCM MULTICLASS MTG	09/17/2012	09/17/2012	PRINCIPAL RECEIPT	XXX	62,660	62,660.38	68,985	68,985		(6,304)		(6,304)	62,660		345	345	345	345	03/15/2018	1
31393RRD4	FLMCM MULTICLASS MTG	09/17/2012	09/17/2012	PRINCIPAL RECEIPT	XXX	37,871	37,871.01	39,800	39,399		(1,488)		(1,488)	37,871		(174)	(174)	1,140	1,140	07/15/2018	1
31393JPM4	FLMCM MULTICLASS MTG 2557 WD	08/15/2012	08/15/2012	VARIOUS	XXX	35,057	35,057.06	36,635	35,798		(567)		(567)	35,231		(225)	(225)	2,536	2,536	08/15/2018	1
3139ANAB4	FLMCM MULTICLASS MTG 2723 EA	09/17/2012	09/17/2012	VARIOUS	XXX	75,891	75,878.48	76,383	77,071		(528)	427	(528)	76,116		(225)	(225)	1,156	1,156	08/15/2020	1
31397CYB9	FLMCM MULTICLASS MTG 3253 A	09/17/2012	09/17/2012	PRINCIPAL RECEIPT	XXX	34,534	34,534.13	35,389	36,064		(972)		(972)	34,534		(594)	(594)	14,200	14,200	08/15/2028	1
3137AMF9	FLMCM MULTICLASS MTG 3688 CA	09/17/2012	09/17/2012	VARIOUS	XXX	798,367	790,823.88	805,957	798,980		(6,976)		(6,976)	796,980		(11,315)	(11,315)	15,103	15,103	08/15/2028	1
3137A3PN3	FLMCM MULTICLASS MTG 3762 GM	09/17/2012	09/17/2012	VARIOUS	XXX	1,005,862	980,820.98	1,024,958	1,024,958		(7,780)		(7,780)	1,017,178		7,544	7,544	6,315	6,315	12/01/2020	1
3137ACT41	FLMCM MULTICLASS MTG 3902 MA	09/17/2012	09/17/2012	PRINCIPAL RECEIPT	XXX	17,609	17,609.59	18,924	17,609.59		(1,315)		(1,315)	17,609		66	66	66	66	07/01/2033	1
3134AZE2	FLMCM POOL #7R-0741	09/01/2012	09/01/2012	PRINCIPAL RECEIPT	XXX	32,524	32,523.50	33,555	33,504		(980)		(980)	32,524		500	500	500	500	07/01/2033	1
3139LAD3	FNMA REMIC SERIES 2924	09/17/2012	09/17/2012	VARIOUS	XXX	38,678	38,677.80	39,606	38,374		(1,496)		(1,496)	38,678		12,779	12,779	1,108	1,108	02/15/2019	1
31402CE8	FNMA POOL #0725445	09/05/2012	09/05/2012	VARIOUS	XXX	390,905	363,970.12	394,273	380,900		(2,773)		(2,773)	378,127		17,077	17,077	32,451			

## SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value				16	17	18	19	20	21	22
										11	12	13	14							
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
31397N3Q2	FNMA GTD REMIC PIT 09-43 GJ	09/12/2012	VARIOUS	XXX	396,640	377,044.08	392,597	383,717		(3,489)		(3,489)		380,228		16,412	16,412	11,803	06/25/2024	1
31396QZ06	FNMA GTD REMIC PIT 09-70 NT	09/01/2012	PRINCIPAL RECEIPT	XXX	42,006	42,005.68	43,661	43,092		(1,087)		(1,087)		42,006				1,042	08/25/2019	1
05511VAC0	FG ENERGY CAPITAL PLC	09/05/2012	VARIOUS	XXX	374,786	347,704.53	363,772	361,935		(1,985)		(1,985)		359,950		14,836	14,836	13,312	12/01/2023	1
78442ZAA3	SLS STUDENT LN 07 2 CL A-1	09/15/2012	VARIOUS	XXX	37,246	37,246.09	36,129	37,072		169		169		37,241		5	5	191	05/15/2018	1
83149EAC1	SLS STUDENT LN 06 5 CL A3	07/25/2012	VARIOUS	XXX	21,166	21,166.38	20,435	21,061		733		733		21,079		88	88	82	10/25/2019	1
78442ZHP4	SLS STUDENT LN TR 03-8 CL A-4	08/15/2012	Chemical Securities	XXX	91,946	92,175.98	88,777	89,208		336		336		89,544		2,402	2,402	440	03/15/2019	1
78444YAC9	SLS STUDENT LOAN TRUST 5 A3	08/15/2012	Alex Brown & Sons	XXX	306,961	300,000.00	305,813	305,217		(1,015)		(1,015)		304,202		2,759	2,759	4,403	01/25/2018	1
78442GQP4	SLS STUDENT LOAN TRUST 8 A3	08/15/2012	Bank of America	XXX	1,294,973	1,300,000.00	1,278,542	1,278,542		2,391		2,391		1,280,933		14,040	14,040	6,315	10/25/2024	1
78442GJK9	SLMA 2004-7 A5	08/14/2012	VARIOUS	XXX	934,866	935,542.16	929,367	929,022		463		463		926,633		6,233	6,233	4,980	01/27/2020	1
3195999 Subtotal	Bonds - U.S. Special Revenue, Special Assessment			XXX	33,525,120	32,502,241.90	33,616,698	24,710,640		(178,317)		(178,317)		33,264,863		260,260	260,260	642,644		XXX
06738GLZ1	BARCLAYS BANK PLC	08/01/2012	Bank of America	XXX	1,005,160	1,000,000.00	1,029,760	1,021,856		(18,250)		(18,250)		1,003,606		1,554	1,554	48,596	09/12/2012	1FE
05511VAC0	FG ENERGY CAPITAL PLC	08/23/2012	Stifel Nicolaus	XXX	155,963	150,000.00	149,141	149,316		107		107		149,423		6,539	6,539	2,698	12/09/2015	1FE
01010AAD6	AEP TEAS CENTRAL TRANS FD	09/05/2012	Chasas Greenwich	XXX	352,699	300,000.00	307,172	304,738		(726)		(726)		304,009		48,680	48,680	18,384	01/01/2020	1FE
02005WA86	ALLY AUTO RECEIVABLES TR 5A2	09/17/2012	PRINCIPAL RECEIPT	XXX	218,467	218,467.21	218,465	218,466		2		2		218,467				1,187	06/16/2014	1FE
02005WAE2	ALLY AUTO RECEIVABLES TR 3 A4	08/29/2012	Montgomery Secs	XXX	1,365,539	1,350,000.00	1,349,997	1,349,999		65		65		1,349,989		6,540	6,540	11,328	06/16/2014	1FM
03060AAC8	AMICAR 2009-1 A3	09/17/2012	Nomura Secs NY	XXX	1,003,342	990,000.00	989,646	989,799		40		40		989,863		13,478	13,478	11,466	08/17/2015	1FE
03076CAB2	AMERIPRISE FINANCIAL INC	08/15/2012	VARIOUS	XXX	13,863	13,862.90	14,026	13,929		(6,135)		(6,135)		13,969		(116)	(116)	250	10/15/2013	1FE
00206RBB7	AT&T INC	08/27/2012	First Union Cap Mkts	XXX	273,209	240,000.00	271,740	271,395		250		250		266,260		6,949	6,949	9,285	02/13/2015	1FE
05531FAH6	BAXTER INTL INC SR NT	08/23/2012	Chemical Securities	XXX	210,366	200,000.00	202,533	201,161		(337)		(337)		200,824		9,542	9,542	7,933	03/01/2015	1FE
141781AR5	BBD CORPORATION	09/26/2012	Merrill Lynch	XXX	1,506,270	1,475,000.00	1,474,322	1,474,472		(4,404)		(4,404)		1,474,616		4,204	4,204	25,198	04/28/2014	1FE
13210AAB7	BROADCOM CORP	09/14/2012	McDonald	XXX	539,191	525,000.00	539,191	541,076		(7,908)		(7,908)		533,168		6,023	6,023	18,375	06/01/2013	1FE
15200WAA3	CARGILL INC NT 144A	09/17/2012	Stifel Nicolaus	XXX	73,772	73,771.95	73,767	73,767		5		5		73,772				755	03/16/2015	1FE
808513AC3	CARMAX AUTO OWNER TRUST 1 A2	09/17/2012	PRINCIPAL RECEIPT	XXX	161,664	161,664.22	161,662	161,663		11		11		161,664		8,863	8,863	5,936	04/15/2014	1FE
125137AC4	CITIGROUP/DEUTSCHE BANK C04 A2B	09/12/2012	PRINCIPAL RECEIPT	XXX	1,148,882	1,140,000.00	1,139,999	1,139,999						1,139,999		8,863	8,863	5,936	04/15/2014	1FE
209111E47	CONSOLIDATED EDISON CO OF NEW	08/24/2012	Nomura Secs NY	XXX	99,727	99,727.32	101,504	1,162,677		(22,345)		(22,345)		1,140,333		19,531	19,531	38,724	06/01/2014	1FE
216871AFD	COOPER US INC	09/26/2012	Donaldson Lufkin	XXX	406,236	400,000.00	431,864	416,131		(1,776)		(1,776)		405,195		1,041	1,041	433	02/11/2049	1FE
22544QAB5	CREDIT SUISSE MORTGAGE C3 A2	09/15/2012	Southwest Secs	XXX	566,374	550,000.00	549,196	549,196		(10,936)		(10,936)		549,319		17,055	17,055	14,623	01/15/2013	1FE
24702RAK7	DELL INC	09/13/2012	VARIOUS	XXX	10,573	10,573.24	10,841	10,826		(171)		(171)		10,655		(82)	(82)	403	06/15/2039	1AM
25048A7E8	DETROIT EDISON CO SR NT SER J	09/25/2012	McDonald	XXX	422,012	400,000.00	458,628	435,423		(6,367)		(6,367)		420,671		1,341	1,341	25,387	09/10/2013	1FE
26442EAB7	DISCOVER CARD MASTER TR A3 A	08/22/2012	Salomon Brothers	XXX	898,066	890,000.00	889,912	889,912		8		8		889,919		8,147	8,147	1,999	11/15/2017	1FE
34529OAH7	DUKE ENERGY OHIO INC	09/17/2012	U.S. Bancorp	XXX	379,785	375,000.00	374,936	374,973		(3,212)		(3,212)		374,721		(4,721)	(4,721)	10,118	09/15/2014	1AM
34529OAF2	FORD CREDIT FLOORPLAN MAST 2 A	09/17/2012	JPMorgan Securities Inc,	XXX	730,000	730,000.00	749,522	735,504		(2,72)		(2,72)		734,721		(866)	(866)	2,405	10/15/2013	1FE
354613AET1	FRANKLIN RESOURCES INC	08/23/2012	Stifel Nicolaus	XXX	788,900	780,000.00	778,619	779,953		298		298		779,681		9,248	9,248	12,047	05/20/2013	1FE
36195DUB2	GE CAPITAL CREDIT CARD WAS 4 A	09/25/2012	Bank of America	XXX	1,049,164	1,045,000.00	1,050,021	2,429		(163)		(163)		1,049,858		(694)	(694)	683	06/15/2018	1FE
369559QJ2	GENERAL DYNAMICS CORP	07/16/2012	Nomura Secs NY	XXX	900,000	900,000.00	912,468	912,468		(2,513)		(2,513)		909,196		(9,196)	(9,196)	13,346	07/15/2015	1FE
367849YU0	GMAC COMMERCIAL MORTGAGE C2 A2	08/23/2012	National Fnl Svcs Corp	XXX	762,308	750,000.00	761,813	761,813		(1,118)		(1,118)		760,695		1,613	1,613	6,388	01/15/2013	1FE
38141EA33	GOLDMAN SACHS GROUP INC THE	09/02/2012	Salomon Brothers	XXX	772,006	745,000.00	774,726	785,439		(4,537)		(4,537)		773,788		(1,762)	(1,762)	29,783	05/10/2040	1AM
43813TAB9	HONDA AUTO RECEIVABLES OW 1 A2	08/20/2012	Donaldson Lufkin	XXX	674,115	650,000.00	655,447	655,447		(638)		(638)		654,609		19,506	19,506	25,520	08/01/2015	1FE
46625YXP3	JP MORGAN CHASE COMMERCIAL C2 A2	09/17/2012	VARIOUS	XXX	172,165	172,165.25	172,286	172,286		(15)		(15)		172,169		(3)	(3)	695	05/01/2014	1FE
46625MTX7	JP MORGAN CHASE COMMERCIAL C1 A2	08/14/2012	Morgan Stanley	XXX	1,010,074	900,000.00	968,904	956,464		(5,523)		(5,523)		950,944		59,134	59,134	33,521	12/15/2044	1FM
46625HRR4	JPMORGAN CHASE & CO	08/21/2012	VARIOUS	XXX	618,917	613,016.93	620,618	629,372		(26,632)		(26,632)		1,925,093		17,333	17,333	79,180	03/01/2015	1AM
5902ZHCPS	MERRILL LYNCH MORTGAGE KEY1 A3	08/20/2012	Goldman Sachs NY	XXX	486,679	471,000.00	489,921	489,921		(3,942)		(3,942)		486,779		9,900	9,900	10,632	06/24/2015	1FE
59195RAW8	MONTANTO CO NEW SR NT	08/15/2012	Chemical Securities	XXX	2,678,871	2,620,000.00	2,675,527	2,675,527		(180)		(180)		2,657,835		(1,678)	(1,678)	6,237	11/12/2035	1FE
617451AF8	MORGAN STANLEY CAPITAL IQ10 A4A	08/15/2012	MATURITY	XXX	750,000	750,000.00	854,790	777,407		(15,967)		(15,967)		750,000		37,041	37,041	55,313	02/06/2014	1FE
61745MT45	MORGAN STANLEY CAPITAL HQ4 AT	09/14/2012	Morgan Stanley	XXX	1,107,422	1,000,000.00	1,077,020	1,073,180		(2,799)		(2,799)		1,070,381		8,021	8,021	36,901	09/15/2042	1AM
61746WD49	MORGAN STANLEY DEAN WY HQ2 A2	09/12/2012	Alex Brown & Sons	XXX	519,706	490,000.00	514,500	513,084		(1,582)		(1,582)		511,685		3,077	3,077	19,077	04/14/2040	1AM
61980AAA1	MOTIVA ENTERPRISES SR NT 144A	09/15/2012	VARIOUS	XXX	305,638	305,638.28	305,638	305,638		3,986		3,986		305,638		(307)	(307)	4,062	03/12/2035	1AM
65475OAB7	NISSAN AUTO RECEIVABLES O B A2	09/17/2012	MATURITY	XXX	500,000	500,000.00	532,594	514,053		(14,053)		(14,053)		500,000				26,000	09/15/2012	1FE
665859A13	NORTHERN TR CORP NT	09/14/2012	PRINCIPAL RECEIPT	XXX	151,525	151,524.81	151,509	151,525		13		13		151,525		7,964	7,964	774	09/15/2014	1FE
665859AK0	NORCOR TRUST CORP	09/14/2012	Northern Tr Corp	XXX	1,046,200	1,000,000.00	1,122,900	1,067,152		(28,916)		(28,916)		1,038,236		7,964	7,964	60,194	09/15/2014	

## SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value				16	17	18	19	20	21	22	
										11	12	13	14								15
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)	
6937RU98	PACCAR FINANCIAL CORP	09/18/2012	Donaldson Lufkin	XXX	202,444	200,000.00	203,360	201,969	(957)	(957)		(957)	(957)	201,012		1,432	1,432	3,121	06/17/2013	IFE	
6937JUA5	PACCAR INC MEDIUM TERM NTS	08/23/2012	Merrill Lynch	XXX	615,760	565,000.00	645,351	616,518	(15,386)	(15,386)		(15,386)	(15,386)	601,132		14,628	14,628	40,246	02/15/2014	IFE	
693476B7	PNC FUNDING CORP	09/23/2012	Sun Trust Capital Markets	XXX	500,924	450,000.00	500,131	458,000.00	(6,649)	(6,649)		(6,649)	(6,649)	493,482		7,442	7,442	18,221	09/21/2015	IFE	
693476B4	PNC FUNDING CORP	09/23/2012	Stifel Nicolaus	XXX	799,133	750,000.00	799,135	759,135	(9,177)	(9,177)		(9,177)	(9,177)	789,958		9,174	9,174	28,698	02/08/2015	IFE	
7425A0A59	PRINCIPAL LIFE GLOBAL MTN 144A	09/23/2012	Bank of America	XXX	607,913	575,000.00	579,056	578,919	(510)	(510)		(510)	(510)	578,409		29,504	29,504	14,619	09/19/2016	IFE	
80705TAA4	PRINCIPAL LIFE INCOME FUNDING	08/23/2012	Stifel Nicolaus	XXX	508,990	500,000.00	536,335	520,688	(12,798)	(12,798)		(12,798)	(12,798)	507,890		1,100	1,100	29,385	01/15/2013	IFE	
9029DFAD8	SCHOLAR FUNDING TRUST 2011-A	08/14/2012	VARIOUS	XXX	563,520	500,000.00	555,510	578,009	(7,948)	(7,948)	11,394	(11,227)	(11,227)	566,781		5,958	5,958	23,202	04/27/2015	IFE	
92867FAB1	USAA AUTO OWNER TRUST 1 A4	09/12/2012	Chemical Securities	XXX	908,543	900,000.00	916,174	916,174	(3,841)	(3,841)		(3,841)	(3,841)	912,333		(86)	(86)	6,701	04/28/2036	IFE	
92867DAB6	VOLKSWAGEN AUTO LEASE TRU A A2	09/20/2012	PRINCIPAL RECEIPT	XXX	201,758	200,000.00	201,758	201,757	(138)	(138)	2	(138)	(138)	201,758				1,351	02/20/2014	1AM	
929766GS6	VOLKSWAGEN AUTO LOAN ENHA 1 A2	09/20/2012	PRINCIPAL RECEIPT	XXX	174,112	174,112.33	174,256	174,250	(128)	(128)		(128)	(128)	174,112				778	12/30/2013	IFE	
95980ZAB5	WACHOVIA BANK COMMERCIAL C5 A2	09/17/2012	PRINCIPAL RECEIPT	XXX	66,821	66,821.15	67,949	394,270	(5,666)	(5,666)		(5,666)	(5,666)	66,821		22,296	22,296	18,910	06/15/2035	IFE	
95980ZAJ8	WESTERN UNION COTHE	08/24/2012	Bear Stearns	XXX	410,900	350,000.00	394,727	394,270	(31,926)	(31,926)		(31,926)	(31,926)	388,604		8,148	8,148	44,658	10/01/2016	IFE	
98158KAC3	WORLD OMNI AUTO RECEIVABL A A3	08/23/2012	Goldman Sachs NY	XXX	1,474,597	1,359,000.00	1,498,375	17,000	(89)	(89)		(89)	(89)	1,466,448		16,911	16,911	141	05/15/2015	IFE	
98158NAB9	WORLD OMNI AUTOMOBILE LE A A2	09/17/2012	PRINCIPAL RECEIPT	XXX	153,080	153,081.18	153,243	153,217	(136)	(136)		(136)	(136)	153,081		826	826	826	10/15/2013	IFE	
9899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)			XXX	44,172,047	42,726,343.38	44,357,285	29,448,856	20,124	(386,534)	25,901	(386,311)	(386,311)	43,670,056		501,990	501,990	1,149,255	X X X	X X X	
8399997	Subtotal - Bonds - Part 4			XXX	99,678,961	96,593,826.07	99,916,143	60,730,711	20,124	(602,255)	81,420	(663,551)	(663,551)	98,807,962		871,001	871,001	2,009,695	X X X	X X X	
8399998	Summary Item from Part 5 for Bonds (N/A to Quarterly)			XXX	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		X X X	X X X	X X X	X X X	X X X	X X X
8399999	Subtotal - Bonds			XXX	99,678,961	96,593,826.07	99,916,143	60,730,711	20,124	(602,255)	81,420	(663,551)	(663,551)	98,807,962		871,001	871,001	2,009,695	X X X	X X X	
8999998	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)			XXX	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		X X X	X X X	X X X	X X X	X X X	X X X
9799998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)			XXX	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		X X X	X X X	X X X	X X X	X X X	X X X
9899999	Subtotal - Preferred and Common Stocks			XXX	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		X X X	X X X	X X X	X X X	X X X	X X X
9999999	Total - Bonds, Preferred and Common Stocks			XXX	99,678,961	96,593,826.07	99,916,143	60,730,711	20,124	(602,255)	81,420	(663,551)	(663,551)	98,807,962		871,001	871,001	2,009,695	X X X	X X X	

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

# SCHEDULE DB - PART A - SECTION 1

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

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

(a)	NONE
1	Hedge Code
Code	
0000	



## SCHEDULE DB - PART B - SECTION 1

### Future Contracts Open as of the Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	Change in Variation Margin			19	20	
Ticker Symbol	Number of Contracts	Notional Amount	Description	Description of Hedged Item(s)	Schedule/Exhibit Identifier	Type(s) of Risk(s)	Date of Maturity or Expiration	Exchange	Trade Date	Transaction Price	Reporting Date Price	Fair Value	Book/Adjusted Carrying Value	15	16	17	18	Potential Exposure	Hedge Effectiveness at Inception and at Quarter-End (e)
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <p style="margin: 0;">1</p> <p style="margin: 0;">Broker Name</p> <p style="margin: 0; font-size: 2em; font-weight: bold; text-align: center;">NONE</p> </div>																			
<p>9999999 Total - Net Cash Deposits</p>																			
<p>144999 Totals ..... XXX</p>																			

1	2
Net Cash Deposits	Net Cash Deposits

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

**SCHEDULE DB - PART D**

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

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

## SCHEDULE DL - PART 1 SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

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

**General Interrogatories:**

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

**SCHEDULE DL - PART 2  
SECURITIES LENDING COLLATERAL ASSETS**

Reinvested Collateral Assets Owned Current Statement Date

1	2	3	4	5	6	7
CUSIP Identification	Description	Code	NAIC Designation / Market Indicator	Fair Value	Book/Adjusted Carrying Value	Maturity Dates
<div style="border: 1px solid black; padding: 10px; display: inline-block; font-size: 2em; font-weight: bold;">N O N E</div>						
9999999 Grand Totals .....						X X X .....

General Interrogatories:

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

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

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9	
					6	7	8		
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*	
<b>open depositories</b>									
DZ BK INTL SA TD .....	MELLON .....	0.100 .....	8 .....				974,703	X X X	
US Bank .....	150 4th Avenue North, Nashville, TN 37219 .....				37,859,776	37,663,165	37,647,688	X X X	
US Bank .....	150 4th Avenue North, Nashville, TN 37219 .....				10,540,545	6,558,818	6,697,284	X X X	
US Bank .....	150 4th Avenue North, Nashville, TN 37219 .....				2,210,010	2,233,453	2,238,228	X X X	
US Bank .....	150 4th Avenue North, Nashville, TN 37219 .....				(4,639,286)	(5,342,692)	(5,887,452)	X X X	
0199998 Deposits in .....	41 depositories that do not exceed the allowable limit in any one depository - open depositories .....	X X X ..	X X X ..	727 .....	9,213	6,182,863	9,213	X X X	
0199999 Totals - Open Depositories .....		X X X ..	X X X ..	727 .....	8	45,980,258	47,295,607	41,679,664	X X X
0299998 Deposits in .....	0 depositories that do not exceed the allowable limit in any one depository - suspended depositories .....	X X X ..	X X X ..					X X X	
0299999 Totals - Suspended Depositories .....		X X X ..	X X X ..					X X X	
0399999 Total Cash On Deposit .....		X X X ..	X X X ..	727 .....	8	45,980,258	47,295,607	41,679,664	X X X
0499999 Cash in Company's Office .....		X X X ..	X X X ..	X X X ..	X X X ..			X X X	
0599999 Total Cash .....		X X X ..	X X X ..	727 .....	8	45,980,258	47,295,607	41,679,664	X X X

## SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter							
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
<b>U.S. Special Revenue, Special Assessment - Issuer Obligations</b>							
FEDERAL HOME LN BK CONS DISC N		09/28/2012	0.000	10/01/2012	4,397,584		
2599999 Subtotals - U.S. Special Revenue, Special Assessment - Issuer Obligations					4,397,584		
3199999 Subtotals - U.S. Special Revenue, Special Assessment					4,397,584		
<b>Industrial &amp; Miscellaneous (Unaffiliated) - Issuer Obligations</b>							
CHARTA LLC DISC		09/19/2012	0.000	12/03/2012	2,797,375	425	
CIESCO LLC DISC		09/19/2012	0.000	12/04/2012	2,697,435	410	
CONCORD MINUTEMEN DISC		09/13/2012	0.000	10/16/2012	2,599,380	338	
DELL INC DISC		08/28/2012	0.000	10/25/2012	2,274,450	318	
GOVCO LLC DISC		08/08/2012	0.630	11/05/2012	996,443	928	728
HANNOVER FDG CO DISC		09/25/2012	0.000	10/29/2012	2,399,252	132	
LIBERTY ST FDG DISC		09/19/2012	0.000	10/11/2012	3,699,638	197	
SALI CAT 3 REPO		09/28/2012	0.280	10/01/2012	1,761,823	41	
BOA CAT 3 REPO REPO		09/28/2012	0.200	10/01/2012	569,426	9	
CITIBANK CAT 3 REPO		09/28/2012	0.280	10/01/2012	714,618	16	
JPM CAT 3 REPO		09/28/2012	0.240	10/01/2012	228,617	5	
GOLDMAN CAT 3 REPO		09/28/2012	0.190	10/01/2012	129,972	2	
BOA CAT 1 REPO REPO		09/28/2012	0.170	10/01/2012	2,710,975	38	
GOLDMAN CAT 1 REPO		09/28/2012	0.120	10/01/2012	154,010	2	
JPM CAT 1 REPO REPO		09/28/2012	0.170	10/01/2012	261,255	4	
3299999 Subtotals - Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations					23,996,669	2,865	728
3899999 Subtotals - Industrial & Miscellaneous (Unaffiliated)					23,996,669	2,865	728
7799999 Subtotals - Issuer Obligations					28,394,253	2,865	728
8399999 Subtotals - Bonds					28,394,253	2,865	728
8499999 Sweep Accounts							
8599999 Other Cash Equivalents							
8699999 Total - Cash Equivalents					28,394,253	2,865	728



## MEDICARE PART D COVERAGE SUPPLEMENT

### Net of Reinsurance

NAIC Group Code: 3498

NAIC Company Code: 14046

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

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

## **INDEX TO HEALTH QUARTERLY STATEMENT**

Accounting Changes and Corrections of Errors; Q10, Note 2; Q11  
Accounting Practices and Policies; Q5; Q10, Note 1  
Admitted Assets; Q2  
Bonds; Q2; Q6; Q11.1; Q11.2; QE04; QE05  
Bonuses; Q3; Q4; Q8; Q9  
Borrowed Funds; Q3; Q6  
Business Combinations and Goodwill; Q10, Note 3  
Capital Gains (Losses)  
    Realized; Q4  
    Unrealized; Q4; Q5  
Capital Stock; Q3; Q10, Note 13  
Capital Notes; Q6; Q10, Note 11  
Caps; QE06; QSI04  
Cash; Q2; Q6; QE11  
Cash Equivalents; Q2; Q6; QE12  
Claims; Q3; Q4; Q8; Q9  
Collars; QE06; QSI04  
Commissions; Q6  
Common Stock; Q2; Q3; Q6; Q11.1; Q11.2  
Cost Containment Expenses; Q4  
Contingencies; Q10, Note 14  
Counterparty Exposure; Q10, Note 8; QE06; QE08  
Debt; Q10, Note 11  
Deferred Compensation; Q10, Note 12  
Derivative Instruments; Q10, Note 8; QSI04; QSI05; QSI06; QSI07; QE06; QE07; QE08  
Discontinued Operations; Q10, Note 4  
Electronic Data Processing Equipment; Q2  
Encumbrances; Q2; QSI01; QE01  
Emergency Room; Q4  
Expenses; Q3; Q4; Q6  
Extinguishment of Liabilities; Q10, Note 17  
Extraordinary Item; Q10, Note 21  
Fair Value; Q7, Note 20  
Fee for Service; Q4  
Foreign Exchange; Q2; Q3; Q5; QSI01; QSI03; QE01; QE02; QE03; QE05  
Forwards; QE06; QSI04  
Furniture, Equipment and Supplies; Q2  
Guaranty Fund; Q2  
Health Care Receivables; Q2; Q9; Q10, Note 28  
Holding Company; Q16  
Hospital/Medical Benefits; Q4  
Incentive Pools; Q3; Q4; Q8; Q9  
Income; Q4; Q5; Q6  
Income Taxes; Q2; Q3; Q4; Q5; Q10, Note 9  
Incurred Claims and Claim Adjustment Expenses; Q10, Note 25  
Intercompany Pooling; Q10, Note 26  
Investment Income; Q10, Note 7  
    Accrued; Q2  
    Earned; Q2; QSI03  
    Received; Q6  
Investments; Q10, Note 5; Q11.1; Q11.2; QE08  
Joint Venture; Q10, Note 6  
Leases; Q10, Note 15  
Limited Liability Company (LLC); Q10, Note 6  
Limited Partnership; Q10, Note 6  
Long-Term Invested Assets; Q2; QE03  
Managing General Agents; Q10, Note 19  
Medicare Part D Coverage; QSupp1  
Member Months; Q4; Q7  
Mortgage Loans; Q2; Q6; Q11.1; QSI01; QE02  
Nonadmitted Assets; Q2; Q5; QSI01; QSI03  
Off-Balance Sheet Risk; Q10, Note 16  
Options; QE06; QSI04  
Organizational Chart; Q11; Q14  
Out-of-Area; Q4  
Outside Referrals; Q4  
Parent, Subsidiaries and Affiliates; Q2; Q3; Q10, Note 10; Q11.1  
Participating Policies; Q10, Note 29  
Pharmaceutical Rebates; Q10, Note 28  
Policyholder Dividends; Q5; Q6  
Postemployment Benefits; Q10, Note 12  
Postretirement Benefits; Q10, Note 12  
Preferred Stock; Q2; Q3; Q6; Q11.1; Q11.2



## INDEX TO HEALTH QUARTERLY STATEMENT

Premium Deficiency Reserves; Q10, Note 30  
Premiums and Considerations  
    Advance; Q3  
    Collected; Q6  
    Deferred; Q2  
    Direct; Q7; Q13  
    Earned; Q7  
    Retrospective; Q2  
    Uncollected; Q2  
    Unearned; Q4  
    Written; Q4; Q7  
Prescription Drugs; Q4  
Quasi Reorganizations; Q10, Note 13  
Real Estate; Q2; Q6; QE01; QSI01  
Redetermination, Contracts Subject to; Q10, Note 24  
Reinsurance; Q9; Q10, Note 23  
    Ceded; Q3; Q12  
    Funds Held; Q2  
    Payable; Q3  
    Premiums; Q3  
    Receivable; Q2; Q4  
    Unauthorized; Q3; Q5  
Reserves  
    Accident and Health; Q3; Q4  
    Claim; Q3; Q5; Q8  
    Life; Q3  
Retirement Plans; Q10, Note 12  
Retrospectively Rated Policies; Q10, Note 24  
Risk Revenue; Q4  
Salvage and Subrogation; Q10, Note 31  
Securities Lending; Q2; Q3; QE09; QE10  
Servicing of Financial Assets; Q10, Note 17  
Short-Term Investments; Q2; Q6; Q11.1; QSI03  
Stockholder Dividends; Q5; Q6  
Subsequent Events; Q10, Note 22  
Surplus; Q3; Q5; Q6  
Surplus Notes; Q3; Q5; Q6  
Swaps; QE07; QSI04  
Synthetic Assets; QSI04; QSI05  
Third Party Administrator; Q10, Note 19  
Treasury Stock; Q3; Q5  
Uninsured Accident and Health; Q2; Q3; Q10, Note 18  
Valuation Allowance; QSI01  
Wash Sales; Q10, Note 17  
Withholds; Q4; Q8

**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.....						
0299999 Total group.....						
0399999 Premiums due and unpaid from Medicare entities.....						
Medicaid Entities:						
.....						
.....						
.....						
0499997 Subtotal - Medicaid Entities:.....	-	-	-	-	-	-
0499999 Premiums due and unpaid from Medicaid entities.....	-	-	-	-	-	-
0599999 Accident and health premiums due and unpaid (Page 2, Line 13).....	-	-	-	-	-	-

**NONE**

**EXHIBIT 3 - HEALTH CARE RECEIVABLES**

	1 Name of debtor	2 1 - 30 days	3 31 - 60 days	4 61 - 90 days	5 Over 90 days	6 Nonadmitted	7 Admitted
0199998	Pharmaceutical Rebate Receivables - Not Individually Listed.....						
0199999	Subtotal - Pharmaceutical Rebate Receivables.....						
	Provider Receivables	-	-	-	1,445,552	1,445,552	-
0299998	Claim Overpayment Receivables - Not Individually Listed.....	-	-	-	1,445,552	1,445,552	-
0299999	Subtotal - Claim Overpayment Receivables.....						
	Loans and Advances to Providers						
0399998	Loans and Advances to Providers - Not Individually Listed.....						-
0399999	Subtotal - Loans and Advances to Providers.....						-
0499998	Capitation Arrangement Receivables - Not Individually Listed.....						
0499999	Subtotal - Capitation Arrangement Receivables.....						
0599998	Risk Sharing Receivables - Not Individually Listed.....						
0599999	Subtotal - Risk Sharing Receivables.....						
	Other Receivables						
	Provider receivables.....						
0699998	Other Receivables - Not Individually Listed.....						
0699999	Subtotal - Other Receivables.....	-	-	-	-	-	-
0799999	Gross health care receivables.....	-	-	-	1,445,552	1,445,552	-

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

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

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

Affiliate	2 Description	3 Amount	5	
			4 Current	Non-Current
BlueCross BlueShield of Tennessee	Administrative Expense offset and Federal Income Tax Expense	18,123,067	18,123,067	-
0199999 Total - Individually listed payables	.....XXX.....	18,123,067	18,123,067	-
0299999 Payables not individually listed	.....XXX.....	.....	.....	.....
0399999 Total gross payables	.....XXX.....	18,123,067	18,123,067	-