

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

**of
Chattanooga
in the state of
Tennessee**

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

**FOR THE QUARTER ENDED
March 31, 2013**

2013



Document Code: 201

QUARTERLY STATEMENT
AS OF March 31, 2013
OF THE CONDITION AND AFFAIRS OF THE
Volunteer State Health Plan, Inc.

NAIC Group Code 3498, 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 US, Licensed as business type: Life, Accident & Health, Property/Casualty, Hospital, Medical & Dental Service or Indemnity, Health Maintenance Organization, Is HMO Federally Qualified? Yes, No, N/A, Incorporated/Organized 07/11/1996, Commenced Business 11/01/1996, Statutory Home Office 1 Cameron Hill Circle, Chattanooga, TN, US 37402, Main Administrative Office 1 Cameron Hill Circle, Chattanooga, TN, US 37402, Mail Address 1 Cameron Hill Circle 13, Chattanooga, TN, US 37402, Primary Location of Books and Records 1 Cameron Hill Circle, Chattanooga, TN, US 37402, Internet Web Site Address www.vshptn.com, Statutory Statement Contact Toliver Ralph Woodard, Jr., Ralph.Woodard@bcbst.com

CORPORATE OFFICERS

Table with 2 columns: Name, Title. Rows include Scott Christian Pierce (President & CEO), Shelia Dian Clemons (Secretary), Katharine Anne Laurance (Assistant Secretary), Brian Edward Stana (Treasurer), and 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; Jason David Hickey #; 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.

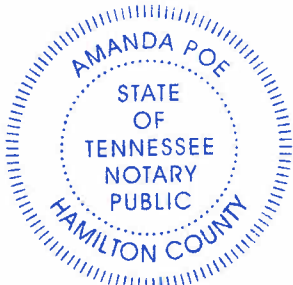
Signatures and titles of Scott Christian Pierce (President & CEO), Shelia Dian Clemons (Secretary), and Reid Allen Smiley (Chief Financial Officer).

Subscribed and sworn to before me this 14th day of May, 2013

Signature of Amanda Poe, Notary Public Signature

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

Yes[X] No[]



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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	331,130,781		331,130,781	265,079,879
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 (\$.....7,419,118), cash equivalents (\$.....10,146,190) and short-term investments (\$.....78,274,335)	95,839,643		95,839,643	175,953,804
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities	127,030		127,030	60,554
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	427,097,454		427,097,454	441,094,237
13. Title plants less \$.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	1,758,291		1,758,291	1,505,343
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (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	3,348,777		3,348,777	2,771,776
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	5,439,289	315,790	5,123,499	5,028,413
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	2,415,755	2,415,755		
25. Aggregate write-ins for other than invested assets	124,125	124,125		
26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	440,183,691	2,855,670	437,328,021	450,399,769
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. TOTAL (Lines 26 and 27)	440,183,691	2,855,670	437,328,021	450,399,769
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Expenses	124,125	124,125		
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	124,125	124,125		

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	148,602,618		148,602,618	142,904,068
2. Accrued medical incentive pool and bonus amounts	1,436,272		1,436,272	1,002,133
3. Unpaid claims adjustment expenses	6,960,597		6,960,597	7,000,900
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	7,705,292		7,705,292	8,068,135
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses))	105,509		105,509	105,509
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	15,967		15,967	7,702
13. Remittances and items not allocated	4,767,637		4,767,637	4,694,337
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates	14,945,412		14,945,412	23,894,182
16. Derivatives				
17. Payable for securities	7,278,408		7,278,408	
18. Payable for securities lending				
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers)				
20. Reinsurance in unauthorized and certified (\$.....0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	914,377		914,377	212,641
23. Aggregate write-ins for other liabilities (including \$.....0 current)	22,779,212		22,779,212	44,793,432
24. Total liabilities (Lines 1 to 23)	215,511,301		215,511,301	232,683,039
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	35,640,000	34,850,000
31. Unassigned funds (surplus)	X X X	X X X	13,876,720	10,566,730
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	221,816,720	217,716,730
34. Total Liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	437,328,021	450,399,769
DETAILS OF WRITE-INS				
2301. Insured Premium Tax Payable	21,055,155		21,055,155	22,335,378
2302. Due State of Tennessee - Premium Payable	1,261,907		1,261,907	21,899,524
2303. Pending Escheatment To State	461,650		461,650	542,258
2398. Summary of remaining write-ins for Line 23 from overflow page	500		500	16,272
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	22,779,212		22,779,212	44,793,432
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	35,640,000	34,850,000
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	35,640,000	34,850,000

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	X X X	1,169,921	1,202,086	4,779,443
2. Net premium income (including \$.....0 non-health premium income)	X X X	404,692,802	415,418,914	1,690,789,890
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	404,692,802	415,418,914	1,690,789,890
Hospital and Medical:				
9. Hospital/medical benefits		260,753,568	265,883,816	1,052,046,144
10. Other professional services		66,231,533	69,612,349	284,647,776
11. Outside referrals				
12. Emergency room and out-of-area		10,721,771	10,274,893	44,552,627
13. Prescription drugs				
14. Aggregate write-ins for other hospital and medical				
15. Incentive pool, withhold adjustments and bonus amounts		500,000	500,000	2,004,503
16. Subtotal (Lines 9 to 15)		338,206,872	346,271,058	1,383,251,050
Less:				
17. Net reinsurance recoveries				
18. Total hospital and medical (Lines 16 minus 17)		338,206,872	346,271,058	1,383,251,050
19. Non-health claims (net)				
20. Claims adjustment expenses, including \$.....13,771,124 cost containment expenses		22,698,065	24,792,809	93,269,676
21. General administrative expenses		37,003,015	37,252,856	151,980,763
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)		397,907,952	408,316,723	1,628,501,489
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	6,784,850	7,102,191	62,288,401
25. Net investment income earned		623,493	785,049	2,840,552
26. Net realized capital gains (losses) less capital gains tax of \$.....0		(14,424)	36,877	981,986
27. Net investment gains or (losses) (Lines 25 plus 26)		609,069	821,926	3,822,538
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	7,393,919	7,924,117	66,110,939
31. Federal and foreign income taxes incurred	X X X	2,348,286	2,761,407	23,319,278
32. Net income (loss) (Lines 30 minus 31)	X X X	5,045,633	5,162,710	42,791,661
DETAILS OF WRITE-INS				
0601.	X X X			
0602.	X X X			
0603.	X X X			
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X			
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X			
0701.	X X X			
0702.	X X X			
0703.	X X X			
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X			
0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page				
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)				
2901.				
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page				
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)				

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	217,716,730	175,035,109	175,035,109
34. Net income or (loss) from Line 32	5,045,633	5,162,710	42,791,661
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	64,473	35,973	58,099
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax	131,112	(441,199)	30,973
39. Change in nonadmitted assets	(1,141,229)	(32,654)	44,492
40. Change in unauthorized and certified reinsurance			
41. Change in treasury stock			
42. Change in surplus notes			
43. Cumulative effect of changes in accounting principles		(163,015)	(80,590)
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	1		(163,014)
48. Net change in capital and surplus (Lines 34 to 47)	4,099,990	4,561,815	42,681,621
49. Capital and surplus end of reporting period (Line 33 plus 48)	221,816,720	179,596,924	217,716,730
DETAILS OF WRITE-INS			
4701. Change in Accounting Principle - SSAP 101 Non-admitted Assets adjusted as of 01/01/2012			(163,015)
4702. Rounding	1		1
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page			
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	1		(163,014)

Report #2A: TennCare Select Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	140,614	140,614	557,694
Estimated Revenues:			
1. TennCare Capitation	98,523,472	98,523,472	391,204,361
2. Investment	-	-	-
3. Other Revenues	-	-	-
4. Total Estimated Revenues (Lines 1 to 3)	98,523,472	98,523,472	391,204,361
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	279,332	279,332	1,144,154
6. Fee-for Service Physician Services	11,075,406	11,075,406	42,349,564
7. Inpatient Hospital Services	20,555,976	20,555,976	75,253,799
8. Outpatient Hospital Services	5,779,913	5,779,913	33,085,868
9. Emergency Room Services	1,014,971	1,014,971	4,836,867
10. Dental Services	-	-	629
11. Vision Services	92,339	92,339	338,224
12. Pharmacy Services	-	-	-
13. Home Health Services	26,885,953	26,885,953	103,066,160
14. Chiropractic Services	-	-	-
15. Radiology Services	311,850	311,850	1,129,116
16. Laboratory Services	266,086	266,086	1,482,485
17. Durable Medical Equipment Services	5,170,698	5,170,698	20,415,555
18. Transportation Services	854,001	854,001	3,381,368
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	37,137	37,137	291,046
23. HCBS Services	2,701	2,701	3,090
24. Other Medical and Hospital Services - Write-Ins	2,296,990	2,296,990	9,922,275
25. Subtotal Medical and Hospital (Lines 5 to 24)	74,623,353	74,623,353	296,700,200
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	1,131,031	1,131,031	4,141,233
27. Inpatient Substance Abuse Treatment and Detox	1,208	1,208	23,079
28. Outpatient Mental Health Services	3,662,566	3,662,566	14,023,158
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	1,990,620	1,990,620	6,295,608
31. Specialized Crisis Services	290,506	290,506	1,122,279
32. Psychiatric Rehab and Support Services	116,832	116,832	569,240
33. Case Management	2,250,425	2,250,425	8,626,326
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	21,497	21,497	89,632
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,576,613	1,576,613	8,698,929
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. Subtotal MH & SAS (Lines 26 to 43)	11,041,298	11,041,298	43,589,484
45. Subtotal Hospital, Medical, MH&SAS (Lines 25 and 44)	85,664,651	85,664,651	340,289,684
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	520	520	1,150
48. Subrogation and Coordination of Benefits	68,612	68,612	278,671
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	69,132	69,132	279,821
50. Total Hospital, Medical, MH&SAS (Lines 45 and 49)	85,595,519	85,595,519	340,009,863
Administration:			
51. Compensation	4,194,710	4,194,710	16,283,318
52. Marketing	46,055	46,055	178,780
53. Interest Expense	-	-	-
54. Premium Tax Expense	5,418,791	5,418,791	21,549,548
55. Occupancy, Depreciation, and Amortization	302,316	302,316	1,173,552
56. Other Administration - Write-Ins	2,061,651	2,061,651	8,003,054
57. Total Administration Expenses (Lines 51 to 56)	12,023,523	12,023,523	47,188,252
58. Total Expenses (Lines 50 and 57)	97,619,042	97,619,042	387,198,115
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	287,244	287,244	1,413,121
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	617,186	617,186	2,593,125
Write-Ins for Other Expense			
Detail of Other Revenues			
0301.	-	-	-
0399. Total Other Revenues	-	-	-
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	1,510,679	1,510,679	7,078,675
2202. Bad Debt Expense	786,311	786,311	2,843,600
2203. Out of Area Claims Expense	-	-	-
2299. Total Other Medical and Hospital	2,296,990	2,296,990	9,922,275
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Equipment Rental	765,220	765,220	2,970,484
5602. Outsourced Services	563,840	563,840	2,188,755
5603. Auditing, Actuarial, and Other Consulting	276,081	276,081	1,071,709
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	233,855	233,855	907,791
5605. Postage/Telephone	155,113	155,113	602,128
5606. Printing and Stationary	67,542	67,542	262,187
5699. Total Other Administration	2,061,651	2,061,651	8,003,054

Report #2A: BlueCare West Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	529,912	529,912	2,155,841
Estimated Revenues:			
1. TennCare Capitation	177,493,811	177,493,811	747,668,383
2. Investment	311,746	311,746	1,577,712
3. Other Revenues	173,968	173,968	134,000
4. Total Estimated Revenues (Lines 1 to 3)	177,979,525	177,979,525	749,380,095
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	-	-	-
6. Fee-for Service Physician Services	30,715,458	30,715,458	120,931,590
7. Inpatient Hospital Services	30,805,162	30,805,162	102,837,780
8. Outpatient Hospital Services	13,673,361	13,673,361	78,188,509
9. Emergency Room Services	5,998,710	5,998,710	26,130,721
10. Dental Services	-	-	389
11. Vision Services	141,515	141,515	465,787
12. Pharmacy Services	-	-	-
13. Home Health Services	6,143,475	6,143,475	23,123,053
14. Chiropractic Services	-	-	-
15. Radiology Services	1,382,613	1,382,613	5,701,293
16. Laboratory Services	1,534,932	1,534,932	8,924,634
17. Durable Medical Equipment Services	2,574,909	2,574,909	9,781,802
18. Transportation Services	3,162,205	3,162,205	12,724,151
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	100,000	100,000	400,000
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	31,662,356	31,662,356	125,931,153
23. HCBS Services	10,935,545	10,935,545	39,188,179
24. Other Medical and Hospital Services - Write-Ins	3,013,686	3,013,686	10,716,596
25. Subtotal Medical and Hospital (Lines 5 to 24)	141,843,927	141,843,927	565,045,637
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	2,063,744	2,063,744	7,302,334
27. Inpatient Substance Abuse Treatment and Detox	92,270	92,270	322,127
28. Outpatient Mental Health Services	1,433,245	1,433,245	5,916,538
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	691,779	691,779	2,839,387
31. Specialized Crisis Services	710,028	710,028	3,351,984
32. Psychiatric Rehab and Support Services	211,101	211,101	1,214,563
33. Case Management	2,773,716	2,773,716	12,177,587
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	31,904	31,904	125,402
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,949,425	1,949,425	6,681,971
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. Subtotal MH & SAS (Lines 26 to 43)	9,957,212	9,957,212	39,931,893
45. Subtotal Hospital, Medical, MH&SAS (Lines 25 and 44)	151,801,139	151,801,139	604,977,530
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	15,219	15,219	57,079
48. Subrogation and Coordination of Benefits	-	-	(7,514)
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	15,219	15,219	49,565
50. Total Hospital, Medical, MH&SAS, (Lines 45 and 49)	151,785,920	151,785,920	604,927,965
Administration:			
51. Compensation	10,655,727	10,655,727	42,850,054
52. Marketing	116,993	116,993	470,465
53. Interest Expense	-	-	-
54. Premium Tax Expense	9,771,728	9,771,728	41,129,131
55. Occupancy, Depreciation, and Amortization	767,966	767,966	3,088,237
56. Other Administration - Write-Ins	5,237,161	5,237,161	21,060,285
57. Total Administration Expenses (Lines 51 to 56)	26,549,575	26,549,575	108,598,172
58. Total Expenses (Lines 50 and 57)	178,335,495	178,335,495	713,526,137
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	(113,055)	(113,055)	12,646,748
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	(242,915)	(242,915)	23,207,210
Write-Ins for Other Expense			
Detail of Other Revenues			
0301. Pay-for-Performance Bonus	173,968	173,968	134,000
0399. Total Other Revenues	173,968	173,968	134,000
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	3,165,677	3,165,677	10,004,601
2202. Bad Debt Expense	(151,991)	(151,991)	711,733
2203. Out of Area Claims Expense	-	-	262
2299. Total Other Medical and Hospital	3,013,686	3,013,686	10,716,596
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Equipment Rental	1,943,871	1,943,871	7,816,922
5602. Outsourced Services	1,432,311	1,432,311	5,759,776
5603. Auditing, Actuarial, and Other Consulting	701,321	701,321	2,820,234
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	594,054	594,054	2,388,880
5605. Postage/Telephone	394,030	394,030	1,584,519
5606. Printing and Stationary	171,574	171,574	689,954
5699. Total Other Administration	5,237,161	5,237,161	21,060,285

Report #2A: BlueCare East Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	640,009	640,009	2,623,603
Estimated Revenues:			
1. TennCare Capitation	226,973,917	226,973,917	942,958,969
2. Investment	381,023	381,023	1,928,353
3. Other Revenues	78,822	78,822	86,000
4. Total Estimated Revenues (Lines 1 to 3)	227,433,762	227,433,762	944,973,322
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	-	-	-
6. Fee-for Service Physician Services	42,134,040	42,134,040	187,108,166
7. Inpatient Hospital Services	36,645,177	36,645,177	149,370,450
8. Outpatient Hospital Services	18,885,749	18,885,749	74,222,991
9. Emergency Room Services	4,744,018	4,744,018	18,374,588
10. Dental Services	871	871	12,921
11. Vision Services	169,192	169,192	705,197
12. Pharmacy Services	-	-	-
13. Home Health Services	6,796,355	6,796,355	29,033,578
14. Chiropractic Services	-	-	-
15. Radiology Services	2,007,468	2,007,468	7,546,803
16. Laboratory Services	1,079,755	1,079,755	14,151,829
17. Durable Medical Equipment Services	4,192,778	4,192,778	19,774,446
18. Transportation Services	3,783,136	3,783,136	15,619,070
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	400,000	400,000	1,604,503
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	41,045,696	41,045,696	162,130,414
23. HCBS Services	6,689,284	6,689,284	34,305,991
24. Other Medical and Hospital Services - Write-Ins	4,258,325	4,258,325	11,465,998
25. Subtotal Medical and Hospital (Lines 5 to 24)	172,831,844	172,831,844	725,426,945
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	1,286,825	1,286,825	5,540,788
27. Inpatient Substance Abuse Treatment and Detox	110,307	110,307	423,296
28. Outpatient Mental Health Services	3,334,926	3,334,926	13,406,443
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	1,000,732	1,000,732	3,223,157
31. Specialized Crisis Services	780,815	780,815	3,430,660
32. Psychiatric Rehab and Support Services	797,263	797,263	3,632,795
33. Case Management	3,883,324	3,883,324	13,780,428
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	50,583	50,583	206,548
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	2,385,465	2,385,465	9,418,977
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. Subtotal MH & SAS (Lines 26 to 43)	13,630,240	13,630,240	53,063,092
45. Subtotal Hospital, Medical, MH&SAS (Lines 25 and 44)	186,462,084	186,462,084	778,490,037
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	35,058	35,058	130,735
48. Subrogation and Coordination of Benefits	-	-	(4,374)
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	35,058	35,058	126,361
50. Total Hospital, Medical, MH&SAS , (Lines 45 and 49)	186,427,026	186,427,026	778,363,676
Administration:			
51. Compensation	13,682,373	13,682,373	55,682,873
52. Marketing	150,224	150,224	611,361
53. Interest Expense	-	-	-
54. Premium Tax Expense	12,487,901	12,487,901	51,867,473
55. Occupancy, Depreciation, and Amortization	986,100	986,100	4,013,108
56. Other Administration - Write-Ins	6,724,719	6,724,719	27,367,460
57. Total Administration Expenses (Lines 51 to 56)	34,031,317	34,031,317	139,542,275
58. Total Expenses (Lines 50 and 57)	220,458,343	220,458,343	917,905,951
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	2,215,372	2,215,372	9,547,460
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	4,760,047	4,760,047	17,519,911
Write-Ins for Other Expense			
Detail of Other Revenues			
0301. Pay-for-Performance Bonus	78,822	78,822	86,000
0399. Total Other Revenues	78,822	78,822	86,000
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	4,444,091	4,444,091	10,596,102
2202. Bad Debt Expense	(185,766)	(185,766)	869,896
2203. Out of Area Claims Expense	-	-	-
2299. Total Other Medical and Hospital	4,258,325	4,258,325	11,465,998
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Equipment Rental	2,496,005	2,496,005	10,157,948
5602. Outsourced Services	1,839,143	1,839,143	7,484,725
5603. Auditing, Actuarial, and Other Consulting	900,524	900,524	3,664,844
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	762,789	762,789	3,104,307
5605. Postage/Telephone	505,950	505,950	2,059,054
5606. Printing and Stationary	220,308	220,308	896,582
5699. Total Other Administration	6,724,719	6,724,719	27,367,460

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	404,692,802	432,234,352	1,707,605,328
2. Net investment income	1,431,477	1,326,514	5,083,760
3. Miscellaneous income			
4. TOTAL (Lines 1 to 3)	406,124,279	433,560,866	1,712,689,088
5. Benefit and loss related payments	332,074,183	341,750,036	1,399,823,307
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	59,979,491	62,020,544	246,686,432
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	2,348,286	2,761,407	23,457,374
10. TOTAL (Lines 5 through 9)	394,401,960	406,531,987	1,669,967,113
11. Net cash from operations (Line 4 minus Line 10)	11,722,319	27,028,879	42,721,975
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	68,573,411	32,036,665	184,545,156
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	7,276,432	811,996	902,380
12.8 TOTAL investment proceeds (Lines 12.1 to 12.7)	75,849,843	32,848,661	185,447,536
13. Cost of investments acquired (long-term only):			
13.1 Bonds	135,699,696	36,579,067	266,225,791
13.2 Stocks			
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications		19,242	121,692
13.7 TOTAL investments acquired (Lines 13.1 to 13.6)	135,699,696	36,598,309	266,347,483
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)	(59,849,853)	(3,749,648)	(80,899,947)
Cash from Financing and Miscellaneous Sources			
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)	(31,986,627)	12,266,198	29,612,391
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	(31,986,627)	12,266,198	29,612,391
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(80,114,161)	35,545,429	(8,565,581)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	175,953,804	184,519,385	184,519,385
19.2 End of period (Line 18 plus Line 19.1)	95,839,643	220,064,814	175,953,804

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

20.0001				
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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	393,856								393,856	
2. First Quarter	387,653								387,653	
3. Second Quarter										
4. Third Quarter										
5. Current Year										
6. Current Year Member Months	1,169,921								1,169,921	
Total Member Ambulatory Encounters for Period:										
7. Physician	1,196,688								1,196,688	
8. Non-Physician	104,060								104,060	
9. Total	1,300,748								1,300,748	
10. Hospital Patient Days Incurred	75,699								75,699	
11. Number of Inpatient Admissions	11,463								11,463	
12. Health Premiums Written (a)	404,692,802								404,692,802	
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	404,692,802								404,692,802	
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	330,639,505								330,639,505	
18. Amount Incurred for Provision of Health Care Services	338,206,872								338,206,872	
(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$	0								0	

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

Aging Analysis of Unpaid Claims

	1	2	3	4	5	6	7
	Account	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 days	Over 120 Days	Total
0199999	Individually Listed Claims Unpaid						
0399999	Aggregate Accounts Not Individually Listed - Covered	43,482,206	1,255,156	89,655			44,827,017
0499999	Subtotals	43,482,206	1,255,156	89,655			44,827,017
0599999	Unreported claims and other claim reserves						103,775,601
0799999	Total Claims Unpaid						148,602,618
0899999	Accrued Medical Incentive Pool And Bonus Amounts						1,436,272

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1+3)	6 Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)						
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid	123,125,065	209,864,334	11,083,791	137,518,827	134,208,856	142,904,068
8. Other health						
9. Health subtotal (Lines 1 to 8)	123,125,065	209,864,334	11,083,791	137,518,827	134,208,856	142,904,068
10. Healthcare receivables (a)	893,242	1,522,513			893,242	1,434,678
11. Other non-health						
12. Medical incentive pools and bonus amounts		65,861	1,002,133	434,139	1,002,133	1,002,133
13. Totals (Lines 9 - 10 + 11 + 12)	122,231,823	208,407,682	12,085,924	137,952,966	134,317,747	142,471,523

(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., doing business as BlueCare Tennessee (VSHP or the Company), are presented on the basis of accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance (TDCI).

The TDCI recognizes only statutory accounting practices prescribed or permitted by the State of Tennessee for determining and reporting the financial condition and results of operations of an insurance company. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* 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 of Tennessee was not responsible. At the direction of the TDCI, the Company records the uninsured claims overpayments as claims expense rather than 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 premium taxes for Administrative Services Only (ASO) business. The rationale behind the exclusion of these assets and liabilities is that they have no economic impact on the Company. The exclusion of premium taxes for ASO plans became effective in 2003. This treatment has no impact on net income or surplus.

Tennessee Code Annotated (T.C.A.) § 56-32-112(a)(5)(D) allows the admission of the most current 90 days of health care receivables, which differs from the NAIC *Accounting Practices and Procedures Manual* that requires non-admission of health care receivables related to claims overpayments.

At the direction of the TDCI, the Company reports gross transactions with the affiliates listed on Schedule Y of the Annual Statement. This treatment has no impact on net income or surplus.

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 March 31, 2013 or December 31, 2012.

	<u>State of Domicile</u>	<u>March 31, 2013</u>	<u>December 31, 2012</u>
<u>NET INCOME</u>			
(1) The Company state basis (Page 4, Line 32, Columns 2&4)	TN	\$ 5,045,633	\$ 42,791,661
(2) State prescribed practices that increase/(decrease) NAIC SAP:	TN	0	0
(3) State permitted practices that increase/(decrease) NAIC SAP:	TN	0	0
(4) NAIC SAP (1-2-3=4)	TN	<u>\$ 5,045,633</u>	<u>\$ 42,791,661</u>
<u>SURPLUS</u>			
(5) The Company state basis (Page 3, Line 33, Columns 3&4)	TN	\$221,816,720	\$217,716,730
(6) State prescribed practices that increase/(decrease) NAIC SAP:	TN	0	0
(7) State permitted practices that increase/(decrease) NAIC SAP:	TN	0	0
(8) NAIC SAP (5-6-7=8)	TN	<u>\$221,816,720</u>	<u>\$217,716,730</u>

5. Investments

D. Loan-Backed Securities

- (1) Prepayment assumptions are consistent with current market and economic conditions and were obtained from Bloomberg, bond portfolio managers, pricing services and custodians. Fair values are obtained from custodians using actual market quotes, if available, or matrix pricing of securities with similar terms.
- (2) During the three months ended March 31, 2013, the Company did not recognize any other-than-temporary impairments (OTTI):

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

Notes to Financial Statement

- (3) The Company has not recognized OTTI on loan-backed securities based solely on the fact that the present value of the expected cash flows was less than the amortized cost basis of the securities.

1	2	3	4	5	6	7
CUSIP	Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized OTTI	Amortized Cost After OTTI	Fair Value at Time of OTTI	Date of Financial Statement Where Reported
None	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	None

- (4) Aggregate amortized cost and fair value of loan-backed securities where fair value was less than amortized cost at March 31, 2013 and for which OTTI has not been recognized is as follows:

a. The aggregate amount of unrealized losses:	1. Less than 12 months	\$ 92,365
	2. 12 months or longer	\$ 578
b. The aggregate related fair value of securities with unrealized losses:	3. Less than 12 months	\$ 36,657,197
	4. 12 months or longer	\$ 902,016

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

- E. The Company had no repurchase agreements or securities lending transactions during the three months ended March 31, 2013.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

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

The members of BCBST's holding company group have not changed since December 31, 2012 (see Schedule Y on page Q15).

- B&C. The Company paid BCBST for services performed under administrative services and tax sharing agreements. For the three months ended March 31, 2013 and the twelve months ended December 31, 2012, the Company paid \$38,142,135 and \$124,616,711, respectively. Payments are net of reimbursements to BCBST for Cover Tennessee, MedAdvantage and other operations.

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

- A. All disclosures related to defined benefit plans are included in the quarterly statement of BCBST.

14. Contingencies

- A. Effective December 22, 2011 under the terms of the letter of credit issued with BCBST's \$200,000,000 debt financing, the Company entered into a springing guaranty agreement whereby the Company would have become a guarantor of BCBST's \$200,000,000 debt financing if any of the following events occurred:

1. BCBST's Risk Based Capital (RBC) Ratio fell below 6.0x; or
2. VSHP's net assets exceeded 20% of the consolidated net assets of BCBST and its subsidiaries; or
3. An event of default occurred under the financing agreements.

Effective March 1, 2013, the letter of credit was replaced with a direct purchase option financing agreement whereby Bank of America N.A. purchased the debt. The Company is not a guarantor under the direct purchase arrangement and the Company's springing guaranty agreement is no longer in effect.

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

- B. During the three months ended March 31, 2013, the Company had no transfers and servicing of financial assets or extinguishments of liabilities (Statement of Statutory Accounting Principles (SSAP) No. 103, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*).
- C. During the three months ended March 31, 2013, the Company had no wash sales involving transactions for securities with an unrated NAIC designation or a designation of 3 or below (SSAP No. 103).

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

Notes to Financial Statement

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 uninsured plans and the uninsured portion of partially insured plans were as follows during 2013:

	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$ 904,430	\$ 0	\$ 904,430
b. Total net other income or expenses (including interest paid to or received from plans)	0	0	0
c. Net gain from operations	\$ 904,430	\$ 0	\$ 904,430
d. Total claim payment volume	\$ 85,916,486	\$ 0	\$ 85,916,486

20. Fair Value Measurement

- A&B. The Company holds only investment grade (NAIC designation 1 or 2) 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 March 31, 2013, 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 March 31, 2013.
- C. The Company has classified its assets measured 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 March 31, 2013 and December 31, 2012. 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 an asset or liability within the fair value hierarchy is based on the lowest level of significant input to its valuation. SSAP No. 100 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 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. Assets and liabilities classified as Level 3 include financial instruments whose values are determined using pricing models, discounted cash flow methodologies or similar techniques, and instruments for which the determination of fair value requires significant management judgment or estimation.

Transfers between levels, if any, are reported as of the beginning of the reporting period of the transfer.

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 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 at March 31, 2013 and December 31, 2012.

Notes to Financial Statement

The following tables provide information about the fair value of the Company's financial assets as of March 31, 2013 and December 31, 2012:

	March 31, 2013				
	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3
Bonds issued by U.S. government and government agencies and authorities	\$ 48,975,402	\$ 48,840,389	\$ 36,391,730	\$ 12,583,672	\$ 0
Bonds issued by states, municipalities and political subdivisions	3,878,304	3,866,171	2,126,561	1,751,743	0
Bonds issued by foreign governments, including Canada	20,804,758	20,728,464	6,527,030	14,277,728	0
Agency mortgage-backed securities	23,370,104	23,383,349	0	23,370,104	0
Commercial mortgage-backed securities	18,338,737	18,388,776	0	18,338,737	0
Asset-backed securities	48,429,415	48,396,840	0	48,429,415	0
PIMCO total return bond ETF	8,856,253	8,844,071	8,856,253	0	0
Investment grade corporate bonds	159,899,930	158,682,721	70,501,786	89,398,144	0
Total bonds	332,552,903	331,130,781	124,403,360	208,149,543	0
Short-term investments	68,116,648	68,115,348	68,116,648	0	0
Total bonds and short-term investments	\$400,669,551	\$399,246,129	\$ 192,520,008	\$208,149,543	\$ 0

	December 31, 2012				
	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3
Bonds issued by U.S. government and government agencies and authorities	\$ 56,278,480	\$ 56,070,665	\$ 42,803,550	\$ 13,474,930	\$ 0
Bonds issued by foreign governments, including Canada	12,241,682	12,174,324	1,001,100	11,240,582	0
Agency mortgage-backed securities	23,875,907	23,942,171	0	23,875,907	0
Commercial mortgage-backed securities	13,797,997	13,808,908	0	13,797,997	0
Asset-backed securities	33,448,870	33,425,506	0	33,448,870	0
Investment grade corporate bonds	126,893,103	125,658,305	27,560,837	99,332,266	0
Total bonds	266,536,039	265,079,879	71,365,487	195,170,552	0
Short-term investments	75,245,193	75,245,384	75,245,193	0	0
Total bonds and short-term investments	\$341,781,232	\$340,325,263	\$ 146,610,680	\$195,170,552	\$ 0

Level 1 Financial Assets – \$192,520,008 and \$146,610,680 at March 31, 2013 and December 31, 2012, respectively

Unadjusted quoted prices for these securities are provided by independent pricing services. In the first quarter of 2013, \$45,789,744 of bonds were transferred from Level 2 to Level 1 due to the availability of unadjusted quoted prices in active markets for identical assets and \$9,384,743 of bonds were transferred from Level 1 to Level 2 due to the lack of availability of unadjusted quoted prices at the end of the quarter.

Level 2 Financial Assets – \$208,149,543 and \$195,170,552 at March 31, 2013 and December 31, 2012, respectively

Fair values of the bonds classified 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 independent 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, management may obtain additional information from other pricing services, or request an investigation into the valuation of the security by the pricing service to validate the quoted price. There were no adjustments to quoted market prices obtained from independent pricing services during the periods ended March 31, 2013 and December 31, 2012.

Notes to Financial Statement

At March 31, 2013, the Company held commercial mortgage-backed securities with a fair value of \$18,338,737 and an average credit rating of AAA and asset-backed securities with a fair value of \$48,429,415 and an average credit rating of AAA.

The portfolio of commercial mortgage-backed securities consisted entirely of investment grade securities and had the following characteristics at March 31, 2013:

- Approximately 29% of the underlying assets were guaranteed or had other credit enhancements and 77% of the market value of these securities consisted of senior-level priority tranches.
- The weighted average maturity of the underlying loans was approximately 2.1 years and the weighted average duration of these securities was approximately 1.5 years.
- The underlying loans were geographically diversified.

The portfolio of asset-backed securities consisted entirely of investment grade securities and had the following characteristics at March 31, 2013:

- Approximately 19% of the underlying assets were guaranteed or had other credit enhancements.
- The weighted average stated maturity of the underlying loans was approximately 3.5 years and the weighted average duration of these securities was just under 1 year.
- The absolute prepayment speed applied to approximately 50% of the asset-backed securities in the portfolio. The estimated weighted average absolute prepayment speed of these securities was approximately 1.4%.

Level 3 Financial Assets

The Company held no financial assets classified as Level 3 at March 31, 2013 or December 31, 2012.

- D. The Company held no financial assets for which it was not practicable to estimate the fair value at March 31, 2013 or December 31, 2012.

21. Other Items

C. Other Disclosures

- 1) As of March 31, 2013, assets in the amount of \$36,257,257 were on deposit with government authorities or trustees. This amount exceeds the deposit amount required by the State of Tennessee of \$35,640,000.
- 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 three months ended March 31, 2013 and 2012:

<u>Line#</u>	<u>Administrative Expenses:</u>	<u>March 31, 2013</u>	<u>March 31, 2012</u>	<u>% Change</u>
20	Claims adjustment expense	\$ 22,698,065	\$ 24,792,809	
21	General administrative expense	37,003,015	37,252,856	
	Total expense	59,701,080	62,045,665	
	ASO administrative fees	13,105,153	13,321,586	
	Premium tax	(27,658,122)	(28,355,055)	
	Expenses before ASO admin fees and excluding premium tax	<u>\$ 45,148,111</u>	<u>\$ 47,012,196</u>	(4.0%)

25. Change in Incurred Claims and Claim Adjustment Expenses

As of December 31, 2012, the reserve for unpaid insured claims, medical incentive pool and claim adjustment expenses, net of gross healthcare receivables, was \$149,472,423. Through March 31, 2013, \$128,238,166 was paid for expenses attributable to insured events of prior years. The re-estimation of reserves for unpaid insured claims and claim adjustment expenses for 2012 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 \$8,554,444. The reserve remaining for prior years is \$12,679,814 as of March 31, 2013.

Other Notes

There have been no significant changes during the first three months of 2013 in the following notes, as defined in the Official NAIC Annual Statement Instructions: 1B through 5C, 5F through 9G, 10D through 11B, 12B through 13, 14B through 17A, 18B through 19, 21A, 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[] No[X]
- 2.2 If yes, date of change:
- 3.1 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes[] No[X]
- 3.2 If the response to 3.1 is yes, provide a brief description of those changes:
- 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. 12/31/2011.....
- 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). 03/27/2013.....
- 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[X] No[] N/A[]
- 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 Code of Business Conduct resulted in an updated CEO message and Company profile and minor wording clarifications. The primary content and standards of the Code were unchanged. The updated Code was effective January 2013.
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[] No[X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

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

INVESTMENT

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

GENERAL INTERROGATORIES (Continued)

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

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

16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:
 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ 0
 16.2 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ 0
 16.3 Total payable for securities lending reported on the liability page \$ 0

17. 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[]
 17.1 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

17.2 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)

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes[] No[X]
 17.4 If yes, give full and complete information relating thereto:

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

17.5 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
705	Raymond James	50 Front Street, Memphis, TN 38103
102920	JP Morgan	270 Park Avenue 4th Floor, New York NY 10017
7927	Northern Trust Guaranteed Advisors	50 S. LaSalle Street, Chicago, IL 60675
Exempt	Pimco	840 Newport Center Drive, Newport Beach, CA 92660

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

GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages:	
1.1 A&H loss percent	..... 87.000%
1.2 A&H cost containment percent	..... 3.400%
1.3 A&H expense percent excluding cost containment expenses	..... 11.300%
2.1 Do you act as a custodian for health savings accounts?	Yes[] No[X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.	\$..... 0
2.3 Do you act as an administrator for health savings accounts?	Yes[] No[X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date.	\$..... 0

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

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

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

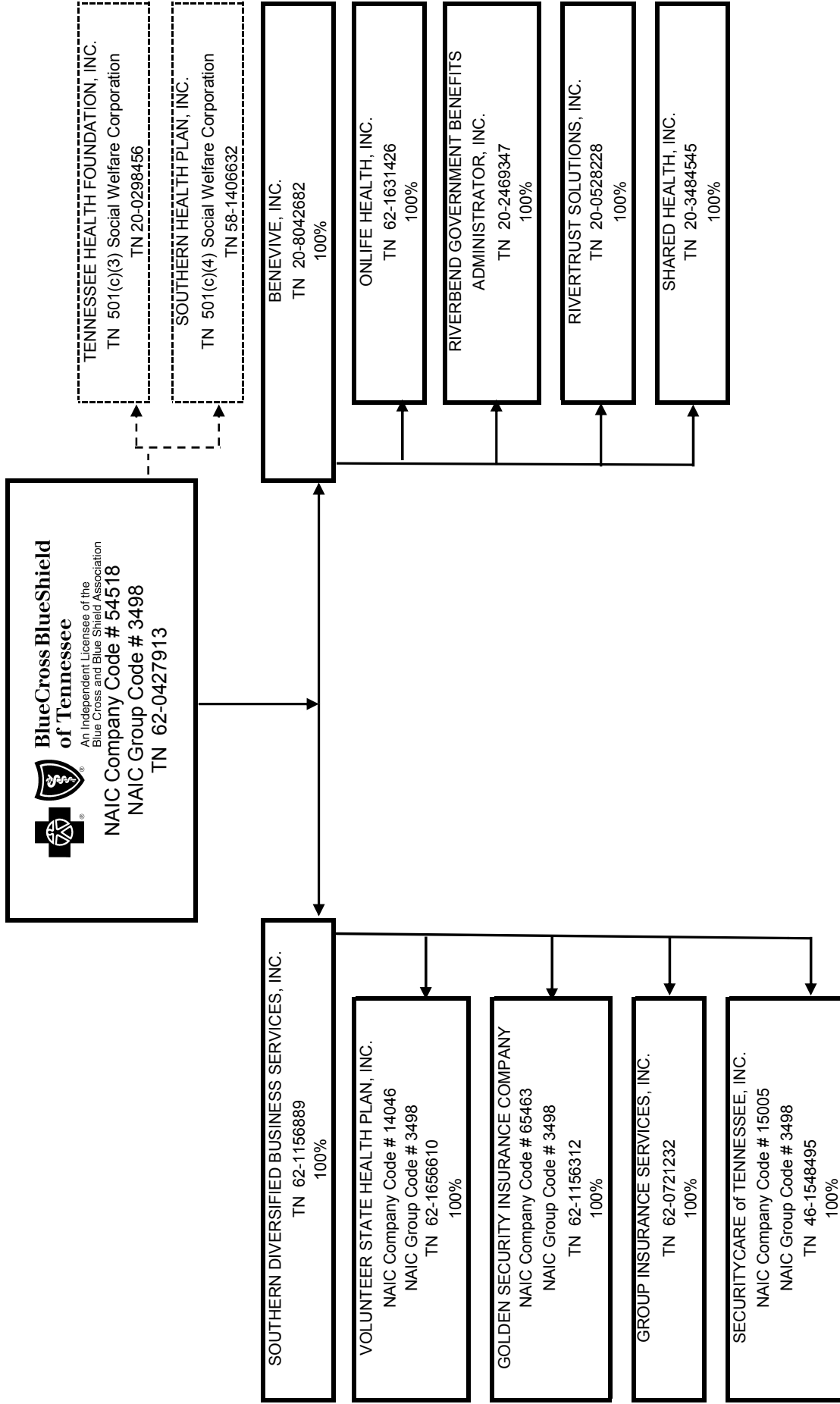
State, Etc.	1 Active Status	Direct Business Only							
		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	L			404,692,802				404,692,802	
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CAN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X			404,692,802				404,692,802	
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. Total (Direct Business)	(a) 1			404,692,802				404,692,802	
DETAILS OF WRITE-INS									
5801.	X X X								
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

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

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Comp-any Code	Federal ID Number	FEDERAL RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domic-iliary Loca-tion	Relation-ship to Report-ing Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies) / Person(s)	
3498	BlueCross BlueShield of Tennessee	54518	62-0427913				BlueCross BlueShield of Tennessee, Inc.	TN	UIP	Southern Diversified Business Services, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
3498	BlueCross BlueShield of Tennessee	14046	62-1656610				Volunteer State Health Plan, Inc.	TN		BlueCross BlueShield of Tennessee, Inc.	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	BlueCross BlueShield of Tennessee, Inc.	Board of Directors		BlueCross BlueShield of Tennessee, Inc.	
		00000	62-1156889				Southern Diversified Business Services, Inc.	TN	UDP	BlueCross BlueShield of Tennessee, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	62-0721232				Group Insurance Services	TN	IA	Southern Diversified Business Services, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
3498	BlueCross BlueShield of Tennessee	65463	62-1156312				Golden Security Insurance Company	TN	IA	Southern Diversified Business Services, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	20-8042682				BeneVive, Inc.	TN	NIA	BlueCross BlueShield of Tennessee, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	20-3484545				Shared Health, Inc.	TN	NIA	BeneVive, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	20-0528228				RiverTrust Solutions, Inc.	TN	NIA	BeneVive, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	20-2469347				Riverbend Government Benefits Administrator, Inc.	TN	NIA	BeneVive, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	62-1631426				Onlife Health, Inc.	TN	NIA	BeneVive, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	
		00000	46-1548495				SecurityCare of Tennessee, Inc.	TN	IA	Southern Diversified Business Services, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.	

Explanation

Asterisk														
0000001	BlueCross BlueShield of Tennessee, Inc.													
0000002	BlueCross BlueShield of Tennessee, Inc. appoints the Board of Tennessee Health Foundation, Inc.													
	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



14046201336500001

2013

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	500		500	16,272
2305.				
2306.				
2397. Summary of remaining write-ins for Line 23 (Lines 2304 through 2396)	500		500	16,272

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)			

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	265,079,879	184,988,386
2. Cost of bonds and stocks acquired	135,699,696	266,225,791
3. Accrual of discount	20,295	37,207
4. Unrealized valuation increase (decrease)		20,648
5. Total gain (loss) on disposals	(14,451)	1,103,678
6. Deduct consideration for bonds and stocks disposed of	68,573,411	184,545,156
7. Deduct amortization of premium	1,081,227	2,629,164
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		121,511
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	331,130,781	265,079,879
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	331,130,781	265,079,879

SCHEDULE D - PART 1B

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

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	437,091,297	677,671,551	691,872,114	(3,339,428)	419,551,306			437,091,297
2. Class 2 (a)			2,261,138	2,261,138				
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	437,091,297	677,671,551	694,133,252	(1,078,290)	419,551,306			437,091,297
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	437,091,297	677,671,551	694,133,252	(1,078,290)	419,551,306			437,091,297

(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 \$.....64,462,917; 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	78,274,335	X X X	78,287,401	29,579	39,973

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	169,312,724	86,557,761
2. Cost of short-term investments acquired	503,404,231	2,537,843,673
3. Accrual of discount	1,132	4,416
4. Unrealized valuation increase (decrease)	(1,132)	(4,416)
5. Total gain (loss) on disposals	27	(182)
6. Deduct consideration received on disposals	594,425,289	2,455,000,852
7. Deduct amortization of premium	17,358	87,676
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)	78,274,335	169,312,724
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	78,274,335	169,312,724

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 item	
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 (Line 6, prior year)				
2.	Cumulative cash change (Section 1, Broker Name/Net Cash Deposits Footnote - Cumulative Cash Change column)				
3.1	Add:				
	Change in variation margin on open contracts - Highly Effective Hedges				
	3.11 Section 1, Column 15, current year to date minus				
	3.12 Section 1, Column 15, prior year				
	Change in variation margin on open contracts - All Other				
	3.13 Section 1, Column 18, current year to date minus				
	3.14 Section 1, Column 18, prior year				
3.2	Add:				
	Change in adjustment to basis of hedged item				
	3.21 Section 1, Column 17, current year to date minus				
	3.22 Section 1, Column 17, prior year				
	Change in amount recognized				
	3.23 Section 1, Column 19, current year to date minus				
	3.24 Section 1, Column 19, prior year				
3.3	Subtotal (Line 3.1 minus Line 3.2)				
4.1	Cumulative 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 Total gain (loss) recognized for terminations in prior year				
	5.2 Total gain (loss) adjusted into the hedged item(s) for terminations in prior year				
6.	Book/Adjusted Carrying Value at end of current period (Lines 1 + 2 + 3.3 - 4.3 - 5.1 - 5.2)				
7.	Deduct total nonadmitted amounts				
8.	Statement value at end of current period (Line 6 minus Line 7)				

NONE

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

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

SCHEDULE DB - PART C - SECTION 2

Replication (Synthetic Asset) Transactions Open

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year-To-Date	
	1	2	3	4	5	6	7	8	9	10
	Number of Positions	Total Replication (Synthetic Asset) Statement Value	Number of Positions	Total Replication (Synthetic Asset) Statement Value	Number of Positions	Total Replication (Synthetic Asset) Statement Value	Number of Positions	Total Replication (Synthetic Asset) Statement Value	Number of Positions	Total Replication (Synthetic Asset) Statement Value
1. Beginning Inventory										
2. Add: Opened or Acquired Transactions										
3. Add: Increases in Replication (Synthetic Asset) Transactions										
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 15 plus Part B, Section 1 Footnote - Total Ending Cash Balance		
3. Total (Line 1 plus Line 2)		
4. Part D, Section 1, Column 5		
5. Part D, Section 1, Column 6		
6. Total (Line 3 minus Line 4 minus Line 5)		

	Fair Value Check	
7. Part A, Section 1, Column 16		
8. Part B, Section 1, Column 13	NONE	
9. Total (Line 7 plus Line 8)		
10. Part D, Section 1, Column 8		
11. Part D, Section 1, 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 20		
15. Part D, Section 1, Column 11		
16. Total (Line 13 plus Line 14 minus Line 15)		

SCHEDULE E - Verification
(Cash Equivalents)

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	2,698,694	35,159,655
2.	Cost of cash equivalents acquired	38,567,624	3,793,799,709
3.	Accrual of discount	570	1,563
4.	Unrealized valuation increase (decrease)	(570)	(1,563)
5.	Total gain (loss) on disposals		
6.	Deduct consideration received on disposals	31,120,128	3,826,260,670
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)	10,146,190	2,698,694
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)	10,146,190	2,698,694

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	3 State						
NONE								
0399999 Totals								

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

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

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

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

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

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

SCHEDULE BA - PART 2

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

1	2	3	4	5	6	7	8	9	10	11	12	13
CUSIP Identification	Name or Description	City	State	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
NONE												
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	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
NONE																			
4199999 TOTALS																			

SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
912828RF9	U S TREASURY NOTE		03/28/2013	VARIOUS	XXX	5,852,505	5,749,000	11,276	1
912828TA8	U S TREASURY NOTE		02/11/2013	Goldman Sachs NY	XXX	5,002,734	5,000,000	1,485	1
912828TQ3	U S TREASURY NOTE		02/11/2013	Morgan Stanley	XXX	3,751,172	3,750,000	3,477	1
912828UK4	U S TREASURY NOTE		02/13/2013	Morgan Stanley	XXX	2,498,926	2,500,000	242	1
912828TP5	U S TREASURY NT		02/05/2013	Credit Suisse	XXX	10,970,818	11,000,000	10,939	1
0599999	Subtotal - Bonds - U.S. Governments				XXX	28,076,155	27,999,000	27,419	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
491189FC5	KENTUCKY ASSET / LIABILITY COM		01/09/2013	Citigroup Global Markets	XXX	545,043	520,000	4,709	1FE
2499999	Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions				XXX	545,043	520,000	4,709	XXX
Bonds - U.S. Special Revenue, Special Assessment									
313382LR2	FEDERAL HOME LN BK CONS BD		03/19/2013	Morgan Stanley	XXX	2,000,000	2,000,000		1
31418MEX6	FNMA POOL #0AD0149		01/02/2013	Nomura Secs NY	XXX	1,066,455	903,775	804	1
3136A1HC2	FNMA GTD REMIC PT 11-98 VC		03/19/2013	Vining Sparks	XXX	1,048,989	976,371	1,993	1
3136ABPT4	FNMA GTD REMIC PT 13-MT ASQ2		01/17/2013	Jefferies & Co	XXX	2,090,699	2,070,000	1,790	1
645913AV6	NEW JERSEY ST ECON DEV AUTH LE		02/12/2013	Morgan Stanley	XXX	2,093,864	2,301,000		1FE
3199999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				XXX	8,300,007	8,251,146	4,587	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)									
055451AN8	BHP BILLITON FINANCE USA LTD	F	03/25/2013	VARIOUS	XXX	1,830,561	1,812,000	1,650	1FE
21686CAD2	RABOBANK NEDERLAND UTREC	F	02/11/2013	Barclays Bank NY	XXX	590,590	550,000	1,289	1FE
822582AQ5	SHELL INTERNATIONAL FINANCE BV	F	01/29/2013	JPMorgan Securities Inc,	XXX	530,000	500,000	1,421	1FE
874060AB2	TAKEDA PHARMACEUTICAL 144A	F	02/12/2013	Nomura Secs NY	XXX	1,010,420	1,000,000	6,681	1FE
00440EAJ6	ACE INA HOLDINGS INC		02/27/2013	VARIOUS	XXX	1,322,004	1,127,000	21,860	1FE
001055AH5	AFLAC INC		02/05/2013	JPMorgan Securities Inc,	XXX	1,026,187	980,000	12,480	1FE
02666GL43	AMERICAN HONDA FINANCE		01/29/2013	Merrill Lynch	XXX	502,285	500,000	1,944	1FE
00206RBM3	AT&T INC		02/07/2013	VSHP - Pledged Assets	XXX	1,999,960	2,000,000	4,744	1FE
05531FAA1	BB&T CORP		01/22/2013	Barclays Capital	XXX	799,088	750,000	10,094	1FE
05531FAH6	BB&T CORPORATION		01/30/2013	Wells Fargo Securities LL	XXX	2,544,250	2,500,000	13,667	1FE
07383FXN3	BEAR STEARNS COMMERCIAL T12 A4		01/08/2013	Salomon Brothers	XXX	1,252,100	1,228,303	1,598	1FM
084670BA5	BERKSHIRE HATHAWAY INC		01/22/2013	Mizuho Secs	XXX	2,207,515	2,185,000	4,083	1FE
09657YAB8	BMW VEHICLE LEASE TRUST 1 A2		01/16/2013	Merrill Lynch	XXX	2,337,982	2,338,000		1FE
14041NBNO	CAPITAL ONE MULTI-ASSET A4 A4		01/03/2013	Nomura Secs NY	XXX	1,503,281	1,500,000	393	1FE
14313LAB2	CARMAX AUTO OWNER TRUST 1 A2		02/06/2013	RBC Capital Markets Corp	XXX	1,059,923	1,060,000		1FE
14912L5P2	CATERPILLAR FINANCIAL SERVICES		03/06/2013	VSHP - Pledged Assets	XXX	642,150	640,000	254	1FE
149123BU4	CATERPILLAR INC		03/07/2013	VARIOUS	XXX	1,063,100	1,050,000	4,058	1FE
17275RAU1	CISCO SYSTEMS INC		02/25/2013	Perishing LLC	XXX	1,520,670	1,500,000	11,104	1FE
12591FAB2	CNH EQUIPMENT TRUST A A2		02/13/2013	RBS SECURITIES INC, GREEN	XXX	2,299,793	2,300,000		1FE
12616VAC6	CNH EQUIPMENT TRUST C A3		03/06/2013	Morgan Stanley	XXX	251,768	250,000	215	1FE
263534CG2	EIDU PONT DE NEMOURS & CO		02/26/2013	U S Bancorp	XXX	385,643	380,000	2,882	1FE
263534CH0	EIDU PONT DE NEMOURS & CO		02/21/2013	Mizuho Secs	XXX	1,185,487	1,180,000	1,484	1FE
34530CAB7	FORD CREDIT AUTO LEASE TRA A2		03/12/2013	Morgan Stanley	XXX	1,899,846	1,900,000		1FE
34530BAB9	FORD CREDIT AUTO OWNER TR A A2		02/20/2013	Merrill Lynch	XXX	1,599,871	1,600,000		1FE
36828QOE9	GE COML MTG CORP 05-C4 A4		02/20/2013	Citigroup GBL	XXX	2,368,295	2,140,000	7,572	1FM
36962GZ26	GENERAL ELECTRIC CAPITAL CORP		02/06/2013	Barclays Cap	XXX	3,196,169	3,000,000	30,708	1FE
43814CAB5	HONDA AUTO RECEIVABLES OW 1 A2		01/16/2013	Merrill Lynch	XXX	1,599,904	1,600,000		1FE
44890JAB5	HYUNDAI AUTO RECEIVABLES A A2		01/24/2013	Citigroup Global Markets	XXX	3,565,768	3,566,000		1FE
44890KAB2	HYUNDAI AUTO RECEIVABLES C A2		03/08/2013	Credit Suisse	XXX	750,117	750,000	233	1FE
459200GW5	INTERNATIONAL BUSINESS MACHINE		02/13/2013	VARIOUS	XXX	4,417,347	4,365,000	13,365	1FE
24422ERQ4	JOHN DEERE CAPITAL CORP		01/04/2013	Perishing LLC	XXX	1,258,938	1,250,000	2,491	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)
478160AX2	JOHNSON & JOHNSON		02/21/2013	Seattle-Northwest Secs	XXX	719,041	711,000	2,394	1FE
50180CAB6	LB-JBS COMMERCIAL MORTGA C7 A2		02/05/2013	Deutsche Bank Secs	XXX	2,048,738	1,939,060	7,708	1FM
581557AY1	MCKESSON CORP		02/12/2013	Stifel Nicolaus	XXX	894,327	850,000	1,593	1FE
585515AH2	MELLEN FUNDING CORP		01/22/2013	Mizuho Secs	XXX	2,513,489	2,510,000	2,277	1FE
59157BAM4	METLIFE INSTITUTIONAL FUN 144A		01/07/2013	U S Bancorp	XXX	1,000,000	1,000,000		1FE
59217EBW3	METROPOLITAN LIFE GLOBAL FUNDI		02/13/2013	Citigroup GBL	XXX	1,590,420	1,500,000	14,734	1FE
61746SBR9	MORGAN STANLEY		02/11/2013	VARIOUS	XXX	518,883	475,000	8,440	1FE
65476LAB7	NISSAN AUTO LEASE TRUST BA2A		03/08/2013	Morgan Stanley	XXX	1,500,234	1,500,000	525	1FE
654748AB8	NISSAN AUTO RECEIVABLES O A2		01/09/2013	Citigroup Global Markets	XXX	1,699,819	1,700,000		1FE
665859AK0	NORTHERN TRUST CORP		01/24/2013	Morgan Stanley	XXX	578,408	550,000	6,218	1FE
69371RK70	PACCAR FINANCIAL CORP		02/20/2013	UBS Secs	XXX	375,977	375,000	479	1FE
713448BX5	PEPSICO INC		03/07/2013	Cantor Fitzgerald	XXX	803,776	800,000	117	1FE
72201R775	PIMCO TOTAL RETURN ETF		03/05/2013	Northern Trust	XXX	8,844,071			1
742561AC3	PRINCIPAL LIFE GLOBAL FUN 144A		02/12/2013	Morgan Stanley	XXX	944,813	940,000	1,671	1FE
74256LAE9	PRINCIPAL LIFE GLOBAL FUN 144A		03/12/2013	UBS Secs	XXX	600,000	600,000		1FE
744560AY2	PUB SVC ELEC & GAS		03/08/2013	Keybank Capital Mkts	XXX	1,760,850	1,750,000	1,157	1FE
828807CJ4	SIMON PROPERTY GROUP LP		02/13/2013	VARIOUS	XXX	2,446,168	2,372,000	20,884	1FE
872287AC1	TCI COMMUNICATIONS INC		02/27/2013	U S Bancorp	XXX	2,404,356	2,028,000	16,266	1FE
89233P6J0	TOYOTA MOTOR CREDIT CORP		02/11/2013	Stifel Nicolaus	XXX	588,808	585,000	384	1FE
91324PCE0	UNITEDHEALTH GROUP INC		02/25/2013	Wells Fargo Securities LL	XXX	1,099,000	1,099,000		1FE
92343VAY0	VERIZON COMMUNICATIONS INC		01/04/2013	Wells Fargo Securities LL	XXX	1,516,475	1,420,000	11,597	1FE
25468PCY0	WALT DISNEY CO/THE		02/12/2013	Credit Suisse	XXX	3,000,000	3,000,000		1FE
94974BET3	WELLS FARGO & CO		02/07/2013	Wells Fargo Securities LL	XXX	3,158,370	3,000,000	40,938	1FE
94974BFA3	WELLS FARGO & CO		02/15/2013	VARIOUS	XXX	1,264,234	1,250,000	347	1FE
94980VAA6	WELLS FARGO BANK NA		01/15/2013	Pershing LLC	XXX	537,894	500,000	10,490	1FE
98158KAC3	WORLD OMNI AUTO RECEIVABL A A3		02/15/2013	Morgan Stanley	XXX	45,883	45,793	8	1FE
064159AL0	BANK OF NOVA SCOTIA	A	01/08/2013	Scott Stringfellow	XXX	3,071,130	3,000,000	27,596	1FE
125094AB8	CDP FINANCIAL	A	02/25/2013	Merrill Lynch	XXX	1,772,335	1,700,000	13,175	1FE
78006SVJ2	ROYAL BANK OF CANADA	A	01/08/2013	RBC Capital Markets Corp	XXX	3,000,000	3,000,000		1FE
3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					XXX	98,778,491	87,701,156	345,268	XXX
8399997 Subtotal - Bonds - Part 3					XXX	135,699,696	124,471,302	381,983	XXX
9899999 Subtotal - Bonds					XXX	135,699,696	124,471,302	381,983	XXX
9899999 Subtotal - Preferred and Common Stocks					XXX		XXX		XXX
9999999 Total - Bonds, Preferred and Common Stocks					XXX	135,699,696	XXX	381,983	XXX

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

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value				16	17	18	19	20	21	22
										11	12	13	14								15
CUSIP Identification	Description	Disposal	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 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 (e)
Bonds - U.S. Governments																				
912828PQ7	U.S. TREASURY NOTE	03/28/2013	Salomon Brothers	XXX	2,013,828	2,000,000	2,017,188	2,016,664		(3,800)		(3,800)		2,012,864		964	964	13,978	01/15/2014	1
912828RF9	U.S. TREASURY NOTE	02/11/2013	Montgomery Secs	XXX	1,793,744	1,765,000	1,793,480	1,793,480		(262)		(262)		1,793,219		526	526	8,094	08/31/2016	1
912828RF5	U.S. TREASURY NOTE	03/28/2013	Salomon Brothers	XXX	1,503,633	1,500,000	1,502,979	1,502,979		(365)		(365)		1,502,514		1,119	1,119	2,067	11/15/2014	1
912828RZ5	U.S. TREASURY NOTE	02/11/2013	Salomon Brothers	XXX	3,810,967	3,800,000	3,808,553	3,808,556		132		132		3,808,728		2,259	2,259	5,501	01/15/2015	1
912828TA8	U.S. TREASURY NOTE	03/28/2013	Goldman Sachs NY	XXX	5,004,102	5,000,000	5,002,734	5,002,734		(245)		(245)		5,002,489		1,612	1,612	3,004	06/30/2014	1
912828TQ3	U.S. TREASURY NOTE	03/28/2013	Morgan Stanley	XXX	3,752,051	3,750,000	3,751,172	3,751,172		(89)		(89)		3,751,083		968	968	4,610	09/30/2014	1
912828SV1	U.S. TREASURY NOTES	03/28/2013	Goldman Sachs NY	XXX	2,001,563	2,000,000	2,000,234	2,000,229		(38)		(38)		2,000,191		1,372	1,372	1,621	05/31/2014	1
912828TF5	U.S. TREASURY NOTE	02/28/2013	VARIOUS	XXX	4,883,856	4,880,000	4,878,129	4,878,129		532		532		4,878,766		5,090	5,090	5,588	09/15/2015	1
912828NPT	UNITED STATES TREASURY NOTE	01/17/2013	VARIOUS	XXX	5,210,769	5,030,000	5,227,091	5,030,016		(1,400)		(1,400)		5,201,616		9,154	9,154	38,104	07/31/2015	1
0699999 Subtotal	Bonds - U.S. Governments			XXX	29,974,533	29,747,000	29,981,511	17,189,523		(5,535)		(5,535)		29,951,470		23,064	23,064	83,577	...	XXX
Bonds - U.S. Special Revenue, Special Assessment																				
313373JRH	FEDERAL HOME LN BK CONS BD	01/29/2013	Morgan Stanley	XXX	1,664,600	1,640,000	1,668,351	1,654,033		(770)		(770)		1,655,263		11,337	11,337	3,884	05/28/2014	1
3133XW670	FEDERAL HOME LN BK CONS BD	01/04/2013	Chemical Securities	XXX	1,485,929	1,440,000	1,498,910	1,467,890		(159)		(159)		1,467,731		18,198	18,198	2,400	06/13/2014	1
31344UJ06	FEDERAL HOME LN MTG CORP	02/20/2013	Morgan Stanley	XXX	1,706,336	1,600,000	1,786,907	1,690,821		(7,954)		(7,954)		1,682,867		23,469	23,469	48,000	07/15/2014	1
3134GZU48	FEDERAL HOME LN MTG CORP	02/20/2013	Salomon Brothers	XXX	1,415,362	1,400,000	1,413,014	1,408,020		(665)		(665)		1,407,362		8,007	8,007	7,039	08/20/2014	1
31398AY22	FEDERAL NATL MTG ASSN	01/31/2013	Salomon Brothers	XXX	1,044,317	1,000,000	1,064,555	1,034,505		(1,671)		(1,671)		1,032,854		11,483	11,483	11,250	09/16/2014	1
312855E2	FHLMC POOL #1Q-1225	03/01/2013	PRINCIPAL RECEIPT	XXX	153,503	153,503	164,488	164,394		(10,892)		(10,892)		153,503		376	376	381	11/01/2036	1
312855SP0	FHLMC POOL #1Q-1226	03/01/2013	PRINCIPAL RECEIPT	XXX	139,934	139,934	149,931	149,931		(9,998)		(9,998)		139,934		63	63	31	11/01/2037	1
31342A5L9	FHLMC POOL #78-0851	03/01/2013	PRINCIPAL RECEIPT	XXX	23,405	23,405	24,166	24,112		(707)		(707)		23,405		63	63	63	09/01/2033	1
31394YR63	FHLMC MULTICLASS CTF5 2802 VE	03/15/2013	PRINCIPAL RECEIPT	XXX	13,662	13,662	14,520	14,004		(342)		(342)		13,662		125	125	125	04/15/2015	1
31393NK24	FHLMC MULTICLASS MTG	03/15/2013	PRINCIPAL RECEIPT	XXX	213,786	213,786	230,087	228,942		(15,156)		(15,156)		213,786		1,764	1,764	1,764	03/15/2018	1
31383RFD4	FHLMC MULTICLASS MTG	03/15/2013	PRINCIPAL RECEIPT	XXX	31,184	31,184	32,772	32,179		(995)		(995)		31,184		232	232	232	01/15/2018	1
31397CY99	FHLMC MULTICLASS MTG 3263 A	03/15/2013	PRINCIPAL RECEIPT	XXX	29,325	29,325	30,050	29,940		(615)		(615)		29,325		1,588	1,588	1,588	07/15/2039	1
3137AC141	FHLMC MULTICLASS MTG 3802 MA	03/15/2013	PRINCIPAL RECEIPT	XXX	204,830	204,830	220,129	219,474		(14,643)		(14,643)		204,830		1,558	1,558	1,558	07/15/2039	1
3134ZAEZ2	FHLMC POOL #78-0741	03/01/2013	PRINCIPAL RECEIPT	XXX	11,945	11,945	12,324	12,295		(30)		(30)		11,945		33	33	33	02/15/2019	1
31395LAD3	FHLMC REMIC SERIES 2924	03/01/2013	PRINCIPAL RECEIPT	XXX	30,267	30,267	31,685	31,311		(1,044)		(1,044)		30,267		229	229	229	02/15/2019	1
31418MEX6	FNMA POOL #04D0149	03/01/2013	PRINCIPAL RECEIPT	XXX	14,808	14,808	16,807	16,653		(1,846)		(1,846)		14,808		94	94	94	06/01/2016	1
3138EJ4T6	FNMA POOL #0A11733	03/25/2013	VARIOUS	XXX	2,846,840	2,208	2,605	2,605		(397)		(397)		2,885,179		(38,338)	(38,338)	6	06/01/2016	1
31394AW69	FNMA GTD REMIC PIT 08-51 BC	03/01/2013	PRINCIPAL RECEIPT	XXX	420,848	420,848	458,440	458,322		(10,458)		(10,458)		420,848		2,295	2,295	2,295	09/01/2037	1
31397LWK2	FNMA GTD REMIC PIT 09-70 NT	03/01/2013	PRINCIPAL RECEIPT	XXX	109,851	109,851	116,408	114,175		(4,323)		(4,323)		109,851		540	540	540	06/25/2023	1
31396Q2W2	FNMA GTD REMIC PIT 09-70 NT	03/01/2013	PRINCIPAL RECEIPT	XXX	37,908	37,908	39,447	38,543		(635)		(635)		37,908		207	207	207	08/25/2019	1
31397UD42	FNMA GTD REMIC PIT 201-1411MS	03/01/2013	PRINCIPAL RECEIPT	XXX	128,984	128,984	136,199	136,095		(7,111)		(7,111)		128,984		298	298	298	07/25/2026	1
3199999 Subtotal	Bonds - U.S. Special Revenue, Special Assessment			XXX	11,877,696	11,525,291	12,145,891	11,957,750		(116,816)		(116,816)		11,843,541		34,156	34,156	100,481	...	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																				
44328MAD6	HSBC BANK PLC	02/28/2013	Lehman Bros Inc	XXX	1,106,215	1,100,000	1,102,288	1,100,485		(125)		(125)		1,100,361		5,854	5,854	10,080	08/12/2013	1FE
0040EANT7	ACE INA HOLDINGS	01/14/2013	Chase Greenwich	XXX	1,367,717	1,300,000	1,320,391	1,320,391		(246)		(246)		1,320,145		47,572	47,572	5,070	11/23/2015	1FE
02005VAB6	ALLY AUTO RECEIVABLES TR-A2	03/15/2013	PRINCIPAL RECEIPT	XXX	186,559	186,559	186,557	186,558		1		1		186,559		535	535	247	06/16/2014	1FE
039463AN2	ARCHER-DANIELS-MIDLAND CO	03/26/2013	Goldman Sachs NY	XXX	51,510	51,000	50,969	50,969		(7)		(7)		50,975		280	280	280	02/15/2014	1FE
14313GAB3	BEAR STEARNS COMMERCIAL T12 A4	03/13/2013	PRINCIPAL RECEIPT	XXX	135,806	135,806	138,942	135,806		(2,911)		(2,911)		135,806		955	955	955	08/13/2039	1FM
14312AA87	CARWAX AUTO OWNER TRUST 3 A2	03/15/2013	PRINCIPAL RECEIPT	XXX	143,862	143,862	143,843	143,845		7		7		143,862		142	142	142	03/16/2015	1FE
12613YAC4	CARWAX AUTO OWNER TRUST 3 A2	03/13/2013	PRINCIPAL RECEIPT	XXX	134,300	134,300	134,289	134,292		8		8		134,300		156	156	156	11/17/2014	1FE
02072RAP6	DELL INC	03/13/2013	Non Broker Trade	XXX	12,971	12,971	13,202	13,144		(173)		(173)		12,971		169	169	169	02/11/2049	1FM
254683AL9	DISCOVER CARD MASTER TRU A1 A1	02/06/2013	VARIOUS	XXX	2,255,000	2,000,000	2,290,948	2,262,959		(1,821)		(1,821)		2,261,138		(6,138)	(6,138)	24,628	04/01/2016	2FE
341099CC1	FLORIDA PWR CORP 1ST MTG BD	03/01/2013	MATURITY	XXX	445,000	445,000	448,407	446,255		(1,093)		(1,093)		445,162		(162)	(162)	930	09/15/2015	1FE
36150CC33	GENM 2010-3.A	02/05/2013	Morgan Stanley	XXX	1,400,000	1,400,000	1,506,346	1,408,120		(8,120)		(8,120)		1,400,000		(1,898)	(1,898)	33,600	03/01/2013	1FE
36962G4H4	GENERAL ELECTRIC CAPITAL CORP	01/08/2013	MATURITY	XXX	654,443	650,000	654,002	658,002		(1,660)		(1,660)		656,342		(1,898)	(1,898)	2,075	06/15/2016	1FE
41283TABA	HARLEY-DAVIDSON MOTORCYCL 1 A2	03/15/2013	PRINCIPAL RECEIPT	XXX	537,974	537,974	538,373	538,360		(277)		(277)		537,974		484	484	484	01/08/2013	1FE
41283NAD3	HARLEY-DAVIDSON MOTORCYCL 1 A3	03/15/2013	PRINCIPAL RECEIPT	XXX	16,197	16,197	16,228	16,214		(17)		(17)		16,197		39	39	39	08/15/2015	1FE
46813EAB2	HONDA AUTO RECEIVABLES 2 A2	03/15/2013	PRINCIPAL RECEIPT	XXX	213,381	213,381	213,381	213,381						213,381		227	227	227	11/17/2014	1FE
44916AAB2	HYUNDAI AUTO RECEIVABLES C A2	03/15/2013	PRINCIPAL RECEIPT	XXX	223,287	223,287	223,271	223,276		10		10		223,287		228	228	228	07/15/2014	1FE
46428T26	ISHARES BARCLAYS AGGREGATE	03/05/2013	VENDOR CODE ISV NOT IN TA	XXX	8,999,965	8,999,965	8,999,965	8,999,965						8,999,965		(155,943)	(155,943)	52,130	06/16/2014	1
47787BAB1	JOHN DEERE OWNER TRUST A A2	03/15/2013	PRINCIPAL RECEIPT	XXX	402,019	402,019	402,019	402,017		2		2		402,019		364	364	364	06/16/2014	1FE
46625MA66	JP MORGAN CHASE COMMERC CBB A4	03/12/2013	PR																	

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 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)
771196AQ5	ROCHE HDGS INC GTD NT 144A	03/21/2013	CALLED @ 04.0880000	XXX	1,468,682	1,411,000	1,525,015	1,470,890	(11,293)	(11,293)		(11,293)		1,458,296		9,385	9,385	38,194	03/01/2014	IFE
829807CC9	SIMON PROPERTY GROUP LP	02/01/2013	Montgomery Sees	XXX	1,325,125	1,250,000	1,326,871	1,302,319	(2,348)	(2,348)		(2,348)		1,299,971		25,154	25,154	26,979	02/01/2015	IFE
88166HAAS	TEVA PHARMACEUTICAL FINANCE IV	01/07/2013	CALLED @ 02.2970000	XXX	1,534,455	1,500,000	1,536,600	1,530,754	(274)	(274)		(274)		1,530,480		3,975	3,975	4,038	11/10/2014	IFE
911312AG1	UNITED PARCEL SVC INC	01/15/2013	MATURITY	XXX	600,000	600,000	630,210	600,935	(935)	(935)		(935)		600,000				13,500	01/15/2013	IFE
92867FAB1	VOLKSWAGEN AUTO LEASE TRU A A2	03/20/2013	PRINCIPAL RECEIPT	XXX	173,967	173,967	173,965	173,966						173,967				295	02/20/2014	IFE
929766GS6	WACHOVIA BANK COMMERCIAL C5 A2	03/15/2013	PRINCIPAL RECEIPT	XXX	632,632	632,632	643,308	641,134	(8,502)	(8,502)		(8,502)		632,632				5,008	06/15/2035	IFM
98158KAC3	WORLD OMNI AUTO RECEIVABLE A3	03/15/2013	PRINCIPAL RECEIPT	XXX	183,037	183,036	184,048	178,754	(627)	(627)		(627)		183,037				330	05/15/2015	IFE
98158NAB9	WORLD OMNI AUTOMOBILE LE A A2	03/15/2013	VARIOUS	XXX	168,877	168,877	169,055	168,967	(88)	(88)		(88)		168,880				194	10/15/2013	IFE
064149A56	BANK OF NOVA SCOTIA	01/22/2013	MATURITY	XXX	1,000,000	1,000,000	1,018,890	1,000,844	(644)	(644)		(644)		1,000,000				11,250	01/22/2013	IFE
389999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				XXX	26,721,182	17,576,012	27,735,614	26,748,192	(45,472)	(45,472)		(45,472)		26,792,851		(71,668)	(71,668)	248,747	X X X	X X X
8399997 Subtotal - Bonds - Part 4				XXX	68,573,411	58,848,303	69,263,016	55,895,465	(167,823)	(167,823)		(167,823)		68,587,862		(14,448)	(14,448)	432,805	X X X	X X X
8399999 Subtotal - Bonds				XXX	68,573,411	58,848,303	69,263,016	55,895,465	(167,823)	(167,823)		(167,823)		68,587,862		(14,448)	(14,448)	432,805	X X X	X X X
9899999 Subtotal - Preferred and Common Stocks				XXX		X X X													X X X	X X X
9999999 Total - Bonds, Preferred and Common Stocks				XXX	68,573,411	X X X	69,263,016	55,895,465	(167,823)	(167,823)		(167,823)		68,587,862		(14,448)	(14,448)	432,805	X X X	X X X

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

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 Item(s) Hedged, Used for Income Generation or Replicated	Schedule/ Exhibit Identifier	Type(s) of Risk(s) (a)	Exchange, Counterparty or Central Clearinghouse	Trade Date	Date of Maturity or Expiration	Number of Contracts	National Amount	Strike Price, Rate or Indexed Received (Paid)	Cumulative Prior Year(s) 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 (b)
144999 Totals																						
														XXX							XXX	XXX

(a)	2
1	Description of Hedged Risk(s)
Code	
	NONE

(b)	2
1	Financial or Economic Impact of the Hedge at the End of the Reporting Period
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	Highly Effective Hedges			20	21	22				
Ticker Symbol	Number of Contracts	Notional Amount	Description	Description of Item(s) Hedged, Used for Income Generation or Replicated	Schedule/Exhibit Identifier	Type(s) of Risk(s) (e)	Date of Maturity or Expiration	Exchange	Trade Date	Transaction Price	Reporting Date Price	Fair Value	Book/Adjusted Carrying Value	15	16	17	18	19	Hedge Effectiveness at Inception and at Quarter-end (b)	Value of One (1) Point			
														Cumulative Variation Margin	Deferred Variation Margin	Change in Variation Margin Gain (Loss) Used to Adjust Basis of Hedged Item	All Other	Change in Variation Margin Gain (Loss) Recognized in Current Year	Potential Exposure				
1449999 Totals																					XXX	XXX	XXX

1 Broker Name	2 Beginning Cash Balance	3 Cumulative Cash Change	4 Ending Cash Balance
9999999 Total - Net Cash Deposits			

(a)	1	2
	Code	Description of Hedged Risk(s)

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

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

NONE

SCHEDULE DB - PART D - SECTION 1

Counterparty Exposure for Derivative Instruments Open as of Current Statement Date

1 Description of Exchange, Counterparty or Central Clearinghouse	2 Master Agreement (Y or N)	3 Credit Support Annex (Y or N)	4 Fair Value of Acceptable Collateral	Book/Adjusted Carrying Value		7 Exposure net of Collateral	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		8 Contracts With Fair Value > 0	9 Contracts With Fair Value < 0			10 Exposure Net of Collateral
NONE										
0999999 Total (Sum of 0199999, 0299999, 0399999, 0499999, 0599999, 0699999 & 0799999)										

SCHEDULE DB - PART D - SECTION 2

Collateral for Derivative Instruments Open as of Current Statement Date

Collateral Pledged by Reporting Entity

1 Exchange, Counterparty or Central Clearinghouse	2 Type of Asset Pledged	3 CUSIP Identification	4 Description	5 Fair Value	6 Par Value	7 Book/Adjusted Carrying Value	8 Maturity Date	9 Type of Margin (I, V or IV)
NONE								
0199999 Total							XXX	XXX

SCHEDULE DB - PART D - SECTION 2

Collateral for Derivative Instruments Open as of Current Statement Date

Collateral Pledged to Reporting Entity

1 Exchange, Counterparty or Central Clearinghouse	2 Type of Asset Pledged	3 CUSIP Identification	4 Description	5 Fair Value	6 Par Value	7 Book/Adjusted Carrying Value	8 Maturity Date	9 Type of Margin (I, V or IV)
NONE								
0299999 Total						XXX	XXX	XXX

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

General Interrogatories:

1. Total activity for the year 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

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

1 Depository		2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
						6 First Month	7 Second Month	8 Third Month	
open depositories									
US Bank	150 4th Avenue North, Nashville, TN 37219					18,755,453	13,370,484	6,460,654	X X X
US Bank	150 4th Avenue North, Nashville, TN 37219					2,392,115	2,391,943	2,387,377	X X X
US Bank	150 4th Avenue North, Nashville, TN 37219					100,171	95,510	414,074	X X X
US Bank	150 4th Avenue North, Nashville, TN 37219					(1,602,061)	(24,624,278)	(1,852,219)	X X X
0199998 Deposits in .....1 depositories that do not exceed the allowable limit in any one depository (see Instructions) - open depositories		X X X	X X X			44,494	10,362	9,232	X X X
0199999 Totals - Open Depositories		X X X	X X X			19,690,172	(8,755,979)	7,419,118	X X X
0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository (see Instructions) - suspended depositories		X X X	X X X						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			19,690,172	(8,755,979)	7,419,118	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			19,690,172	(8,755,979)	7,419,118	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
Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations							
AMERICAN ELEC PWR DISC		03/07/2013	0.000	04/16/2013	849,724	170	
CONSOLIDATED EDIS DISC		03/14/2013	0.000	04/01/2013	1,999,740	260	
DEVON ENERGY CORP DISC		03/06/2013	0.000	05/06/2013	2,248,875	469	
HEINZ H J FINANCE DISC		02/04/2013	0.000	04/25/2013	1,798,815	834	
KROGER CO DISC		03/05/2013	0.000	04/09/2013	1,499,533	357	
UNITED HLTHCARE DISC		02/26/2013	0.000	04/02/2013	1,749,503	482	
3299999 Subtotals - Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations					10,146,190	2,572	
3899999 Subtotals - Industrial & Miscellaneous (Unaffiliated)					10,146,190	2,572	
8399999 Subtotals - Bonds					10,146,190	2,572	
8499999 Sweep Accounts							
8599999 Other Cash Equivalents							
8699999 Total - Cash Equivalents					10,146,190	2,572	



MEDICARE PART D COVERAGE SUPPLEMENT

Net of Reinsurance

NAIC Group Code: 3498

NAIC Company Code: 14046

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

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

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EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1	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:						
Premium Accrual.....	3,229,896	59,211	(226,172)	(7,151,334)		(4,088,399)
State of Tennessee Premium Withhold Receivable	2,587,578					2,587,578
Retro Premiums for claims > 12 Months.....	238,914					238,914
0499997 Subtotal - Medicaid Entities.....	6,056,388	59,211	(226,172)	(7,151,334)	-	(1,261,907)
0499999 Premiums due and unpaid from Medicaid entities.....	-	-	-	-	-	-
0599999 Accident and health premiums due and unpaid (Page 2, Line 13).....	6,056,388	59,211	(226,172)	(7,151,334)	-	(1,261,907)

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						
0299998	Claim Overpayment Receivables - Not Individually Listed.....	-	-	-	2,415,755	2,415,755	-
0299999	Subtotal - Claim Overpayment Receivables.....	-	-	-	2,415,755	2,415,755	-
	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.....	-	-	-	2,415,755	2,415,755	-

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

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

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

Affiliate	2 Description	3 Amount	5	
			4 Current	Non-Current
BlueCross BlueShield of Tennessee	Administrative Expense offset and Federal Income Tax Expense	14,945,412	14,945,412	-
0199999 Total - Individually listed payables	.....XXX	14,945,412	14,945,412	-
0299999 Payables not individually listed	.....XXX	.....	.....	.....
0399999 Total gross payables	.....XXX	14,945,412	14,945,412	-