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QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2009

OF THE CONDITION AND AFFAIRS OF THE

Preferred Health Partnership of Tennessee, Inc.

NAIC Group Code 0119 (Current Period), 0119 (Prior Period) NAIC Company Code 95749 Employer's ID Number 62-1546662

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

Country of Domicile United States

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

Incorporated/Organized 01/01/1994 Commenced Business 01/01/1994

Statutory Home Office 1420 Centerpoint Blvd. (Street and Number), Knoxville, TN 37932 (City, State and Zip Code)

Main Administrative Office 1420 Centerpoint Blvd. (Street and Number) Knoxville, TN 37932 (City or Town, State and Zip Code) 865-670-7282 (Area Code) (Telephone Number)

Mail Address P.O. Box 740036 (Street and Number or P.O. Box), Louisville, KY 40201-7436 (City or Town, State and Zip Code)

Primary Location of Books and Records 500 West Main Street (Street and Number) Louisville, KY 40202 (City, State and Zip Code) 502-580-1000 (Area Code) (Telephone Number)

Internet Web Site Address www.humana.com

Statutory Statement Contact Justin Haydock (Name) 502-580-1870 (Area Code) (Telephone Number) (Extension)

jhaydock@humana.com (E-Mail Address) 502-580-2099 (Fax Number)

OFFICERS

Name	Title	Name	Title
Michael Benedict McCallister	President & CEO	Joan Olliges Lenahan	VP & Corporate Secretary
James Harry Bloem	Sr. VP, CFO & Treasurer	Frank Murray Amrine	Appointed Actuary

OTHER OFFICERS

George Andreas Andrews M.D.	VP - CMO/Tennessee	George Grant Bauernfeind	Vice President
John Gregory Catron	Vice President	Douglas Edward Haaland	Mkt. Pres. - Sr. Prod./Tennessee
Thomas Joseph Liston	Sr. Vice President - Sr. Prod.	Clarence Evans Looney	Market President - Tennessee
Kathleen Stephenson Pellegrino	Vice President & Asst. Secretary	George Renaudin	VP & Div. Leader - Southern Div.
Larry Dale Savage	Regional CEO	William Joseph Tait	Vice President
Gary Dean Thompson	Vice President	Ralph Martin Wilson	Vice President

DIRECTORS OR TRUSTEES

James Harry Bloem	Michael Benedict McCallister	James Elmer Murray	

State of Kentucky
County of Jefferson ss

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. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Michael Benedict McCallister
President & CEO

Joan Olliges Lenahan
VP & Corporate Secretary

James Harry Bloem
Sr. VP, CFO & Treasurer

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

Subscribed and sworn to before me this
6th day of November, 2009

Myra Carpenter, Notary Public
August 9, 2013

ASSETS

	Current Statement Date			4
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
1. Bonds	20,612,044		20,612,044	32,632,849
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less $ encumbrances)			0	0
4.2 Properties held for the production of income (less $ encumbrances)			0	0
4.3 Properties held for sale (less $ encumbrances)			0	0
5. Cash ($ 116,474), cash equivalents ($ 0) and short-term investments ($ 2,636,583)	2,753,057		2,753,057	22,677,766
6. Contract loans (including $ premium notes)			0	0
7. Other invested assets	0		0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	23,365,101	0	23,365,101	55,310,615
11. Title plants less $ charged off (for Title insurers only)			0	0
12. Investment income due and accrued	217,658		217,658	391,685
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection			0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans	3,410		3,410	246,068
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset	3,771,296	3,771,296	0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets ($)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	425,949	425,949	0	0
22. Health care ($) and other amounts receivable	1,257		1,257	24,050
23. Aggregate write-ins for other than invested assets	465	465	0	1,221,173
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	27,785,136	4,197,710	23,587,426	57,193,591
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	27,785,136	4,197,710	23,587,426	57,193,591
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Prepaid Expenses	465	465	0	0
2302. Performance Guarantee Receivable			0	1,221,173
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	465	465	0	1,221,173

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $ ..... reinsurance ceded)			0	0
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses			0	0
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued			0	17,649
10.1 Current federal and foreign income tax payable and interest thereon (including $ ..... on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including $ ..... current) and interest thereon $ ..... (including $ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	3,624,467
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with ($ ..... authorized reinsurers and $ ..... unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including $ ..... current)	881,742	0	881,742	8,859,678
22. Total liabilities (Lines 1 to 21)	881,742	0	881,742	12,501,794
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	1,000	1,000
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	61,379,848	61,379,848
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	(38,675,164)	(16,699,051)
30. Less treasury stock, at cost:				
30.1 ..... shares common (value included in Line 24) $ .....)	XXX	XXX		0
30.2 ..... shares preferred (value included in Line 25) $ .....)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	22,705,684	44,681,797
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	23,587,426	57,183,591
DETAILS OF WRITE-INS				
2101. Accrued Run-Out Costs	874,099		874,099	8,740,987
2102. Unclaimed Property	7,643		7,643	118,691
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	881,742	0	881,742	8,859,678
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
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date	Prior Year Ended December 31
		1 Uncovered	2 Total	3 Total	4 Total
1.	Member Months	XXX	0	0	0
2.	Net premium income (including $ non-health premium income)	XXX		0	0
3.	Change in unearned premium reserves and reserve for rate credits	XXX		0	0
4.	Fee-for-service (net of $ medical expenses)	XXX		0	0
5.	Risk revenue	XXX		0	0
6.	Aggregate write-ins for other health care related revenues	XXX	0	0	0
7.	Aggregate write-ins for other non-health revenues	XXX	0	0	0
8.	Total revenues (Lines 2 to 7)	XXX	0	0	0
	Hospital and Medical:				
9.	Hospital/medical benefits		(7,668,866)	5,974	(53,966)
10.	Other professional services			0	0
11.	Outside referrals			0	0
12.	Emergency room and out-of-area			0	0
13.	Prescription drugs			0	0
14.	Aggregate write-ins for other hospital and medical	0	0	(129,519)	(170,659)
15.	Incentive pool, withhold adjustments and bonus amounts			0	0
16.	Subtotal (Lines 9 to 15)	0	(7,668,866)	(123,545)	(224,625)
	Less:				
17.	Net reinsurance recoveries			0	0
18.	Total hospital and medical (Lines 16 minus 17)	0	(7,668,866)	(123,545)	(224,625)
19.	Non-health claims (net)			0	0
20.	Claims adjustment expenses, including $ cost containment expenses			0	(6,110)
21.	General administrative expenses		(103,102)	0	(3,141,243)
22.	Increase in reserves for life and accident and health contracts including $ increase in reserves for life only)			0	0
23.	Total underwriting deductions (Lines 18 through 22)	0	(7,771,968)	(123,545)	(3,371,978)
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	7,771,968	123,545	3,371,978
25.	Net investment income earned		834,947	2,075,623	2,992,277
26.	Net realized capital gains (losses) less capital gains tax of $ 202,747		376,530	151,610	(2,730,798)
27.	Net investment gains (losses) (Lines 25 plus 26)	0	1,211,477	2,227,233	261,478
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $			0	0
29.	Aggregate write-ins for other income or expenses	0	0	0	25,000
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	8,983,445	2,350,778	3,658,456
31.	Federal and foreign income taxes incurred	XXX	533,144	(4,578,730)	(1,525,738)
32.	Net income (loss) (Lines 30 minus 31)	XXX	8,450,301	6,929,508	5,184,194
	DETAILS OF WRITE-INS				
0601.		XXX			
0602.		XXX			
0603.		XXX			
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699.	Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0	0
0701.		XXX			
0702.		XXX			
0703.		XXX			
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799.	Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.	Recoveries			(129,519)	(170,659)
1402.					
1403.					
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	(129,519)	(170,659)
2901.	Miscellaneous Income			0	25,000
2902.					
2903.					
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0	25,000

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year to Date	2 Prior Year to Date	3 Prior Year
	CAPITAL AND SURPLUS ACCOUNT:			
33.	Capital and surplus prior reporting year	44,681,797	39,149,233	39,149,233
34.	Net income or (loss) from Line 32	8,450,301	9,077,536	5,184,194
35.	Change in valuation basis of aggregate policy and claim reserves		0	0
36.	Change in net unrealized capital gains (losses) less capital gains tax of $		0	127,775
37.	Change in net unrealized foreign exchange capital gain or (loss)		0	0
38.	Change in net deferred income tax	0	(3,447,840)	(2,540,148)
39.	Change in nonadmitted assets	(426,414)	151,795	2,760,743
40.	Change in unauthorized reinsurance	0	0	0
41.	Change in treasury stock		0	0
42.	Change in surplus notes	0	0	0
43.	Cumulative effect of changes in accounting principles		0	0
44.	Capital Changes:			
	44.1 Paid in	0	0	0
	44.2 Transferred from surplus (Stock Dividend)		0	0
	44.3 Transferred to surplus		0	0
45.	Surplus adjustments:			
	45.1 Paid in		0	0
	45.2 Transferred to capital (Stock Dividend)	0	0	0
	45.3 Transferred from capital		0	0
46.	Dividends to stockholders	(30,000,000)	0	0
47.	Aggregate write-ins for gains or (losses) in surplus	0	0	0
48.	Net change in capital & surplus (Lines 34 to 47)	(21,976,113)	5,781,491	5,532,564
49.	Capital and surplus end of reporting period (Line 33 plus 48)	22,705,684	44,930,724	44,681,797
	DETAILS OF WRITE-INS			
4701.				
4702.				
4703.				
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799.	Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	0	(5,903,520)
2. Net investment income	1,109,463	3,595,647
3. Miscellaneous income	0	0
4. Total (Lines 1 to 3)	1,109,463	(2,307,873)
5. Benefit and loss related payments	(7,668,866)	(230,735)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		0
7. Commissions, expenses paid and aggregate write-ins for deductions	(328,111)	(2,918,724)
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of $ 202,747 tax on capital gains (losses)	735,890	(1,525,738)
10. Total (Lines 5 through 9)	(7,261,087)	(4,675,197)
11. Net cash from operations (Line 4 minus Line 10)	8,370,550	2,367,324
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	34,652,119	119,774,894
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	34,652,119	119,774,894
13. Cost of investments acquired (long-term only):		
13.1 Bonds	22,152,529	101,036,976
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	22,152,529	101,036,976
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	12,499,590	18,737,918
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	30,000,000	0
16.6 Other cash provided (applied)	(10,794,849)	(839,096)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(40,794,849)	(839,096)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(19,924,709)	20,266,146
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	22,677,766	2,411,620
19.2 End of period (Line 18 plus Line 19.1)	2,753,057	22,677,766

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	0	0	1,187,433
REVENUES:			
1. TennCare Capitation	913,761	20,284,995	183,653,396
2. Investment	0	0	75,798
3. Other Revenue	0	0	0
IBNR / Capitation Revenue Receivable	(317,410)	(1,635,730)	23,890,602
Premium Tax	8,032	(865,733)	(106,453)
State Admin Revenue			
4. TOTAL REVENUES (Lines 1 to 3)	604,384	17,783,532	207,513,343
EXPENSES:			
Medical and Hospital Services:			
5. Capitated Physician Services	0	0	0
6. Fee-For-Service Physician Services	(31,125)	1,082,356	23,341,972
7. Inpatient Hospital Services	572,542	11,140,126	106,173,130
8. Outpatient Services	218	9,235	61,582
9. Emergency Room Services	(10,162)	631,705	13,703,712
10. Mental Health Services	0	1,877	34,714
11. Dental Services (Capitated & FFS)	0	1,080	4,565
12. Vision Services (Capitated , FFS & Opthamology)	318	43,135	839,238
13. Pharmacy Services (Capitated & FFS)	0	0	3
14. Home Health Services	18,571	220,101	904,664
15. Chiropractic Services	0	0	0
16. Radiology Services	929	29,101	342,769
17. Laboratory Services	(26,764)	1,180,355	25,966,801
18. Durable Medical Equipment Services	(3,056)	1,089,996	9,676,268
19. Transportation Services (Capitated)	7,872	614,199	5,562,332
20. Outside Referrals	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0
23. **Other Medical and Hospital Services (Provide Detail)**	0	0	0
Surgery - Orthopedic - FFS Office	0	0	0
MCO Delegated Services	0	0	0
Allergy & Immunology FFS Office & Other	10,707	705,900	7,878,678
Counselors/Therapists	0	0	0
Otolaryngology - FFS Office	1,744	63,171	1,516,014
Anesthesiology - FFS Hosp & Other	12,424	223,517	2,680,377
Gastroenterology	0	2,710	43,360
Preventive Medicine	984	123,050	3,494,403
Ped Emergency Medicine - FFS Hospital	0	0	0
Miscellaneous	264,486	425,543	2,557,641
IBNR	0	0	0
Risk Share	0	0	0
24. Subtotal (Lines 5 to 23)	819,687	17,587,157	204,782,225
25. Reinsurance Expenses Net of Recoveries		0	0
LESS:			
26. Copayments		0	0
27. Subrogation	150,848	150,848	654,838
27a Recoveries	114,742	114,742	568,659
28. Coordination of Benefits		0	0
29. Subtotal (Lines 26 to 28)	265,591	265,591	1,223,497
30. **TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)**	554,096	17,321,566	203,558,728

Report #2A (Continued): TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES			
	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Administration:			
31. Compensation (Including Allocated Costs)	0	0	0
32. Marketing (Including Allocated Costs)	0	0	0
33. Premium Tax Expense	50,288	461,965	3,954,615
34. Occupancy, Depreciation and Amortization (Including Allocated Costs)	0	0	0
35. **Other Administration (Provide detail)**			
Printing	0	0	0
Rent/Utilities	0	0	0
Franchise, Excise & Property Taxes	0	0	0
Postage	0	0	0
Legal Fees	0	0	0
Liquidated Damages	0	0	0
Outside Services	0	0	0
Board & Committee Fees	0	0	0
Auditing, actuarial and other consulting services	0	0	0
Books & Subscriptions	0	0	0
Dues, Fees & Licenses	0	0	0
Education & Seminars	0	0	0
Meals & Entertainment	0	0	0
Office Supplies	0	0	0
Minor Equipment	0	0	0
Travel	0	0	0
Wellness Program	0	0	0
Leases & Rentals of equipment	0	0	0
Repairs/Maintenance Agreements	0	0	0
Telephone/Beepers/Cellular Phones	0	0	0
Temp/Contract Personnel	0	0	0
Provision for Loss Contracts	0	0	0
Risk Banding Reserve	0	0	0
Program Run Out Expense	0	0	0
State Admin Revenue	0	0	0
Miscellaneous Expense	0	0	0
Total DIRECT Expenses	**50,288**	**461,965**	**3,954,615**
Other ALLOCATED Expenses (Provide detail)			
Rent/Utilities	0	0	0
Printing	0	0	0
Postage	0	0	0
Legal Fees	0	0	0
Outside Services	0	0	0
Board & Committee Fees	0	0	0
Survey Fees	0	0	0
Telephone/Beepers/Cellular Phones	0	0	0
Books & Subscriptions	0	0	0
Minor Equipment	0	0	0
Computer Supplies	0	0	0
Dues, Fees & Licenses	0	0	0
Education & Seminars	0	0	0
Meals & Entertainment	0	0	0
Office Supplies	0	0	0
Travel	0	0	0
Miscellaneous Expense	0	0	0
Franchise, Excise & Property Taxes & Sales/Use Tax	0	0	0
Insurance	0	0	0
Leases & Rentals of equipment	0	0	0
Repairs/Maintenance Agreements	0	0	0
Relocation Expense Total	0	0	0
Training and Orientation Total	0	0	0
Temp/Contract Personnel	0	0	0
Covenant Management Fees	0	0	0
	0	0	0
Total ALLOCATED Expenses	**0**	**0**	**0**
36. **TOTAL ADMINISTRATION (Lines 31 to 36)**	50,288	461,965	3,954,615
FIT & Excise Tax	0	0	0
37. **Total Other Expenses:**	0	0	0
38. **TOTAL EXPENSES (Lines 30 and 37 and 37A)**	604,384	17,783,532	207,513,343
39. **NET INCOME (LOSS) (Line 4 less Line 38)**	(0)	(0)	(0)

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	0	0	0
REVENUES:			
1. TennCare Capitation	0	0	0
2. Investment	178,876	1,211,477	261,479
3. Other Revenue	0	0	25,000
IBNR / Capitation Revenue Receivable	0	0	0
Premium Tax	0	0	0
State Admin Revenue	0	0	0
4. TOTAL REVENUES (Lines 1 to 3)	178,876	1,211,477	286,479
EXPENSES:			
Medical and Hospital Services:			
5. Capitated Physician Services	0	0	0
6. Fee-For-Service Physician Services	0	0	0
7. Inpatient Hospital Services	(1,820,787)	(7,668,866)	(53,966)
8. Outpatient Services	0	0	0
9. Emergency Room Services	0	0	0
10. Mental Health Services	0	0	0
11. Dental Services (Capitated & FFS)	0	0	0
12. Vision Services (Capitated , FFS & Opthamology)	0	0	0
13. Pharmacy Services (Capitated & FFS)	0	0	0
14. Home Health Services	0	0	0
15. Chiropractic Services	0	0	0
16. Radiology Services	0	0	0
17. Laboratory Services	0	0	0
18. Durable Medical Equipment Services	0	0	0
19. Transportation Services (Capitated)	0	0	0
20. Outside Referrals	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0
23. **Other Medical and Hospital Services (Provide Detail)**			
Surgery - Orthopedic - FFS Office	0	0	0
MCO Delegated Services	0	0	0
Allergy & Immunology FFS Office & Other	0	0	0
Counselors/Therapists	0	0	0
Otolaryngology - FFS Office	0	0	0
Anesthesiology - FFS Hosp & Other	0	0	0
Gastroenterology	0	0	0
Preventive Medicine	0	0	0
Ped Emergency Medicine - FFS Hospital	0	0	0
Miscellaneous	0	0	0
IBNR	0	0	0
Risk Share	0	0	0
24. Subtotal (Lines 5 to 23)	(1,820,787)	(7,668,866)	(53,966)
25. Reinsurance Expenses Net of Recoveries	0	0	0
LESS:	0		
26. Copayments	0	0	0
27. Subrogation	0	0	0
27a Recoveries	0	0	170,659
28. Coordination of Benefits	0	0	0
29. Subtotal (Lines 26 to 28)	0	0	170,659
30. **TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)**	(1,820,787)	(7,668,866)	(224,625)

Report #2A (Continued): TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Administration:			
31. Compensation (Including Allocated Costs)	0	0	(762,856)
32. Marketing (Including Allocated Costs)	0	0	0
33. Premium Tax Expense	0	0	0
34. Occupancy, Depreciation and Amortization (Including Allocated Costs)	0	0	254,666
35. **Other Administration (Provide detail)**			
Printing	0	0	9,926
Rent/Utilities	0	0	655,391
Franchise, Excise & Property Taxes	0	0	0
Postage	0	0	655,977
Legal Fees	0	0	2,890
Liquidated Damages	0	0	0
Outside Services	0	0	1,003,892
Board & Committee Fees	0	0	0
Auditing, actuarial and other consulting services	0	0	0
Books & Subscriptions	0	0	0
Dues, Fees & Licenses	0	0	14,600
Education & Seminars	0	0	0
Meals & Entertainment	0	0	0
Office Supplies	0	0	0
Minor Equipment	0	0	0
Travel	0	0	0
Wellness Program	0	0	0
Leases & Rentals of equipment	0	0	0
Repairs/Maintenance Agreements	0	0	0
Telephone/Beepers/Cellular Phones	0	0	0
Temp/Contract Personnel	0	0	0
Provision for Loss Contracts	0	0	0
Risk Banding Reserve	0	0	0
Program Run Out Expense	0	0	0
State Admin Revenue	0	0	(5,110,281)
Miscellaneous Expense	(103,102)	(103,102)	128,443
Total DIRECT Expenses	**(103,102)**	**(103,102)**	**(3,147,352)**
Other ALLOCATED Expenses (Provide detail)			
Rent/Utilities	0		
Printing	0		
Postage	0		
Legal Fees	0		
Outside Services	0		
Board & Committee Fees	0		
Survey Fees	0		
Telephone/Beepers/Cellular Phones	0		
Books & Subscriptions	0		
Minor Equipment	0		
Computer Supplies	0		
Dues, Fees & Licenses	0		
Education & Seminars	0		
Meals & Entertainment	0		
Office Supplies	0		
Travel	0		
Miscellaneous Expense	0	0	0
Franchise, Excise & Property Taxes & Sales/Use Tax	0		
Insurance	0		
Leases & Rentals of equipment	0		
Repairs/Maintenance Agreements	0		
Relocation Expense Total	0		
Training and Orientation Total	0		
Temp/Contract Personnel	0		
Covenant Management Fees	0		
Total ALLOCATED Expenses	**0**	**0**	**0**
36. **TOTAL ADMINISTRATION (Lines 31 to 36)**	(103,102)	(103,102)	(3,147,352)
FIT & Excise Tax	(2,209,050)	533,144	(1,525,738)
37. **Total Other Expenses:**	(2,209,050)	533,144	(1,525,738)
38. **TOTAL EXPENSES (Lines 30 and 37 and 37A)**	(4,132,939)	(7,238,824)	(4,897,715)
39. **NET INCOME (LOSS) (Line 4 less Line 38)**	4,311,815	8,450,301	5,184,194

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	0	0	1,187,433
REVENUES:			
1. TennCare Capitation	913,761	20,284,995	183,653,396
2. Investment	178,876	1,211,477	337,277
3. Other Revenue	0	0	25,000
IBNR / Capitation Revenue Receivable	(317,410)	(1,635,730)	23,890,602
Premium Tax	8,032	(865,733)	(106,453)
State Admin Revenue	0	0	0
4. TOTAL REVENUES (Lines 1 to 3)	783,260	18,995,009	207,799,822
EXPENSES:			
Medical and Hospital Services:			
5. Capitated Physician Services	0	0	0
6. Fee-For-Service Physician Services	(31,125)	1,082,356	23,341,972
7. Inpatient Hospital Services	(1,248,245)	3,471,260	106,119,164
8. Outpatient Services	218	9,235	61,582
9. Emergency Room Services	(10,162)	631,705	13,703,712
10. Mental Health Services	0	1,877	34,714
11. Dental Services (Capitated & FFS)	0	1,080	4,565
12. Vision Services (Capitated , FFS & Opthamology)	318	43,135	839,238
13. Pharmacy Services (Capitated & FFS)	0	0	3
14. Home Health Services	18,571	220,101	904,664
15. Chiropractic Services	0	0	0
16. Radiology Services	929	29,101	342,769
17. Laboratory Services	(26,764)	1,180,355	25,966,801
18. Durable Medical Equipment Services	(3,056)	1,089,996	9,676,268
19. Transportation Services (Capitated)	7,872	614,199	5,562,332
20. Outside Referrals	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0
23. **Other Medical and Hospital Services (Provide Detail)**	0	0	0
Surgery - Orthopedic - FFS Office	0	0	0
MCO Delegated Services	0	0	0
Allergy & Immunology FFS Office & Other	10,707	705,900	7,878,678
Counselors/Therapists	0	0	0
Otolaryngology - FFS Office	1,744	63,171	1,516,014
Anesthesiology - FFS Hosp & Other	12,424	223,517	2,680,377
Gastroenterology	0	2,710	43,360
Preventive Medicine	984	123,050	3,494,403
Ped Emergency Medicine - FFS Hospital	0	0	0
Miscellaneous	264,486	425,543	2,557,641
IBNR	0	0	0
Risk Share	0	0	0
24. Subtotal (Lines 5 to 23)	(1,001,100)	9,918,291	204,728,259
25. Reinsurance Expenses Net of Recoveries	0	0	0
LESS:			
26. Copayments	0	0	0
27. Subrogation	150,848	150,848	654,838
27a Recoveries	114,742	114,742	739,318
28. Coordination of Benefits	0	0	0
29. Subtotal (Lines 26 to 28)	265,591	265,591	1,394,156
30. **TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)**	(1,266,691)	9,652,700	203,334,103

Report #2A (Continued): TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES			
	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Administration:			
31. Compensation (Including Allocated Costs)	0	0	(762,856)
32. Marketing (Including Allocated Costs)	0	0	0
33. Premium Tax Expense	50,288	461,965	3,954,615
34. Occupancy, Depreciation and Amortization (Including Allocated Costs)	0	0	254,666
35. **Other Administration (Provide detail)**	0	0	0
Printing	0	0	9,926
Rent/Utilities	0	0	655,391
Franchise, Excise & Property Taxes	0	0	0
Postage	0	0	655,977
Legal Fees	0	0	2,890
Liquidated Damages	0	0	0
Outside Services	0	0	1,003,892
Board & Committee Fees	0	0	0
Auditing, actuarial and other consulting services	0	0	0
Books & Subscriptions	0	0	0
Dues, Fees & Licenses	0	0	14,600
Education & Seminars	0	0	0
Meals & Entertainment	0	0	0
Office Supplies	0	0	0
Minor Equipment	0	0	0
Travel	0	0	0
Wellness Program	0	0	0
Leases & Rentals of equipment	0	0	0
Repairs/Maintenance Agreements	0	0	0
Telephone/Beepers/Cellular Phones	0	0	0
Temp/Contract Personnel	0	0	0
Provision for Loss Contracts	0	0	0
Risk Banding Reserve	0	0	0
Program Run Out Expense	0	0	0
State Admin Revenue	0	0	(5,110,281)
Miscellaneous Expense	(103,102)	(103,102)	128,443
Total DIRECT Expenses	**(52,814)**	**358,863**	**807,263**
Other ALLOCATED Expenses (Provide detail)			
Rent/Utilities	0	0	0
Printing	0	0	0
Postage	0	0	0
Legal Fees	0	0	0
Outside Services	0	0	0
Board & Committee Fees	0	0	0
Survey Fees	0	0	0
Telephone/Beepers/Cellular Phones	0	0	0
Books & Subscriptions	0	0	0
Minor Equipment	0	0	0
Computer Supplies	0	0	0
Dues, Fees & Licenses	0	0	0
Education & Seminars	0	0	0
Meals & Entertainment	0	0	0
Office Supplies	0	0	0
Travel	0	0	0
Miscellaneous Expense	0	0	0
Franchise, Excise & Property Taxes & Sales/Use Tax	0	0	0
Insurance	0	0	0
Leases & Rentals of equipment	0	0	0
Repairs/Maintenance Agreements	0	0	0
Relocation Expense Total	0	0	0
Training and Orientation Total	0	0	0
Temp/Contract Personnel	0	0	0
Covenant Management Fees	0	0	0
Total ALLOCATED Expenses	**0**	**0**	**0**
36. **TOTAL ADMINISTRATION (Lines 31 to 36)**	(52,814)	358,863	807,263
FIT & Excise Tax	(2,209,050)	533,144	(1,525,738)
37. **Total Other Expenses:**	(2,209,050)	533,144	(1,525,738)
38. **TOTAL EXPENSES (Lines 30 and 37 and 37A)**	(3,528,555)	10,544,708	202,615,628
39. **NET INCOME (LOSS) (Line 4 less Line 38)**	4,311,815	8,450,301	5,184,194

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
	Total	2 Individual	3 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	0	0	0	0	0	0	0	0	0	0
2 First Quarter	0	0	0	0	0	0	0	0	0	0
3 Second Quarter	0	0	0	0	0	0	0	0	0	0
4. Third Quarter	0									
5. Current Year	0									
6 Current Year Member Months	0									
Total Member Ambulatory Encounters for Period:										
7. Physician	0									
8. Non-Physician	0									
9. Total	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	0									
11. Number of Inpatient Admissions	0									
12. Health Premiums Written	0									
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	0									
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	(7,668,866)								(7,668,866)	
18. Amount Incurred for Provision of Health Care Services	(7,668,866)								(7,668,866)	

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

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

1 Account	Aging Analysis of Unpaid Claims 2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
NONE						
0199999 Individually Listed Claims Unpaid	0	0	0	0	0	0
0299999 Aggregate Accounts Not Individually Listed-Uncovered						0
0399999 Aggregate Accounts Not Individually Listed-Covered						0
0499999 Subtotals	0	0	0	0	0	0
0599999 Unreported Claims and Other Claim Reserves	XXX	XXX	XXX	XXX	XXX	
0699999 Total Amounts Withheld	XXX	XXX	XXX	XXX	XXX	
0799999 Total Claims Unpaid	XXX	XXX	XXX	XXX	XXX	0
0899999 Accrued Medical Incentive Pool and Bonus Amounts	XXX	XXX	XXX	XXX	XXX	

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
1. Comprehensive (hospital & medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid	(7,668,866)				(7,668,866)	0
8. Other Health					0	0
9. Health Subtotal (Lines 1 to 8)	(7,668,866)	0	0	0	(7,668,866)	0
10. Healthcare receivables (a)					0	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts					0	0
13. Totals	(7,668,866)	0	0	0	(7,668,866)	0

(a) Excludes $ ..... loans and advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Tennessee Department of Insurance.

The Tennessee Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of Tennessee for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Tennessee Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Tennessee. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices. No deviations currently exist.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Tennessee is shown below:

	State of Domicile		2009		2008
1. Net Income, Tennessee basis	TN	$	8,450,301	$	5,184,194
2. State Prescribed Practices (Income):	TN		-		-
3. State Permitted Practices (Income):	TN		-		-
4. Net Income, NAIC SAP	TN	$	8,450,301	$	5,184,194
5. Statutory Surplus, Tennessee basis	TN	$	22,705,684	$	44,681,797
6. State Prescribed Practices (Surplus):	TN		-		-
7. State Permitted Practices (Surplus):	TN		-		-
8. Statutory Surplus, NAIC SAP	TN	$	22,705,684	$	44,681,797

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates are based on knowledge of current events and anticipated future events, and accordingly, actual results could differ from those estimates.

C. Accounting Policy

Short-term investments include investments mainly in U.S. Government obligations with a maturity of twelve months or less from the date of purchase. Short-term investments are recorded at amortized cost. The carrying value of short-term investments approximates fair value due to the short-term maturities of the investments.

Investments are valued and classified in accordance with methods prescribed by the NAIC. Bonds with an NAIC rating of 1 or 2 are carried at amortized cost, with all other bonds being recorded at the lower of amortized cost or fair value; redeemable preferred stocks are carried at amortized cost; and non-redeemable preferred stocks are carried at fair value.

The Company regularly evaluates investment securities for impairment. For all securities other than loan-backed and structured securities, the Company considers factors affecting the investee, factors affecting the industry the investee operates within, and general debt and equity market trends. The Company also considers the length of time an investment's fair value has been below carrying value, the near term prospects for recovery to carrying value, and the Company's intent and ability to hold the investment until maturity or market recovery is realized. If and when a determination is made that a decline in fair value below the cost basis is other-than-temporary, the related investment is written down to its estimated fair value through earnings.

For loan backed and structured securities where the securities fair value is less then the amortized cost, the Company considers several factors to determine if the security's impairment is other-than-temporary. If the Company has the intent to sell the security or if the Company does not have the intent and ability to retain the security until recovery of its fair value, the related investment is written down to its estimated fair value through earnings. If, however, the Company has the intent and ability to retain the security until recovery of its fair value, the Company considers factors affecting the investee, factors affecting the industry the investee operates within, and general debt and equity market trends. The Company also considers the length of time an investment's fair value has been below carrying value and the near term prospects for recovery to carrying value. If the determination is made, based on these factors, that the Company does expect to recover the entire amortized cost of the security, then an other-than-temporary impairment has not occurred. If, however, the determination is made that the Company does not expect to recover the entire amortized cost of the security based on the factors noted above, the Company recognizes a realized loss in earnings for the non-interest related decline. No loss is recognized for the interest impairment.

Amortization of bond premium or discount is computed using the scientific interest method.

Income from investments is recorded on an accrual basis. For the purpose of determining realized gains and losses, the cost of securities sold is based upon specific identification. Investment income due and accrued over 90 days past due is nonadmitted.

The Company recognizes an asset or liability for the deferred tax consequences of temporary differences between the tax bases of assets or liabilities and their reported amounts in the financial statements. The temporary differences will result in taxable or deductible amounts in future years when the reported amounts of the assets or liabilities are recovered or settled.

Premiums are reported as earned in the period in which members are entitled to receive services, and are net of retroactive membership adjustments. Retroactive membership adjustments result from enrollment changes not yet processed, or not yet reported by an employer group or the government. Premiums received prior to such period are recorded as advance premiums.

NOTES TO FINANCIAL STATEMENTS

Benefits incurred and loss adjustment expenses include claim payments, capitation payments, pharmacy costs net of rebates, allocations of certain centralized expenses, legal and administrative costs to settle claims, and various other costs incurred to provide health insurance coverage to members, as well as estimates of future payments to hospitals and others for medical care provided prior to the date of the statements of admitted assets, liabilities and surplus. Capitation payments represent monthly contractual fees disbursed to participating primary care physicians, and other providers who are responsible for providing medical care to members. Pharmacy costs represent payments for members' prescription drug benefits, net of rebates from drug manufacturers.

The estimates of future medical benefit payments are developed using actuarial methods and assumptions based upon claim payment patterns, medical cost inflation, historical development such as claim inventory levels and claim receipt patterns, and other relevant factors. Corresponding administrative costs to process outstanding claims are estimated and accrued. Estimates of future payments relating to services incurred in the current and prior periods are continually reviewed by management and adjusted as necessary.

The Company assesses the profitability of its contracts for providing health insurance coverage to its members when current operating results or forecasts indicate probable future losses. The Company records a premium deficiency liability in current operations to the extent that the sum of expected future medical costs, claim adjustment expenses and maintenance costs exceed related future premiums. Investment income is not contemplated in the calculation of the premium deficiency liability.

Management believes the Company's benefits payable and loss adjustment expenses are adequate to cover future claims and loss adjustment expense payments required, however, such estimates are based on knowledge of current events and anticipated future events, and therefore, the actual liability could differ from the amounts provided

2. Accounting Changes and Corrections of Errors

Not Applicable.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not Applicable.

B. Statutory Merger

Not Applicable.

C. Assumption Reinsurance

Not Applicable.

D. Impairment Loss

Not Applicable.

4. Discontinued Operations

Not Applicable.

5. Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

Not Applicable.

B. Debt Restructuring

Not Applicable.

C. Reverse Mortgages

Not Applicable.

D. Loan-Backed Securities

We do not have any investments in an OTTI position at quarter-end.

E. Repurchase Agreements

Not Applicable.

F. Real Estate

Not Applicable.

G. Low-Income Housing Tax Credits (LIHTC)

Not Applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10.0 percent of its admitted assets.

NOTES TO FINANCIAL STATEMENTS

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. Investment Income

A. Due and accrued income was excluded from surplus on the following basis:

All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loan default.

B. The total amount excluded was $0.

8. Derivative Instruments

Not Applicable.

9. Income Taxes

No material change since year-end December 31, 2008.

10. Information Concerning Parent, Subsidiaries and Affiliates

Dividends of $30 million were paid to Humana Inc. on April 30, 2009. The Department of Insurance was notified prior to the payment of this dividend.

11. Debt

A. Capital Notes

The Company has no capital notes outstanding.

B. All other Debt

The Company has no debentures outstanding.

The Company does not have any reverse repurchase agreements

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

A. Defined Benefit Plan

Not Applicable.

B. Defined Contribution Plan

Not Applicable.

C. Multiemployer Plans

Not Applicable.

D. Consolidated/Holding Company Plans

No material change since year ended December 31, 2008.

E. Post Employment Benefits and Compensated Absences

Not Applicable.

F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

Not Applicable

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

1) The company has $.01 par value common stock with 100,000 shares authorized and 90,200 shares issued and outstanding.
2) The Company has no preferred stock outstanding.
3) Dividends are non cumulative and are paid as determined by the Board of Directors. Dividends are subject to the approval of the Department of Insurance if such dividend distribution exceeds the greater of the Company's prior year net operating profits or ten percent of policyholders surplus funds derived from realized net operating profits.
4) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
6) Not Applicable.
7) Not Applicable.
8) Not Applicable.
9) Not Applicable.
10) Not Applicable.
11) Not Applicable.
12) Not Applicable.

NOTES TO FINANCIAL STATEMENTS

14. Contingencies

A. Contingent Commitments

Not Applicable.

B. Assessments

Not Applicable.

C. Gain Contingencies

Not Applicable.

D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits

Not Applicable.

E. All Other Contingencies

During the ordinary course of business, the Company is subject to pending and threatened legal actions. Management of the Plan does not believe that any of these actions will have a material adverse effect on the Company's surplus, results of operations or cash flows. However, the likelihood or outcome of current or future legal proceedings cannot be accurately predicted, and they could adversely affect the Company's surplus, results of operations and cash flows.

The Company is not aware of any other material contingent liabilities as of September 30, 2009.

15. Leases

A. Lessee Operating Lease

Not Applicable.

B. Other Leases

Not Applicable.

16. Information about Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentration of Credit Risk

1) The Company has no investment in Financial Instruments with Off Balance Sheet Risk.

2) The Company has no investment in Financial Instruments with Concentration Credit Risk.

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

A. Transfers of Receivables Reported as Sales

Not Applicable.

B. Transfer and Servicing of Financial Assets

Not Applicable.

C. Wash Sales

Not Applicable.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans

The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans was as follows during 2009:

	(1)	(2)	(3)
	ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ (19,133)	$ -	$ (19,133)
b. Total net other income or expenses (including interest paid to or received from plans)	$ -	$ -	$ -
c. Net gain or (loss) from operations	$ (19,133)	$ -	$ (19,133)
d. Total claim payment volume	$ -	$ -	$ -

B. ASC Plans

Not Applicable.

NOTES TO FINANCIAL STATEMENTS

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract

Not Applicable.

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

Not Applicable.

20. Other Items

A. Extraordinary Items

Not Applicable.

B. Troubled Debt Restructuring

Not Applicable.

C. Other Disclosures

Not Applicable

D. Disclose the nature of any portion of the balance that is reasonably possible to be uncollectible for assets covered by SSAP No. 6, Uncollected Premium Balances, Bill Receivable for Premiums, and Amounts Due From Agents and Brokers, SSAP No. 47, Uninsured Plans, or SSAP No. 66, Retrospectively Rated Contracts.

Not Applicable.

E. Business Interruption Insurance Recoveries

Not Applicable.

F. State Transferable Tax Credits

Not Applicable.

G. The Company has no deposits admitted under Section 6603 of the Internal Revenue Service Code.

H. Hybrid Securities

Not Applicable.

I. Subprime Mortgage Related Risk Exposure

The Company consults with its external investment managers to assess its subprime mortgage related risk exposure. Certain characteristics are utilized to determine if a mortgage-backed security has subprime exposure. The main characteristics reviewed when determining this are the collateral and structure of the security, the loan purpose, loan documentation, occupancy, geographical location, loan size and type. Subprime mortgage borrowers typically have lower credit scores, lower loan balances and higher loan-to-values than other conforming loans. Management's practices include reviewing quantitative and qualitative credit models that analyze loan-level collateral composition, historical underwriter performance trends, the impact of macroeconomic factors, and issuer risks; as well as reviewing the estimation of security cash flows and monthly model calibrations.

(1) Direct exposure through investments in sub-prime mortgage loans.

The Company has no direct exposure through investment to sub-prime mortgage loans.

(2) Indirect exposure to sub-prime mortgage risk through investments in the following securities:
a. Residential mortgage backed securities – No exposure noted.
b. Collateralized debt obligations – No exposure noted.
c. Structured Securities (including principal protected notes) – No exposure noted.
d. Debt Securities of companies with significant sub-prime exposure – No exposure noted.
e. Equity securities of companies with significant sub-prime exposure – No exposure noted.
f. Other Assets – No exposure noted.

(3) Underwriting exposure to sub-prime mortgage risk through Mortgage Guaranty coverage, Financial Guaranty coverage , Directors and Officers liability coverage, or Errors and Omissions liability coverage.

Not Applicable.

(4) Classification of mortgage related securities is primarily based on information from outside data services, including rating agency actions. When considering our exposure, the Company evaluated the percentage of full documentation loans, percent of owner occupied properties, FICO scores, average margin for ARM loans, percent of loans with prepayment penalties, the existence of non-traditional underwriting standards, among other factors.

21. Events Subsequent

A dividend in the amount of $30.0 million was paid by the Company on April 30, 2009.

22. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

NOTES TO FINANCIAL STATEMENTS

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10.0 percent or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes ( ) No (X)

If yes, give full details.

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10.0 percent or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes ( ) No (X)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?

Yes ( ) No (X)

a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. $0

b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in this statement? $0

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No (X)

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

(1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. $0

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes ( ) No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? $0

B. Uncollectible Reinsurance

Not Applicable.

C. Commutation of Ceded Reinsurance

Not Applicable.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. The Company estimates accrued retrospective premium adjustments for its Medicare business through a mathematical approach using an algorithm based upon settlement procedures defined by contracts with CMS.

B. The Company records accrued retrospective premium as an adjustment to earned premiums.

C. Not Applicable.

24. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2008 were $0. As of September 30, 2009, $0 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. There are no reserves remaining for prior years as a result of reestimation of unpaid claims and claim adjustment expenses. The Company has no retrospectively rated policies.

25. Intercompany Pooling Arrangements

Not Applicable.

NOTES TO FINANCIAL STATEMENTS

26. Structured Settlements

Not Applicable.

27. Health Care Receivables

A. Pharmaceutical Rebate Receivables

Not Applicable.

B. Risk Sharing Receivables

Not Applicable.

28. Participating Policies

Not Applicable.

29. Premium Deficiency Reserves

Not Applicable.

30. Anticipated Salvage and Subrogation

As of September 30, 2009, Preferred Health Partnership of Tennessee, Inc. had no liabilities related to premium deficiency reserves.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [X]

2.2 If yes, date of change: .....

3. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [X]

If yes, complete the Schedule Y - Part 1 - organizational chart.

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

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

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [X] NA [ ]

If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2005

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2005

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 07/19/2004

6.4 By what department or departments?

Tennessee Department of Insurance.....

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [X] No [ ] NA [ ]

6.6 Have all of the recommendations within the latest financial examination report been complied with?..... Yes [X] No [ ] NA [ ]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?..... Yes [ ] No [X]

7.2 If yes, give full information:

.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?..... Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?..... Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

GENERAL INTERROGATORIES

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:

9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [X]

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

N/A

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: $ 0

13. Amount of real estate and mortgages held in short-term investments: $ 0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [X]

14.2 If yes, please complete the following:

		1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21	Bonds	$	$
14.22	Preferred Stock	$	$
14.23	Common Stock	$	$
14.24	Short-Term Investments	$	$
14.25	Mortgage Loans on Real Estate	$	$
14.26	All Other	$	$
14.27	Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 0	$ 0
14.28	Total Investment in Parent included in Lines 14.21 to 14.26 above	$	$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]

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

GENERAL INTERROGATORIES

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? ..... Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian Address
JP Morgan Chase	4 New York Plaza, 15th Floor, New York, NY 10004-2413, Attn: Charles Tuzzolino

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

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

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? ..... Yes [ ] No [X]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? ..... Yes [X] No [ ]

17.2 If no, list exceptions:

N/A

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
			ACCIDENT AND HEALTH AFFILIATES			
			ACCIDENT AND HEALTH NON-AFFILIATES			
			LIFE AND ANNUITY AFFILIATES			
			LIFE AND ANNUITY NON-AFFILIATES			
			PROPERTY/CASUALTY AFFILIATES			
			PROPERTY/CASUALTY NON-AFFILIATES			

NONE

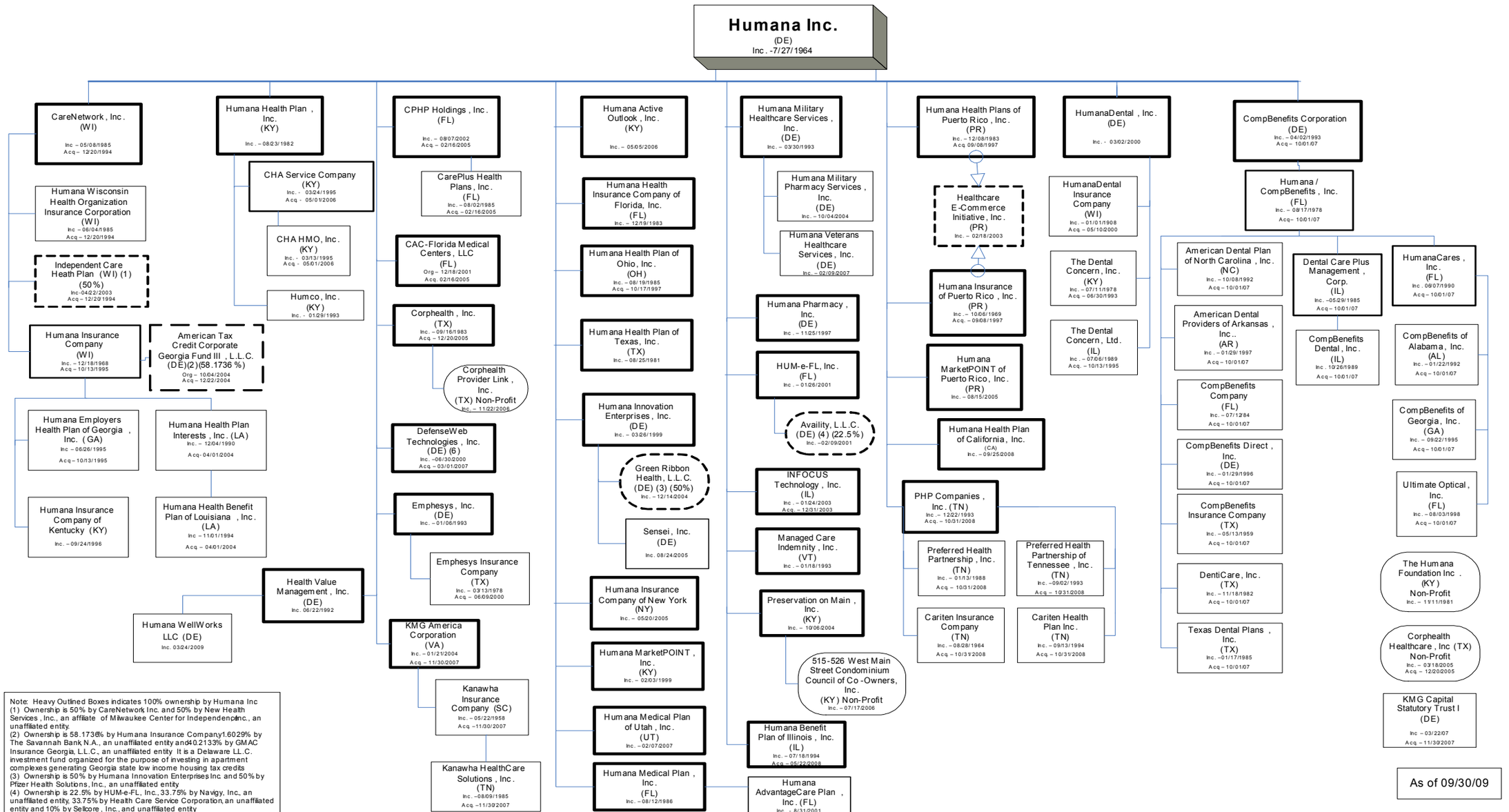
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Business Only 2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefit Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama AL	N							0	
2. Alaska AK	N							0	
3. Arizona AZ	N							0	
4. Arkansas AR	N							0	
5. California CA	N							0	
6. Colorado CO	N							0	
7. Connecticut CT	N							0	
8. Delaware DE	N							0	
9. District of Columbia DC	N							0	
10. Florida FL	N							0	
11. Georgia GA	N							0	
12. Hawaii HI	N							0	
13. Idaho ID	N							0	
14. Illinois IL	N							0	
15. Indiana IN	N							0	
16. Iowa IA	N							0	
17. Kansas KS	N							0	
18. Kentucky KY	N							0	
19. Louisiana LA	N							0	
20. Maine ME	N							0	
21. Maryland MD	N							0	
22. Massachusetts MA	N							0	
23. Michigan MI	N							0	
24. Minnesota MN	N							0	
25. Mississippi MS	N							0	
26. Missouri MO	N							0	
27. Montana MT	N							0	
28. Nebraska NE	N							0	
29. Nevada NV	N							0	
30. New Hampshire NH	N							0	
31. New Jersey NJ	N							0	
32. New Mexico NM	N							0	
33. New York NY	N							0	
34. North Carolina NC	N							0	
35. North Dakota ND	N							0	
36. Ohio OH	N							0	
37. Oklahoma OK	N							0	
38. Oregon OR	N							0	
39. Pennsylvania PA	N							0	
40. Rhode Island RI	N							0	
41. South Carolina SC	N							0	
42. South Dakota SD	N							0	
43. Tennessee TN	L							0	
44. Texas TX	N							0	
45. Utah UT	N							0	
46. Vermont VT	N							0	
47. Virginia VA	N							0	
48. Washington WA	N							0	
49. West Virginia WV	N							0	
50. Wisconsin WI	N							0	
51. Wyoming WY	N							0	
52. American Samoa AS	N							0	
53. Guam GU	N							0	
54. Puerto Rico PR	N							0	
55. U.S. Virgin Islands VI	N							0	
56. Northern Mariana Islands MP	N							0	
57. Canada CN	N							0	
58. Aggregate Other Alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	0	0	0	0	0	0	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



Note: Heavy Outlined Boxes indicates 100% ownership by Humana Inc
(1) Ownership is 50% by CareNetwork Inc. and 50% by New Health Services, Inc., an affiliate of Milwaukee Center for Independence Inc., an unaffiliated entity.
(2) Ownership is 58.1736% by Humana Insurance Company1.6029% by The Savannah Bank, N.A., an unaffiliated entity and40.2133% by GMAC Insurance Georgia, L.L.C., an unaffiliated entity It is a Delaware LL.C. investment fund organized for the purpose of investing in apartment complexes generating Georgia state low income housing tax credits
(3) Ownership is 50% by Humana Innovation Enterprises Inc. and 50% by Pfizer Health Solutions, Inc., an unaffiliated entity
(4) Ownership is 22.5% by HUM-e-FL, Inc., 33.75% by Navigy, Inc., an unaffiliated entity, 33.75% by Health Care Service Corporation, an unaffiliated entity and 10% by Sellcore, Inc., and unaffiliated entity

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 supplemental is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

	RESPONSE
1. Will the Medicare Part D Coverage Statement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

1.This type of business is not written.

Bar Code:

1.

SCHEDULE A - VERIFICATION

Real Estate

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Current year change in encumbrances		0
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		0
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other than temporary impairment recognized		0
8. Deduct current year's depreciation		0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

NONE

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and depreciation		0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other than temporary impairment recognized		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	32,632,846	54,143,000
2. Cost of bonds and stocks acquired	22,152,529	101,036,976
3. Accrual of discount	25,491	49,339
4. Unrealized valuation increase (decrease)		196,572
5. Total gain (loss) on disposals	579,277	(2,730,797)
6. Deduct consideration for bonds and stocks disposed of	34,652,119	119,774,895
7. Deduct amortization of premium	125,980	287,349
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	20,612,044	32,632,846
11. Deduct total nonadmitted amounts	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	20,612,044	32,632,846

SCHEDULE D - PART 1B

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	20,733,051	7,324,220	6,899,960	(12,814)	49,835,603	20,733,051	21,144,497	49,034,822
2. Class 2 (a)	2,113,537			(9,406)	3,296,071	2,113,537	2,104,131	3,307,116
3. Class 3 (a)	0				0	0	0	0
4. Class 4 (a)	0				0	0	0	0
5. Class 5 (a)	0				0	0	0	0
6. Class 6 (a)	0				0	0	0	0
7. Total Bonds	22,846,588	7,324,220	6,899,960	(22,220)	53,131,674	22,846,588	23,248,628	52,341,938
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	22,846,588	7,324,220	6,899,960	(22,220)	53,131,674	22,846,588	23,248,628	52,341,938

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

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999	2,636,583	XXX	2,636,583	52,803	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	19,709,091	0
2. Cost of short-term investments acquired	57,503,817	105,119,307
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals	74,576,325	85,410,216
7. Deduct amortization of premium		0
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other than temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	2,636,583	19,709,091
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	2,636,583	19,709,091

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule E Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
FIRST TENNESSEE.....Knoxville,TN.....					78,891	78,891	78,891	XXX
BANK OF AMERICA.....Atlanta,GA.....					9,224	50,396	37,583	XXX
0199998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	XXX	XXX						XXX
0199999 Totals - Open Depositories	XXX	XXX			88,115	129,286	116,474	XXX
0399999 Total Cash on Deposit	XXX	XXX			88,115	129,286	116,474	XXX
0499999 Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0599999 Total Cash	XXX	XXX			88,115	129,286	116,474	XXX

Schedule E - Part 2 - Cash Equivalents

NONE

EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
0199999 Total individuals						
0299998 Premium due and unpaid not individually listed						
0299999 Total group		**NONE**				
0399999 Premiums due and unpaid from Medicare entities						
0499999 Premiums due and unpaid from Medicaid entities						
0599999 Accident and health premiums due and unpaid (Page 2, Line 12)						

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EXHIBIT 3 - HEALTH CARE RECEIVABLES

1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
0199998 Subtotal - Pharmaceutical Rebate Receivables - Not Individually Listed						
0199999 Subtotal - Pharmaceutical Rebate Receivables						
0299998 Subtotal - Claim Overpayment Receivables - Not Individually Listed						
0299999 Subtotal - Claim Overpayment Receivables						
0399998 Subtotal - Loans and Advances to Providers - Not Individually Listed			NONE			
0399999 Subtotal - Loans and Advances to Providers						
0499998 Subtotal - Capitation Arrangements Receivables - Not Individually Listed						
0499999 Subtotal - Capitation Arrangements Receivables						
0599998 Subtotal - Risk Sharing Receivables - Not Individually Listed						
0599999 Subtotal - Risk Sharing Receivables						
0699998 Subtotal - Other Receivables - Not Individually Listed						
0699999 Subtotal - Other Receivables						
0799999 Gross health care receivables						

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EXHIBIT 5 - 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
Individually listed receivables							
Humana Inc.				425,949	425,949		0
0199999 - Total Individually Listed Receivables	0	0	0	425,949	425,949	0	0
0299999 - Receivables not individually listed							
0399999 - Total gross amounts receivable	0	0	0	425,949	425,949	0	0

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