

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

**of
Chattanooga
in the state of
Tennessee**

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

**FOR THE QUARTER ENDED
March 31, 2010**

2010



QUARTERLY STATEMENT
AS OF March 31, 2010
OF THE CONDITION AND AFFAIRS OF THE
Volunteer State Health Plan, Inc.

NAIC Group Code 0000 (Current Period) , 0000 (Prior Period) NAIC Company Code _____ Employer's ID Number 62-1656610

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

Country of Domicile United States of America

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

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

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

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

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

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

Internet Web Site Address www.vshptn.com

Statutory Statement Contact Dana Elaine Hull (423)535-7919
 (Name) (Area Code)(Telephone Number)(Extension)
Dana_Hull@BCBST.com (423)535-8331
 (E-Mail Address) (Fax Number)

CORPORATE OFFICERS

Name	Title
Sonya Kay Nelson	President & CEO
Shelia Dian Clemons	Secretary
Katharine Anne Laurance	Assistant Secretary
Daniel Paul Timblin	Treasurer
Alaine Marie Zachary	Assistant Treasurer

ADMINISTRATIVE OFFICERS

Judy Messer Slagle, Interim Chief Operating Officer	Steven Lee Coulter MD, Managing Director
Robert Stanley DeMerritt, Chief Financial Officer	David Matthew Moroney MD, VP & Chief Medical Officer
Amber Jeanine Cambron, Vice President, Operations	James Howard Srite, Vice President, Chief Actuary

DIRECTORS OR TRUSTEES

Vicky Brown Gregg, Chairman	Steven Lee Coulter MD
John Francis Giblin	

State of Tennessee
 County of Hamilton ss

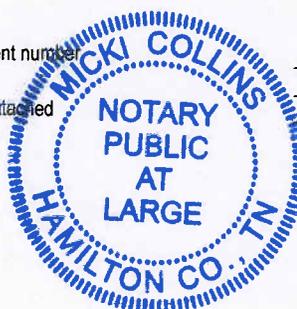
The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from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

(Signature)	(Signature)	(Signature)
Sonya Kay Nelson	Shelia Dian Clemons	Robert Stanley DeMerritt
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President & CEO	Secretary	Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this 11th day of May, 2010

(Notary Public Signature)

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



My Commission Expires
August 18, 2010

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ASSETS

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	146,553,896		146,553,896	93,191,585
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....6,068,773), cash equivalents (\$.....0) and short-term investments (\$.....85,045,774)	91,114,547		91,114,547	87,392,175
6. Contract loans (including \$.....0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities	986,923		986,923	2,194
10. Aggregate write-ins for invested assets				
11. Subtotals, cash and invested assets (Lines 1 to 10)	238,655,366		238,655,366	180,585,954
12. Title plants less \$.....0 charged off (for Title insurers only)				
13. Investment income due and accrued	981,278		981,278	616,086
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	15,136,950		15,136,950	34,891,109
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)				
14.3 Accrued retrospective premiums				
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers				
15.2 Funds held by or deposited with reinsured companies				
15.3 Other amounts receivable under reinsurance contracts				
16. Amounts receivable relating to uninsured plans	3,101,835		3,101,835	1,011,495
17.1 Current federal and foreign income tax recoverable and interest thereon				
17.2 Net deferred tax asset	5,064,045	1,475,473	3,588,572	3,438,996
18. Guaranty funds receivable or on deposit				
19. Electronic data processing equipment and software				
20. Furniture and equipment, including health care delivery assets (\$.....0)				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Receivables from parent, subsidiaries and affiliates	14,041,277	2,000,000	12,041,277	48,983,035
23. Health care (\$.....0) and other amounts receivable	499,375	499,375		655,890
24. Aggregate write-ins for other than invested assets	205,313	205,313		
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24)	277,685,439	4,180,161	273,505,278	270,182,565
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
27. Total (Lines 25 and 26)	277,685,439	4,180,161	273,505,278	270,182,565
DETAILS OF WRITE-INS				
1001.				
1002.				
1003.				
1098. Summary of remaining write-ins for Line 10 from overflow page				
1099. TOTALS (Lines 1001 through 1003 plus 1098) (Line 10 above)				
2401. Prepaid Expenses	205,313	205,313		
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above)	205,313	205,313		

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	141,074,957		141,074,957	143,964,733
2. Accrued medical incentive pool and bonus amounts	1,092,612		1,092,612	
3. Unpaid claims adjustment expenses	9,725,458		9,725,458	8,923,076
4. Aggregate health policy reserves				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance	426,623		426,623	510,762
9. General expenses due or accrued	4,934,136		4,934,136	6,164,242
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	572,149		572,149	398,379
13. Remittances and items not allocated	1,043,218		1,043,218	1,396,558
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates				
16. Derivatives				
17. Payable for securities	6,509,586		6,509,586	
18. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
19. Reinsurance in unauthorized companies				
20. Net adjustments in assets and liabilities due to foreign exchange rates				
21. Liability for amounts held under uninsured plans	3,925,779		3,925,779	3,825,849
22. Aggregate write-ins for other liabilities (including \$.....0 current)	18,049,625		18,049,625	18,086,558
23. Total liabilities (Lines 1 to 22)	187,354,143		187,354,143	183,270,157
24. Aggregate write-ins for special surplus funds	X X X	X X X		
25. Common capital stock	X X X	X X X	10	10
26. Preferred capital stock	X X X	X X X		
27. Gross paid in and contributed surplus	X X X	X X X	157,299,990	136,299,990
28. Surplus notes	X X X	X X X		
29. Aggregate write-ins for other than special surplus funds	X X X	X X X	28,764,984	25,326,692
30. Unassigned funds (surplus)	X X X	X X X	(99,913,849)	(74,714,284)
31. Less treasury stock, at cost:				
31.1 .....0 shares common (value included in Line 25 \$.....0)	X X X	X X X		
31.2 .....0 shares preferred (value included in Line 26 \$.....0)	X X X	X X X		
32. Total capital and surplus (Lines 24 to 30 minus Line 31)	X X X	X X X	86,151,135	86,912,408
33. Total Liabilities, capital and surplus (Lines 23 and 32)	X X X	X X X	273,505,278	270,182,565
DETAILS OF WRITE-INS				
2201. Insured Premium Tax Payable	18,034,273		18,034,273	18,076,545
2202. Pending Escheatment to State	15,352		15,352	10,013
2203.				
2298. Summary of remaining write-ins for Line 22 from overflow page				
2299. TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above)	18,049,625		18,049,625	18,086,558
2401.	X X X	X X X		
2402.	X X X	X X X		
2403.	X X X	X X X		
2498. Summary of remaining write-ins for Line 24 from overflow page	X X X	X X X		
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above)	X X X	X X X		
2901. Legally Required Reserves	X X X	X X X	28,764,984	25,326,692
2902.	X X X	X X X		
2903.	X X X	X X X		
2998. Summary of remaining write-ins for Line 29 from overflow page	X X X	X X X		
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)	X X X	X X X	28,764,984	25,326,692

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	X X X	1,258,344	1,319,139	5,204,333
2. Net premium income (including \$.....0 non-health premium income)	X X X	293,376,622	289,304,795	1,197,311,190
3. Change in unearned premium reserves and reserves for rate credits	X X X			
4. Fee-for-service (net of \$.....0 medical expenses)	X X X			
5. Risk revenue	X X X			
6. Aggregate write-ins for other health care related revenues	X X X			
7. Aggregate write-ins for other non-health revenues	X X X			
8. Total revenues (Lines 2 to 7)	X X X	293,376,622	289,304,795	1,197,311,190
Hospital and Medical:				
9. Hospital/medical benefits		205,789,697	217,844,462	869,847,716
10. Other professional services		56,825,743	35,871,401	206,488,617
11. Outside referrals				
12. Emergency room and out-of-area		11,320,636	13,355,024	54,035,117
13. Prescription drugs				
14. Aggregate write-ins for other hospital and medical			3,797	285
15. Incentive pool, withhold adjustments and bonus amounts				
16. Subtotal (Lines 9 to 15)		273,936,076	267,074,684	1,130,371,735
Less:				
17. Net reinsurance recoveries				
18. Total hospital and medical (Lines 16 minus 17)		273,936,076	267,074,684	1,130,371,735
19. Non-health claims (net)				
20. Claims adjustment expenses, including \$.....7,317,471 cost containment expenses		25,088,473	21,146,970	85,775,902
21. General administrative expenses		25,871,894	10,893,893	79,244,800
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			(22,646,777)	
23. Total underwriting deductions (Lines 18 through 22)		324,896,443	276,468,770	1,295,392,437
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(31,519,821)	12,836,025	(98,081,247)
25. Net investment income earned		720,354	602,821	2,430,370
26. Net realized capital gains (losses) less capital gains tax of \$.....0		29,889	4,568	21,901
27. Net investment gains or (losses) (Lines 25 plus 26)		750,243	607,389	2,452,271
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]				
29. Aggregate write-ins for other income or expenses				
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(30,769,578)	13,443,414	(95,628,976)
31. Federal and foreign income taxes incurred	X X X	(11,101,132)	(1,250,493)	(31,213,319)
32. Net income (loss) (Lines 30 minus 31)	X X X	(19,668,446)	14,693,907	(64,415,657)
DETAILS OF WRITE-INS				
0601.	X X X			
0602.	X X X			
0603.	X X X			
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X			
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X			
0701.	X X X			
0702.	X X X			
0703.	X X X			
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X			
0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			
1401. Exigency Post-Settlement Activity			3,797	285
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page				
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			3,797	285
2901.				
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page				
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)				

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	86,912,408	26,856,301	26,856,301
34. Net income or (loss) from Line 32	(19,668,446)	14,693,907	(64,415,657)
35. Change in valuation basis of aggregate policy and claim reserves			42,663,267
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(59,371)	452	(39,268)
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax	62,498	(5,955,677)	(12,111,094)
39. Change in nonadmitted assets	(2,095,955)	2,829,118	1,958,861
40. Change in unauthorized reinsurance			
41. Change in treasury stock			
42. Change in surplus notes			
43. Cumulative effect of changes in accounting principles			
44. Capital Changes:			
44.1 Paid in			
44.2 Transferred from surplus (Stock Dividend)			
44.3 Transferred to surplus			
45. Surplus adjustments:			
45.1 Paid in	21,000,000		92,000,000
45.2 Transferred to capital (Stock Dividend)			
45.3 Transferred from capital			
46. Dividends to stockholders			
47. Aggregate write-ins for gains or (losses) in surplus	1		(2)
48. Net change in capital and surplus (Lines 34 to 47)	(761,273)	11,567,800	60,056,107
49. Capital and surplus end of reporting period (Line 33 plus 48)	86,151,135	38,424,101	86,912,408
DETAILS OF WRITE-INS			
4701. Rounding	1		(2)
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page			
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)	1		(2)

Report #2A: TennCare Select Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	144,858	144,858	820,126
Estimated Revenues:			
1. TennCare Capitation	101,672,243	101,672,243	400,087,885
2. Investment	-	-	-
3. Other Revenues	-	-	-
4. Total Estimated Revenues (Lines 1 to 3)	101,672,243	101,672,243	400,087,885
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	155,336	155,336	1,355,084
6. Fee-for Service Physician Services	11,441,276	11,441,276	57,989,033
7. Inpatient Hospital Services	22,311,199	22,311,199	98,611,434
8. Outpatient Hospital Services	8,532,243	8,532,243	38,789,154
9. Emergency Room Services	1,382,598	1,382,598	7,172,161
10. Dental Services	-	-	-
11. Vision Services	64,274	64,274	297,614
12. Pharmacy Services	-	-	-
13. Home Health Services	28,233,031	28,233,031	115,710,386
14. Chiropractic Services	-	-	-
15. Radiology Services	416,298	416,298	2,186,016
16. Laboratory Services	421,992	421,992	2,049,227
17. Durable Medical Equipment Services	5,264,762	5,264,762	22,135,564
18. Transportation Services	1,721,676	1,721,676	3,949,939
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Other Medical and Hospital Services - Write-Ins	1,139,886	1,139,886	10,544,297
23. Subtotal Medical and Hospital (Lines 5 to 22)	81,084,571	81,084,571	360,789,909
Mental Health and Substance Abuse Services			
24. Inpatient Psychiatric Facility Services	1,288,696	1,288,696	690,430
25. Inpatient Substance Abuse Treatment and Detox	4,383	4,383	6,848
26. Outpatient Mental Health Services	2,260,276	2,260,276	1,167,266
27. Outpatient Substance Abuse Treatment and Detox	-	-	-
28. Housing/Residential Treatment	3,590,162	3,590,162	1,501,448
29. Specialized Crisis Services	740,556	740,556	487,997
30. Psychiatric Rehab and Support Services	7,153	7,153	5,325
31. Case Management	1,001,837	1,001,837	478,925
32. Forensics	-	-	-
33. Other Judicial	-	-	-
34. Pharmacy	-	-	-
35. Lab Services	26,706	26,706	35,686
36. Transportation	-	-	-
37. Medical Incentive Pool and Withhold Adjustments	-	-	-
38. Occupancy, Depreciation and Amortization	-	-	-
39. Other Mental Health and Substance Abuse Services	1,383,858	1,383,858	848,085
40. PCP and Specialist Services	-	-	-
41. Other Mental Health Services - Write-Ins	-	-	-
42. Subtotal MH & SAS (Lines 24 to 41)	10,303,627	10,303,627	5,222,010
CHOICES			
43. Nursing Facility Care	8,408	8,408	-
44. HCBS Services	-	-	-
Subtotal CHOICES	8,408	8,408	-
45. Subtotal Hospital, Medical, MH&SAS, Choices (Lines 23, 42 and 55)	91,396,606	91,396,606	366,011,919
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	1,294	1,294	15,542
48. Subrogation and Coordination of Benefits	164,397	164,397	1,538,546
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	165,691	165,691	1,554,088
50. Total Hospital, Medical, MH&SAS, Choices (Lines 45 and 49)	91,230,915	91,230,915	364,457,831
Administration:			
51. Compensation	3,092,523	3,092,523	12,185,232
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	5,583,580	5,583,580	15,363,179
55. Occupancy, Depreciation, and Amortization	244,158	244,158	962,038
56. Other Administration - Write-Ins	1,878,054	1,878,054	7,399,960
57. Total Administration Expenses (Lines 51 to 56)	10,798,315	10,798,315	35,910,409
58. Total Expenses (Lines 50 and 57)	102,029,230	102,029,230	400,368,240
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	(128,795)	(128,795)	(91,508)
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	(228,192)	(228,192)	(188,847)
Write-Ins for Other Expense			
Detail of Other Revenues:			
0301.	-	-	-
0399. Total Other Revenues	-	-	-
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	1,496,735	1,496,735	7,863,005
2202. Out of Area Claims Expense	23,177	23,177	2,436,345
2203. Bad Debt Expense	(380,026)	(380,026)	244,947
2299. Total Other Medical and Hospital	1,139,886	1,139,886	10,544,297
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Outsourced Services	625,868	625,868	2,466,063
5602. Equipment Rental	563,298	563,298	2,219,519
5603. Auditing, Actuarial, and Other Consulting	274,406	274,406	1,081,223
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	222,670	222,670	877,370
5605. Postage/Telephone	138,918	138,918	547,369
5606. Printing and Stationary	52,894	52,894	208,416
5699. Total Other Administration	1,878,054	1,878,054	7,399,960

Report #2A: BlueCare West Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	557,163	557,163	2,282,053
Estimated Revenues:			
1. TennCare Capitation	123,231,732	123,231,732	501,533,700
2. Investment	325,545	325,545	1,062,767
3. Other Revenues	-	-	-
4. Total Estimated Revenues (Lines 1 to 3)	123,557,277	123,557,277	502,596,467
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	6,549	6,549	2,980,912
6. Fee-for Service Physician Services	32,388,481	32,388,481	137,400,196
7. Inpatient Hospital Services	31,552,474	31,552,474	131,149,960
8. Outpatient Hospital Services	18,736,047	18,736,047	77,617,665
9. Emergency Room Services	6,556,138	6,556,138	31,081,011
10. Dental Services	941	941	6,785
11. Vision Services	109,083	109,083	381,079
12. Pharmacy Services	-	-	-
13. Home Health Services	6,390,612	6,390,612	22,675,648
14. Chiropractic Services	-	-	-
15. Radiology Services	2,070,544	2,070,544	9,278,515
16. Laboratory Services	2,606,181	2,606,181	10,481,809
17. Durable Medical Equipment Services	2,861,712	2,861,712	11,284,105
18. Transportation Services	4,266,432	4,266,432	13,680,460
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Other Medical and Hospital Services - Write-Ins	2,850,329	2,850,329	8,618,809
23. Subtotal Medical and Hospital (Lines 5 to 22)	110,395,523	110,395,523	456,636,954
Mental Health and Substance Abuse Services			
24. Inpatient Psychiatric Facility Services	1,818,410	1,818,410	5,420,028
25. Inpatient Substance Abuse Treatment and Detox	1,009	1,009	236,572
26. Outpatient Mental Health Services	1,008,955	1,008,955	2,858,460
27. Outpatient Substance Abuse Treatment and Detox	-	-	-
28. Housing/Residential Treatment	602,575	602,575	2,198,826
29. Specialized Crisis Services	930,323	930,323	1,820,609
30. Psychiatric Rehab and Support Services	108,393	108,393	82,310
31. Case Management	1,847,311	1,847,311	6,833,076
32. Forensics	-	-	-
33. Other Judicial	-	-	-
34. Pharmacy	-	-	-
35. Lab Services	34,380	34,380	183,574
36. Transportation	-	-	-
37. Medical Incentive Pool and Withhold Adjustments	-	-	-
38. Occupancy, Depreciation and Amortization	-	-	-
39. Other Mental Health and Substance Abuse Services	1,144,478	1,144,478	5,399,066
40. PCP and Specialist Services	-	-	-
41. Other Mental Health Services - Write-Ins	-	-	-
42. Subtotal MH & SAS (Lines 24 to 41)	7,495,834	7,495,834	25,032,521
CHOICES			
43. Nursing Facility Care	-	-	-
44. HCBS Services	-	-	-
Subtotal CHOICES	-	-	-
45. Subtotal Hospital, Medical, MH&SAS, Choices (Lines 23, 42 and 55)	117,891,357	117,891,357	481,669,475
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	18,539	18,539	107,834
48. Subrogation and Coordination of Benefits	-	-	-
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	18,539	18,539	107,834
50. Total Hospital, Medical, MH&SAS, Choices (Lines 45 and 49)	117,872,818	117,872,818	481,561,641
Administration:			
51. Compensation	9,014,874	9,014,874	28,971,809
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	6,754,146	6,754,146	19,023,374
55. Occupancy, Depreciation, and Amortization	711,734	711,734	2,287,357
56. Other Administration - Write-Ins	5,474,636	5,474,636	17,594,267
57. Total Administration Expenses (Lines 51 to 56)	21,955,390	21,955,390	67,876,807
58. Total Expenses (Lines 50 and 57)	139,828,208	139,828,208	549,438,448
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	(5,870,271)	(5,870,271)	(15,289,233)
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	(10,400,660)	(10,400,660)	(31,552,748)
Write-Ins for Other Expense			
Detail of Other Revenues			
0301.	-	-	-
0399. Total Other Revenues	-	-	-
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	2,850,957	2,850,957	8,380,663
2202. Out of Area Claims Expense	(628)	(628)	238,146
2203. (Dec)/Inc in Reserves for Life and Accident and Health Contracts	-	-	-
2204.	-	-	-
2299. Total Other Medical and Hospital	2,850,329	2,850,329	8,618,809
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Outsourced Services	1,824,441	1,824,441	5,863,355
5602. Equipment Rental	1,642,044	1,642,044	5,277,163
5603. Auditing, Actuarial, and Other Consulting	799,910	799,910	2,570,734
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	649,096	649,096	2,086,048
5605. Postage/Telephone	404,955	404,955	1,301,434
5606. Printing and Stationary	154,190	154,190	495,533
5699. Total Other Administration	5,474,636	5,474,636	17,594,267

Report #2A: BlueCare East Only			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	701,182	701,182	2,922,280
Estimated Revenues:			
1. TennCare Capitation	170,202,161	170,202,161	698,000,959
2. Investment	412,568	412,568	1,367,739
3. Other Revenues	-	-	-
4. Total Estimated Revenues (Lines 1 to 3)	170,614,729	170,614,729	699,368,698
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	71,196	71,196	4,049,180
6. Fee-for Service Physician Services	51,522,458	51,522,458	239,025,020
7. Inpatient Hospital Services	37,485,444	37,485,444	145,167,823
8. Outpatient Hospital Services	20,514,167	20,514,167	91,977,535
9. Emergency Room Services	4,775,290	4,775,290	22,668,811
10. Dental Services	3,235	3,235	2,096
11. Vision Services	169,134	169,134	663,651
12. Pharmacy Services	-	-	-
13. Home Health Services	8,479,865	8,479,865	30,796,685
14. Chiropractic Services	-	-	-
15. Radiology Services	2,576,113	2,576,113	12,718,709
16. Laboratory Services	3,313,754	3,313,754	14,413,647
17. Durable Medical Equipment Services	5,553,527	5,553,527	21,606,168
18. Transportation Services	5,850,492	5,850,492	18,413,831
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Other Medical and Hospital Services - Write-Ins	2,330,479	2,330,479	9,389,880
23. Subtotal Medical and Hospital (Lines 5 to 22)	142,645,154	142,645,154	610,893,036
Mental Health and Substance Abuse Services			
24. Inpatient Psychiatric Facility Services	1,894,229	1,894,229	5,329,009
25. Inpatient Substance Abuse Treatment and Detox	179,999	179,999	520,129
26. Outpatient Mental Health Services	2,171,725	2,171,725	6,652,543
27. Outpatient Substance Abuse Treatment and Detox	-	-	-
28. Housing/Residential Treatment	1,807,199	1,807,199	6,791,007
29. Specialized Crisis Services	2,724,969	2,724,969	8,993,499
30. Psychiatric Rehab and Support Services	45,964	45,964	135,579
31. Case Management	1,218,282	1,218,282	3,505,871
32. Forensics	-	-	-
33. Other Judicial	-	-	-
34. Pharmacy	-	-	-
35. Lab Services	82,050	82,050	317,939
36. Transportation	-	-	-
37. Medical Incentive Pool and Withhold Adjustments	-	-	-
38. Occupancy, Depreciation and Amortization	-	-	-
39. Other Mental Health and Substance Abuse Services	3,380,441	3,380,441	8,292,228
40. PCP and Specialist Services	-	-	-
41. Other Mental Health Services - Write-Ins	-	-	-
42. Subtotal MH & SAS (Lines 24 to 41)	13,504,858	13,504,858	40,537,804
CHOICES			
43. Nursing Facility Care	-	-	-
44. HCBS Services	-	-	-
Subtotal CHOICES	-	-	-
45. Subtotal Hospital, Medical, MH&SAS, Choices (Lines 23, 42 and 55)	156,150,012	156,150,012	651,430,840
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	47,891	47,891	259,649
48. Subrogation and Coordination of Benefits	-	-	-
49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)	47,891	47,891	259,649
50. Total Hospital, Medical, MH&SAS, Choices (Lines 45 and 49)	156,102,121	156,102,121	651,171,191
Administration:			
51. Compensation	11,428,999	11,428,999	40,132,281
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	9,361,119	9,361,119	26,842,211
55. Occupancy, Depreciation, and Amortization	902,332	902,332	3,168,488
56. Other Administration - Write-Ins	6,940,707	6,940,707	24,371,903
57. Total Administration Expenses (Lines 51 to 56)	28,633,157	28,633,157	94,514,883
58. Total Expenses (Lines 50 and 57)	184,735,278	184,735,278	745,686,074
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	(5,094,450)	(5,094,450)	(15,118,002)
61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)	(9,026,099)	(9,026,099)	(31,199,374)
Write-Ins for Other Expense			
Detail of Other Revenues			
0301.	-	-	-
0399. Total Other Revenues	-	-	-
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	2,330,693	2,330,693	8,921,547
2202. Out of Area Claims Expense	(214)	(214)	468,333
2203. Decrease in Reserves for Life and Accident and Health Contracts	-	-	-
2204.	-	-	-
2299. Total Other Medical and Hospital	2,330,479	2,330,479	9,389,880
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Outsourced Services	2,313,017	2,313,017	8,122,026
5602. Equipment Rental	2,081,771	2,081,771	7,310,024
5603. Auditing, Actuarial, and Other Consulting	1,014,120	1,014,120	3,561,026
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	822,919	822,919	2,889,634
5605. Postage/Telephone	513,399	513,399	1,802,771
5606. Printing and Stationary	195,481	195,481	686,422
5699. Total Other Administration	6,940,707	6,940,707	24,371,903

CASH FLOW

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations				
1.	Premiums collected net of reinsurance	313,046,642	259,254,506	1,167,997,427
2.	Net investment income	592,417	381,741	2,597,872
3.	Miscellaneous income			
4.	Total (Lines 1 to 3)	313,639,059	259,636,247	1,170,595,299
5.	Benefit and loss related payments	275,733,240	156,638,077	1,048,627,306
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7.	Commissions, expenses paid and aggregate write-ins for deductions	53,378,501	34,681,199	161,356,039
8.	Dividends paid to policyholders			
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	(11,101,132)	(1,250,493)	(31,213,319)
10.	Total (Lines 5 through 9)	318,010,609	190,068,783	1,178,770,026
11.	Net cash from operations (Line 4 minus Line 10)	(4,371,550)	69,567,464	(8,174,727)
Cash from Investments				
12.	Proceeds from investments sold, matured or repaid:			
12.1	Bonds	12,310,178	1,212,928	27,553,189
12.2	Stocks			
12.3	Mortgage loans			
12.4	Real estate			
12.5	Other invested assets			
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments			2,933
12.7	Miscellaneous proceeds	5,524,857	3,199,088	
12.8	Total investment proceeds (Lines 12.1 to 12.7)	17,835,035	4,412,016	27,556,122
13.	Cost of investments acquired (long-term only):			
13.1	Bonds	65,879,855	24,596,094	93,503,665
13.2	Stocks			
13.3	Mortgage loans			
13.4	Real estate			
13.5	Other invested assets			
13.6	Miscellaneous applications			41,462
13.7	Total investments acquired (Lines 13.1 to 13.6)	65,879,855	24,596,094	93,545,127
14.	Net increase (or decrease) in contract loans and premium notes			
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	(48,044,820)	(20,184,078)	(65,989,005)
Cash from Financing and Miscellaneous Sources				
16.	Cash provided (applied):			
16.1	Surplus notes, capital notes			
16.2	Capital and paid in surplus, less treasury stock	21,000,000		92,000,000
16.3	Borrowed funds			
16.4	Net deposits on deposit-type contracts and other insurance liabilities			
16.5	Dividends to stockholders			
16.6	Other cash provided (applied)	35,138,742	39,544,223	2,817,960
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	56,138,742	39,544,223	94,817,960
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)	3,722,372	88,927,609	20,654,228
19.	Cash, cash equivalents and short-term investments:			
19.1	Beginning of year	87,392,175	66,737,947	66,737,947
19.2	End of period (Line 18 plus Line 19.1)	91,114,547	155,665,556	87,392,175

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

20.0001				
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EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	418,045								418,045	
2. First Quarter	419,448								419,448	
3. Second Quarter										
4. Third Quarter										
5. Current Year										
6. Current Year Member Months	1,258,344								1,258,344	
Total Member Ambulatory Encounters for Period:										
7. Physician	1,233,313								1,233,313	
8. Non-Physician	107,245								107,245	
9. Total	1,340,558								1,340,558	
10. Hospital Patient Days Incurred	91,498								91,498	
11. Number of Inpatient Admissions	13,694								13,694	
12. Health Premiums Written (a)	293,376,622								293,376,622	
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	293,376,622								293,376,622	
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	275,729,772								275,729,772	
18. Amount Incurred for Provision of Health Care Services	273,936,076								273,936,076	

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

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

Aging Analysis of Unpaid Claims

	1	2	3	4	5	6	7
	Account	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 days	Over 120 Days	Total
0199999	Individually Listed Claims Unpaid						
0299999	Aggregate Accounts Not Individually Listed - Uncovered						
0399999	Aggregate Accounts Not Individually Listed - Covered	9,578,990	276,507	19,750			9,875,247
0499999	Subtotals	9,578,990	276,507	19,750			9,875,247
0599999	Unreported claims and other claim reserves						131,199,710
0699999	Total Amounts Withheld						
0799999	Total Claims Unpaid						141,074,957
0899999	Accrued Medical Incentive Pool And Bonus Amounts						1,092,612

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1+3)	6 Estimated Claim Reserve and Claim Liability Dec.31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec.31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)						
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare	110,874,964	164,858,276	27,024,523	114,050,434	137,899,487	143,964,733
7. Title XIX - Medicaid						
8. Other health						
9. Health subtotal (Lines 1 to 8)	110,874,964	164,858,276	27,024,523	114,050,434	137,899,487	143,964,733
10. Healthcare receivables (a)	3,468				3,468	
11. Other non-health						
12. Medical incentive pools and bonus amounts				1,092,612		
13. Totals	110,871,496	164,858,276	27,024,523	115,143,046	137,896,019	143,964,733

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

Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

The TDCI, TennCare Division, recognizes only statutory accounting practices prescribed and permitted by the State of Tennessee for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under Tennessee Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective January 1, 2010, had been adopted as a component of prescribed and permitted practices by the State of Tennessee. Prescribed accounting practices are those practices which are incorporated directly or by reference to state laws, regulations and general administrative rules applicable to all insurance enterprises domiciled in Tennessee. Permitted accounting practices include deviations from NAIC Statutory Accounting Principles (SAP) specifically requested by an insurer and granted by the TDCI. These statements have no deviations from NAIC SAP other than as described in the following paragraph.

Since 2004, VSHP has accepted the risk for uninsured claims overpayments for which the Company determined the State was not responsible. At the direction of the TDCI, TennCare Division, the Company recorded the uninsured claims overpayments as claims expense instead of reporting the net gain or loss on the general administrative expense line as required by NAIC SAP.

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

At the request of the TDCI, TennCare Division, VSHP reports gross transactions with affiliates on Schedule Y.

Pursuant to Tennessee Code Annotated (TCA) §56-32-112 (a)(5)(D) *Capital Requirements*, VSHP may admit the most current 90 days of Health Care Receivables.

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:

NET INCOME	State of Domicile	March 31, 2010	December 31, 2009
(1) Net Loss Tennessee statutory basis	TN	\$ (19,668,446)	\$ (64,415,657)
(2) Tennessee Prescribed Practices	TN	0	0
(3) Tennessee Permitted Practices	TN	0	0
(4) Net Loss, NAIC SAP	TN	\$ (19,668,446)	\$ (64,415,657)
SURPLUS			
(5) Statutory Surplus, State of Tennessee	TN	\$ 86,151,135	\$ 86,912,408
(6) Tennessee Prescribed Practices (Surplus):	TN		
Admission of Health Care Receivables < 90 Days	TN	0	(201,347)
(7) Tennessee Permitted Practices	TN	0	0
(8) Statutory Surplus, NAIC SAP	TN	\$ 86,151,135	\$ 86,711,061

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

The preparation of financial statements in conformity with SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

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

In accordance with TCA §56-11-106(b), the maximum amount of dividends which can be paid by State of Tennessee insurance companies to shareholders without prior approval of the Insurance Commissioner is subject to restrictions relating to the greater of ten percent (10%) of net worth of the preceding December 31 or the net gain from operations for the preceding year. The Company may currently pay dividends of \$8,691,241 to BlueCross BlueShield of Tennessee, Inc. (the Parent) based on the 2009 net worth. Any material dividend distributions require approval by the TDCI. No dividends were paid to the Parent during 2009 or 2010.

Notes to Financial Statement

The Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using a scientific amortization method.
- (3) The Company does not hold common stock.
- (4) The Company does not hold preferred stock.
- (5) The Company does not hold mortgage loans.
- (6) Loan-backed securities are stated at amortized cost net of principal pay downs. The adjustment methodology for loan-backed securities is prospective. The Company also holds structured securities. Prepayment assumptions for loan-backed securities and structured securities were obtained from the bond portfolio managers and our custodian. These assumptions are consistent with current interest rates and economic environment.
- (7) The Company does not hold investments in subsidiaries, controlled or affiliated companies.
- (8) The Company does not hold investments in joint ventures, partnerships or limited liability companies.
- (9) The Company does not directly invest in the futures market.
- (10) The Company uses anticipated investment income as a factor in the premium deficiency calculation in accordance with SSAP No. 54, *Individual and Group Accident Health Contracts*. The Company had no premium deficiency reserve as of March 31, 2010.
- (11) The Company provides for insured claims reported but unpaid, for claims incurred but unreported, and for the cost of adjudicating these claims. These liabilities are estimated using accepted actuarial methods and are based primarily on past experience, membership demographics, claims run-off patterns and other current medical trend information. Estimates are adjusted as changes in these factors occur and such adjustments are reported in the period of determination.
- (12) No Change
- (13) Per Statement of Statement of Statutory Accounting Principles (SSAP) No. 10R, *Income Taxes* (Revised) (SSAP No. 10R), adjusted gross deferred tax assets (DTAs) are admitted in an amount equal to the sum of:
 - 1) paragraph 10(a), the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse by the end of the subsequent calendar year;
 - 2) paragraph 10(b), the lesser of the remaining gross DTAs expected to be realized within one year of the balance sheet date or 10% of Surplus excluding any net DTAs, electronic data processing equipment and operating software and any net positive goodwill; plus
 - 3) paragraph 10(c), the amount of remaining gross DTAs after application of 1) and 2) above that can be offset against existing gross deferred tax liabilities (DTLs). The remaining DTAs are nonadmitted. The Company considered the character (i.e., ordinary versus capital) of the DTAs and DTLs when determining admissibility.

Per SSAP No. 10R, paragraph 10(d), the Company may elect to admit additional DTAs if certain criteria are met. The Company did not elect to admit an increased amount of DTAs under SSAP No. 10R.

2. Accounting Changes and Corrections of Errors

- A. At December 31, 2008, the Company reported a \$42,663,267 premium deficiency reserve for the East and West risk contracts. Using guidance provided by the TDCI, TennCare Division, in an April 2009 letter, the Company changed its reserving methodology to include the full contract period. This change in reserving methodology eliminated the need for the December 31, 2008 reserve. The change in the premium deficiency reserve was recorded to surplus in June 2009. The Company had no premium deficiency reserve at March 31, 2010.

3. Business Combinations and Goodwill

No Change

Notes to Financial Statement

4. Discontinued Operations

No Change

5. Investments

A. Mortgage Loans

No Change

B. Debt Restructuring

No Change

C. Reverse Mortgages

No Change

D. Loan-Backed Securities

- (1) Loan-backed securities are stated at amortized cost net of principal pay downs using the prospective adjustment method.
- (2) Prepayment assumptions were obtained from the bond portfolio managers and our custodian and are consistent with current market and economic conditions. Market values were obtained from the custodian who uses actual market quotes if available or matrix pricing of securities with similar terms. The Company made no changes from the retrospective to prospective methodology in 2010.
- (3) The Company had no concentration of credit risk in accordance with SSAP No. 27.
- (4) There were no loan-backed securities for which an other-than-temporary impairment has been recognized in the period ending March 31, 2010.
- (5) There were no loan-backed securities for which an other-than-temporary impairment has been recognized in the period ending March 31, 2010 for which the present value of cash flows expected to be collected is less than the amortized cost basis.
- (6) To date, the Company has not deemed any of its loan-backed securities to be subject to other-than-temporary declines in value.

Shown below are the aggregate amortized cost and fair value of loan-backed securities where fair value was less than amortized cost at March 31, 2010 for which other-than-temporary impairments have not been recognized.

	At a Loss Less Than 12 Months	At a Loss Greater Than 12 Months	Total
Amortized Cost	\$ 4,544,927	\$ 0	\$ 4,544,927
Fair Value	4,532,786	0	4,532,786
Unrealized Loss	\$ (12,141)	\$ 0	\$ (12,141)

- (7) Management regularly reviews the fair value of the Company's investments. If the fair value of any investment falls below its cost basis, the decline is analyzed to determine whether it is an other-than-temporary decline in value.

E. Repurchase Agreements

The Company uses repurchase agreements with Regions (bank) as a checking account sweep investment. These are 100% collateralized with U.S. government agency securities of which the bank has possession. These are overnight investments that are repurchased the following business day.

F. Real Estate

No Change

G. Low-income Housing Tax Credits

No Change

6. Joint Ventures, Partnerships or Limited Liability Companies

The Company had no investments in joint ventures, partnerships or limited liability companies.

7. Investment Income

Notes to Financial Statement**8. Derivative Instruments**

No Change

No Change

9. Income Taxes

The application of SSAP No. 10R requires a company to evaluate the recoverability of deferred tax assets (DTAs) and to establish a valuation allowance if necessary to reduce the DTAs to an amount which is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the Company considers many factors, including: (1) the nature of the DTAs and DTLs; (2) whether they are ordinary or capital; (3) the timing of their reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry forwards; (5) the length of time that carryovers can be utilized; (6) unique tax rules that would impact the utilization of the DTAs; and (7) tax planning strategies that the Company would employ to avoid a tax benefit from expiring unused. Management believes it is more likely than not that the DTAs will be realized. Accordingly, the Company has not recorded a valuation allowance as of March 31, 2010.

A. The components of the net DTAs recognized in the Company's Assets, Liabilities, Surplus, and Other Funds as of March 31, 2010 are:

	Ordinary	Capital	Total
Total of gross DTAs, admitted and nonadmitted	\$ 5,064,045	\$ 0	\$ 5,064,045
Statutory valuation allowance	0	0	0
Adjusted gross DTAs admitted and nonadmitted	5,064,045	0	5,064,045
Total of DTLs	0	0	0
Net DTAs before admissibility test	<u>\$ 5,064,045</u>	<u>\$ 0</u>	<u>\$ 5,064,045</u>

The amount of admitted adjusted gross DTAs under each component of SSAP 10R as of March 31, 2010 is:

	Ordinary	Capital	Total
Admitted pursuant to paragraph 10(a) – Note 1	\$ 0	\$ 0	\$ 0
Admitted pursuant to paragraph 10(b) – Note 1	3,588,572	0	3,588,572
Admitted pursuant to paragraph 10(c) – Note 1	0	0	0
Total Admitted DTAs	3,588,572	0	3,588,572
Total DTLs	0	0	0
Net admitted DTAs	<u>\$ 3,588,572</u>	<u>\$ 0</u>	<u>\$ 3,588,572</u>
Nonadmitted DTAs	<u>\$ 1,475,473</u>	<u>\$ 0</u>	<u>\$ 1,475,473</u>

The components of the net DTAs recognized in the Company's Assets, Liabilities, Surplus, and Other Funds as of December 31, 2009 are:

	Ordinary	Capital	Total
Total of gross DTAs, admitted and nonadmitted	\$ 5,001,547	\$ 0	\$ 5,001,547
Statutory valuation allowance	0	0	0
Adjusted gross DTAs, admitted and nonadmitted	5,001,547	0	5,001,547
Total of DTLs	0	0	0
Net DTAs before admissibility test	<u>\$ 5,001,547</u>	<u>\$ 0</u>	<u>\$ 5,001,547</u>

The amount of admitted adjusted gross deferred tax assets under each component of SSAP 10R as of December 31, 2009 is:

	Ordinary	Capital	Total
Admitted pursuant to paragraph 10(a) – Note 1	\$ 0	\$ 0	\$ 0
Admitted pursuant to paragraph 10(b) – Note 1	3,438,996	0	3,438,996
Admitted pursuant to paragraph 10(c) – Note 1	0	0	0
Total Admitted DTAs	3,438,996	0	3,438,996
Total DTLs	0	0	0
Net admitted DTAs	<u>\$ 3,438,996</u>	<u>\$ 0</u>	<u>\$ 3,438,996</u>
Nonadmitted DTAs	<u>\$ 1,562,551</u>	<u>\$ 0</u>	<u>\$ 1,562,551</u>

Notes to Financial Statement

The changes during 2010 in the components of the net DTAs recognized in the Company's Assets, Liabilities, Surplus, and Other Funds are:

	Ordinary	Capital	Total
Total of gross DTAs, admitted and nonadmitted	\$ 62,498	\$ 0	\$ 62,498
Statutory valuation allowance	0	0	0
Adjusted gross DTAs admitted and nonadmitted	62,498	0	62,498
Total of DTLs	0	0	0
Net DTA before admissibility test	<u>\$ 62,498</u>	<u>\$ 0</u>	<u>\$ 62,498</u>

The changes during 2010 in the amount of admitted adjusted gross DTA under each component of SSAP 10R are:

	Ordinary	Capital	Total
Admitted pursuant to paragraph 10(a)	\$ 0	\$ 0	\$ 0
Admitted pursuant to paragraph 10(b)	149,576	0	149,576
Admitted pursuant to paragraph 10(c)	0	0	0
Total Admitted DTAs	<u>149,576</u>	<u>0</u>	<u>149,576</u>
Total DTLs	<u>0</u>	<u>0</u>	<u>0</u>
Net admitted DTAs	<u>\$ 149,576</u>	<u>\$ 0</u>	<u>\$ 149,576</u>
Nonadmitted DTAs	<u>\$ (87,078)</u>	<u>\$ 0</u>	<u>\$ (87,078)</u>

The Company did not elect to admit the increased amount of DTAs under SSAP No. 10R in 2010 or 2009.

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

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

C. The provisions for incurred taxes on earnings for the periods ended March 31, 2010 and December 31, 2009 are:

	<u>2010</u>	<u>2009</u>
Federal	\$ (11,101,132)	\$ (31,213,319)
Foreign	0	0
	<u>(11,101,132)</u>	<u>(31,213,319)</u>
Federal income tax on capital gains	0	0
Utilization of capital loss carry-forwards	0	0
Federal and foreign income taxes incurred	<u>\$ (11,101,132)</u>	<u>\$ (31,213,319)</u>

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

	March 31, 2010	December 31, 2009	Change
Adjusted gross DTAs, admitted and nonadmitted	\$ 5,064,045	\$ 5,001,547	\$ 62,498
Total DTLs	0	0	0
Net DTAs, deferred assets less liabilities	<u>\$ 5,064,045</u>	<u>\$ 5,001,547</u>	62,498
Tax effect of nonadmitted assets			(394,278)
Change in net deferred income tax			<u>\$ (331,780)</u>

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

	March 31, 2010	Effective Tax Rate
Provision computed at statutory rate	\$ (10,769,352)	35.0%
Change in net deferred income taxes	(331,780)	1.1%
Federal and foreign income taxes incurred	<u>\$ (11,101,132)</u>	<u>36.1%</u>

E. The Company has no net capital loss carryforwards or net operating loss carryforwards.

Notes to Financial Statement

F. The Company's federal income tax return is consolidated with the following entities:

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

The method of tax allocation among members of the affiliated group is subject to a written tax sharing agreement approved by the Board of Directors. Allocation is based upon the percentage of the tax liability determined on a separate company level to the total tax liability of the group.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. BCBST owns 100% of BeneVive, Inc. (BeneVive) and Southern Diversified Business Services, Inc. (SDBS).

BeneVive owns 100% of the for-profit corporations Shared Health, Inc. (Shared Health), Riverbend Government Benefits Administrator, Inc. (Riverbend), Security Care, Inc. (Security Care), RiverTrust Solutions, Inc. (RiverTrust), and Gordian Health Solutions, Inc. whose name was changed to Onlife Health, Inc. (Onlife) effective January 1, 2010. Shared Health is a health information technology company. Onlife mitigates the rising cost of healthcare by encouraging the formation of healthy lifestyle behaviors and providing case management for existing illnesses. Riverbend performed services as a Medicare Administrative subcontractor for the Centers for Medicare and Medicaid Services (Medicare) pursuant to the Medicare Modernization Act of 2003; however, these services were terminated when the contract was transitioned to another service provider in August 2009.

BCBST transferred \$5,500,000 in 2010 and \$19,509,710 in 2009 to BeneVive as additional capital contributions. These additional capital contributions were passed through to the following entities in the following amounts:

	Three Months March 31, 2010	Twelve Months December 31, 2009
Shared Health	\$ 4,000,000	\$ 6,050,000
Onlife	1,000,000	8,802,098
BeneVive	500,000	0
Riverbend	0	4,657,612
Total	\$ 5,500,000	\$ 19,509,710

SDBS owns 100% of the for-profit corporations Golden Security Insurance Company (Golden Security), Group Insurance Services, Inc. (GIS), and Volunteer State Health Plan, Inc. (VSHP). Golden Security, an inactive corporation, is licensed to provide health, term life, disability, and other insurance coverage to its policyholders in several states. GIS is an insurance broker. BCBST participates in the TennCareSM program through its Managed Care Organization (MCO), VSHP, which is contracted by the State of Tennessee to provide services for TennCareSM members.

BCBST transferred \$58,000,000 during the first three months of 2010 and \$72,000,000 in 2009 to SDBS as additional capital contributions. These additional contributions were passed through SDBS to VSHP. As of March 31, 2010, BCBST recorded an intercompany payable for an additional \$21,000,000 capital contribution to VSHP which was transferred through SDBS to VSHP on May 14, 2010 (see Note 21).

Tennessee Health Foundation, Inc. (THF), doing business as BlueCross BlueShield of Tennessee Health Foundation, is a public benefit not-for-profit Tennessee corporation that promotes charitable activities. BCBST appoints the board of directors of THF, which has been granted a 501(c)(3) tax exemption by the Internal Revenue Service. BCBST transferred \$12,500,434 in cash and transferred investments with a fair value of \$4,999,566 to THF as a charitable contribution during the year ending December 31, 2009.

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

- B. The Company has administrative services agreements with BCBST for which BCBST provides administrative services and is reimbursed. The Company provides certain administrative services to BCBST for which it is reimbursed. A tax sharing agreement also exists between the Company and BCBST. Intercompany balances between the Company and the Parent are settled monthly if the Company has funds available. BCBST has agreed to fund the Company to maintain a 200% Risk Based Capital (RBC) reserve level.
- C. The Company paid BCBST for services performed under the administrative services and tax sharing agreements \$16,301,912 and \$48,001,307 in 2010 and 2009, respectively. Payments are net of reimbursements to the Parent for Cover Tennessee, MedAdvantage and other operations.

Notes to Financial Statement

- D. The Company reported \$14,041,277 and \$48,983,035 as due from BCBST as of March 31, 2010 and December 31, 2009, respectively.
- E. Other than the contingent commitment reported in Item 14, the Company had no guarantees or undertakings, written or otherwise, for the benefit of an affiliate or related party that resulted in a material contingent exposure of the Company's or any related party's assets or liabilities.
- F. The Company provides support services to the Parent for the State's Cover Tennessee programs, which are a separate non-Medicaid line of products enacted and implemented by the State and consist of both risk and ASO products. The Parent is the direct contractor for the Cover Tennessee programs (CoverKids, CoverTN, and AccessTN). These state-sponsored programs are each administered by separate contract whereby BCBST is the selected Contractor. The Parent subcontracts with the Company to provide certain services under the contracts. These services include, but are not limited to, claims processing, customer service, contract administration, medical management and membership services. The Company's subcontracting responsibilities are documented through a series of administrative service agreements for each of the aforementioned Cover Tennessee products and are on file with the TDCI. The cost of services performed by the Company under the administrative service agreements is fully reimbursed by the Parent.
- On April 18, 2008, the Tennessee Department of Finance and Administration (F&A) approved the Company to act as a subcontractor under the Cover Tennessee contracts pursuant to the inter-company administrative services agreements. The risk for the Cover Tennessee contracts is retained by BCBST and the financial balances related to the Cover Tennessee contracts are recorded on the financial statements of BCBST. The Company is compensated for costs incurred under the administrative services agreements through inter-company payables and receivables, which are cleared monthly.
- The Company also provides certain services, including but not limited to medical director review of appeals and denials, for BCBST's MedAdvantage and other operations. The cost of services performed by the Company is fully reimbursed by the BCBST.
- G. All outstanding shares of the Company are owned by SDBS, a for-profit corporation domiciled in the State of Tennessee.
- H. The Company deducted no amounts from the value of an upstream intermediate entity.
- I. The Company had no investment in a SCA entity that exceeded 10% of admitted assets.
- J. The Company had no investment in an impaired SCA entity.
- K. The Company had no investments in foreign insurance subsidiaries.
- L. The Company did not use the "look-through" approach to admit any investment in an SCA entity, joint venture, partnership or limited liability company.

11. Debt

No Change

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

No Change

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

- (1) The Company has 1,000 shares authorized, issued and outstanding of common stock. Par or stated value is \$.01 per share.
- (2) The Company has no preferred stock outstanding.
- (3) In accordance with TCA §56-11-106(b) the maximum amount of dividends which can be paid by State of Tennessee insurance companies to shareholders without prior approval of the Insurance Commissioner is subject to restrictions relating to the greater of ten percent (10%) of net worth of the preceding December 31 or the net gain from operations for the preceding year. The Company may currently pay dividends of \$8,691,241 to BCBST based on its 2009 net worth.
- (4) No dividends were paid by the Company in 2010 or 2009.
- (5) Within the limitations of (3) above, there are no other restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (6) The Company's statutory deposit, required by the State of Tennessee, was \$28,764,984 at March 31, 2010.
- (7) The Company had no advances to surplus not repaid.
- (8) The Company had no stock, including stock of affiliated companies, held for special purposes.
- (9) The Company had no special surplus funds.

Notes to Financial Statement

- (10) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:
- | | |
|---------------------------------|--------------|
| a. unrealized gains and losses: | \$ 59,371 |
| b. nonadmitted asset values: | \$ 4,180,161 |
| c. separate account business | \$ 0 |
| d. asset valuation | \$ 0 |
| e. provision for reinsurance: | \$ 0 |
- (11) The Company issued no surplus debentures or similar obligations.
- (12) No quasi-reorganizations have occurred.
- (13) No quasi-reorganizations have occurred in the past ten years.

14. Contingencies

A. Contingent commitments

In the first quarter of 2008, BCBST raised \$200,000,000 in order to help finance the construction of its new headquarters in Chattanooga. The Industrial Development Board of the City of Chattanooga issued \$200,000,000 of taxable variable rate demand revenue bonds on March 14, 2008 and made these funds available to BCBST pursuant to a lease agreement between the issuer and BCBST. The payment of principal and interest on the bonds is secured by an irrevocable, direct-pay letter of credit issued by Bank of America, NA ("BOA"). The bonds bear interest at a weekly variable rate established by the Remarketing Agent (BOA). Interest is payable monthly in arrears. The bonds are subject to optional redemption. There are no mandatory sinking fund redemptions prior to maturity. However, the bonds are subject to mandatory redemption upon certain events as described in the Official Statement. The letter of credit will expire on March 14, 2013, unless extended as provided in the Reimbursement Agreement. Under the Reimbursement Agreement, the Company made certain covenants to the Letter of Credit Bank customary for transactions of this type. Under the Reimbursement Agreement, a subsidiary of BCBST would be considered a "material subsidiary" if the subsidiary's revenues exceed 7.5% of consolidated revenue for BCBST and its subsidiaries. Should the Company subsidiary become a "material subsidiary" under the Reimbursement Agreement, BOA may require the Company to guarantee the BCBST financing, subject to prior approval of the Tennessee Department of Insurance. As of 2009, the Company was a "material subsidiary", as defined in the Reimbursement Agreement, and the Company and BOA executed the Guaranty Agreement effective February 12, 2010.

B. Assessments

The Company receives periodic liquidated damage assessments from the State of Tennessee, primarily related to operational performance targets. Contingent liabilities arising from liquidated damage assessments from the State of Tennessee are not considered material in relation to the financial position of the Company.

C. The Company had no gain contingencies not recognized in the Company's financial statements.

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

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

E. The Company had no other contingencies to be reported as required by SSAP No. 5.

15. Leases

No Change

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations Of Credit Risk

No Change

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

- A. The Company had no transfers of receivables reported as sales (SSAP 42).
- B. The Company had no transfers and servicing of financial assets and extinguishment of liabilities (SSAP 91).
- C. The Company had no wash sales (SSAP 91).

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

Notes to Financial Statement

A. ASO Plans

TennCare Select, effective July 1, 2001, and the Stabilization Plan, effective July 1, 2002, are ASO arrangements with the State. Cash and invested assets related to TennCare Select and the Stabilization Plan are reported in their appropriate categories on the balance sheet. Other assets related to TennCare Select and the Stabilization Plan are netted on p. Q2, line 16 in the category labeled "Amounts receivable relating to uninsured plans". Premium tax receivable from the State of Tennessee are netted against premium tax payable to the State of Tennessee. Liabilities for the ASO plans are netted on page Q3, line 21 in the category labeled "Liability for amounts held under uninsured accident and health plans", excluding any 'due to/from' transactions occurring between the ASO, insured business, and BCBST.

Amounts receivable relating to uninsured plans reflected on page Q2, line 16, are as follows:

Uninsured Receivables	Amount
a. Delay in receipt of March administrative fee	\$ 1,205,307
b. Case management	650,000
c. Administrative fee retroactivity accrual	583,932
d. Unbilled expenses (timing differences)	662,596
Total Amounts Receivable Relating to Uninsured Plans	\$ 3,101,835

The Company has an Emergency Room Diversion Grant (ERDG) contract with the Department of Finance and Administration. Under this contract, the Company is fully reimbursed for costs related to the administration of the grant.

The loss from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans were as follows during 2010:

	(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	\$ (761,268)	\$ 0	\$ (761,268)
b. Total net other income or expenses (including interest paid to or received from plans)	(2,414)	\$ 0	(2,414)
c. Net loss from operations	<u>\$ (763,682)</u>	<u>\$ 0</u>	<u>\$ (763,682)</u>
d. Total Claims Payment Volume	\$ 93,557,179	\$ 0	\$ 93,557,179

B. The Company had no ASC plans.

C. The Company had no Medicare or other similarly structured cost-based reimbursement contract.

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

No Change

20. Other Items

A. No extraordinary events occurred.

B. No troubled debt restructuring occurred.

C. Other Disclosures

1) Assets in the amount of \$29,174,874 for the period ending March 31, 2010, were on deposit with government authorities or trustees. This amount exceeds the deposit amount required by the State of Tennessee of \$28,764,984.

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

D. The Company does not anticipate any uncollectible premium balances.

Notes to Financial Statement

E. The Company had no business interruption insurance recoveries.

F. The Company had no state transferable tax credits.

G. The Company had no subprime mortgage related risk exposure.

21. Events Subsequent

Type I – Recognized Subsequent Events:

At March 31, 2010, BCBST accrued an intercompany payable to VSHP in the amount of \$21,000,000. This amount represents a capital contribution from BCBST in order for VSHP to maintain a 200 % RBC level. Funds were transferred to VSHP through its parent holding company SDBS, on May 14, 2010.

Type II – Non-recognized Subsequent Events:

Subsequent events have been considered through May 11, 2010 for the statutory statement issued on May 15, 2010. The Company has no required disclosures of Type II events (SSAP 9).

22. Reinsurance

No Change

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

No Change

24. Change in Incurred Claims and Claim Adjustment Expenses

As of December 31, 2009, a reserve for unpaid insured claims amounted to \$143,964,733. Through March 31, 2010, \$110,874,964 was paid for expenses attributable to insured events of prior years. The re-estimation of reserves for unpaid insured claims and claim adjustment expenses for 2009 and prior, based on the latest information known regarding individual claims, as well as the ongoing analysis of recent loss development trends resulted in a favorable prior-year development of \$6,068,714. The reserve remaining for prior year amounts to \$27,024,523 as of March 31, 2010.

25. Inter-company Pooling Arrangements

No Change

26. Structured settlements

No Change

27. Health Care Receivables

No Change

28. Participating Policies

No Change

29. Premium Deficiency Reserve

No Change

30. Anticipated Salvage and Subrogation

No Change

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GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes[] No[X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes[] No[] N/A[X]

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

- 3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes[] No[X]
If yes, complete the Schedule Y - Part 1 - organizational chart.

- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2008.....
- 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.06/30/2006.....
- 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).05/11/2007.....
- 6.4 By what department or departments?
Tennessee Department of Commerce and Insurance
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes[X] No[] N/A[]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[] N/A[]

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

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

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

- 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[X] No[]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....14,041,277

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes[] No[X]
- 11.2 If yes, give full and complete information relating thereto:

- 12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$.....0
- 13. Amount of real estate and mortgages held in short-term investments: \$.....0

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

GENERAL INTERROGATORIES (Continued)

INVESTMENT

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 Mortgages Loans on Real Estate		
14.26 All Other		
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)		
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above		

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes No
Yes No N/A

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

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 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
Regions Morgan Keegan Trust	1100 Ridgeway Loop Ste 100 Memphis, TN 38120

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

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
4161	Regions Morgan Keegan Trust	1100 Ridgeway Loop Ste 100 Memphis, TN 38120

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes No

17.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages:	
1.1 A&H loss percent	..... 97%
1.2 A&H cost containment percent	..... 4%
1.3 A&H expense percent excluding cost containment expenses	..... 93%
2.1 Do you act as a custodian for health savings accounts?	Yes[] No[X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.	\$..... 0
2.3 Do you act as an administrator for health savings accounts?	Yes[] No[X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date.	\$..... 0

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

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

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

		Direct Business Only							
		1	2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama (AL)	N								
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	N								
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	N								
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	N								
42. South Dakota (SD)	N								
43. Tennessee (TN)	L			293,376,622				293,376,622	
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Mariana Islands (MP)	N								
57. Canada (CN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X			293,376,622				293,376,622	
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. Total (Direct Business)	(a) 1			293,376,622				293,376,622	
DETAILS OF WRITE-INS									
5801.	X X X								
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

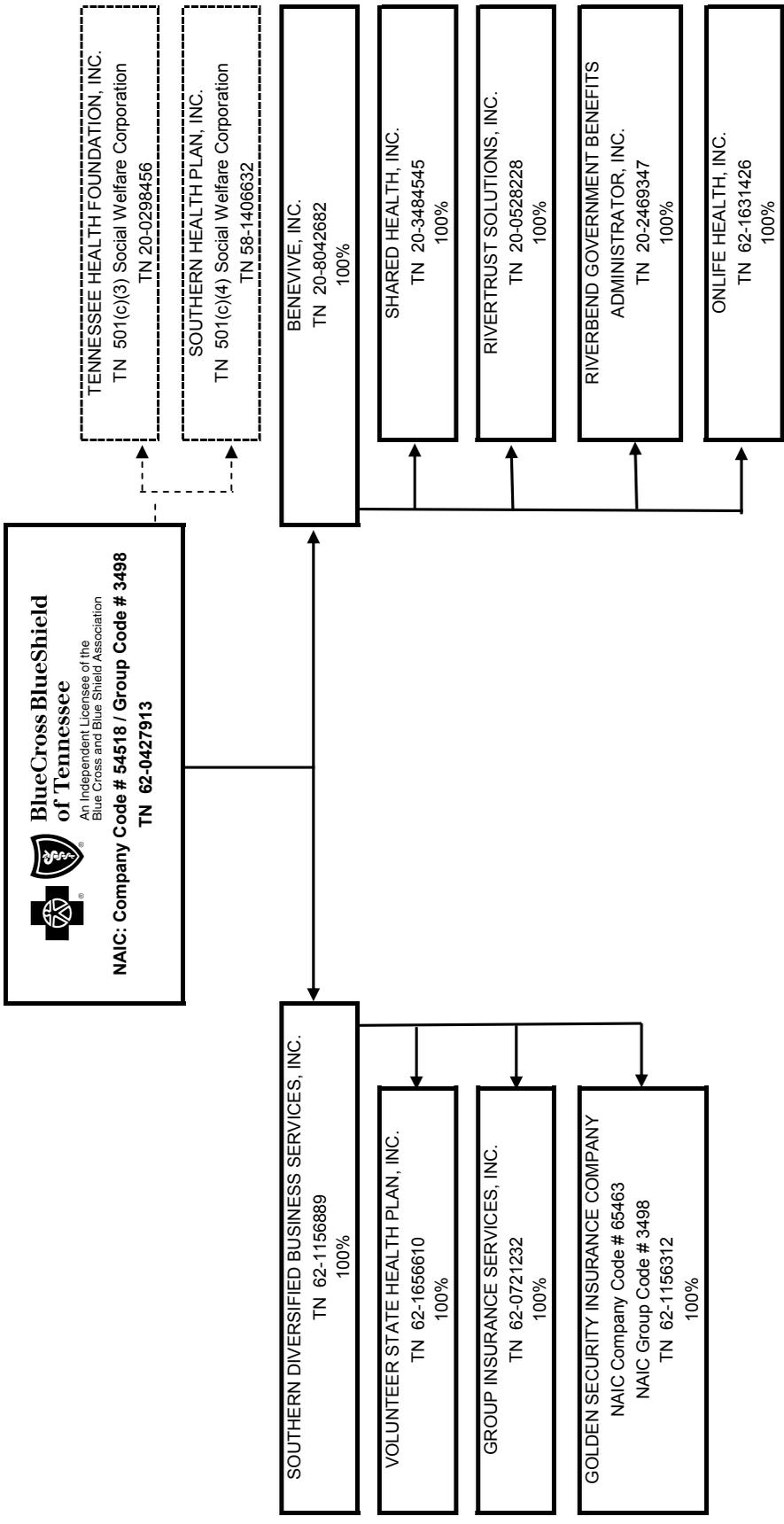
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

RESPONSE

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

No

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



00000201036500001 (NAIC code not entered)

2010

Document Code: 365

OVERFLOW PAGE FOR WRITE-INS

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2204.				
2205.				
2297. Summary of remaining write-ins for Line 22 (Lines 2204 through 2296)				

STATEMENT OF REVENUE AND EXPENSES

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

STATEMENT OF REVENUE AND EXPENSES (Continued)

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

SCHEDULE A - VERIFICATION**Real Estate**

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

NONE**SCHEDULE B - VERIFICATION****Mortgage Loans**

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

NONE**SCHEDULE BA - VERIFICATION****Other Long-Term Invested Assets**

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

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

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	93,191,585	27,615,542
2. Cost of bonds and stocks acquired	65,879,855	93,503,665
3. Accrual of discount	9,760	21,397
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	29,889	18,968
6. Deduct consideration for bonds and stocks disposed of	12,310,178	27,553,189
7. Deduct amortization of premium	247,015	414,798
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	146,553,896	93,191,585
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	146,553,896	93,191,585

SCHEDULE D - PART 1B

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

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	173,745,077	297,408,120	239,314,914	(238,613)	231,599,670			173,745,077
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	173,745,077	297,408,120	239,314,914	(238,613)	231,599,670			173,745,077
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	173,745,077	297,408,120	239,314,914	(238,613)	231,599,670			173,745,077

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 \$.....3,770,068; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0

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

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals	85,045,774	X X X	85,046,731	14,461	12,790

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	80,553,492	49,105,689
2. Cost of short-term investments acquired	231,528,265	898,538,647
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		2,933
6. Deduct consideration received on disposals	227,034,625	867,085,550
7. Deduct amortization of premium	1,358	8,227
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	85,045,774	80,553,492
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	85,045,774	80,553,492

SCHEDULE DB - PART A - VERIFICATION

Options, Caps, Floors, Collars, Swaps and Forwards

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

NONE

SCHEDULE DB - PART B - VERIFICATION

Futures Contracts

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

NONE

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

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

SCHEDULE DB - PART C - SECTION 2

Replication (Synthetic Asset) Transactions Open

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

NONE

SCHEDULE DB - VERIFICATION

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

		Book/Adjusted Carrying Value Check
1. Part A, Section 1, Column 14		
2. Part B, Section 1, Net Broker Cash Deposit Write-in (Footnote)		
3. Part B, Section 1, Column 17		
4. Subtotal (Line 2 minus Line 3)		
5. Total (Line 1 plus Line 4)		
6. Part D, Column 5		
7. Part D, Column 6		
8. Total (Line 5 minus Line 6 minus Line 7)		

		Fair Value Check
<div style="border: 1px solid black; padding: 10px; display: inline-block;"> <p style="font-size: 2em; margin: 0;">NONE</p> </div>	Date	
9. Part A, Section 1, Column 16		
10. Part B, Section 1, Column 2 (Number of Contracts Price)		
11. Total (Line 9 plus Line 10)		
12. Part D, Column 8		
13. Part D, Column 9		
14. Total (Line 11 minus Line 12 minus Line 13)		

		Potential Exposure Check
15. Part A, Section 1, Column 21		
16. Part B, Section 1, Column 18		
17. Part D, Column 11		
18. Total (Line 15 plus Line 16 minus Line 17)		

SCHEDULE E - Verification
(Cash Equivalents)

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year .....	.....	.....
2.	Cost of cash equivalents acquired .....	.....	.....
3.	Accrual of discount .....	.....	.....
4.	Unrealized valuation increase (decrease) .....	.....	.....
5.	Total gain (loss) on disposals .....	.....	.....
6.	Deduct consideration received on disposal .....	.....	.....
7.	Deduct amortization of premium .....	.....	.....
8.	Total foreign exchange change in book value .....	.....	.....
9.	Deduct current year's other than temporary impairment recognized .....	.....	.....
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	.....	.....
11.	Deduct total nonadmitted amounts .....	.....	.....
12.	Statement value at end of current period (Line 10 minus Line 11) .....	.....	.....

NONE

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

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

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

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

SCHEDULE B - PART 2

Showing All Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Quarter

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

SCHEDULE B - PART 3

Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

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

SCHEDULE BA - PART 2

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

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

SCHEDULE BA - PART 3

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

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

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
912828MN7	U S TREASURY NOTE		03/05/2010	VARIOUS	X X X	3,287,398	3,290,000.00	2,624	1
039999	Subtotal - Bonds - U.S. Governments				X X X	3,287,398	3,290,000.00	2,624	X X X
Bonds - U.S. Special Revenue, Special Assessment									
31331JCW1	FEDERAL FARM CR BK CONS BD		03/18/2010	Donaldson Lufkin	X X X	1,998,572	2,000,000.00	539	1FE
31331XQN5	FEDERAL FARM CR BKS CONS SYS		03/18/2010	Donaldson Lufkin	X X X	1,496,640	1,500,000.00	124	1FE
3133XXBJ5	FEDERAL HOME LN BK CONS BD		03/01/2010	Non Broker Trade	X X X	3,026,190	3,000,000.00		1FE
3133XXWU7	FEDERAL HOME LN BK CONS BD		03/30/2010	Bank of America	X X X	1,419,134	1,420,000.00		1
3128X9ZJ2	FEDERAL HOME LN MTG CORP		03/18/2010	Mizuho Secs	X X X	1,798,614	1,800,000.00	29	1FE
3136FJG5	FEDERAL NATL MTG ASSN		02/04/2010	Donaldson Lufkin	X X X	747,375	750,000.00		1
31398AD33	FEDERAL NATL MTG ASSN		03/09/2010	Mizuho Secs	X X X	1,551,350	1,540,000.00	4,091	1FE
31398AH70	FEDERAL NATL MTG ASSN		03/02/2010	Morgan Stanley	X X X	1,250,000	1,250,000.00		1
31398AJ29	FEDERAL NATL MTG ASSN		03/09/2010	Donaldson Lufkin	X X X	1,848,813	1,850,000.00		1FE
31398AK35	FEDERAL NATL MTG ASSN		03/29/2010	Donaldson Lufkin	X X X	1,197,960	1,200,000.00	308	1
31397CYB9	FHLMC MULTICLASS MTG 3253 A		01/01/2010	Chemical Securities	X X X	695,307	658,668.44	366	1FE
31395LAD3	FHLMC REMIC SERIES 2924		01/14/2010	Salomon Brothers	X X X	742,687	709,432.44	1,685	1FE
31402C5E8	FNMA POOL #0725445		03/05/2010	First Boston Corp	X X X	800,362	758,075.90	1,421	1FE
31403CVJ7	FNMA POOL #0745017		03/05/2010	First Boston Corp	X X X	1,481,102	1,402,848.92	2,630	1FE
31404P5U1	FNMA POOL #0774959		03/05/2010	First Boston Corp	X X X	1,384,093	1,310,965.92	2,458	1FE
31404WTV8	FNMA POOL #0780964		03/05/2010	First Boston Corp	X X X	877,629	831,260.61	1,559	1FE
31410K6W9	FNMA POOL #0890185		03/01/2010	VARIOUS	X X X	1,997,295	1,885,908.24	3,929	1FE
31410K6Y5	FNMA POOL #0890187		03/01/2010	Salomon Brothers	X X X	1,512,285	1,424,584.27	2,968	1FE
31418M4X7	FNMA POOL #0AD0837		03/05/2010	First Boston Corp	X X X	1,424,988	1,350,000.00	2,869	1FE
319999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				X X X	27,250,396	26,641,744.74	24,976	X X X
Bonds - Industrial and Miscellaneous (Unaffiliated)									
06050BAE1	BANK OF AMER CORP MEDIUM TERM		03/19/2010	Donaldson Lufkin	X X X	1,362,400	1,350,000.00	49	1FE
17313YAN1	CITIGROUP FUNDING INC		02/01/2010	VARIOUS	X X X	1,036,843	1,030,000.00	6,064	1FE
191219BU7	COCA-COLA ENTERPRISES INC		03/04/2010	Dain Rauscher	X X X	525,740	500,000.00	417	1FE
532457BD9	ELI LILLY & CO		02/12/2010	BNP Paribas Securities	X X X	209,580	200,000.00	3,195	1
31397LVK2	FNMA GTD REMIC P/T 08-51 BC		03/31/2010	Goldman Sachs NY	X X X	1,324,609	1,250,000.00	781	1FE
481247AN4	JPMORGAN CHASE & CO		03/31/2010	Bank of America	X X X	1,288,819	1,280,000.00	209	1FE
713448BM9	PEPSICO INC		01/11/2010	Salomon Brothers	X X X	24,975	25,000.00		1FE
78442GMK9	SLMA 2004-7 A5		03/11/2010	Alex Brown & Sons	X X X	1,238,281	1,250,000.00	727	1FE
931142CR2	WAL-MART STORES INC		03/29/2010	Goldman Sachs NY	X X X	991,620	1,000,000.00		1FE
02005HAB9	ALLYA 2010-1 A3		03/17/2010	Montgomery Secs	X X X	1,249,908	1,250,000.00		1FE
06050BAJ0	BANK AMER CORP MEDIUM TERM NTS		02/04/2010	BNY/Mizuho Secs.	X X X	739,361	720,000.00	2,233	1FE
060505AQ7	BANK AMER CORP SR NT		03/02/2010	BNY/Mizuho Secs.	X X X	511,271	475,000.00	11,545	1FE
071813BB4	BAXTER INTERNATIONAL INC		03/04/2010	First Boston Corp	X X X	898,947	900,000.00		1FE
084670AV0	BERKSHIRE HATHWAY BRK		02/04/2010	Chemical Securities	X X X	689,427	690,000.00		1FE
09657CAC4	BMWLT 2009-1 A3		03/10/2010	Chase Greenwich	X X X	968,555	950,000.00		1FE
166751AH0	CHEVRON CORP		01/06/2010	Salomon Brothers	X X X	707,582	675,000.00	9,480	1FE
22541LAB9	CREDIT SUISSE FB USA INC SR NT		03/01/2010	Salomon Brothers	X X X	648,522	600,000.00	11,127	1FE
34528AAE9	FORD CR AUTO 06-B A-4		01/15/2010	Bear Stearns	X X X	334,331	327,650.24	287	1
34529FAC1	FORDO 2009-C A3		03/17/2010	Nomura Secs NY	X X X	1,329,809	1,300,000.00	884	1FE
36158YDD8	GE CAP COML MTG 01-3 CL A 2		03/10/2010	Bank of America	X X X	717,825	680,000.00	1,261	1FE

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
36158YBA6	GE CAP COML MTG CORP 01-1 A 2		03/10/2010	Bank of America	X X X	837,591	810,000.00	2,057	1FE
38141EA41	GOLDMAN SACHS GROUP INC		03/15/2010	Alex Brown & Sons	X X X	414,236	400,000.00	1,893	1
38141GEA8	GOLDMAN SACHS GROUP INC SR NT		03/15/2010	Non Broker Trade	X X X	424,048	400,000.00	3,588	1FE
38143UAB7	GOLDMAN SACHS GROUP INC SR NT		03/18/2010	Morgan Stanley	X X X	801,405	750,000.00	7,296	1FE
43812UAD3	HAROT 2009-2 A4		03/02/2010	Nomura Secs NY	X X X	694,891	650,000.00	1,600	1FE
428236AG8	HEWLETT PACKARD CO GLOBAL NT		03/04/2010	First Union Cap Mkts	X X X	539,965	484,000.00	5,942	1FE
46625HHB9	JPMORGAN CHASE & CO NT		03/12/2010	Donaldson Lufkin	X X X	1,290,302	1,205,000.00	21,623	1FE
58013MED2	MCDONALDS CORP MEDIUM TERM NTS		03/29/2010	Cantor Fitzgerald	X X X	1,064,860	1,000,000.00	3,583	1FE
585055AR7	MEDTRONIC INC		03/11/2010	Alex Brown & Sons	X X X	824,926	825,000.00		1FE
59217GA47	MET LIFE GLOB FUNDING 1.144A		03/19/2010	VARIOUS	X X X	1,471,007	1,470,000.00	6,116	1FE
61166WAA9	MONSANTO CO NEW SR NT		03/17/2010	Alex Brown & Sons	X X X	854,790	750,000.00	5,685	1FE
61747YCL7	MORGAN STANLEY		01/21/2010	Morgan Stanley	X X X	199,956	200,000.00		1FE
61757UAF3	MORGAN STANLEY FDIC GTD TLGP N		03/01/2010	Lehman Bros Inc	X X X	1,526,409	1,500,000.00	6,013	1
64953BAP3	NEW YORK LIFE GLOBAL FDG 144A		03/29/2010	Nomura Secs Intl	X X X	411,973	385,000.00	7,062	1FE
66989HAC2	NOVARTIES CAPITAL CORP		03/09/2010	Chemical Securities	X X X	1,318,667	1,325,000.00		1FE
69351UAL7	PPL ELEC UTILS CORP SR SECD BD		03/16/2010	Added by SunGard	X X X	1,107,415	950,000.00	20,494	1FE
742718DL0	PROCTER & GAMBLE CO NT		01/05/2010	Chemical Securities	X X X	214,706	200,000.00	4,421	1FE
87244EAG7	TIAA GLOBAL MKTS MTN 144A 3C7		03/09/2010	Dain Rauscher	X X X	648,383	595,000.00	4,663	1FE
91159HGJ8	US BANCORP		03/01/2010	Morgan Stanley	X X X	224,609	225,000.00		1FE
90345AAC6	US CENTRAL FEDERAL CRED		03/04/2010	BNY/Mizuho Secs.	X X X	1,417,234	1,400,000.00	10,344	1FE
90327MAD0	USAA AUTO OWNER TR 08-1 A4		03/04/2010	Alex Brown & Sons	X X X	1,152,035	1,100,000.00	3,300	1FE
983024AA8	WYETH NT		03/03/2010	FTN Financial Secs	X X X	1,104,248	1,000,000.00	26,431	1FE
38999999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	35,342,061	34,076,650.24	190,370	X X X
83999997	Subtotal - Bonds - Part 3				X X X	65,879,855	64,008,394.98	217,970	X X X
83999998	Summary Item from Part 5 for Bonds (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
83999999	Subtotal - Bonds				X X X	65,879,855	64,008,394.98	217,970	X X X
89999998	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
97999998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)				X X X	X X X	X X X	X X X	X X X
98999999	Subtotal - Preferred and Common Stocks				X X X	X X X	X X X	X X X	X X X
99999999	Total - Bonds, Preferred and Common Stocks				X X X	65,879,855	X X X	217,970	X X X

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

SCHEDULE D - PART 4

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

1 CUSIP Identification	2 Description	3 F o r e i g n Disposal Date	4 Name of Purchaser	5 Number of Shares of Stock	6 Consideration	7 Par Value	8 Actual Cost	9 Prior Year Book/ Adjusted Carrying Value	10 Change in Book/Adjusted Carrying Value				11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B./A.C.V.	16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Designation or Market Indicator (e)
									11	12	13	14													15
Bonds - U.S. Governments																								
3131GV68	FEDERAL FARM CR BKS GLOBAL	01/28/2010	CALLED @ 100.00000000	XXX	500,000	500,000.00	498,984	498,048		25			25					499,072		928	928	2,933	10/15/2012	1
36211VQ8	GNMA POOL #0524779	03/15/2010	PRINCIPAL RECEIPT	XXX	60,290	60,290.03	62,966	62,861		(2,571)			(2,571)					60,290				261	01/15/2024	1
36295P43	GNMA POOL #067827	03/15/2010	PRINCIPAL RECEIPT	XXX	18,947	18,946.84	19,796	19,817		(870)			(870)					18,947				83	05/15/2023	1
36296E5H	GNMA POOL #0689448	03/15/2010	PRINCIPAL RECEIPT	XXX	3,454	3,454.10	3,607	3,601		(147)			(147)					3,454				19	07/15/2023	1
36297A3K7	GNMA POOL #0706502	03/15/2010	PRINCIPAL RECEIPT	XXX	16,463	16,463.30	17,191	17,165		(702)			(702)					16,463				14	01/15/2024	1
36297B4P3	GNMA POOL #0707430	03/15/2010	PRINCIPAL RECEIPT	XXX	4,845	4,845.32	5,060	5,052		(207)			(207)					4,845				26	01/15/2024	1
36297CV73	GNMA POOL #0708126	03/15/2010	PRINCIPAL RECEIPT	XXX	53,303	53,302.98	55,718	55,633		(2,330)			(2,330)					53,303				18	01/15/2024	1
36225EV73	GNMA POOL #0882431	03/22/2010	PRINCIPAL RECEIPT	XXX	4,448	4,448.07	4,515	4,514		(66)			(66)					4,448				16	12/20/2039	1
36210B4N2	GNMA POOL #087829	03/15/2010	PRINCIPAL RECEIPT	XXX	27,985	27,985.42	28,944	28,927		(961)			(961)					27,985				254	04/15/2024	1
912828LG3	U.S. TREASURY NOTE	01/06/2010	Greenwich Capital Mkts	XXX	1,506,030	1,500,000.00	1,497,160	1,497,764		19			19					1,497,764		8,247	8,247	6,522	07/31/2011	1
03939999	Subtotal - U.S. Governments			XXX	2,195,745	2,189,716.06	2,193,951	2,194,382		(7,810)			(7,810)					2,186,571		9,175	9,175	10,146	XXX	XXX
Bonds - All Other Governments																								
912828JZ4	U.S. TREASURY NOTES	03/31/2010	Lehman Bros Inc	XXX	964,066	975,000.00	973,535	973,780		71			71					973,851		(9,785)	(9,785)	11,595	01/31/2014	1
10939999	Subtotal - All Other Governments			XXX	964,066	975,000.00	973,535	973,780		71			71					973,851		(9,785)	(9,785)	11,595	XXX	XXX
Bonds - U.S. Special Revenue, Special Assessment																								
3133XV60	FEDERAL HOME LN BK CONS BD	02/19/2010	CALLED @ 100.00000000	XXX	1,000,000	1,000,000.00	1,000,078	1,000,076		(76)			(76)					1,000,000				5,125	11/19/2012	1
3128X8J07	FEDERAL HOME LN MTG CORP MTN	02/18/2010	CALLED @ 100.00000000	XXX	175,000	175,000.00	175,131	175,075		(75)			(75)					175,000				1,750	02/16/2011	1
3128X8KX9	FEDERAL HOME LN MTG CORP MTN	02/24/2010	CALLED @ 100.00000000	XXX	400,000	400,000.00	401,912	401,488		(1,488)			(1,488)					400,000				4,750	02/24/2012	1
3128X8Q88	FEDERAL HOME LN MTG CORP MTN	03/16/2010	CALLED @ 100.00000000	XXX	400,000	400,000.00	400,660	400,406		(406)			(406)					400,000				4,000	03/16/2011	1
31359M4H1	FEDERAL NATL MTG ASSN MTN	02/15/2010	MATURITY	XXX	100,000	100,000.00	102,597	100,342		(342)			(342)					100,000				1,938	02/15/2010	1
31398A3T0	FEDERAL NATL MTG ASSN MTN	01/13/2010	CALLED @ 100.00000000	XXX	400,000	400,000.00	409,128	407,064		(6,067)			(6,067)					400,997		(997)		8,300	01/13/2012	1
31342A5L9	FHLMC POOL #78-0851	03/15/2010	PRINCIPAL RECEIPT	XXX	42,524	42,524.46	43,307	43,306		(1,382)			(1,382)					42,524				72	09/01/2033	1
31394YF63	FHLMC MULTICLASS CTF5 2802 VE	03/15/2010	PRINCIPAL RECEIPT	XXX	11,588	11,588.20	12,317	12,317		(729)			(729)					11,588				79	04/15/2015	1FE
31393RRD4	FHLMC MULTICLASS MTG	03/15/2010	PRINCIPAL RECEIPT	XXX	75,076	75,075.51	78,900	78,842		(3,767)			(3,767)					75,076				399	01/15/2018	1FE
31393LPM4	FHLMC MULTICLASS MTG 2557 WD	03/15/2010	PRINCIPAL RECEIPT	XXX	123,626	123,626.21	129,189	129,090		(5,464)			(5,464)					123,626				807	08/15/2018	1FE
31394N4B4	FHLMC MULTICLASS MTG 2723 EA	03/15/2010	PRINCIPAL RECEIPT	XXX	101,704	101,704.00	106,597	106,489		(4,675)			(4,675)					101,704				595	01/15/2018	1FE
31395USW2	FHLMC MULTICLASS MTG 2977 PA	03/15/2010	PRINCIPAL RECEIPT	XXX	47,936	47,936.09	48,955	48,832		(896)			(896)					47,936				286	12/15/2025	1FE
31397V789	FHLMC MULTICLASS MTG 3253 A	03/15/2010	VARIOUS	XXX	758,786	721,360.83	761,467	677,376		(2,678)			(2,678)					757,910		875		3,138	08/15/2020	1FE
31397FX53	FHLMC MULTICLASS MTG 3291 NA	03/15/2010	PRINCIPAL RECEIPT	XXX	35,213	35,212.90	36,451	36,446		(1,233)			(1,233)					35,213				220	10/15/2027	1FE
31394ZAE2	FHLMC POOL #78-0741	03/15/2010	PRINCIPAL RECEIPT	XXX	17,484	17,484.19	18,039	18,039		(555)			(555)					17,484				99	07/01/2033	1
31395LAD3	FHLMC REMIC SERIES 2924	03/15/2010	PRINCIPAL RECEIPT	XXX	4,1525	4,1524.80	4,347	4,347		(1,946)			(1,946)					4,1525		230		1,963	10/01/2021	1FE
31410K6V9	FNMA POOL #0890185	03/01/2010	Salomon Brothers	XXX	1,007,996	991,781.55	1,007,996	1,007,996		(230)			(230)					1,007,766		230		1,498	12/01/2020	1FE
31416B4M7	FNMA POOL #0905528	03/25/2010	Salomon Brothers	XXX	763,475	719,199.31	763,475	763,475		(194)			(194)					763,281		194		185	12/01/2021	1
31393L8U7	FNMA POOL #0995530	03/25/2010	PRINCIPAL RECEIPT	XXX	31,883	31,882.60	33,247	33,247		(1,077)			(1,077)					31,883				192	12/01/2021	1
31394CPN6	FNMA GTD REMIC PIT 05-10 A1	03/25/2010	PRINCIPAL RECEIPT	XXX	24,550	24,550.18	25,366	25,300		(750)			(750)					24,550				128	07/25/2033	1FE
31387N3O6	FNMA GTD REMIC PIT 09-43 G1	03/25/2010	PRINCIPAL RECEIPT	XXX	36,805	36,805.33	38,151	38,086		(1,280)			(1,280)					36,805				177	01/25/2023	1FE
31396Q2W2	FNMA GTD REMIC PIT 09-70 NT	03/25/2010	PRINCIPAL RECEIPT	XXX	53,783	53,782.61	56,001	55,953		(2,174)			(2,174)					53,783				225	06/25/2024	1FE
31416BR00	FNMA POOL #0995185	03/25/2010	PRINCIPAL RECEIPT	XXX	58,612	58,612.06	60,895	60,786		(2,174)			(2,174)					58,612				258	08/25/2019	1FE
36210B4R3	GNMA POOL #0487352	03/25/2010	PRINCIPAL RECEIPT	XXX	73,686	73,686.35	77,009	77,009		(3,353)			(3,353)					73,686				364	12/01/2023	1
78442ZAA5	SLM STUDENT LN 07 2 CL A-1	02/16/2010	PRINCIPAL RECEIPT	XXX	60,429	60,428.50	63,148	63,053		(2,625)			(2,625)					60,429				303	04/15/2024	1
83149EAC1	SLM STUDENT LN 06 5 CL A3	01/25/2010	PRINCIPAL RECEIPT	XXX	1,502	1,502.29	1,110	1,110		493			493					1,502				1	05/15/2018	1
78442GHP4	SLM STUDENT LN TR 03-8 CL A-4	03/15/2010	PRINCIPAL RECEIPT	XXX	9,791	9,790.54	9,430	9,401		389			389					9,791				11	03/15/2019	1
31939999	Subtotal - U.S. Special Revenue, Special Assessment			XXX	5,898,132	5,760,216.47	5,951,109	4,945,734		(46,061)			(46,061)					5,897,829		302	302	37,042	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																								
166751AK3	CHEVRON CORP NT	01/06/2010	Salomon Brothers	XXX	208,492	200,000.00	199,988	199,991		39			39					199,991				2,463	03/03/2012	1
171313UAE9	CITIGROUP INC FDC GTD TGLP GT	02/01/2010	Mizuho Secs	XXX	255,020	250,000.00	248,890	248,890		2			2					248,928				1,387	04/30/2012	1
38146FA66	GOLDMAN SACHS GROUP INC THE	03/23/2010	Chase Greenwich	XXX	200,952	200,000.00	200,046	200,031										200,033				393	11/09/2011	1
02586GAR3	AMERICAN EXPRESS 08-2 CL A	02/15/2010	PRINCIPAL RECEIPT	XXX	200,000	200,000.00	201,031	200,492		(492)			(492)					200,000				1,340	01/16/2011	1
025609AM9	AMERICAN HOME PRODS CORP NT	03/04/2010	BNP Paribas Securities	XXX	106,556	100,000.00	106,557	106,552		(548)			(548)					106,556				3,359	03/15/2011	1
31194L6L1	FNMA GTD REMIC PIT 05-99 KC	03/15/2010	PRINCIPAL RECEIPT	XXX	37,676	37,676.22	38,743	38,743		(1,067)			(1,067)					37,676				242	02/25/2028	1FE
34528AAE5	FORD CR AUTO 06-B A-4	03/15/2010	PRINCIPAL RECEIPT	XXX	1																			

SCHEDULE D - PART 4**Show All Long-Term Bonds and Stocks Sold, Redeemed, or Otherwise Disposed of During the Current Quarter**

1	2	3	4	5	6	7	8	9	10					11			17	18	19	20	21	22
									CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost							Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
842587CD7	SOUTHERN COMPANY SENIOR NOTE	03/09/2010	BNP Paribas Securities	XXX	401,264	400,000.00	399,164	399,599									116	116		116		399,715
90327KAC6	USAA AUTO OWNER TR 2008-3 A-3	03/15/2010	PRINCIPAL RECEIPT	XXX	30,473	30,473.32	30,869	30,908	(435)	(435)		(435)		30,473				212	10/15/2012	1		
90327XAB0	USAA AUTO OWNER TR 2009-1	03/15/2010	PRINCIPAL RECEIPT	XXX	159,421	159,420.87	159,416	159,417	4	4		4		159,421				540	08/15/2011	1FE		
98156YAB7	WORLD OMNI AUTO RECEIV 09-A A2	03/15/2010	PRINCIPAL RECEIPT	XXX	199,737	199,735.14	201,920	201,815	(2,080)	(2,080)		(2,080)		199,735				851	10/17/2011	1		
9899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)			XXX	3,252,235	3,192,087.05	3,245,824	3,156,156	(11,919)	(11,919)		(11,919)		3,222,034		30,197	30,197	31,675	XXX	XXX	XXX	
8399997	Subtotal - Bonds - Part 4			XXX	12,310,178	12,117,019.58	12,364,419	10,370,052	(65,719)	(65,719)		(65,719)		12,280,285		29,889	29,889	90,458	XXX	XXX	XXX	
8399998	Summary Item from Part 5 for Bonds (N/A to Quarterly)			XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX		XXX		XXX	XXX	XXX	XXX	XXX	XXX	XXX
8399999	Subtotal - Bonds			XXX	12,310,178	12,117,019.58	12,364,419	10,370,052	(65,719)	(65,719)		(65,719)		12,280,285		29,889	29,889	90,458	XXX	XXX	XXX	XXX
9799998	Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)			XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX		XXX		XXX	XXX	XXX	XXX	XXX	XXX	XXX
9799998	Summary Item from Part 5 for Common Stocks (N/A to Quarterly)			XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX		XXX		XXX	XXX	XXX	XXX	XXX	XXX	XXX
9899999	Subtotal - Preferred and Common Stocks			XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX		XXX		XXX	XXX	XXX	XXX	XXX	XXX	XXX
9999999	Total - Bonds, Preferred and Common Stocks			XXX	12,310,178	12,117,019.58	12,364,419	10,370,052	(65,719)	(65,719)		(65,719)		12,280,285		29,889	29,889	90,458	XXX	XXX	XXX	XXX

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

SCHEDULE DB - PART A - SECTION 1

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

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

	1		NONE																					
	Code																							
A0001	... 0000																							

SCHEDULE DB - PART B - SECTION 1

Futures Contracts Open as of the Current Statement Date

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

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

	1	2
Code		Financial or Economic Impact of the Hedge at the End of the Reporting Period
A0001	0000	

SCHEDULE DB - PART D

Counterparty Exposure for Derivative Instruments Open as of Current Statement Date

1 Description Counterparty or Exchange Traded	2 Master Agreement (Y or N)	3 Credit Support Annex (Y or N)	4 Fair Value of Acceptable Collateral	Book/Adjusted Carrying Value		Fair Value		11 Potential Exposure	12 Off-Balance Sheet Exposure
				5 Contracts With Book/ Adjusted Carrying Value > 0	6 Contracts With Book/ Adjusted Carrying Value < 0	7 Exposure net of Collateral	8 Contracts With Fair Value > 0			9 Contracts With Fair Value < 0	10 Exposure Net of Collateral
NONE									
0899999 Total									

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository		2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
						6 First Month	7 Second Month	8 Third Month	
open depositories									
Regions Bank	601 Market Street, Chattanooga, TN 37402					13,663,325	5,737,713	5,324,843	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402					4,266,338	3,831,101	3,817,757	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402					1,578,132	155,316	369,390	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402					(8,541,028)	(24,901,616)	(3,451,646)	X X X
.....	.....								X X X
.....	.....								X X X
.....	.....								X X X
.....	.....								X X X
.....	.....								X X X
.....	.....								X X X
0199998 Deposits in	1 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories	X X X	X X X			9,786	10,167	8,429	X X X
0199999 Totals - Open Depositories .....	.....	X X X	X X X			10,976,553	(15,167,319)	6,068,773	X X X
0299998 Deposits in	0 depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories	X X X	X X X						X X X
0299999 Totals - Suspended Depositories .....	.....	X X X	X X X						X X X
0399999 Total Cash On Deposit .....	.....	X X X	X X X			10,976,553	(15,167,319)	6,068,773	X X X
0499999 Cash in Company's Office .....	.....	X X X	X X X	X X X	X X X				X X X
0599999 Total Cash .....	.....	X X X	X X X			10,976,553	(15,167,319)	6,068,773	X X X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
NONE							
8699999 Total - Cash Equivalents							



MEDICARE PART D COVERAGE SUPPLEMENT
Net of Reinsurance
For the Quarter Ended March 31, 2010

NAIC Group Code: 0000

NAIC Company Code: 00000

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

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

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EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1 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.....						
0299999 Total group.....						
0399999 Premiums due and unpaid from Medicare entities.....						
Medicaid Entities:						
State of Tennessee Premium Withhold Receivable	2,420,073					2,420,073
Premium Accrual.....	3,541,260	1,300,998	823,879	7,050,740		12,716,877
0499997 Subtotal - Medicaid Entities.....	5,961,333	1,300,998	823,879	7,050,740	-	15,136,950
0499999 Premiums due and unpaid from Medicaid entities.....	-	-	-	-	-	-
0599999 Accident and health premiums due and unpaid (Page 2, Line 13).....	5,961,333	1,300,998	823,879	7,050,740	-	15,136,950

EXHIBIT 3 - HEALTH CARE RECEIVABLES

1 Name of debtor	2 1 - 30 days	3 31 - 60 days	4 61 - 90 days	5 Over 90 days	6 Nonadmitted	7 Admitted
0199998 Pharmaceutical Rebate Receivables - Not Individually Listed.....						
0199999 Subtotal - Pharmaceutical Rebate Receivables.....						
Provider Receivables	-	-	-	499,375	499,375	-
0299998 Claim Overpayment Receivables - Not Individually Listed.....	-	-	-	499,375	499,375	-
0299999 Subtotal - Claim Overpayment Receivables.....						
Loans and Advances to Providers						
0399998 Loans and Advances to Providers - Not Individually Listed.....						
0399999 Subtotal - Loans and Advances to Providers.....						
0499998 Capitation Arrangement Receivables - Not Individually Listed.....						
0499999 Subtotal - Capitation Arrangement Receivables.....						
0599998 Risk Sharing Receivables - Not Individually Listed.....						
0599999 Subtotal - Risk Sharing Receivables.....						
Other Receivables						
Provider receivables.....						
0699998 Other Receivables - Not Individually Listed.....						
0699999 Subtotal - Other Receivables.....	-	-	-	-	-	-
0799999 Gross health care receivables.....	-	-	-	499,375	499,375	-

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliate	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	Admitted	
						7 Current	8 Non-Current
Individually listed receivables	12,041,277	-	-	2,000,000	2,000,000	12,041,277	2,000,000
Capital Contribution with Administrative Expense offset							
0199999 Total - individually listed receivables							
0299999 Receivables not individually listed							
0399999 Total gross amounts receivable	12,041,277			2,000,000	2,000,000	12,041,277	2,000,000

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

Affiliate	2 Description	3 Amount	5	
			4 Current	Non-Current
	NONE			
0199999 Total - Individually listed payables	.....XXX.....	-	-	-
0299999 Payables not individually listed	.....XXX.....	-	-	-
0399999 Total gross payables	.....XXX.....	-	-	-