ANNUAL STATEMENT

OF THE

Tennessee Behavioral Health, Inc.

Of

Nashville

in the state of TN

to the Insurance Department

of the State of

For the Year Ended

December 31, 2002

2002

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HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2002

of the Condition and Affairs of the

Tennessee Behavioral Health, Inc.

NAIC Group Code..... , (Current Period) (Prior Period) NAIC Company Code..... 95780 Employer's ID Number..... 62-1621636

Organized under the Laws of TN State of Domicile or Port of Entry TN Country of Domicile

Licensed as Business Type ENTER X in appropriate box above

Is HMO Federally Qualified? Yes [ ] No [ ]

Date Incorporated or Organized..... December 15, 1995 Date Commenced Business..... July 1, 1996

Statutory Home Office	222 Second Ave. N. Suite 220….. Nashville ..... TN ..... 37201 *(Street and Number) (City or Town, State and Zip Code)*	
Address of Main Administrative Office	222 Second Ave. N. Suite 220….. Nashville ..... TN ..... 37201 *(Street and Number) (City or Town, State and Zip Code)*	615-313-4463 *(Area Code) (Telephone Number)*
Mail Address	222 Second Ave. N. Suite 220….. Nashvillee ..... TN ..... 37201 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	222 Second Ave. N. Suite 220….. Nashville ..... TN ..... 37201 *(Street and Number) (City or Town, State and Zip Code)*	615-313-4463 *(Area Code) (Telephone Number)*
Internet Website Address		
Statement Contact	Donnie Pennington *(Name)* *drpennington@magellanhealth.com* *(E-Mail Address)*	615-313-4463 *(Area Code) (Telephone Number) (Extension)* *615-313-4481* *(Fax Number)*
Policyowner Relations Contact	….. .... *(Street and Number) (City or Town, State and Zip Code)*	*(Area Code) (Telephone Number) (Extension)*

OFFICERS

President ..... Russell C. Petrella Treasurer ..... Charlotte Sanford Secretary ..... Andrew M. Cummings

VICE PRESIDENTS

Andrew M. Cummings Charles D. Klusner Charlotte Sanford

DIRECTORS OR TRUSTEES

Russell C. Petrella Charlotte Sanford

State of..... Tennessee
County of..... Davidson

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of 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.

(Signature)	(Signature)	(Signature)
Russell C. Petrella	Andrew M. Cummings	Charles D. Klusener
(Printed Name)	(Printed Name)	(Printed Name)
President	Secretary	Vice President

Subscribed and sworn to before me this

.....day of ....., 2003

.....

a. Is this an original filing? Yes [X] No [ ]

b. If no: 1. State the amendment number
2. Date filed.....
3. Number of pages attached.....

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	Prior Year 4 Net Admitted Assets
1. Bonds	3,235,781		3,235,781	3,275,992
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks			0	
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $.....0 encumbrances)			(a) 0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....5,016,692, Schedule E, Part 1) and short-term investments ($.....0, Schedule DA, Part 2)	5,016,692		5,016,692	9,729,716
6. Other long-term invested assets			0	
7. Receivable for securities			0	
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotal cash and invested assets (Lines 1 to 8)	8,252,473	0	8,252,473	13,005,708
10. Accident and health premiums due and unpaid	1,073,021		1,073,021	727,671
11. Health care receivables	14,664	13,321	1,343	12,947
12. Amounts recoverable from reinsurers			0	
13. Net adjustment in assets and liabilities due to foreign exchange rates			0	
14. Investment income due and accrued	60,469		60,469	60,469
15. Amounts due from parent, subsidiaries and affiliates	4,127,806		4,127,806	5,007,270
16. Amounts receivable relating to uninsured accident and health plans			0	
17. Furniture and equipment			0	
18. Amounts due from agents			0	
19. Federal and foreign income tax recoverable and interest thereon (including $.....0 net deferred tax asset)			0	
20. Electronic data processing equipment and software			0	
21. Other nonadmitted assets			0	
22. Aggregate write-ins for other than invested assets	1,626,495	997,944	628,551	0
23. Total assets (Lines 9 plus 10 through 22)	15,154,928	1,011,265	14,143,663	18,814,065

DETAILS OF WRITE-INS

0801.			0	
0802.			0	
0803.			0	
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	0	0	0	0
2201. Risk Share Receivable	616,355		616,355	
2202. ASO Receivables	12,196		12,196	
2203. Provider Recoveries and Advances	990,726	990,726	0	
2298. Summary of remaining write-ins for Line 22 from overflow page	7,218	7,218	0	0
2299. Totals (Lines 2201 thru 2203 plus 2298) (Line 22 above)	1,626,495	997,944	628,551	0

(a) $.....0 health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less $.....0 reinsurance ceded)	5,987,160		5,987,160	11,040,499
2.	Accrued medical incentive pool and bonus payments			0	
3.	Unpaid claims adjustment expenses			0	
4.	Aggregate policy reserves			0	
5.	Aggregate claim reserves			0	
6.	Premiums received in advance	2,071,559		2,071,559	
7.	General expenses due or accrued	213,676		213,676	393,628
8.	Federal and foreign income tax payable and interest thereon (including $.....0 (on realized capital gains (losses)) (including $.....0 net deferred tax liability)			0	
9.	Amounts withheld or retained by company for the account of others			0	
10.	Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
11.	Amounts due to parent, subsidiaries and affiliates	7,243		7,243	3,454,423
12.	Payable for securities			0	
13.	Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
14.	Reinsurance in unauthorized companies			0	
15.	Net adjustments in assets and liabilities due to foreign exchange rates			0	
16.	Liability for amounts held under uninsured accident and health plans			0	
17.	Aggregate write-ins for other liabilities (including $.....0 current)	614,408	0	614,408	510,551
18.	Total liabilities (Lines 1 to 17)	8,894,046	0	8,894,046	15,399,101
19.	Common capital stock	XXX	XXX	1,000	1,000
20.	Preferred capital stock	XXX	XXX		
21.	Gross paid in and contributed surplus	XXX	XXX	9,067,036	8,567,036
22.	Surplus notes	XXX	XXX	11,168,341	11,168,341
23.	Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
24.	Unassigned funds (surplus)	XXX	XXX	(14,986,760)	(16,321,413)
25.	Less treasury stock, at cost:				
	25.1 .....0.000 shares common (value included in Line 19 $.....0)	XXX	XXX		
	25.2 .....0.000 shares preferred (value included in Line 20 $.....0)	XXX	XXX		
26.	Total capital and surplus (Lines 19 to 24 less Line 25)	XXX	XXX	5,249,617	3,414,964
27.	Total liabilities, capital and surplus (Lines 18 and 26)	XXX	XXX	14,143,663	18,814,065

DETAILS OF WRITE-INS

1701.	Premium Tax Payable	614,408		614,408	510,551
1702.				0	
1703.				0	
1798.	Summary of remaining write-ins for Line 17 from overflow page	0	0	0	0
1799.	Totals (Lines 1701 thru 1703 plus 1798) (Line 17 above)	614,408	0	614,408	510,551
2301.		XXX	XXX		
2302.		XXX	XXX		
2303.		XXX	XXX		
2398.	Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399.	Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1. Member months	XXX	5,123,461	7,362,086
2. Net premium income	XXX	101,814,991	137,871,876
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of $.....0 medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	863,399	0
7. Total revenues (Lines 2 to 6)	XXX	102,678,390	137,871,876
Medical and Hospital:			
8. Hospital/medical benefits		41,202,280	61,148,775
9. Other professional services		47,884,988	64,058,850
10. Outside referrals			
11. Emergency room and out-of-area			
12. Prescription drugs			
13. Aggregate write-ins for other medical and hospital	0	0	0
14. Incentive pool and withhold adjustments			
15. Subtotal (Lines 8 to 14)	0	89,087,268	125,207,625
Less:			
16. Net reinsurance recoveries			
17. Total medical and hospital (Lines 15 minus 16)	0	89,087,268	125,207,625
18. Claims adjustment expenses		870,989	1,251,045
19. General administrative expenses		10,663,957	15,844,765
20. Increase in reserves for accident and health contracts			
21. Total underwriting deductions (Lines 17 through 20)	0	100,622,214	142,303,435
22. Total underwriting gain or (loss) (Lines 7 minus 21)	XXX	2,056,176	(4,431,559)
23. Net investment income earned		281,524	932,656
24. Net realized capital gains or (losses)			
25. Net investment gains or (losses) (Lines 23 plus 24)	0	281,524	932,656
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
27. Aggregate write-ins for other income or expenses	0	0	0
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)	0	2,337,700	(3,498,903)
29. Federal and foreign income taxes incurred	XXX		
30. Net income (loss) (Lines 28 minus 29)	XXX	2,337,700	(3,498,903)

DETAILS OF WRITE-INS

0601. Risk Share Revenue	XXX	863,399	
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	863,399	0
1301.			
1302.			
1303.			
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0
2701.			
2702.			
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
31. Capital and surplus prior reporting year	3,414,964	6,845,372
GAINS AND LOSSES TO CAPITAL AND SURPLUS		
32. Net income or (loss) from Line 30	2,337,700	(3,498,903)
33. Change in valuation basis of aggregate policy and claim reserves		
34. Net unrealized capital gains and losses		
35. Change in net unrealized foreign exchange capital gain or (loss)		
36. Change in net deferred income tax		
37. Change in nonadmitted assets	(1,003,047)	68,495
38. Change in unauthorized reinsurance		
39. Change in treasury stock		
40. Change in surplus notes		
41. Cumulative effect of changes in accounting principles		
42. Capital Changes:		
42.1 Paid in		
42.2 Transferred from surplus (stock dividend)		
42.3 Transferred to surplus		
43. Surplus adjustments:		
43.1 Paid in	500,000	
43.2 Transferred to capital (stock dividend)		
43.3 Transferred from capital		
44. Dividends to stockholders		
45. Aggregate write-ins for gains or (losses) in surplus	0	0
46. Net change in capital and surplus (Lines 32 to 45)	1,834,653	(3,430,408)
47. Capital and surplus end of reporting year (Line 31 plus 46)	5,249,617	3,414,964

DETAILS OF WRITE-INS

4501.		
4502.		
4503.		
4598. Summary of remaining write-ins for Line 45 from overflow page	0	0
4599. Totals (Lines 4501 thru 4503 plus 4598) (Line 45 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums and revenues collected net of reinsurance	103,776,048	138,341,617
2. Claims and claims adjustment expenses	96,003,039	126,097,522
3. General administrative expenses paid	13,307,768	17,418,519
4. Other underwriting income (expenses)		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(5,534,759)	(5,174,424)
6. Net Investment income	321,735	914,340
7. Other income (expenses)		
8. Federal and foreign income taxes (paid) recovered		
9. Net cash from operations (Lines 5 to 8)	(5,213,024)	(4,260,084)
CASH FROM INVESTMENTS		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds		3,200,000
10.2 Stocks		
10.3 Mortgage loans		
10.4 Real estate		
10.5 Other invested assets		
10.6 Net gains or (losses) on cash and short-term investments		
10.7 Miscellaneous proceeds		
10.8 Total investment proceeds (Lines 10.1 to 10.7)	0	3,200,000
11. Cost of investments acquired (long-term only):		
11.1 Bonds		3,291,891
11.2 Stocks		
11.3 Mortgage loans		
11.4 Real estate		
11.5 Other invested assets		
11.6 Miscellaneous applications		
11.7 Total investments acquired (Lines 11.1 to 11.6)	0	3,291,891
12. Net cash from investments (Line 10.8 minus Line 11.7)	0	(91,891)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
13. Cash provided:		
13.1 Surplus notes, capital and surplus paid in	500,000	
13.2 Net transfers from affiliates		
13.3 Borrowed funds received		
13.4 Other cash provided		
13.5 Total (Lines 13.1 to 13.4)	500,000	0
14. Cash applied:		
14.1 Dividends to stockholders paid		
14.2 Net transfers to affiliates		
14.3 Borrowed funds repaid		
14.4 Other applications		
14.5 Total (Lines 14.1 to 14.4)	0	0
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	500,000	0
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	(4,713,024)	(4,351,975)
17. Cash and short-term investments:		
17.1 Beginning of year	9,729,716	14,081,691
17.2 End of year (Line 16 plus Line 17.1)	5,016,692	9,729,716

ANALYSIS OF OPERATION BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medical Only	4 Medicare Supplement	5 Dental Only	6 Vision Only	7 Federal Employees Health Benefit Plans	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Stop Loss	11 Disability Income	12 Long-Term Care	13 Other
1. Net premium income	101,814,991								101,814,991				
2. Change in unearned premium reserves and reserve for rate credit	0												
3. Fee-for-service (net of $.....0 medical expenses)	0												
4. Risk revenue	0												
5. Aggregate write-ins for other health care related revenues	863,399	0	0	0	0	0	0	0	863,399	0	0	0	0
6. Total revenues (Lines 1 to 5)	102,678,390	0	0	0	0	0	0	0	102,678,390	0	0	0	0
7. Medical/hospital benefits	41,202,280								41,202,280				
8. Other professional services	47,884,988								47,884,988				
9. Outside referrals	0												
10. Emergency room and out-of-area	0												
11. Prescription drugs	0												
12. Aggregate write-ins for other medical and hospital	0	0	0	0	0	0	0	0	0	0	0	0	0
13. Incentive pool and withhold adjustments	0												
14. Subtotal (Lines 7 to 13)	89,087,268	0	0	0	0	0	0	0	89,087,268	0	0	0	0
15. Net reinsurance recoveries	0												
16. Total medical and hospital (Lines 14 minus 15)	89,087,268	0	0	0	0	0	0	0	89,087,268	0	0	0	0
17. Claims adjustment expenses	870,989								870,989				
18. General administrative expenses	10,663,957								10,663,957				
19. Increase in reserves for accident and health contracts	0												
20. Total underwriting deductions (Lines 16 to 19)	100,622,214	0	0	0	0	0	0	0	100,622,214	0	0	0	0
21. Net underwriting gain or (loss) (Line 6 minus Line 20)	2,056,176	0	0	0	0	0	0	0	2,056,176	0	0	0	0

DETAILS OF WRITE-INS

0501. Risk Share Revenue	863,399								863,399				
0502.	0												
0503.	0												
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	0
0599. Total (Lines 0501 thru 0503 plus 0598) (Line 5 above)	863,399	0	0	0	0	0	0	0	863,399	0	0	0	0
1201.	0												
1202.	0												
1203.	0												
1298. Summary of remaining write-ins for Line 12 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	0
1299. Total (Lines 1201 thru 1203 plus 1298) (Line 12 above)	0	0	0	0	0	0	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (medical and hospital)				0
2. Medicare supplement				0
3. Dental only				0
4. Vision only				0
5. Federal employees health benefits plan premiums				0
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid	102,678,390			102,678,390
8. Other				0
9. Totals	102,678,390	0	0	102,678,390

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Medical and Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan Premium	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
1. Payments during the year:									
1.1 Direct	94,140,607							94,140,607	
1.2 Reinsurance assumed	0								
1.3 Reinsurance ceded	0								
1.4 Net	94,140,607	0	0	0	0	0	0	94,140,607	0
2. Paid medical incentive pools and bonuses	0								
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	5,987,160							5,987,160	
3.2 Reinsurance assumed	0								
3.3 Reinsurance ceded	0								
3.4 Net	5,987,160	0	0	0	0	0	0	5,987,160	0
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct	0								
4.2 Reinsurance assumed	0								
4.3 Reinsurance ceded	0								
4.4 Net	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0								
6. Amounts recoverable from reinsurers December 31, current year	0								
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	11,040,499							11,040,499	
7.2 Reinsurance assumed	0								
7.3 Reinsurance ceded	0								
7.4 Net	11,040,499	0	0	0	0	0	0	11,040,499	0
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct	0								
8.2 Reinsurance assumed	0								
8.3 Reinsurance ceded	0								
8.4 Net	0	0	0	0	0	0	0	0	0
9. Accrued medical incentive pools and bonuses, prior year	0								
10. Amounts recoverable from reinsurers December 31, prior year	0								
11. Incurred benefits:									
11.1 Direct	89,087,268	0	0	0	0	0	0	89,087,268	0
11.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0
11.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0
11.4 Net	89,087,268	0	0	0	0	0	0	89,087,268	0
12. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Medical and Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan Premium	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
1. Reported in process of adjustment:									
1.1 Direct	0								
1.2 Reinsurance assumed	0								
1.3 Reinsurance ceded	0								
1.4 Net	0	0	0	0	0	0	0	0	0
2. Incurred but unreported:									
2.1 Direct	5,987,160							5,987,160	
2.2 Reinsurance assumed	0								
2.3 Reinsurance ceded	0								
2.4 Net	5,987,160	0	0	0	0	0	0	5,987,160	0
3. Amounts withheld from paid claims and capitations:									
3.1 Direct	0								
3.2 Reinsurance assumed	0								
3.3 Reinsurance ceded	0								
3.4 Net	0	0	0	0	0	0	0	0	0
4. Totals:									
4.1 Direct	5,987,160	0	0	0	0	0	0	5,987,160	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0
4.4 Net	5,987,160	0	0	0	0	0	0	5,987,160	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (medical and hospital)					0	
2. Medicare supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan premiums					0	
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid	7,570,125	86,570,482	548,743	5,438,417	8,118,868	11,040,499
8. Other					0	
9. Subtotal	7,570,125	86,570,482	548,743	5,438,417	8,118,868	11,040,499
10. Medical incentive pools, accruals and disbursements					0	
11. Totals	7,570,125	86,570,482	548,743	5,438,417	8,118,868	11,040,499

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior		214	21		
2. 1998		12,558	408	1	1
3. 1999	XXX	100,031	10,841	92	7
4. 2000	XXX	XXX	102,507	11,436	1,381
5. 2001	XXX	XXX	XXX	116,997	6,181
6. 2002	XXX	XXX	XXX	XXX	86,571

SECTION B - INCURRED CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior		215	21		
2. 1998		13,231	413	1	1
3. 1999	XXX	111,819	10,888	178	7
4. 2000	XXX	XXX	116,814	13,123	1,754
5. 2001	XXX	XXX	XXX	126,265	6,357
6. 2002	XXX	XXX	XXX	XXX	92,009

SECTION C - INCURRED YEAR CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. Prior to 1998	XXX			XXX	0	XXX			0	XXX
2. 1998	136,731	12,968	29	0.2	12,997	9.5			12,997	9.5
3. 1999	125,431	110,971	251	0.2	111,222	88.7			111,222	88.7
4. 2000	134,643	115,324	253	0.2	115,577	85.8	373		115,950	86.1
5. 2001	137,872	123,178	985	0.8	124,163	90.1	176		124,339	90.2
6. 2002	102,678	86,571	604	0.7	87,175	84.9	5,438		92,613	90.2
7. Total (Lines 1 through 6)	XXX	449,012	2,122	XXX	451,134	XXX	5,987	0	457,121	XXX
8. Total (Lines 2 through 6)	637,355	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

U & I Ex.-Pt.2C-Sn A-Paid Claims-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Hospital & Medical
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Dental
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Dental
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Dental
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Vision
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Vision
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Vision
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior		214	21		
2. 1998		12,558	408	1	1
3. 1999	XXX	100,031	10,841	92	7
4. 2000	XXX	XXX	102,507	11,436	1,381
5. 2001	XXX	XXX	XXX	116,997	3,181
6. 2002	XXX	XXX	XXX	XXX	86,571

SECTION B - INCURRED CLAIMS - TITLE XIX - MEDICAID

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior		215	21		
2. 1998		13,231	413	1	1
3. 1999	XXX	111,819	10,888	178	7
4. 2000	XXX	XXX	116,814	13,123	1,754
5. 2001	XXX	XXX	XXX	126,265	6,357
6. 2002	XXX	XXX	XXX	XXX	92,009

SECTION C - INCURRED YEAR CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. Prior to 1998	XXX			XXX	0	XXX			0	XXX
2. 1998	136,731	12,968	29	0.2	12,997	9.5			12,997	9.5
3. 1999	125,431	110,971	251	0.2	111,222	88.7			111,222	88.7
4. 2000	134,643	115,324	253	0.2	115,577	85.8	373		115,950	86.1
5. 2001	137,872	123,178	985	0.8	124,163	90.1	176		124,339	90.2
6. 2002	102,678	86,571	604	0.7	87,175	84.9	5,438		92,613	90.2
7. Total (Lines 1 through 6)	XXX	449,012	2,122	XXX	451,134	XXX	5,987	0	457,121	XXX
8. Total (Lines 2 through 6)	637,355	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

U & I Ex.-Pt.2C-Sn A-Paid Claims-Other
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Other
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Other
NONE

U & I Ex.-Pt.2D
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
1. Rent ($.....0 for occupancy of own building)		431,118		431,118
2. Salaries, wages and other benefits		6,335,550		6,335,550
3. Commissions (less $.....0 ceded plus $.....0 assumed)				0
4. Legal fees and expenses		5,601		5,601
5. Certifications and accreditation fees		3,322		3,322
6. Auditing, actuarial and other consulting services		934,667		934,667
7. Traveling expenses		192,645		192,645
8. Marketing and advertising		51,509		51,509
9. Postage, express and telephone		344,693		344,693
10. Printing and office supplies		86,100		86,100
11. Occupancy, depreciation and amortization		4,172		4,172
12. Equipment		109,081		109,081
13. Cost or depreciation of EDP equipment and software				0
14. Outsourced services including EDP, claims, and other services				0
15. Boards, bureaus and association fees		20,202		20,202
16. Insurance, except on real estate				0
17. Collection and bank service charges		65,718		65,718
18. Group service and administration fees				0
19. Reimbursements by uninsured accident and health plans				0
20. Reimbursements from fiscal intermediaries				0
21. Real estate expenses				0
22. Real estate taxes				0
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes				0
23.2 State premium taxes		2,079,579		2,079,579
23.3 Regulatory authority licenses and fees				0
23.4 Payroll taxes				0
23.5 Other (excluding federal income and real estate taxes)				0
24. Investment expenses not included elsewhere				0
25. Aggregate write-ins for expenses	870,989	0	0	870,989
26. Total expenses incurred (Lines 1 to 25)	870,989	10,663,957	0	(a) 11,534,946
27. Add expenses unpaid December 31, prior year		393,628		393,628
28. Less expenses unpaid December 31, current year		213,676		213,676
29. Amounts receivable relating to uninsured accident and health plans, prior year				0
30. Amounts receivable relating to uninsured accident and health plans, current year				0
31. Total expenses paid (Lines 26 plus 27 minus 28 minus 29 plus 30)	870,989	10,843,909	0	11,714,898

DETAILS OF WRITE-INS

2501. Claims processing expense allocated from parent	870,989			870,989
2502.				0
2503.				0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above)	870,989	0	0	870,989

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

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a)	
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a)	
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash/short-term investments	(e)	
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	0	0
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		0
17.	Net investment income (Line 10 minus Line 16)		0

NONE

DETAILS OF WRITE-INS

0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above)		0

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

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain or (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1.	U.S. government bonds					0
1.1	Bonds exempt from U.S. tax					0
1.2	Other bonds (unaffiliated)					0
1.3	Bonds of affiliates					0
2.1	Preferred stocks (unaffiliated)					0
2.11	Preferred stocks of affiliates					0
2.2	Common stocks (unaffiliated)					0
2.21	Common stocks of affiliates					0
3.	Mortgage loans					0
4.	Real estate					0
5.	Contract loans					0
6.	Cash/short-term investments					0
7.	Derivative instruments					0
8.	Other invested assets					0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	0	0	0	0	0

NONE

DETAILS OF WRITE-INS

0901.						0
0902.						0
0903.						0
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Change for Year (Increase) or Decrease
1. Summary of Items, Page 2, Lines 10 to 16 and 19 to 20, Column 2	13,321	1,000	(12,321)
2. Other nonadmitted assets:			
2.1 Bills receivable			0
2.2 Leasehold improvements			0
2.3 Cash advanced to or in hands of officers and agents			0
2.4 Loans on personal security, endorsed or not			0
2.5 Commuted commissions			0
3. Total (Lines 2.1 to 2.5)	0	0	0
4. Aggregate write-ins for other than invested assets	997,944	7,218	(990,726)
5. Total (Line 1 plus Lines 3 and 4)	1,011,265	8,218	(1,003,047)

DETAILS OF WRITE-INS

0401. Charter Receivable	7,218	7,218	0
0402. Provider Recoveries	990,726		(990,726)
0403.			0
0498. Summary of remaining write-ins for Line 4 from overflow page	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	997,944	7,218	(990,726)

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health maintenance organizations						
2. Provider service organizations						
3. Preferred provider organizations						
4. Point of service						
5. Indemnity only						
6. Aggregate write-ins for other lines of business	400,014	428,593	426,771	426,876	439,915	5,123,461
7. Total	400,014	428,593	426,771	426,876	439,915	5,123,461

DETAILS OF WRITE-INS

0601. Behavioral Health Organization	400,014	428,593	426,771	426,876	439,915	5,123,461
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	400,014	428,593	426,771	426,876	439,915	5,123,461

EXHIBIT 3 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
A&H Premiums Due and Unpaid						
0499999. Premiums due and unpaid from Medicaid entities	982,077			90,944		1,073,021
0599999. Accident and health premiums due and unpaid (Page 2, Line 10)	982,077	0	0	90,944	0	1,073,021

EXHIBIT 4 - 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
Health Care Receivables						
Helen Ross McNabb Advance				13,321	13,321	
Family Guidance			1,343			1,343
0599999. Gross health care receivables	0	0	1,343	13,321	13,321	1,343

EXHIBIT 5 - CLAIMS PAYABLE (REPORTED AND UNREPORTED)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Payable (Reported)						
0599999. Unreported claim and other claim reserves						5,987,160
0799999. Total claims payable						5,987,160

EXHIBIT 6 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5	6	Admitted	
						7	8
Name of Affiliate	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	Current	Non-Current
Amounts Due From Parent, Subsidiaries and Affiliates							
Magellan Behavioral Health				4,127,806		4,127,806	
0199999. Individually listed receivables	0	0	0	4,127,806	0	4,127,806	0
0399999. Total gross amounts receivable	0	0	0	4,127,806	0	4,127,806	0

EXHIBIT 7 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current
Amounts Due To Parent, Subsidiaries and Affiliates				
AdvoCare of Tennessee		7,243	7,243	
0199999. Individually listed payables		7,243	7,243	0
0399999. Total gross payables		7,243	7,243	0

EXHIBIT 8 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total	3 Total Members Covered	4 Column 3 as a % of Total	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups	46,842,810	49.8		0.0		46,842,810
2. Intermediaries		0.0		0.0		
3. All other providers	1,603,061	1.7		0.0		1,603,061
4. Total capitation payments	48,445,871	51.5	0	0.0	0	48,445,871
Other Payments:						
5. Fee-for-service		0.0	XXX	XXX		
6. Contractual fee payments	45,694,736	48.5	XXX	XXX		45,694,736
7. Bonus/withhold arrangements - fee-for-service		0.0	XXX	XXX		
8. Bonus/withhold arrangements - contractual fee payments		0.0	XXX	XXX		
9. Non-contingent salaries		0.0	XXX	XXX		
10. Aggregate cost arrangements		0.0	XXX	XXX		
11. All other payments		0.0	XXX	XXX		
12. Total other payments	45,694,736	48.5	XXX	XXX	0	45,694,736
13. Total (Line 4 plus Line 12)	94,140,607	100.0	XXX	XXX	0	94,140,607

EXHIBIT 8 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC

NONE

EXHIBIT 9 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

Description	1 Cost	2 Improvements	3 Accumulated Depreciation	4 Book Value Less Encumbrances	5 Assets Not Admitted	6 Net Admitted Assets
1. Administrative furniture and equipment						0
2. Medical furniture, equipment and fixtures						0
3. Pharmaceuticals and surgical supplies						0
4. Durable medical equipment						0
5. Other property and equipment						0
6. Total	0	0	0	0	0	0

NONE

NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statement

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	Gross Investment Holdings 2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	Admitted Assets as Reported in the Annual Statement 4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	3,235,781	39.2	3,235,781	39.2
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.0		0.0
1.22 Issued by U.S. government sponsored agencies		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities)		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.0		0.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations		0.0		0.0
1.43 Revenue and assessment obligations		0.0		0.0
1.44 Industrial development and similar obligations		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA		0.0		0.0
1.512 Issued by FNMA and FHLMC		0.0		0.0
1.513 Privately issued		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC		0.0		0.0
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA or FHLMC		0.0		0.0
1.523 All other privately issued		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.0		0.0
2.2 Unaffiliated foreign securities		0.0		0.0
2.3 Affiliated securities		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated		0.0		0.0
3.22 Unaffiliated		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.0		0.0
3.32 Unaffiliated		0.0		0.0
3.4 Other equity securities:				
3.41 Affiliated		0.0		0.0
3.42 Unaffiliated		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.0		0.0
3.52 Unaffiliated		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development		0.0		0.0
4.2 Agricultural		0.0		0.0
4.3 Single family residential properties		0.0		0.0
4.4 Multifamily residential properties		0.0		0.0
4.5 Commercial loans		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company		0.0		0.0
5.2 Property held for production of income (includes $.....0 of property acquired in satisfaction of debt)		0.0		0.0
5.3 Property held for sale ($.....0 including property acquired in satisfaction of debt)		0.0		0.0
6. Policy loans		0.0		0.0
7. Receivables for securities		0.0		0.0
8. Cash and short-term investments	5,016,692	60.8	5,016,692	60.8
9. Other invested assets		0.0		0.0
10. Total invested assets	8,252,473	100.0	8,252,473	100.0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ ] No [X]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [ ] No [ ] N/A [X]

1.3 State regulating?

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:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 06/30/2000

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 06/30/2000

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 10/26/2001

3.4 By what department or departments? Tennessee Department of Commerce & Insurance, the office of the Comptroller of the Treasury

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [ ] No [X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control. .....0.000 %

7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES (continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche
Nashville, Tennessee

9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Donald J. Martineau employee of Deloitte & Touche
Philadelphia, Pennsylvania

10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

10.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

BOARD OF DIRECTORS

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No [ ]

12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]

13. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person? Yes [X] No [ ]

FINANCIAL

14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

14.11 To directors or other officers $.....0

14.12 To stockholders not officers $.....0

14.13 Trustees, supreme or grand (Fraternal only) $.....0

14.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

14.21 To directors or other officers $.....0

14.22 To stockholders not officers $.....0

14.23 Trustees, supreme or grand (Fraternal only) $.....0

15.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

15.2 If yes, state the amount thereof at December 31 of the current year:

15.21 Rented from others $.....0

15.22 Borrowed from others $.....0

15.23 Leased from others $.....0

15.24 Other $.....0

Disclose in the Notes to Financial the nature of each obligation.

16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

16.2 If answer is yes:

16.21 Amount paid as losses or risk adjustment $.....0

16.22 Amount paid as expenses $.....0

16.23 Other amounts paid $.....0

GENERAL INTERROGATORIES (continued)

INVESTMENT

17. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred					Yes [ ] No [X]	Yes [ ] No [X]
Common	1,000.000	1,000.000	1.00	XXX	XXX XXX	XXX XXX

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E-Part 2-Special Deposits? Yes [X] No [ ]

18.2 If no, give full and complete information relating thereto.

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E-Part 2-Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1) Yes [ ] No [X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21 Loaned to others	$ 0
19.22 Subject to repurchase agreements	$ 0
19.23 Subject to reverse repurchase agreements	$ 0
19.24 Subject to dollar repurchase agreements	$ 0
19.25 Subject to reverse dollar repurchase agreements	$ 0
19.26 Pledged as collateral	$ 0
19.27 Placed under option agreements	$ 0
19.28 Letter stock or securities restricted as to sale	$ 0
19.29 Other	$ 0

19.3 For each category above, if any of these assets are held by others, identify by whom held:

19.31
19.32
19.33
19.34
19.35
19.36
19.37
19.38
19.39

For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]
If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year: $ 0

22. Excluding items in Schedule E, 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 Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [ ] No [ ]

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

1 Name of Custodian(s)	2 Custodian's Address

GENERAL INTERROGATORIES (continued)

INVESTMENT

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

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

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year? Yes [ ] No [ ]

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

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

22.05 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 Number(s)	2 Name	3 Address

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? $.....0

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

24.1 Amount of payments for legal expenses, if any? $.....7,282

24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Weed Hubbard Berry	7,282

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $.....0

25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U.S. business only $.....0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $.....0

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. $.....0

1.5 Indicate total incurred claims on all Medicare Supplement insurance. $.....0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $.....0

1.62 Total incurred claims $.....0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned $.....0

1.65 Total incurred claims $.....0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $.....0

1.72 Total incurred claims $.....0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $.....0

1.75 Total incurred claims $.....0

1.76 Number of covered lives 0

2.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [ ] No [X]

2.2 If yes, give particulars:

3.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency? Yes [X] No [ ]

3.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [ ]

4.1 Does the reporting entity have stop-loss reinsurance? Yes [ ] No [X]

4.2 If no, explain:

The company is a behavioral health organization, not a health maintenance organization (HMO). There is no market for reinsurance.

4.3 Maximum retained risk (see instructions):

4.31 Comprehensive medical $.....0

4.32 Medical only $.....0

4.33 Medicare supplement $.....0

4.34 Dental $.....0

4.35 Other limited benefit plan $.....0

4.36 Other $.....0

5. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

The majority of our members are covered under Medicaid. Providers agree to accept our payment in full and not balance bill the member.

6.1 Does the reporting entity set up its claim liability for provider services on a service data base? Yes [X] No [ ]

6.2 If no, give details:

7. Provide the following information regarding participating providers:

7.1 Number of providers at start of reporting year 4,393

7.2 Number of providers at end of reporting year 5,073

8.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No [X]

8.2 If yes, direct premium earned:

8.21 Business with the rate guarantees between 15-36 months $.....0

8.22 Business with rate guarantees over 36 months $.....0

9.1 Does the reporting entity have Bonus/withhold arrangements in its provider contracts? Yes [ ] No [X]

9.2 If yes:

9.21 Maximum amount payable bonuses $.....0

9.22 Amount actually paid for year bonuses $.....0

9.23 Maximum amount payable withholds $.....0

9.24 Amount actually paid for year withholds $.....0

10. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Tennessee

FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	14,143,663	18,891,827	22,751,023	16,581,385	25,160,333
2. Total liabilities (Page 3, Line 18)	8,894,046	11,944,678	15,905,651	13,975,173	17,866,123
3. Statutory surplus	5,248,617	6,946,149	5,385,717	5,017,255	5,469,224
4. Total capital and surplus (Page 3, Line 26)	5,249,617	6,947,149	6,845,372	2,606,212	7,294,210
Income Statement Items (Page 4)					
5. Total revenues (Line 7)	102,678,390	137,871,876	134,642,928	125,431,378	136,730,611
6. Total medical and hospital expenses (Line 17)	89,087,268	121,676,309	115,674,897	111,461,520	128,023,947
7. Total administrative expenses (Line 19)	10,663,957	15,844,765	18,197,574	17,735,583	19,374,080
8. Net underwriting gain (loss) (Line 22)	2,056,176	(900,243)	770,457	(3,765,725)	(10,667,416)
9. Net investment gain (loss) (Line 25)	281,524	933,524	964,837	518,884	344,682
10. Total other income (Lines 26 plus 27)				300,000	110,161
11. Net income or (loss) (Line 30)	2,337,700	33,281	1,735,294	(2,946,841)	(10,212,573)
Risk-Based Capital Analysis					
12. Total adjusted capital	5,249,617	6,947,149	6,845,372	2,606,212	7,294,210
13. Authorized control level risk-based capital	3,420,296	4,009,078	3,761,867	4,213,227	4,725,944
Enrollment (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	439,915	400,014	646,789	563,004	569,493
15. Total member months (Column 6, Line 7)	5,123,461	7,362,086	7,235,939	6,702,828	6,687,800
Operating Percentage (Page 4) **(Item divided by Page 4, sum of Lines 2, 3, and 5)**					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	87.5	88.3	85.9	88.9	93.6
18. Total underwriting deductions (Line 21)	98.8	100.7	99.4	103.0	107.8
19. Total underwriting gain (loss) (Line 22)	2.0	(0.7)	0.6	(3.0)	(7.8)
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	8,118,868	13,302,064	11,137,993	13,582,083	28,155,561
21. Estimated liability of unpaid claims - prior year (Line 11, Col. 6)	11,040,499	14,359,273	12,460,897	13,803,203	25,494,841

FIVE-YEAR HISTORICAL DATA (Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
Investments in Parent, Subsidiaries and Affiliates					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23. Affiliated preferred stocks (Sch D. Summary, Line 39, Col. 1)					
24. Affiliated common stocks (Sch D. Summary, Line 53, Col. 2)					
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
26. Affiliated mortgage loans on real estate					
27. All other affiliated					
28. Total of above Lines 22 to 27	0	0	0	0	0

NONE

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION.....Tennessee Behavioral Health, Inc. 2. DIVISION....Nashville, TN

BUSINESS IN THE STATE OF TENNESSEE DURING THE YEAR (Location)

NAIC Group Code.....0

NAIC Company Code.....95780

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior year	400,014								400,014	
2. First quarter	428,593								428,593	
3. Second quarter	426,771								426,771	
4. Third quarter	426,876								426,876	
5. Current year	439,915								439,915	
6. Current year member months	5,123,461								5,123,461	
Total Member Ambulatory Encounters for Year:										
7. Physician	94,104								94,104	
8. Non-physician	438,444								438,444	
9. Totals	532,548	0	0	0	0	0	0	0	532,548	0
10. Hospital patient days incurred	121,437								121,437	
11. Number of inpatient admissions	8,978								8,978	
12. Premiums collected	101,469,641								101,469,641	
13. Premiums earned	101,814,991								101,814,991	
14. Amount paid for provision of health care services	94,140,607								94,140,607	
15. Amount incurred for provision of health care services	89,087,268								89,087,268	

SCHEDULE A - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value, December 31, prior year (prior year statement)	
2.	Increase (decrease) by adjustment:	
	2.1 Totals, Part 1, Column 10	
	2.2 Totals, Part 3, Column 7	
3.	Cost of acquired (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9))	
4.	Cost of additions and permanent improvements:	
	4.1 Totals, Part 1, Column 13	
	4.2 Totals, Part 3, Column 9	
5.	Total profit (loss) on sales, Part 3, Column 14	
6.	Increase (decrease) by foreign exchange adjustment:	
	6.1 Totals, Part 1, Column 11	
	6.2 Totals, Part 3, Column 8	
7.	Amounts received on sales, Part 3, Column 11 and Part 1, Column 12	
8.	Book/adjusted carrying value at end of current period	0
9.	Total valuation allowance	
10.	Subtotal (Lines 8 plus 9)	0
11.	Total nonadmitted amounts	
12.	Statement value, current period (Page 2, real estate lines, current period)	0

NONE

SCHEDULE B - VERIFICATION BETWEEN YEARS

1.	Book value/recorded investment excluding accrued interest of mortgages owned, December 31 of prior year		
2.	Amount loaned during year:		
	2.1 Actual cost at time of acquisitions		
	2.2 Additional investment made after acquisitions		0
3.	Accrual of discount and mortgage interest points and commitment fees		
4.	Increase (decrease) by adjustment		
5.	Total profit (loss) on sale		
6.	Amounts paid on account or in full during the year		
7.	Amortization of premium		
8.	Increase (decrease) by foreign exchange adjustment		
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period		0
10.	Total valuation allowance		
11.	Subtotal (Lines 9 plus 10)		0
12.	Total nonadmitted amounts		
13.	Statement value of mortgages owned at end of current period		0

NONE

SCHEDULE BA - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year		
2.	Cost of acquisitions during year:		
	2.1 Actual cost at time of acquisitions		
	2.2 Additional investment made after acquisitions		0
3.	Accrual of discount		
4.	Increase (decrease) by adjustment		
5.	Total profit (loss) on sale		
6.	Amounts paid on account or in full during the year		
7.	Amortization of premium		
8.	Increase (decrease) by foreign exchange adjustment		
9.	Book/adjusted carrying value of long-term invested assets at end of current period		0
10.	Total valuation allowance		
11.	Subtotal (Lines 9 plus 10)		0
12.	Total nonadmitted amounts		
13.	Statement value of long-term invested assets at end of current period		0

NONE

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS	1. United States	3,235,781	3,235,781	3,291,891	3,200,000
Governments	2. Canada				
(Including all obligations guaranteed	3. Other Countries				
by governments)	4. Totals	3,235,781	3,235,781	3,291,891	3,200,000
	5. United States				
States, Territories and Possessions	6. Canada				
(Direct and guaranteed)	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States,	9. United States				
Territories and Possessions	10. Canada				
(Direct and guaranteed)	11. Other Countries				
	12. Totals	0	0	0	0
Special Revenue and Special Assessment	13. United States				
Obligations and all Non-guaranteed Obligations	14. Canada				
of Agencies and Authorities of Governments	15. Other Countries				
and their Political Subdivisions	16. Totals	0	0	0	0
	17. United States				
Public Utilities	18. Canada				
(unaffiliated)	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and	21. United States				
Credit Tenant Loans	22. Canada				
(Unaffiliated)	23. Other Countries				
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals				
	26. **Total Bonds**	3,235,781	3,235,781	3,291,891	3,200,000
PREFERRED STOCKS	27. United States				
Public Utilities	28. Canada				
(Unaffiliated)	29. Other Countries				
	30. Totals	0	0	0	
	31 United States				
Banks, Trust and Insurance Companies	32. Canada				
(Unaffiliated)	33. Other Countries				
	34. Totals	0	0	0	
	35. United States				
Industrial and Miscellaneous	36. Canada				
(Unaffiliated)	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals				
	40. **Total Preferred Stocks**	0	0	0	
COMMON STOCKS	41. United States				
Public Utilities	42. Canada				
(Unaffiliated)	43. Other Countries				
	44. Totals	0	0	0	
	45. United States				
Banks, Trust and Insurance Companies	46. Canada				
(Unaffiliated)	47. Other Countries				
	48. Totals	0	0	0	
	49. United States				
Industrial and Miscellaneous	50. Canada				
(Unaffiliated)	51. Other Countries				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals				
	54. **Total Common Stocks**	0	0	0	
	55. **Total Stocks**	0	0	0	
	56. **Total Bonds and Stocks**	3,235,781	3,235,781	3,291,891	

(a) The aggregate value of bonds which are valued at other than actual fair value is $.....0.

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year..... 3,275,993
2. Cost of bonds and stocks acquired, Column 6, Part 3.....
3. Increase (decrease) by adjustment:
   - 3.1 Column 16, Part 1..... (40,212)
   - 3.2 Column 12, Part 2, Section 1.....
   - 3.3 Column 10, Part 2, Section 2.....
   - 3.4 Column 10, Part 4..... (40,212)
4. Total gain (loss), Column 14, Part 4.....
5. Deduct consideration for bonds and stocks disposed of, Column 6, Part 4...
6. Foreign exchange adjustment:
   - 6.1 Column 17, Part 1.....
   - 6.2 Column 13, Part 2, Section 1.....
   - 6.3 Column 11, Part 2, Section 2.....
   - 6.4 Column 11, Part 4..... 0
7. Book/adjusted carrying value at end of current period..... 3,235,781
8. Total valuation allowance.....
9. Subtotal (Lines 7 plus 8)..... 3,235,781
10. Total nonadmitted amounts.....
11. Statement value of bonds and stocks, current period..... 3,235,781

SCHEDULE D - PART 1A - SECTION 1

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

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. **U.S. Governments, Schedules D & DA (Group 1)**											
1.1 Class 1		3,235,781				3,235,781	100.0	3,275,993	100.0	3,235,781	
1.2 Class 2						0	0.0				
1.3 Class 3						0	0.0				
1.4 Class 4						0	0.0				
1.5 Class 5						0	0.0				
1.6 Class 6						0	0.0				
1.7 Totals	0	3,235,781	0	0	0	3,235,781	100.0	3,275,993	100.0	3,235,781	0
2. **All Other Governments, Schedules D & DA (Group 2)**											
2.1 Class 1						0	0.0				
2.2 Class 2						0	0.0				
2.3 Class 3						0	0.0				
2.4 Class 4						0	0.0				
2.5 Class 5						0	0.0				
2.6 Class 6						0	0.0				
2.7 Totals	0	0	0	0	0	0	0.0	0		0	0
3. **States, Territories and Possessions, etc., Guaranteed, Schedules D & DA (Group 3)**											
3.1 Class 1						0	0.0				
3.2 Class 2						0	0.0				
3.3 Class 3						0	0.0				
3.4 Class 4						0	0.0				
3.5 Class 5						0	0.0				
3.6 Class 6						0	0.0				
3.7 Totals	0	0	0	0	0	0	0.0	0		0	0
4. **Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)**											
4.1 Class 1						0	0.0				
4.2 Class 2						0	0.0				
4.3 Class 3						0	0.0				
4.4 Class 4						0	0.0				
4.5 Class 5						0	0.0				
4.6 Class 6						0	0.0				
4.7 Totals	0	0	0	0	0	0	0.0	0		0	0
5. **Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed, Schedules D & DA (Group 5)**											
5.1 Class 1						0	0.0				
5.2 Class 2						0	0.0				
5.3 Class 3						0	0.0				
5.4 Class 4						0	0.0				
5.5 Class 5						0	0.0				
5.6 Class 6						0	0.0				
5.7 Totals	0	0	0	0	0	0	0.0	0		0	0

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

Quality and Maturity Distribution of All Bonds Owned December 31, At Book/Adjusting Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. **Public Utilities (Unaffiliated), Schedules D & DA (Group 6)**											
6.1 Class 1						0	0.0				
6.2 Class 2						0	0.0				
6.3 Class 3						0	0.0				
6.4 Class 4						0	0.0				
6.5 Class 5						0	0.0				
6.6 Class 6						0	0.0				
6.7 Totals	0	0	0	0	0	0	0.0	0		0	0
7. **Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)**											
7.1 Class 1						0	0.0				
7.2 Class 2						0	0.0				
7.3 Class 3						0	0.0				
7.4 Class 4						0	0.0				
7.5 Class 5						0	0.0				
7.6 Class 6						0	0.0				
7.7 Totals	0	0	0	0	0	0	0.0	0		0	0
8. **Credit Tenant Loans, Schedules D & DA (Group 8)**											
8.1 Class 1						0	0.0				
8.2 Class 2						0	0.0				
8.3 Class 3						0	0.0				
8.4 Class 4						0	0.0				
8.5 Class 5						0	0.0				
8.6 Class 6						0	0.0				
8.7 Totals	0	0	0	0	0	0	0.0	0		0	0
9. **Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)**											
9.1 Class 1						0	0.0				
9.2 Class 2						0	0.0				
9.3 Class 3						0	0.0				
9.4 Class 4						0	0.0				
9.5 Class 5						0	0.0				
9.6 Class 6						0	0.0				
9.7 Totals	0	0	0	0	0	0	0.0	0		0	0

NONE

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

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

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. **Total Bonds Current Year**											
10.1 Class 1	0	3,235,781	0	0	0	3,235,781	100.0	XXX	XXX	3,235,781	0
10.2 Class 2	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.3 Class 3	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.4 Class 4	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.5 Class 5	0	0	0	0	0	(c) 0	0.0	XXX	XXX	0	0
10.6 Class 6	0	0	0	0	0	(c) 0	0.0	XXX	XXX	0	0
10.7 Totals	0	3,235,781	0	0	0	(b) 3,235,781	100.0	XXX	XXX	3,235,781	0
10.8 Line 10.7 as a % of Col. 6	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. **Total Bonds Prior Year**											
11.1 Class 1		3,275,993				XXX	XXX	3,275,993	100.0	3,275,993	
11.2 Class 2						XXX	XXX	0	0.0		
11.3 Class 3						XXX	XXX	0	0.0		
11.4 Class 4						XXX	XXX	0	0.0		
11.5 Class 5						XXX	XXX	(c) 0	0.0		
11.6 Class 6						XXX	XXX	(c) 0	0.0		
11.7 Totals	0	3,275,993	0	0	0	XXX	XXX	(b) 3,275,993	100.0	3,275,993	0
11.8 Line 11.7 as a % of Col. 8	0.0	100.0	0.0	0.0	0.0	XXX	XXX	100.0	XXX	100.0	0.0
12. **Total Publicly Traded Bonds**											
12.1 Class 1		3,235,781				3,235,781	100.0	3,275,993	100.0	3,235,781	XXX
12.2 Class 2						0	0.0	0	0.0	0	XXX
12.3 Class 3						0	0.0	0	0.0	0	XXX
12.4 Class 4						0	0.0	0	0.0	0	XXX
12.5 Class 5						0	0.0	0	0.0	0	XXX
12.6 Class 6						0	0.0	0	0.0	0	XXX
12.7 Totals	0	3,235,781	0	0	0	3,235,781	100.0	3,275,993	100.0	3,235,781	XXX
12.8 Line 12.7 as a % of Col. 6	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. **Total Privately Placed Bonds**											
13.1 Class 1						0	0.0	0	0.0	XXX	0
13.2 Class 2						0	0.0	0	0.0	XXX	0
13.3 Class 3						0	0.0	0	0.0	XXX	0
13.4 Class 4						0	0.0	0	0.0	XXX	0
13.5 Class 5						0	0.0	0	0.0	XXX	0
13.6 Class 6						0	0.0	0	0.0	XXX	0
13.7 Totals	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

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

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

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

SCHEDULE D - PART 1A - SECTION 2

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

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. **U.S. Governments, Schedules D & DA (Group 1)**											
1.1 Issuer Obligations		3,235,781				3,235,781	100.0	3,275,993	100.0	3,235,781	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
1.7 Totals	0	3,235,781	0	0	0	3,235,781	100.0	3,275,993	100.0	3,235,781	0
2. **All Other Governments, Schedules D & DA (Group 2)**											
2.1 Issuer Obligations						0	0.0				
2.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3 Defined						0	0.0				
2.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
2.5 Defined						0	0.0				
2.6 Other						0	0.0				
2.7 Totals	0	0	0	0	0	0	0.0	0		0	0
3. **States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 3)**											
3.1 Issuer Obligations						0	0.0				
3.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3 Defined						0	0.0				
3.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
3.5 Defined						0	0.0				
3.6 Other						0	0.0				
3.7 Totals	0	0	0	0	0	0	0.0	0		0	0
4. **Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)**											
4.1 Issuer Obligations						0	0.0				
4.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3 Defined						0	0.0				
4.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
4.5 Defined						0	0.0				
4.6 Other						0	0.0				
4.7 Totals	0	0	0	0	0	0	0.0	0		0	0
5. **Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed, Schedules D & DA (Group 5)**											
5.1 Issuer Obligations						0	0.0				
5.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3 Defined						0	0.0				
5.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
5.5 Defined						0	0.0				
5.6 Other						0	0.0				
5.7 Totals	0	0	0	0	0	0	0.0	0		0	0

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

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

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. **Public Utilities (Unaffiliated), Schedules D & DA (Group 6)**											
6.1 Issuer Obligations						0	0.0				
6.2 Single Class Mortgage-Backed/Asset-Backed Bonds						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined						0	0.0				
6.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
6.5 Defined						0	0.0				
6.6 Other						0	0.0				
6.7 Totals	0	0	0	0	0	0	0.0	0		0	0
7. **Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)**											
7.1 Issuer Obligations						0	0.0				
7.2 Single Class Mortgage-Backed/Asset-Backed Bonds						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
7.3 Defined						0	0.0				
7.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
7.5 Defined						0	0.0				
7.6 Other						0	0.0				
7.7 Totals	0	0	0	0	0	0	0.0	0		0	0
8. **Credit Tenant Loans, Schedules D & DA (Group 8)**											
8.1 Issuer Obligations						0	0.0				
8.7 Totals	0	0	0	0	0	0	0.0	0		0	0
9. **Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)**											
9.1 Issuer Obligations						0	0.0				
9.2 Single Class Mortgage-Backed/Asset-Backed Bonds						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined						0	0.0				
9.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
9.5 Defined						0	0.0				
9.6 Other						0	0.0				
9.7 Totals	0	0	0	0	0	0	0.0	0		0	0

NONE

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

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

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. **Total Bonds Current Year**											
10.1 Issuer Obligations	0	3,235,781	0	0	0	3,235,781	100.0	XXX	XXX	3,235,781	0
10.2 Single Class Mortgage-Backed/Asset-Backed Bonds	0	0	0	0	0	0	0.0	XXX	XXX	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.4 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
10.5 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.6 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.7 Totals	0	3,235,781	0	0	0	3,235,781	100.0	XXX	XXX	3,235,781	0
10.8 Line 10.7 as a % of Col. 6	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. **Total Bonds Prior Year**											
11.1 Issuer Obligations		3,275,993				XXX	XXX	3,275,993	100.0	3,275,993	
11.2 Single Class Mortgage-Backed/Asset-Backed Bonds						XXX	XXX	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined						XXX	XXX	0	0.0		
11.4 Other						XXX	XXX	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
11.5 Defined						XXX	XXX	0	0.0		
11.6 Other						XXX	XXX	0	0.0		
11.7 Totals	0	3,275,993	0	0	0	XXX	XXX	3,275,993	100.0	3,275,993	0
11.8 Line 11.7 as a % of Col. 8	0.0	100.0	0.0	0.0	0.0	XXX	XXX	100.0	XXX	100.0	0.0
12. **Total Publicly Traded Bonds**											
12.1 Issuer Obligations		3,235,781				3,235,781	100.0	3,275,993	100.0	3,235,781	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Bonds						0	0.0	0	0.0	0	XXX
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined						0	0.0	0	0.0	0	XXX
12.4 Other						0	0.0	0	0.0	0	XXX
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
12.5 Defined						0	0.0	0	0.0	0	XXX
12.6 Other						0	0.0	0	0.0	0	XXX
12.7 Totals	0	3,235,781	0	0	0	3,235,781	100.0	3,275,993	100.0	3,235,781	XXX
12.8 Line 12.7 as a % of Col. 6	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. **Total Privately Placed Bonds**											
13.1 Issuer Obligations						0	0.0	0	0.0	XXX	0
13.2 Single Class Mortgage-Backed/Asset-Backed Bonds						0	0.0	0	0.0	XXX	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined						0	0.0	0	0.0	XXX	0
13.4 Other						0	0.0	0	0.0	XXX	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
13.5 Defined						0	0.0	0	0.0	XXX	0
13.6 Other						0	0.0	0	0.0	XXX	0
13.7 Totals	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

Sch. DA-Pt. 2-Verification of Short-Term Investments Between Years
NONE

Sch. DB-Pt.A-Verification Between Years
NONE

Sch. DB-Pt.B-Verification Between Years
NONE

Sch. DB-Pt.C-Verification Between Years
NONE

Sch. DB-Pt.D-Verification Between Years
NONE

Sch. DB-Pt.E-Verification
NONE

Sch. DB-Pt. F-Sn. 1
NONE

Sch. DB-Pt. F-Sn. 2
NONE

Sch. S-Pt. 1-Sn. 2
NONE

Sch. S-Pt. 2
NONE

Sch. S-Pt. 3-Sn. 2
NONE

Sch. S-Pt. 4
NONE

Sch. S-Pt.5
NONE

SCHEDULE S - PART 6

Restatement of Balance Sheet to Identify Net Credit for Ceded Reinsurance

		1 As Reported (Net of Ceded)	2 Restatement Adjustments	3 Restated (Gross of Ceded)
	ASSETS (Page 2, Col. 3)			
1.	Cash and invested assets (Line 9)	8,252,473		8,252,473
2.	Amounts recoverable from reinsurers (Line 12)			0
3.	Accident and health premiums due and unpaid (Line 10)	1,073,021		1,073,021
4.	Net credit for ceded reinsurance	XXX		0
5.	All other admitted assets (balance)	4,818,169		4,818,169
6.	Totals assets (Line 23)	14,143,663	0	14,143,663
	LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7.	Claims unpaid (Line 1)	5,987,160		5,987,160
8.	Accrued medical incentive pool and bonus payments (Line 2)			0
9.	Premiums received in advance (Line 6)	2,071,559		2,071,559
10.	Reinsurance in unauthorized companies (Line 14)			0
11.	All other liabilities (balance)	835,327		835,327
12.	Total liabilities (Line 18)	8,894,046	0	8,894,046
13.	Total capital and surplus (Line 26)	5,249,617	XXX	5,249,617
14.	Total liabilities, capital and surplus (Line 27)	14,143,663	0	14,143,663
	NET CREDIT FOR CEDED REINSURANCE			
15.	Claims unpaid	0		
16.	Accrued medical incentive pool	0		
17.	Premiums received in advance	0		
18.	Reinsurance recoverable on paid losses	0		
19.	Other ceded reinsurance recoverables	0		
20.	Total ceded reinsurance recoverables	0		
21.	Premiums receivable	0		
22.	Unauthorized reinsurance	0		
23.	Other ceded reinsurance payables/offsets	0		
24.	Total ceded reinsurance payables/offsets	0		
25.	Total net credit for ceded reinsurance	0		

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	2	Direct Business Only			
			3	4	5	6
State, Etc.	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums
1. Alabama AL		No				
2. Alaska AK		No				
3. Arizona AZ		No				
4. Arkansas AR		No				
5. California CA		No				
6. Colorado CO		No				
7. Connecticut CT		No				
8. Delaware DE		No				
9. District of Columbia DC		No				
10. Florida FL		No				
11. Georgia GA		No				
12. Hawaii HI		No				
13. Idaho ID		No				
14. Illinois IL		No				
15. Indiana IN		No				
16. Iowa IA		No				
17. Kansas KS		No				
18. Kentucky KY		No				
19. Louisiana LA		No				
20. Maine ME		No				
21. Maryland MD		No				
22. Massachusetts MA		No				
23. Michigan MI		No				
24. Minnesota MN		No				
25. Mississippi MS		No				
26. Missouri MO		No				
27. Montana MT		No				
28. Nebraska NE		No				
29. Nevada NV		No				
30. New Hampshire NH		No				
31. New Jersey NJ		No				
32. New Mexico NM		No				
33. New York NY		No				
34. North Carolina NC		No				
35. North Dakota ND		No				
36. Ohio OH		No				
37. Oklahoma OK		No				
38. Oregon OR		No				
39. Pennsylvania PA		No				
40. Rhode Island RI		No				
41. South Carolina SC		No				
42. South Dakota SD		No				
43. Tennessee TN		Yes			102,678,390	
44. Texas TX		No				
45. Utah UT		No				
46. Vermont VT		No				
47. Virginia VA		No				
48. Washington WA		No				
49. West Virginia WV		No				
50. Wisconsin WI		No				
51. Wyoming WY		No				
52. American Samoa AS		No				
53. Guam GU		No				
54. Puerto Rico PR		No				
55. U.S. Virgin Islands VI		No				
56. Canada CN						
57. Aggregate Other alien OT	XXX	XXX	0	0	0	0
58. Total (Direct Business)	XXX	(a) 1	0	0	102,678,390	0

DETAILS OF WRITE-INS

5701.				
5702.				
5703.				
5798. Summary of remaining write-ins for line 57 from overflow page	0	0	0	0
5799. Total (Lines 5701 thru 5703 plus 5798) (Line 57 above)	0	0	0	0

Explanation of basis of allocation by states, etc., of premiums and annuity considerations.

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

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

Magellan Health Services, Inc

Magellan Behavioral Health, Inc.
Directly owned subsidiary

Tennessee Behavioral Health, Inc.
Wholly-owned subsidiary

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

SCHEDULE Y (Continued)

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

1 NAIC Company Code	2 Federal ID Number	3 Names of Insurers and Parent, Subsidiaries or Affiliates	4 Shareholder Dividends	5 Capital Contributions	6 Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	7 Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	8 Management Agreements and Service Contracts	9 Income/ (Disbursements) Incurred under Reinsurance Agreements	10 *	11 Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	12 Totals	13 Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
Affiliated Transactions												
	52-1922729	AdvoCare of Tennessee, Inc.					9,273,464				9,273,464	
	62-1621636	Tennessee Behavioral Health, Inc.		7,000,000			(9,273,464)				(2,273,464)	
		Magellan Behavioral Health, Inc.		(7,000,000)							(7,000,000)	
	62-1621636	Tennessee Behavioral Health, Inc.		(6,500,000)							(6,500,000)	
		Magellan Behavioral Health, Inc.		6,500,000							6,500,000	
9999999.	Control Totals		0	0	0	0	0	0	XXX	0	0	0

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.

		RESPONSES
	MARCH FILING	
1.	Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	NO
2.	Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	YES
3.	Will an actuarial certification be filed with this statement by March 1?	YES
4.	Will the Risk-Based Capital Report be filed with the NAIC by March 1?	NO
5.	Will the Risk-Based Capital Report be filed with the state of domicile, if required, by March 1?	YES
6.	Will the SVO Compliance Certification be filed by March 1?	YES
	APRIL FILING	
7.	Will Management's Discussion and Analysis be filed by April 1?	YES
8.	Will the Long-term Care Experience Reporting Forms be filed with the state of domicile by April 1?	NO
9.	Will the Investment Risk Interrogatories be filed by April 1?	YES
	JUNE FILING	
10.	Will an audited financial report be filed by June 1?	YES

EXPLANATIONS:

BAR CODE:

* 9 5 7 8 0 2 0 0 2 3 6 0 0 0 0 0 0 *

* 9 5 7 8 0 2 0 0 2 3 3 0 0 0 0 0 0 *

* 9 5 7 8 0 2 0 0 2 3 9 0 0 0 0 0 0 *

Overflow Page for Write-Ins

(a) $.....0 health care delivery assets included in Line 4.1, Column 3. .....

Additional Write-ins for Assets:

	Current Year			Prior Year
	1 Assets	2 Assets Not Admitted	3 Net Admitted Assets	4 Net Admitted Assets
2204. Charter Receivable	7,218	7,218	0	
2297. Summary of remaining write-ins for Line 22	7,218	7,218	0	0

Overflow Page (Landscape)
NONE

Sch. A-Pt. 1
NONE

Sch. A-Pt. 2
NONE

Sch. A-Pt. 3
NONE

Sch. B-Pt. 1
NONE

Sch. B-Pt. 2
NONE

Sch. BA-Pt. 1
NONE

Sch. BA-Pt. 2
NONE

SCHEDULE D - PART 1

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

1	2	3	Interest 4	Interest 5	6	7	8	9	10	11	12	13	Interest 14	Interest 15	16	17	18	19	20	21
CUSIP Identification	Description	*	Rate of	How Paid	Maturity Date	Option Date	Option Call Price	Book/Adjusted Carrying Value	Par Value	Rate Used to Obtain Fair Value	Fair Value	Actual Cost	Amount Due and Accrued December 31 of Current Year on Bonds not in Default	Gross Amount Received During Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Amount of Interest Due and Accrued December 31, Current Year, on Bonds in Default as to Principal or Interest	NAIC Designation	Date Acquired	Effective Rate of Interest
U.S. Government - Issuer Obligations																				
3133M5JW1	US Treasury Note		5.575	FA	09/02/2003			2,614,791	2,600,000		2,614,791	2,651,766	24,158	144,950	(22,528)			1	05/01/2001	4.660
912827N81	US Treasury Note		5.875	OA	02/15/2004			620,990	600,000		620,990	640,125	11,623	26,438	(17,684)			1	11/15/2001	2.786
0199999.	U.S. Government - Issuer Obligations							3,235,781	3,200,000	XXX	3,235,781	3,291,891	35,781	171,388	(40,212)	0	0	XXX	XXX	XXX
0399999.	Total - U.S. Government							3,235,781	3,200,000	XXX	3,235,781	3,291,891	35,781	171,388	(40,212)	0	0	XXX	XXX	XXX
Totals																				
5499999.	Total - Issuer Obligations							3,235,781	3,200,000	XXX	3,235,781	3,291,891	35,781	171,388	(40,212)	0	0	XXX	XXX	XXX
6099999.	Grand Total - Bonds							3,235,781	3,200,000	XXX	3,235,781	3,291,891	35,781	171,388	(40,212)	0	0	XXX	XXX	XXX

Sch. D-Pt. 2-Sn. 1
NONE

Sch. D-Pt. 2-Sn. 2
NONE

Sch. D-Pt. 3
NONE

Sch. D-Pt. 4
NONE

Sch. D-Pt. 5
NONE

Sch. D-Pt. 6-Sn. 1
NONE

Sch. D-Pt. 6-Sn. 2
NONE

Sch. DA-Pt. 1
NONE

Sch. DB-Pt. A-Sn. 1
NONE

Sch. DB-Pt. A-Sn. 2
NONE

Sch. DB-Pt. A-Sn. 3
NONE

Sch. DB-Pt. B-Sn. 1
NONE

Sch. DB-Pt. B-Sn. 2
NONE

Sch. DB-Pt. B-Sn. 3
NONE

Sch. DB-Pt. C-Sn. 1
NONE

Sch. DB-Pt. C-Sn. 2
NONE

Sch. DB-Pt. C-Sn. 3
NONE

Sch. DB-Pt. D-Sn. 1
NONE

Sch. DB-Pt. D-Sn. 2
NONE

Sch. DB-Pt. D-Sn. 3
NONE

SCHEDULE DB - PART E - SECTION 1

Showing Counterparty Exposure for Derivative Instruments Open December 31 of Current Year

1	2	3	Statement Value			Fair Value			10	11
			4	5	6	7	8	9		
Description Counterparty or Exchange Traded	Master Agreement (Y or N)	Fair Value of Acceptable Collateral	Contracts Statement Value > 0	Contracts Statement Value < 0	Exposure Net of Collateral	Contracts Fair Value > 0	Contracts Fair Value < 0	Exposure Net of Collateral	Potential Exposure	Off-Balance Sheet Exposure

NONE

SCHEDULE DM

For bonds and preferred stocks owned as of December 31, state the aggregate statement (admitted) value, the aggregate fair value, and the aggregate difference, if any, between them.

	1 Statement (Admitted) Value	2 Fair Value (a)	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
1. Bonds	3,235,781	3,235,781	0
2. Preferred stocks			0
3. Totals	3,235,781	3,235,781	0

(a) Amortized or book values shall not be substituted for fair values. Describe the sources or methods utilized in determining the fair values.

SCHEDULE E - PART 1 - CASH

1 Depository		2 Rate of Interest	3 Amount of Interest Received During Year	4 Amount of Interest Accrued December 31 of Current Year	5 Balance	6 *
Open Depositories						
US Bank	Nashville, Tennessee	1.250	20,446		4,761,498	XXX
First Tennessee	Nashville, Tennessee	1.450	35,959		255,194	XXX
0199999. Total - Open Depositories		XXX	56,405	0	5,016,692	XXX
0399999. Total Cash on Deposit		XXX	56,405	0	5,016,692	XXX
0599999. Total Cash		XXX	56,405	0	5,016,692	XXX

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

1. January	10,170,526	4. April	3,879,728	7. July	9,486,880	10. October	3,063,398
2. February	10,248,455	5. May	2,716,290	8. August	8,631,665	11. November	4,318,426
3. March	9,565,952	6. June	8,949,852	9. September	8,529,023	12. December	5,016,692

SCHEDULE E - PART 2 - SPECIAL DEPOSITS

1 Line Number	2 Type	3 Description of Deposit	4 Where Deposited and Purpose of Deposit	5 Par or Book Value	6 Statement Value (a)	7 Fair Value
SPECIAL DEPOSITS WHICH ARE NOT FOR THE BENEFIT OF ALL POLICYHOLDERS						
Tennessee						
TN00001.	3133M5JW1	US Treasury Note	First Tennessee	2,600,000	2,614,791	2,614,791
TN00002.	912827N81	US Treasury Note	First Tennessee	600,000	620,990	620,990
TN99999.	Tennessee			3,200,000	3,235,781	3,235,781
XX99999.	Total - All Special Deposits NOT Held for Benefit of all Policyholders, Claimants, & Creditors of the Company			3,200,000	3,235,781	3,235,781
9999999.	Totals			3,200,000	3,235,781	3,235,781

(a) Includes $.....0 cash and short-term investments as defined in SSAP No. 2 of the NAIC Accounting Practices and Procedures Manual.