

**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  
June 30, 2013**

**2013**



**QUARTERLY STATEMENT**  
**AS OF June 30, 2013**  
**OF THE CONDITION AND AFFAIRS OF THE**  
**Volunteer State Health Plan, Inc.**

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

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

Country of Domicile United States of America

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

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

Statutory Home Office 1 Cameron Hill Circle Chattanooga, TN, US 37402-0001  
 (Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 1 Cameron Hill Circle  
 (Street and Number) Chattanooga, TN, US 37402-0001  
 (City or Town, State, Country and Zip Code) (423)535-5600  
 (Area Code) (Telephone Number)

Mail Address 1 Cameron Hill Circle Chattanooga, TN, US 37402-0001  
 (Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 1 Cameron Hill Circle  
 (Street and Number) Chattanooga, TN, US 37402-0001  
 (City or Town, State, Country and Zip Code) (423)535-5600  
 (Area Code) (Telephone Number)

Internet Web Site Address www.bluecare.bcbst.com

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

**CORPORATE OFFICERS**

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

**ADMINISTRATIVE OFFICERS**

Amber Jeanine Cambron, VP, Chief Operating Officer  
 Reid Allen Smiley, VP, Chief Financial Officer  
 Toliver Ralph Woodard, Jr., VP, Controller & Chief Accounting Officer

David Matthew Moroney, MD, VP, Chief Medical Officer  
 James Howard Srite, VP, Actuary

**DIRECTORS OR TRUSTEES**

William Morgan Gracey, Chairperson  
 Jason David Hickey #

John Francis Giblin  
 # New Director

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.

Scott Christian Pierce  
 (Signature)  
 Scott Christian Pierce  
 (Printed Name)  
 1.  
 President & Chief Executive Officer  
 (Title)

Reid Allen Smiley  
 (Signature)  
 Reid Allen Smiley  
 (Printed Name)  
 2.  
 Chief Financial Officer  
 (Title)

Shelia Dian Clemons  
 (Signature)  
 Shelia Dian Clemons  
 (Printed Name)  
 3.  
 Secretary  
 (Title)

Subscribed and sworn to before me this 15th day of August, 2013

Amanda Poe  
 (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 \_\_\_\_\_

Yes [X] No [ ]  
 0  
 0



**Statement of Actuarial Opinion**ACTUARIAL OPINION

## TABLE of KEY INDICATORS

This Opinion is:  Unqualified     Qualified     Adverse     Inconclusive

## IDENTIFICATION SECTION

 Prescribed Wording Only     Prescribed Wording with Additional Wording     Revised Wording

## SCOPE SECTION

 Prescribed Wording Only     Prescribed Wording with Additional Wording     Revised Wording

## RELIANCE SECTION

 Prescribed Wording Only     Prescribed Wording with Additional Wording     Revised Wording

## OPINION SECTION

 Prescribed Wording Only     Prescribed Wording with Additional Wording     Revised Wording

## RELEVANT COMMENTS

 Revised Wording The Actuarial Memorandum includes "Deviation from Standard" wording regarding conformity with an Actuarial Standard of Practice

## IDENTIFICATION

I, James Howard Srite, FSA, MAAA, am an employee of Blue Cross and Blue Shield of Tennessee (BCBST), holding company for Volunteer State Health Plan, and a member of the American Academy of Actuaries. I was appointed on October 15, 2009 in accordance with the requirements of the annual statement instructions. I meet the Academy qualification standards for rendering the opinion.

## SCOPE

I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities and related items listed below, as shown in the annual statement of Volunteer State Health Plan as prepared for filing with state regulatory officials, as of June 30, 2013.

A. Claims unpaid (Page 3, Line 1);	\$	163,118,870
B. Accrued medical incentive pool and bonus payments (Page 3, Line 2);	\$	868,991
C. Unpaid claims adjustment expenses (Page 3, Line 3);	\$	7,490,075
D. Aggregate health policy reserves (Page 3, Line 4) including unearned premium reserves and additional policy reserves from the Underwriting and Investment Exhibit – Part 2D;		\$0
E. Aggregate life policy reserves (Page 3, Line 5);		\$0
F. Property/casualty unearned premium reserves (Page 3, Line 6);		\$0
G. Aggregate health claim reserves (Page 3, Line 7); and		\$0
H. Any actuarial reserves or liabilities not included in the items above.		\$0
I. Specified actuarial items presented as assets in the annual statement		\$0

## RELIANCE

In forming my opinion on loss reserves, I relied upon data prepared by Norman John Zwitter, FSA, MAAA, Valuation Actuary, by Ann Tate, Financial Coordinator of Health Plan Accounting, by Trey White, Director of Financial Reporting, and by David Keith Marckel, Vice President of Information Services, Enterprise Applications as certified in the attached statements. I evaluated that data for reasonableness and consistency. I also reconciled that data to the Underwriting and Investment Exhibit - Part 2B of the company's current quarterly statement. In other respects, my examination included review of the actuarial assumptions and actuarial methods used and tests of the calculations I considered necessary.

## OPINION

In my opinion, the amounts carried in the balance sheet on account of the items identified above:

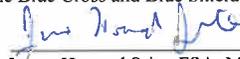
- A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles,
- B. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared,
- C. Meet the requirements of the Insurance Laws and regulations of the State of Tennessee and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed,
- D. Make good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements,
- E. Are computed on the basis of assumptions and methods consistent with those used in computing the corresponding items in the annual statement of the preceding year-end,
- F. Include appropriate provision for all actuarial items that ought to be established.

The Underwriting and Investment Exhibit – Part 2B was reviewed for reasonableness and consistency with the applicable Actuarial Standards of Practice.

Actuarial methods, considerations, and analyses used in forming my opinion conform to the relevant Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

## RELEVANT COMMENTS

This opinion has been prepared solely for the Board and the management of the Company, for filing with insurance regulatory agencies of states in which the Company is licensed, and for the Blue Cross and Blue Shield Association and is not intended for any other purpose.

  
James Howard Srite, FSA, MAAA      8-15-13  
 Date

1 Cameron Hill Circle CH 1.5  
 Chattanooga, Tennessee 37402  
 423-535-8200

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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 .....	355,940,958	0	355,940,958	265,079,879
2. Stocks:				
2.1 Preferred stocks .....	0	0	0	0
2.2 Common stocks .....	0	0	0	0
3. Mortgage loans on real estate:				
3.1 First liens .....	0	0	0	0
3.2 Other than first liens .....	0	0	0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....	0	0	0	0
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances) .....	0	0	0	0
5. Cash (\$.....10,088,318), cash equivalents (\$.....0) and short-term investments (\$.....66,899,737) .....	76,988,055	0	76,988,055	175,953,804
6. Contract loans (including \$.....0 premium notes) .....	0	0	0	0
7. Derivatives .....	0	0	0	0
8. Other invested assets .....	0	0	0	0
9. Receivables for securities .....	191,264	0	191,264	60,554
10. Securities lending reinvested collateral assets .....	0	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	433,120,277	0	433,120,277	441,094,237
13. Title plants less \$.....0 charged off (for Title insurers only) .....	0	0	0	0
14. Investment income due and accrued .....	1,667,023	0	1,667,023	1,505,343
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	18,451,987	0	18,451,987	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums) .....	0	0	0	0
15.3 Accrued retrospective premiums .....	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	0	0	0	0
16.2 Funds held by or deposited with reinsured companies .....	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts .....	0	0	0	0
17. Amounts receivable relating to uninsured plans .....	2,249,757	0	2,249,757	2,771,776
18.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0	0
18.2 Net deferred tax asset .....	5,934,517	384,984	5,549,533	5,028,413
19. Guaranty funds receivable or on deposit .....	0	0	0	0
20. Electronic data processing equipment and software .....	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$.....0) .....	0	0	0	0
22. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates .....	0	0	0	0
24. Health care (\$.....2,926,620) and other amounts receivable .....	2,926,620	2,926,620	0	0
25. Aggregate write-ins for other than invested assets .....	82,750	82,750	0	0
26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	464,432,931	3,394,354	461,038,577	450,399,769
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0	0
28. TOTAL (Lines 26 and 27) .....	464,432,931	3,394,354	461,038,577	450,399,769
<b>DETAILS OF WRITE-INS</b>				
1101. ....	0	0	0	0
1102. ....	0	0	0	0
1103. ....	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0	0
2501. Prepaid Expenses .....	82,750	82,750	0	0
2502. ....	0	0	0	0
2503. ....	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	82,750	82,750	0	0

**LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded) .....	163,118,870	0	163,118,870	142,904,068
2. Accrued medical incentive pool and bonus amounts .....	868,991	0	868,991	1,002,133
3. Unpaid claims adjustment expenses .....	7,490,075	0	7,490,075	7,000,900
4. Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act .....	0	0	0	0
5. Aggregate life policy reserves .....	0	0	0	0
6. Property/casualty unearned premium reserve .....	0	0	0	0
7. Aggregate health claim reserves .....	0	0	0	0
8. Premiums received in advance .....	0	0	0	0
9. General expenses due or accrued .....	7,345,728	0	7,345,728	8,068,135
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses)) .....	105,509	0	105,509	105,509
10.2 Net deferred tax liability .....	0	0	0	0
11. Ceded reinsurance premiums payable .....	0	0	0	0
12. Amounts withheld or retained for the account of others .....	281	0	281	7,702
13. Remittances and items not allocated .....	5,062,672	0	5,062,672	4,694,337
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....	0	0	0	0
15. Amounts due to parent, subsidiaries and affiliates .....	17,817,766	0	17,817,766	23,894,182
16. Derivatives .....	0	0	0	0
17. Payable for securities .....	0	0	0	0
18. Payable for securities lending .....	0	0	0	0
19. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers) .....	0	0	0	0
20. Reinsurance in unauthorized and certified (\$.....0) companies .....	0	0	0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0	0	0
22. Liability for amounts held under uninsured plans .....	1,074,150	0	1,074,150	212,641
23. Aggregate write-ins for other liabilities (including \$.....0 current) .....	25,011,995	0	25,011,995	44,793,432
24. Total liabilities (Lines 1 to 23) .....	227,896,037	0	227,896,037	232,683,039
25. Aggregate write-ins for special surplus funds .....	X X X	X X X	0	0
26. Common capital stock .....	X X X	X X X	10	10
27. Preferred capital stock .....	X X X	X X X	0	0
28. Gross paid in and contributed surplus .....	X X X	X X X	155,299,990	155,299,990
29. Surplus notes .....	X X X	X X X	17,000,000	17,000,000
30. Aggregate write-ins for other than special surplus funds .....	X X X	X X X	35,640,000	34,850,000
31. Unassigned funds (surplus) .....	X X X	X X X	25,202,540	10,566,730
32. Less treasury stock, at cost:				
32.1 .....0 shares common (value included in Line 26 \$.....0) .....	X X X	X X X	0	0
32.2 .....0 shares preferred (value included in Line 27 \$.....0) .....	X X X	X X X	0	0
33. Total capital and surplus (Lines 25 to 31 minus Line 32) .....	X X X	X X X	233,142,540	217,716,730
34. Total Liabilities, capital and surplus (Lines 24 and 33) .....	X X X	X X X	461,038,577	450,399,769
<b>DETAILS OF WRITE-INS</b>				
2301. Insured Premium Tax Payable .....	24,589,227	0	24,589,227	22,335,378
2302. Pending Escheatment To State .....	421,268	0	421,268	542,258
2303. Liquidated Damages Accrual .....	1,500	0	1,500	16,272
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	21,899,524
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	25,011,995	0	25,011,995	44,793,432
2501. ....	X X X	X X X	0	0
2502. ....	X X X	X X X	0	0
2503. ....	X X X	X X X	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	X X X	X X X	0	0
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	X X X	X X X	0	0
3001. Legally Required Reserves .....	X X X	X X X	35,640,000	34,850,000
3002. ....	X X X	X X X	0	0
3003. ....	X X X	X X X	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page .....	X X X	X X X	0	0
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	X X X	X X X	35,640,000	34,850,000

## STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months .....	X X X	2,333,502	2,397,680	4,779,443
2. Net premium income (including \$.....0 non-health premium income) .....	X X X	839,151,260	841,451,259	1,690,789,890
3. Change in unearned premium reserves and reserves for rate credits .....	X X X	0	0	0
4. Fee-for-service (net of \$.....0 medical expenses) .....	X X X	0	0	0
5. Risk revenue .....	X X X	0	0	0
6. Aggregate write-ins for other health care related revenues .....	X X X	0	0	0
7. Aggregate write-ins for other non-health revenues .....	X X X	0	0	0
8. Total revenues (Lines 2 to 7) .....	X X X	839,151,260	841,451,259	1,690,789,890
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....	0	529,683,161	522,728,366	1,052,046,144
10. Other professional services .....	0	141,015,419	140,340,719	284,647,776
11. Outside referrals .....	0	0	0	0
12. Emergency room and out-of-area .....	0	20,810,512	21,392,326	44,552,627
13. Prescription drugs .....	0	0	0	0
14. Aggregate write-ins for other hospital and medical .....	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts .....	0	632,813	1,004,503	2,004,503
16. Subtotal (Lines 9 to 15) .....	0	692,141,905	685,465,914	1,383,251,050
<b>Less:</b>				
17. Net reinsurance recoveries .....	0	0	0	0
18. Total hospital and medical (Lines 16 minus 17) .....	0	692,141,905	685,465,914	1,383,251,050
19. Non-health claims (net) .....	0	0	0	0
20. Claims adjustment expenses, including \$.....28,014,038 cost containment expenses .....	0	46,744,912	48,491,226	93,269,676
21. General administrative expenses .....	0	75,949,377	74,943,626	151,980,763
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....	0	0	0	0
23. Total underwriting deductions (Lines 18 through 22) .....	0	814,836,194	808,900,766	1,628,501,489
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X	24,315,066	32,550,493	62,288,401
25. Net investment income earned .....	0	1,220,488	1,370,522	2,840,552
26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....	0	(13,401)	29,101	981,986
27. Net investment gains or (losses) (Lines 25 plus 26) .....	0	1,207,087	1,399,623	3,822,538
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....	0	0	0	0
29. Aggregate write-ins for other income or expenses .....	0	0	0	0
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	25,522,153	33,950,116	66,110,939
31. Federal and foreign income taxes incurred .....	X X X	9,034,385	11,802,354	23,319,278
32. Net income (loss) (Lines 30 minus 31) .....	X X X	16,487,768	22,147,762	42,791,661
<b>DETAILS OF WRITE-INS</b>				
0601. ....	X X X	0	0	0
0602. ....	X X X	0	0	0
0603. ....	X X X	0	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page .....	X X X	0	0	0
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X	0	0	0
0701. ....	X X X	0	0	0
0702. ....	X X X	0	0	0
0703. ....	X X X	0	0	0
0798. Summary of remaining write-ins for Line 7 from overflow page .....	X X X	0	0	0
0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	X X X	0	0	0
1401. ....	0	0	0	0
1402. ....	0	0	0	0
1403. ....	0	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	0	0	0
2901. ....	0	0	0	0
2902. ....	0	0	0	0
2903. ....	0	0	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0	0
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	0	0	0

## STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>			
33. Capital and surplus prior reporting year .....	217,716,730	175,035,109	175,035,109
34. Net income or (loss) from Line 32 .....	16,487,768	22,147,762	42,791,661
35. Change in valuation basis of aggregate policy and claim reserves .....	0	0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....	(8,386)	48,250	58,099
37. Change in net unrealized foreign exchange capital gain or (loss) .....	0	0	0
38. Change in net deferred income tax .....	626,340	(543,585)	30,973
39. Change in nonadmitted assets .....	(1,679,912)	(59,935)	44,492
40. Change in unauthorized and certified reinsurance .....	0	0	0
41. Change in treasury stock .....	0	0	0
42. Change in surplus notes .....	0	0	0
43. Cumulative effect of changes in accounting principles .....	0	0	(80,590)
44. Capital Changes:			
44.1 Paid in .....	0	0	0
44.2 Transferred from surplus (Stock Dividend) .....	0	0	0
44.3 Transferred to surplus .....	0	0	0
45. Surplus adjustments:			
45.1 Paid in .....	0	0	0
45.2 Transferred to capital (Stock Dividend) .....	0	0	0
45.3 Transferred from capital .....	0	0	0
46. Dividends to stockholders .....	0	0	0
47. Aggregate write-ins for gains or (losses) in surplus .....	0	(1)	(163,014)
48. Net change in capital and surplus (Lines 34 to 47) .....	15,425,810	21,592,491	42,681,621
49. Capital and surplus end of reporting period (Line 33 plus 48) .....	233,142,540	196,627,600	217,716,730
<b>DETAILS OF WRITE-INS</b>			
4701. Change in Accounting Principle - SSAP 101 Non-admitted Assets adjusted as of 01/01/2012 .....	0	0	(163,015)
4702. Rounding .....	0	(1)	1
4703. ....	0	0	0
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0	0
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	0	(1)	(163,014)

<b>Report #2A: TennCare Select Only</b>			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	140,796	281,410	557,694
<b>Estimated Revenues:</b>			
1. TennCare Capitation	94,835,828	193,359,300	391,204,361
2. Investment	-	-	-
3. Other Revenues	-	-	-
<b>4. Total Estimated Revenues (Lines 1 to 3)</b>	<b>94,835,828</b>	<b>193,359,300</b>	<b>391,204,361</b>
<b>Estimated Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
5. Capitated Physician Services	286,890	566,222	1,144,154
6. Fee-for Service Physician Services	10,205,762	21,281,168	42,349,564
7. Inpatient Hospital Services	17,468,178	38,024,154	75,253,799
8. Outpatient Hospital Services	7,247,249	13,027,162	33,085,868
9. Emergency Room Services	1,065,380	2,080,351	4,836,867
10. Dental Services	840	840	629
11. Vision Services	93,199	185,538	338,224
12. Pharmacy Services	-	-	-
13. Home Health Services	26,457,762	53,343,715	103,066,160
14. Chiropractic Services	-	-	-
15. Radiology Services	279,772	591,622	1,129,116
16. Laboratory Services	290,348	556,434	1,482,485
17. Durable Medical Equipment Services	5,262,929	10,433,627	20,415,555
18. Transportation Services	808,984	1,662,985	3,381,368
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	38,926	76,063	291,046
23. HCBS Services	1,963	4,664	3,090
24. Other Medical and Hospital Services - Write-Ins	1,140,990	3,437,980	9,922,275
<b>25. Subtotal Medical and Hospital (Lines 5 to 24)</b>	<b>70,649,172</b>	<b>145,272,525</b>	<b>296,700,200</b>
<b>Mental Health and Substance Abuse Services</b>			
26. Inpatient Psychiatric Facility Services	1,270,127	2,401,158	4,141,233
27. Inpatient Substance Abuse Treatment and Detox	572	1,780	23,079
28. Outpatient Mental Health Services	3,524,674	7,187,240	14,023,158
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	1,521,177	3,511,797	6,295,608
31. Specialized Crisis Services	282,848	573,354	1,122,279
32. Psychiatric Rehab and Support Services	113,150	229,982	569,240
33. Case Management	2,323,901	4,574,326	8,626,326
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	18,826	40,323	89,632
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	2,292,530	3,869,143	8,698,929
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
<b>44. Subtotal MH &amp; SAS (Lines 26 to 43)</b>	<b>11,347,805</b>	<b>22,389,103</b>	<b>43,589,484</b>
<b>45. Subtotal Hospital, Medical, MH&amp;SAS (Lines 25 and 44)</b>	<b>81,996,977</b>	<b>167,661,628</b>	<b>340,289,684</b>
<b>LESS:</b>			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	612	1,132	1,150
48. Subrogation and Coordination of Benefits	7,159	75,771	278,671
<b>49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)</b>	<b>7,771</b>	<b>76,903</b>	<b>279,821</b>
<b>50. Total Hospital, Medical, MH&amp;SAS (Lines 45 and 49)</b>	<b>81,989,206</b>	<b>167,584,725</b>	<b>340,009,863</b>
<b>Administration:</b>			
51. Compensation	4,172,550	8,367,260	16,283,318
52. Marketing	45,812	91,867	178,780
53. Interest Expense	-	-	-
54. Premium Tax Expense	5,414,803	10,833,594	21,549,548
55. Occupancy, Depreciation, and Amortization	300,719	603,035	1,173,552
56. Other Administration - Write-Ins	2,050,756	4,112,407	8,003,054
<b>57. Total Administration Expenses (Lines 51 to 56)</b>	<b>11,984,640</b>	<b>24,008,163</b>	<b>47,188,252</b>
<b>58. Total Expenses (Lines 50 and 57)</b>	<b>93,973,846</b>	<b>191,592,888</b>	<b>387,198,115</b>
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	338,034	625,278	1,413,121
<b>61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)</b>	<b>523,948</b>	<b>1,141,134</b>	<b>2,593,125</b>
<b>Write-Ins for Other Expense</b>			
<b>Detail of Other Revenues</b>			
0301.	-	-	-
<b>0399. Total Other Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Detail of Other Medical and Hospital:</b>			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	1,284,180	2,794,859	7,078,675
2202. Bad Debt Expense	(143,190)	643,121	2,843,600
2203. Out of Area Claims Expense	-	-	-
<b>2299. Total Other Medical and Hospital</b>	<b>1,140,990</b>	<b>3,437,980</b>	<b>9,922,275</b>
<b>Detail of Other MH &amp; SAS:</b>			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
<b>4199. Total Other MH &amp; SAS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Detail of Other Administration:</b>			
5601. Equipment Rental	761,178	1,526,398	2,970,484
5602. Outsourced Services	560,862	1,124,702	2,188,755
5603. Auditing, Actuarial, and Other Consulting	274,621	550,702	1,071,709
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	232,618	466,473	907,791
5605. Postage/Telephone	154,293	309,406	602,128
5606. Printing and Stationary	67,184	134,726	262,187
<b>5699. Total Other Administration</b>	<b>2,050,756</b>	<b>4,112,407</b>	<b>8,003,054</b>

<b>Report #2A: BlueCare West Only</b>			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	527,935	1,057,847	2,155,841
<b>Estimated Revenues:</b>			
1. TennCare Capitation	190,985,784	368,479,595	747,668,383
2. Investment	291,675	603,421	1,577,712
3. Other Revenues	21,000	194,968	134,000
<b>4. Total Estimated Revenues (Lines 1 to 3)</b>	<b>191,298,459</b>	<b>369,277,984</b>	<b>749,380,095</b>
<b>Estimated Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
5. Capitated Physician Services	-	-	-
6. Fee-for Service Physician Services	31,867,855	62,583,313	120,931,590
7. Inpatient Hospital Services	25,372,350	56,177,512	102,837,780
8. Outpatient Hospital Services	18,894,459	32,567,820	78,188,509
9. Emergency Room Services	6,216,024	12,214,734	26,130,721
10. Dental Services	-	-	389
11. Vision Services	137,033	278,548	465,787
12. Pharmacy Services	-	-	-
13. Home Health Services	5,994,242	12,137,717	23,123,053
14. Chiropractic Services	-	-	-
15. Radiology Services	1,518,378	2,900,991	5,701,293
16. Laboratory Services	1,869,050	3,403,982	8,924,634
17. Durable Medical Equipment Services	2,348,000	4,922,909	9,781,802
18. Transportation Services	3,169,242	6,331,447	12,724,151
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	196,063	296,063	400,000
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	33,947,610	65,609,966	125,931,153
23. HCBS Services	12,036,446	22,971,991	39,188,179
24. Other Medical and Hospital Services - Write-Ins	3,615,732	6,629,418	10,716,596
<b>25. Subtotal Medical and Hospital (Lines 5 to 24)</b>	<b>147,182,484</b>	<b>289,026,411</b>	<b>565,045,637</b>
<b>Mental Health and Substance Abuse Services</b>			
26. Inpatient Psychiatric Facility Services	2,097,737	4,161,481	7,302,334
27. Inpatient Substance Abuse Treatment and Detox	75,287	167,557	322,127
28. Outpatient Mental Health Services	1,785,717	3,218,962	5,916,538
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	692,710	1,384,489	2,839,387
31. Specialized Crisis Services	792,345	1,502,373	3,351,984
32. Psychiatric Rehab and Support Services	345,815	556,916	1,214,563
33. Case Management	3,006,931	5,780,647	12,177,587
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	36,923	68,827	125,402
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,816,303	3,765,728	6,681,971
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
<b>44. Subtotal MH &amp; SAS (Lines 26 to 43)</b>	<b>10,649,768</b>	<b>20,606,980</b>	<b>39,931,893</b>
<b>45. Subtotal Hospital, Medical, MH&amp;SAS (Lines 25 and 44)</b>	<b>157,832,252</b>	<b>309,633,391</b>	<b>604,977,530</b>
<b>LESS:</b>			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	13,089	28,308	57,079
48. Subrogation and Coordination of Benefits	-	-	(7,514)
<b>49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)</b>	<b>13,089</b>	<b>28,308</b>	<b>49,565</b>
<b>50. Total Hospital, Medical, MH&amp;SAS, (Lines 45 and 49)</b>	<b>157,819,163</b>	<b>309,605,083</b>	<b>604,927,965</b>
<b>Administration:</b>			
51. Compensation	11,027,311	21,683,038	42,850,054
52. Marketing	121,072	238,065	470,465
53. Interest Expense	-	-	-
54. Premium Tax Expense	10,772,027	20,543,755	41,129,131
55. Occupancy, Depreciation, and Amortization	794,748	1,562,714	3,088,237
56. Other Administration - Write-Ins	5,419,789	10,656,950	21,060,285
<b>57. Total Administration Expenses (Lines 51 to 56)</b>	<b>28,134,947</b>	<b>54,684,522</b>	<b>108,598,172</b>
<b>58. Total Expenses (Lines 50 and 57)</b>	<b>185,954,110</b>	<b>364,289,605</b>	<b>713,526,137</b>
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	1,878,852	1,765,797	12,646,748
<b>61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)</b>	<b>3,465,497</b>	<b>3,222,582</b>	<b>23,207,210</b>
<b>Write-Ins for Other Expense</b>			
<b>Detail of Other Revenues</b>			
0301. Pay-for-Performance Bonus	21,000	194,968	134,000
0399. Total Other Revenues	21,000	194,968	134,000
<b>Detail of Other Medical and Hospital:</b>			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	3,289,591	6,455,268	10,004,601
2202. Bad Debt Expense	326,141	174,150	711,733
2203. Out of Area Claims Expense	-	-	262
2299. Total Other Medical and Hospital	3,615,732	6,629,418	10,716,596
<b>Detail of Other MH &amp; SAS:</b>			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
<b>Detail of Other Administration:</b>			
5601. Equipment Rental	2,011,658	3,955,529	7,816,922
5602. Outsourced Services	1,482,258	2,914,569	5,759,776
5603. Auditing, Actuarial, and Other Consulting	725,777	1,427,098	2,820,234
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	614,769	1,208,823	2,388,880
5605. Postage/Telephone	407,770	801,800	1,584,519
5606. Printing and Stationary	177,557	349,131	689,954
5699. Total Other Administration	5,419,789	10,656,950	21,060,285

<b>Report #2A: BlueCare East Only</b>			
Member Months	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
	635,646	1,275,655	2,623,603
<b>Estimated Revenues:</b>			
1. TennCare Capitation	244,212,281	471,186,198	942,958,969
2. Investment	356,491	737,514	1,928,353
3. Other Revenues	29,370	108,192	86,000
<b>4. Total Estimated Revenues (Lines 1 to 3)</b>	<b>244,598,142</b>	<b>472,031,904</b>	<b>944,973,322</b>
<b>Estimated Expenses:</b>			
<b>Hospital and Medical (w/o Mental Health)</b>			
5. Capitated Physician Services	-	-	-
6. Fee-for-Service Physician Services	48,304,762	90,438,802	187,108,166
7. Inpatient Hospital Services	36,927,768	73,572,945	149,370,450
8. Outpatient Hospital Services	17,278,793	36,164,542	74,222,991
9. Emergency Room Services	3,846,532	8,590,550	18,374,588
10. Dental Services	1,118	1,989	12,921
11. Vision Services	199,962	369,154	705,197
12. Pharmacy Services	-	-	-
13. Home Health Services	8,312,550	15,108,905	29,033,578
14. Chiropractic Services	-	-	-
15. Radiology Services	2,124,799	4,132,267	7,546,803
16. Laboratory Services	2,415,745	3,495,500	14,151,829
17. Durable Medical Equipment Services	4,694,094	8,886,872	19,774,446
18. Transportation Services	3,773,732	7,556,868	15,619,070
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	(63,250)	336,750	1,604,503
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	41,402,529	82,448,225	162,130,414
23. HCBS Services	9,832,485	16,521,769	34,305,991
24. Other Medical and Hospital Services - Write-Ins	3,531,304	7,789,629	11,465,998
<b>25. Subtotal Medical and Hospital (Lines 5 to 24)</b>	<b>182,582,923</b>	<b>355,414,767</b>	<b>725,426,945</b>
<b>Mental Health and Substance Abuse Services</b>			
26. Inpatient Psychiatric Facility Services	1,626,588	2,913,413	5,540,788
27. Inpatient Substance Abuse Treatment and Detox	129,858	240,165	423,296
28. Outpatient Mental Health Services	3,414,204	6,749,130	13,406,443
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	783,079	1,783,811	3,223,157
31. Specialized Crisis Services	771,447	1,552,262	3,430,660
32. Psychiatric Rehab and Support Services	822,014	1,619,277	3,632,795
33. Case Management	3,726,051	7,609,375	13,780,428
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	50,514	101,097	206,548
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	2,239,625	4,625,090	9,418,977
42. PCP and Specialist Services	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
<b>44. Subtotal MH &amp; SAS (Lines 26 to 43)</b>	<b>13,563,380</b>	<b>27,193,620</b>	<b>53,063,092</b>
<b>45. Subtotal Hospital, Medical, MH&amp;SAS (Lines 25 and 44)</b>	<b>196,146,303</b>	<b>382,608,387</b>	<b>778,490,037</b>
<b>LESS:</b>			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	30,428	65,486	130,735
48. Subrogation and Coordination of Benefits	-	-	(4,374)
<b>49. Subtotal Reinsurance, Copay, Subrogation (Lines 46 to 48)</b>	<b>30,428</b>	<b>65,486</b>	<b>126,361</b>
<b>50. Total Hospital, Medical, MH&amp;SAS, (Lines 45 and 49)</b>	<b>196,115,875</b>	<b>382,542,901</b>	<b>778,363,676</b>
<b>Administration:</b>			
51. Compensation	13,816,365	27,498,738	55,682,873
52. Marketing	151,694	301,918	611,361
53. Interest Expense	-	-	-
54. Premium Tax Expense	13,886,605	26,374,506	51,867,473
55. Occupancy, Depreciation, and Amortization	995,755	1,981,855	4,013,108
56. Other Administration - Write-Ins	6,790,574	13,515,293	27,367,460
<b>57. Total Administration Expenses (Lines 51 to 56)</b>	<b>35,640,993</b>	<b>69,672,310</b>	<b>139,542,275</b>
<b>58. Total Expenses (Lines 50 and 57)</b>	<b>231,756,868</b>	<b>452,215,211</b>	<b>917,905,951</b>
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	4,799,382	7,014,754	9,547,460
<b>61. Net Income (Loss) (Line 4 Less Lines 58, 59 and 60)</b>	<b>8,041,892</b>	<b>12,801,939</b>	<b>17,519,911</b>
<b>Write-Ins for Other Expense</b>			
<b>Detail of Other Revenues</b>			
0301. Pay-for-Performance Bonus	29,370	108,192	86,000
0399. Total Other Revenues	29,370	108,192	86,000
<b>Detail of Other Medical and Hospital:</b>			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	3,132,688	7,576,779	10,596,102
2202. Bad Debt Expense	398,616	212,850	869,896
2203. Out of Area Claims Expense	-	-	-
2299. Total Other Medical and Hospital	3,531,304	7,789,629	11,465,998
<b>Detail of Other MH &amp; SAS:</b>			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
<b>Detail of Other Administration:</b>			
5601. Equipment Rental	2,520,450	5,016,455	10,157,948
5602. Outsourced Services	1,857,155	3,696,298	7,484,725
5603. Auditing, Actuarial, and Other Consulting	909,342	1,809,866	3,664,844
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	770,258	1,533,047	3,104,307
5605. Postage/Telephone	510,904	1,016,854	2,059,054
5606. Printing and Stationary	222,465	442,773	896,582
5699. Total Other Administration	6,790,574	13,515,293	27,367,460

**CASH FLOW**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance .....	820,699,273	858,266,697	1,707,605,328
2. Net investment income .....	3,436,127	2,314,460	5,083,760
3. Miscellaneous income .....	0	0	0
4. TOTAL (Lines 1 to 3) .....	824,135,400	860,581,157	1,712,689,088
5. Benefit and loss related payments .....	672,060,245	703,723,193	1,399,823,307
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	121,543,993	124,286,710	246,686,432
8. Dividends paid to policyholders .....	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	9,034,385	11,802,354	23,457,374
10. TOTAL (Lines 5 through 9) .....	802,638,623	839,812,257	1,669,967,113
11. Net cash from operations (Line 4 minus Line 10) .....	21,496,777	20,768,900	42,721,975
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	106,955,774	59,306,740	184,545,156
12.2 Stocks .....	0	0	0
12.3 Mortgage loans .....	0	0	0
12.4 Real estate .....	0	0	0
12.5 Other invested assets .....	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0	0
12.7 Miscellaneous proceeds .....	903	1,492,260	902,380
12.8 TOTAL investment proceeds (Lines 12.1 to 12.7) .....	106,956,677	60,799,000	185,447,536
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	200,208,476	72,866,666	266,225,791
13.2 Stocks .....	0	0	0
13.3 Mortgage loans .....	0	0	0
13.4 Real estate .....	0	0	0
13.5 Other invested assets .....	0	0	0
13.6 Miscellaneous applications .....	139,096	121,552	121,692
13.7 TOTAL investments acquired (Lines 13.1 to 13.6) .....	200,347,572	72,988,218	266,347,483
14. Net increase (or decrease) in contract loans and premium notes .....	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(93,390,895)	(12,189,218)	(80,899,947)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	0	0
16.3 Borrowed funds .....	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0	0
16.5 Dividends to stockholders .....	0	0	0
16.6 Other cash provided (applied) .....	(27,071,631)	12,488,084	29,612,391
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6) .....	(27,071,631)	12,488,084	29,612,391
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(98,965,749)	21,067,766	(8,565,581)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year .....	175,953,804	184,519,385	184,519,385
19.2 End of period (Line 18 plus Line 19.1) .....	76,988,055	205,587,151	175,953,804

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

20.0001		0	0	0
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## EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1		Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
	Total	Individual	3								
			Group	Other							
Total Members at end of:											
1. Prior Year	393,856	0	0	0	0	0	0	0	0	393,856	0
2. First Quarter	387,653	0	0	0	0	0	0	0	0	387,653	0
3. Second Quarter	387,658	0	0	0	0	0	0	0	0	387,658	0
4. Third Quarter	0	0	0	0	0	0	0	0	0	0	0
5. Current Year	0	0	0	0	0	0	0	0	0	0	0
6. Current Year Member Months	2,333,502	0	0	0	0	0	0	0	0	2,333,502	0
Total Member Ambulatory Encounters for Period:											
7. Physician	2,289,693	0	0	0	0	0	0	0	0	2,289,693	0
8. Non-Physician	199,104	0	0	0	0	0	0	0	0	199,104	0
9. Total	2,488,797	0	0	0	0	0	0	0	0	2,488,797	0
10. Hospital Patient Days Incurred	152,199	0	0	0	0	0	0	0	0	152,199	0
11. Number of Inpatient Admissions	22,581	0	0	0	0	0	0	0	0	22,581	0
12. Health Premiums Written (a)	839,151,260	0	0	0	0	0	0	0	0	839,151,260	0
13. Life Premiums Direct	0	0	0	0	0	0	0	0	0	0	0
14. Property/Casualty Premiums Written	0	0	0	0	0	0	0	0	0	0	0
15. Health Premiums Earned	839,151,260	0	0	0	0	0	0	0	0	839,151,260	0
16. Property/Casualty Premiums Earned	0	0	0	0	0	0	0	0	0	0	0
17. Amount Paid for Provision of Health Care Services	670,494,556	0	0	0	0	0	0	0	0	670,494,556	0
18. Amount Incurred for Provision of Health Care Services	692,141,905	0	0	0	0	0	0	0	0	692,141,905	0

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

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

**Aging Analysis of Unpaid Claims**

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
0199999 Individually Listed Claims Unpaid	0	0	0	0	0	0
0399999 Aggregate Accounts Not Individually Listed - Covered	59,734,250	1,724,288	123,163	0	0	61,581,701
0499999 Subtotals	59,734,250	1,724,288	123,163	0	0	61,581,701
0599999 Unreported claims and other claim reserves						101,537,169
0799999 Total Claims Unpaid						163,118,870
0899999 Accrued Medical Incentive Pool And Bonus Amounts						868,991

**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	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid Dec 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)	0	0	0	0	0	0
2. Medicare Supplement	0	0	0	0	0	0
3. Dental only	0	0	0	0	0	0
4. Vision only	0	0	0	0	0	0
5. Federal Employees Health Benefits Plan	0	0	0	0	0	0
6. Title XVIII - Medicare	0	0	0	0	0	0
7. Title XIX - Medicaid	133,400,402	539,385,830	(1,658,107)	164,776,977	131,742,295	142,904,068
8. Other health	0	0	0	0	0	0
9. Health subtotal (Lines 1 to 8)	133,400,402	539,385,830	(1,658,107)	164,776,977	131,742,295	142,904,068
10. Healthcare receivables (a)	580,292	2,346,328	0	0	580,292	1,434,678
11. Other non-health	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts	634,944	131,011	0	868,991	634,944	1,002,133
13. Totals (Lines 9 - 10 + 11 + 12)	133,455,054	537,170,513	(1,658,107)	165,645,968	131,796,947	142,471,523

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

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**Notes to Financial Statement****1. Summary of Significant Accounting Policies****A. Accounting Practices**

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

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

The Company has accepted the risk for uninsured claims overpayments for which the Company determined the State of Tennessee was not responsible. At the direction of the TDCI, the Company records the uninsured claims overpayments as claims expense rather than reporting the net gain or loss on the general administrative expense line as required by NAIC SAP.

At the direction of the TDCI, the Company does not report the receivables and associated payables related to premium taxes for Administrative Services Only (ASO) business. The rationale behind the exclusion of these assets and liabilities is that they have no economic impact on the Company. The exclusion of premium taxes for ASO plans became effective in 2003. This treatment has no impact on net income or surplus.

Tennessee Code Annotated (T.C.A.) § 56-32-112(a)(5)(D) allows the admission of the most current 90 days of all health care receivables, which differs from the NAIC *Accounting Practices and Procedures Manual* that requires non-admission of health care receivables related to claims overpayments that do not meet the right of offset conditions.

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

There are no differences between NAIC SAP and practices prescribed and permitted by the State of Tennessee with regards to the Company's net income or capital and surplus as of June 30, 2013 or December 31, 2012.

	<u>State of Domicile</u>	<u>June 30, 2013</u>	<u>December 31, 2012</u>
<b><u>NET INCOME</u></b>			
(1) VSHP state basis (Page 4, Line 32, Columns 2&4)	TN	\$ 16,487,768	\$ 42,791,661
(2) State prescribed practices that increase/(decrease) NAIC SAP:	TN	0	0
(3) State permitted practices that increase/(decrease) NAIC SAP:	TN	<u>0</u>	<u>0</u>
(4) NAIC SAP (1-2-3=4)	TN	<u>\$ 16,487,768</u>	<u>\$ 42,791,661</u>
<b><u>SURPLUS</u></b>			
(5) VSHP state basis (Page 3, Line 33, Columns 3&4)	TN	\$233,142,540	\$217,716,730
(6) State prescribed practices that increase/(decrease) NAIC SAP:	TN	0	0
(7) State permitted practices that increase/(decrease) NAIC SAP:	TN	<u>0</u>	<u>0</u>
(8) NAIC SAP (5-6-7=8)	TN	<u>\$233,142,540</u>	<u>\$217,716,730</u>

B. No Change

C. No Change

**2. Accounting Changes and Corrections of Errors**

No Change

**3. Business Combinations and Goodwill**

A. No Change

B. No Change

C. No Change

D. No Change

**4. Discontinued Operations**

No Change

**Notes to Financial Statement****5. Investments**

- A. No Change  
 B. No Change  
 C. No Change  
 D. Loan-Backed Securities

- (1) Prepayment assumptions are consistent with current market and economic conditions and were obtained from Bloomberg, bond portfolio managers, pricing services and custodians. Fair values are obtained from custodians using actual market quotes, if available, or matrix pricing of securities with similar terms.
- (2) The Company has not recognized any other-than-temporary impairments (OTTI) during the six months ended June 30, 2013:

	<b>Amortized Cost Basis Before OTTI</b>	<b>OTTI Recognized in Loss</b>	<b>Fair Value</b>
OTTI recognized 1 <sup>st</sup> Quarter:			
a. Intent to Sell	\$ 0	\$ 0	\$ 0
b. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost	0	0	0
c. Total 1 <sup>st</sup> Quarter	0	0	0
OTTI recognized 2 <sup>nd</sup> Quarter:			
d. Intent to Sell	0	0	0
e. Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost	0	0	0
f. Total 2 <sup>nd</sup> Quarter	\$ 0	\$ 0	\$ 0

- (3) The Company has not recognized any other-than-temporary impairments on loan-backed securities during the six months ended June 30, 2013.

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

- (4) Aggregate amortized cost and fair value of loan-backed securities where fair value was less than amortized cost at June 30, 2013 and for which OTTI has not been recognized is as follows:

a. The aggregate amount of unrealized losses:	1. Less than 12 months	\$ 138,846
	2. 12 months or longer	\$ 0
b. The aggregate related fair value of securities with unrealized losses:	3. Less than 12 months	\$ 57,795,759
	4. 12 months or longer	\$ 0

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

- E. The Company had no repurchase agreements or securities lending transactions during the six months ended June 30, 2013.  
 F. No Change  
 G. No Change

**6. Joint Ventures, Partnerships and Limited Liability Companies**

- A. No Change  
 B. No Change

## Notes to Financial Statement

**7. Investment Income**

- A. No Change
- B. No Change

**8. Derivative Instruments**

No Change

**9. Income Taxes**

- A. No Change
- B. No Change
- C. No Change
- D. No Change
- E. No Change
- F. No Change
- G. No Change

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

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

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

- B&C. The Company paid BCBST for services performed under administrative services and tax sharing agreements. For the six months ended June 30, 2013 and the year ended December 31, 2012, the Company paid \$68,423,169 and \$125,324,238, respectively. Payments are net of reimbursements to BCBST for Cover Tennessee, Med Advantage and other operations.

- D. No Change
- E. No Change
- F. No Change
- G. No Change
- H. No Change
- I. No Change
- J. No Change
- K. No Change
- L. No Change

**11. Debt**

- A. No Change
- B. No Change

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

- A. All disclosures related to defined benefit plans are included in the quarterly statement of BCBST.
- B. No Change
- C. No Change
- D. No Change
- E. No Change
- F. No Change

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

- (1) No Change
- (2) No Change
- (3) No Change
- (4) No Change
- (5) No Change
- (6) No Change

## Notes to Financial Statement

- (7) No Change
- (8) No Change
- (9) No Change
- (10) No Change
- (11) No Change
- (12) No Change
- (13) No Change

### 14. Contingencies

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

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

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

- B. No Change
- C. No Change
- D. No Change
- E. No Change

### 15. Leases

- A. No Change
- B. 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. No Change
- B. During the six months ended June 30, 2013, the Company had no transfers and servicing of financial assets or extinguishments of liabilities (Statement of Statutory Accounting Principles (SSAP) No. 103, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*).
- C. During the six months ended June 30, 2013, the Company had no wash sales involving transactions for securities with an unrated NAIC designation or a designation of 3 or below (SSAP No. 103).

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

- A. ASO Plans

TennCare Select and the Stabilization Plan are ASO arrangements with the State of Tennessee, effective July 1, 2001 and July 1, 2002, respectively. Cash and invested assets related to TennCare Select and the Stabilization Plan are reported in the appropriate categories on the Assets statement. Premium tax receivable from the State of Tennessee is netted against premium tax payable to the State of Tennessee for premium taxes related to ASO plans. Other assets and liabilities related to TennCare Select and the Stabilization Plan are netted and reported either on page 2, line 17, Amounts receivable relating to uninsured plans or on page 3, line 22, Liability for amounts held under uninsured plans.

The gain from operations from ASO uninsured plans and the uninsured portion of partially insured plans were as follows during 2013:

## Notes to Financial Statement

	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	\$ 1,766,413	\$ 0	\$ 1,766,413
b. Total net other income or expenses (including interest paid to or received from plans)	0	0	0
c. Net gain from operations	\$ 1,766,413	\$ 0	\$ 1,766,413
d. Total claim payment volume	\$ 164,133,595	\$ 0	\$ 164,133,595

B. No Change

C. No Change

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

No Change

### 20. Fair Value Measurement

A&B. The Company holds investment grade bonds and fixed income exchange-traded funds (ETFs) that are approved by the Securities Valuation Office of the NAIC for bond treatment. These securities are reported at amortized cost in accordance with SSAP No. 26, *Bonds, Excluding Loan-backed and Structured Securities*. The Company is not required to report any of its assets or liabilities at fair value under SSAP No. 100, *Fair Value Measurements*.

C. The Company has classified its assets measured at fair value into the three level hierarchy based on the priority of the inputs to the respective valuation technique. The Company had no liabilities required to be disclosed at fair value as of June 30, 2013 and December 31, 2012. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Classification of an asset or liability within the fair value hierarchy is based on the lowest level of significant input to its valuation. SSAP No. 100 defines the input levels as follows:

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

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

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

Fair values are based on quoted market prices when available. In instances where there is little or no market activity for the same or similar instruments, management estimates fair value using methods, models and assumptions a hypothetical market participant would use to determine a current transaction price. These valuation techniques involve estimation and judgment which could become significant with increasingly complex instruments or pricing models. The degree of judgment utilized in measuring fair value generally correlates to the level of pricing observability. Pricing observability is generally impacted by a number of factors including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and overall market conditions. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

Valuation techniques for estimating fair value are generally categorized into three types. The market approach uses prices and other relevant information from market transactions involving identical or comparable assets. The income approach converts future amounts, such as cash flows or earnings, to a single present value. The cost approach is based on the amount that would be required to replace the asset or the service capacity of the asset. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is reasonably available. The Company applied valuation techniques on a consistent basis to similar assets at June 30, 2013 and December 31, 2012.

**Notes to Financial Statement**

The following tables provide information about the fair value of the Company's financial assets as of June 30, 2013 and December 31, 2012:

Type of Financial Instrument	June 30, 2013					Not Practicable (Carrying Value)
	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	
Bonds issued by U.S. government and government agencies and authorities	\$ 57,448,592	\$ 57,588,731	\$ 48,130,547	\$ 9,318,045	\$ 0	\$ 0
Bonds issued by states, municipalities and political subdivisions	4,085,601	4,170,801	2,075,663	2,009,938	0	0
Bonds issued by foreign governments, including Canada	20,648,601	20,670,518	9,759,541	10,889,060	0	0
Agency mortgage-backed securities	30,603,275	30,521,800	0	30,603,275	0	0
Commercial mortgage-backed securities	16,356,133	16,385,032	0	16,356,133	0	0
Asset-backed securities	54,421,543	54,483,877	0	54,421,543	0	0
PIMCO total return bond ETF	8,509,283	8,844,071	8,509,283	0	0	0
Investment grade corporate bonds	163,110,678	163,276,128	82,751,177	80,359,501	0	0
Total bonds	355,183,706	355,940,958	151,226,211	203,957,495	0	0
Short-term investments	66,898,313	66,899,737	65,772,562	1,125,751	0	0
Total bonds and short-term investments	\$ 422,082,019	\$ 422,840,695	\$ 216,998,773	\$ 205,083,246	\$ 0	\$ 0

Type of Financial Instrument	December 31, 2012					Not Practicable (Carrying Value)
	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	
Bonds issued by U.S. government and government agencies and authorities	\$ 56,278,480	\$ 56,070,665	\$ 42,803,550	\$ 13,474,930	\$ 0	\$ 0
Bonds issued by foreign governments, including Canada	12,241,682	12,174,324	1,001,100	11,240,582	0	0
Agency mortgage-backed securities	23,875,907	23,942,171	0	23,875,907	0	0
Commercial mortgage-backed securities	13,797,997	13,808,908	0	13,797,997	0	0
Asset-backed securities	33,448,870	33,425,506	0	33,448,870	0	0
Investment grade corporate bonds	126,893,103	125,658,305	27,560,837	99,332,266	0	0
Total bonds	266,536,039	265,079,879	71,365,487	195,170,552	0	0
Short-term investments	75,245,193	75,245,384	75,245,193	0	0	0
Total bonds and short-term investments	\$ 341,781,232	\$ 340,325,263	\$ 146,610,680	\$ 195,170,552	\$ 0	\$ 0

As of June 30, 2013, the Company elected to change the presentation for short-term investments as included on the preceding tables to include money-market funds. The Company has not restated amounts included in the December 31, 2012 table above; however, if these amounts were restated, short-term investments would have an aggregate fair value of \$169,312,532 and admitted assets total of \$169,312,724. The classification for all short-term investments as of December 31, 2012 would remain at Level 1.

***Level 1 Financial Assets – \$216,998,773 and \$146,610,680 at June 30, 2013 and December 31, 2012, respectively***

Fair values for these securities are provided by independent pricing services and are based on unadjusted quoted prices in active markets.

***Level 2 Financial Assets – \$205,083,246 and \$195,170,552 at June 30, 2013 and December 31, 2012, respectively***

Fair values for these securities are provided by independent pricing services, which may use quoted market prices of comparable instruments or models by incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds. The Company has obtained an understanding of the methods, models and inputs used, and has controls in place to validate that amounts provided represent current exit prices. In addition, management periodically reviews securities in the portfolio with the Company's investment managers. If unusual fluctuations in pricing or significant variances in pricing from different sources are noted, management may obtain additional information from other pricing services, or request an investigation into the valuation of the security by the pricing service to validate the quoted price. There were no adjustments to quoted market prices obtained from independent pricing services during the periods ended June 30, 2013 and December 31, 2012.

**Notes to Financial Statement**

At June 30, 2013, the average credit rating of the Company's fixed income portfolio was AA. At June 30, 2013, the Company held commercial mortgage-backed securities with a fair value of \$16,356,133 and an average credit rating of AAA and asset-backed securities with a fair value of \$54,421,543 and an average credit rating of AAA.

The portfolio of commercial mortgage-backed securities consisted entirely of investment grade securities and had the following characteristics at June 30, 2013:

- Approximately 30% of the underlying assets were guaranteed or had other credit enhancements and 78% of the market value of these securities consisted of senior-level priority tranches.
- The weighted average maturity of the underlying loans was approximately 2.0 years and the weighted average duration of these securities was approximately 1.4 years.
- The underlying loans were geographically diversified.

The portfolio of asset-backed securities consisted entirely of investment grade securities and had the following characteristics at June 30, 2013:

- Approximately 20% of the underlying assets were guaranteed or had other credit enhancements.
- The weighted average stated maturity of the underlying loans was approximately 3.7 years and the weighted average duration of these securities was approximately 0.8 years.
- The absolute prepayment speed applied to approximately 53% of the asset-backed securities in the portfolio. The estimated weighted average absolute prepayment speed of these securities was approximately 1%.

**Level 3 Financial Assets**

The Company held no financial assets classified as Level 3 at June 30, 2013 or December 31, 2012.

- D. The Company held no financial assets for which it was not practicable to estimate the fair value at June 30, 2013 or December 31, 2012.

**21. Other Items**

- A. No Change  
B. No Change  
C. Other Disclosures

Expenses are shown on the Statement of Revenue and Expenses, net of administrative fees from ASO contracts. The following provides a comparison of expenses excluding ASO administrative fees and premium tax for the six months ended June 30, 2013 and 2012:

<u>Line#</u>	<u>Administrative Expenses:</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>% Change</u>
20	Claims adjustment expense	\$ 46,744,912	\$ 48,491,226	
21	General administrative expense	75,949,377	74,943,626	
	Total expense	122,694,289	123,434,852	
	ASO administrative fees	26,086,480	26,232,307	
	Premium tax	(56,884,171)	(57,188,937)	
	Expenses before ASO admin fees and excluding premium tax	<u>\$ 91,896,598</u>	<u>\$ 92,478,222</u>	(0.6%)

- D. No Change  
E. No Change  
F. No Change  
G. No Change  
H. No Change

**22. Events Subsequent**

No Change

**23. Reinsurance**

- A. No Change  
B. No Change  
C. No Change

## Notes to Financial Statement

**24. Retrospectively Rated Contracts and Contracts Subject to Redetermination**

- A. No Change
- B. No Change
  
- C. No Change
- D. No Change

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

As of December 31, 2012, the reserve for unpaid insured claims, medical incentive pool and claim adjustment expenses, net of gross healthcare receivables, was \$149,472,423. Through June 30, 2013, \$140,012,894 was paid for expenses attributable to insured events of prior years. The re-estimation of reserves for unpaid insured claims and claim adjustment expenses for 2012 and prior based on the latest information known regarding individual claims, as well as the ongoing analysis of recent loss development trends, resulted in a favorable prior-year development of \$11,199,113. The reserve remaining for prior years is \$(1,739,584) as of June 30, 2013.

**26. Intercompany Pooling Arrangements**

- A. No Change
- B. No Change
- C. No Change
- D. No Change
- E. No Change
- F. No Change
- G. No Change

**27. Structured Settlements**

No Change

**28. Health Care Receivables**

- A. No Change
- B. No Change

**29. Participating Policies**

No Change

**30. Premium Deficiency Reserves**

No Change

**31. Anticipated Salvage and Subrogation**

No Change

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes[ ] No[X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes[ ] No[ ] N/A[X]
  
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[ ] No[X]
- 2.2 If yes, date of change: .....
  
- 3.1 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes[ ] No[X]
- 3.2 If the response to 3.1 is yes, provide a brief description of those changes:
  
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes[ ] No[ ] N/A[X]  
If yes, attach an explanation.
  
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ..... 12/31/2011.....
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ..... 12/31/2011.....
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ..... 03/27/2013.....
- 6.4 By what department or departments?  
Tennessee Department of Commerce and Insurance
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes[X] No[ ] N/A[ ]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[ ] N/A[ ]
  
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[ ] No[X]
- 7.2 If yes, give full information
  
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

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

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes[X] No[ ]
  - (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
  - (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
  - (c) Compliance with applicable governmental laws, rules and regulations;
  - (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
  - (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended? Yes[X] No[ ]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
The annual review of the Code of Business Conduct resulted in non-substantive language clarifications and an updated CEO message and Company profile. The primary content and standards of the Code were unchanged. The updated Code was effective January 2013.
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes[ ] No[X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

### FINANCIAL

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

### INVESTMENT

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

## GENERAL INTERROGATORIES (Continued)

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

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes[ ] No[X]  
 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
 If no, attach a description with this statement. Yes[ ] No[ ] N/A[X]
16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- |  |          |   |
|--|----------|---|
| 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2                   | \$ ..... | 0 |
| 16.2 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ ..... | 0 |
| 16.3 Total payable for securities lending reported on the liability page                                       | \$ ..... | 0 |

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

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

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

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

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
Exempt .....	Income Research and Management .....	Two International Place 23rd Floor, Boston, MA 02110-4106 .....
705 .....	Raymond James .....	50 Front Street, Memphis, TN 38103 .....
102920 .....	JP Morgan .....	270 Park Avenue 4th Floor, New York NY 10017 .....
7927 .....	Northern Trust Guaranteed Advisors .....	50 S. LaSalle Street, Chicago, IL 60675 .....
Exempt .....	Pimco .....	840 Newport Center Drive, Newport Beach, CA 92660 .....

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

## GENERAL INTERROGATORIES

### PART 2 - HEALTH

1. Operating Percentages:	
1.1 A&H loss percent	..... 85.820%
1.2 A&H cost containment percent	..... 3.338%
1.3 A&H expense percent excluding cost containment expenses	..... 11.283%
2.1 Do you act as a custodian for health savings accounts?	Yes[ ] No[X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.	\$..... 0
2.3 Do you act as an administrator for health savings accounts?	Yes[ ] No[X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date.	\$..... 0

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

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

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

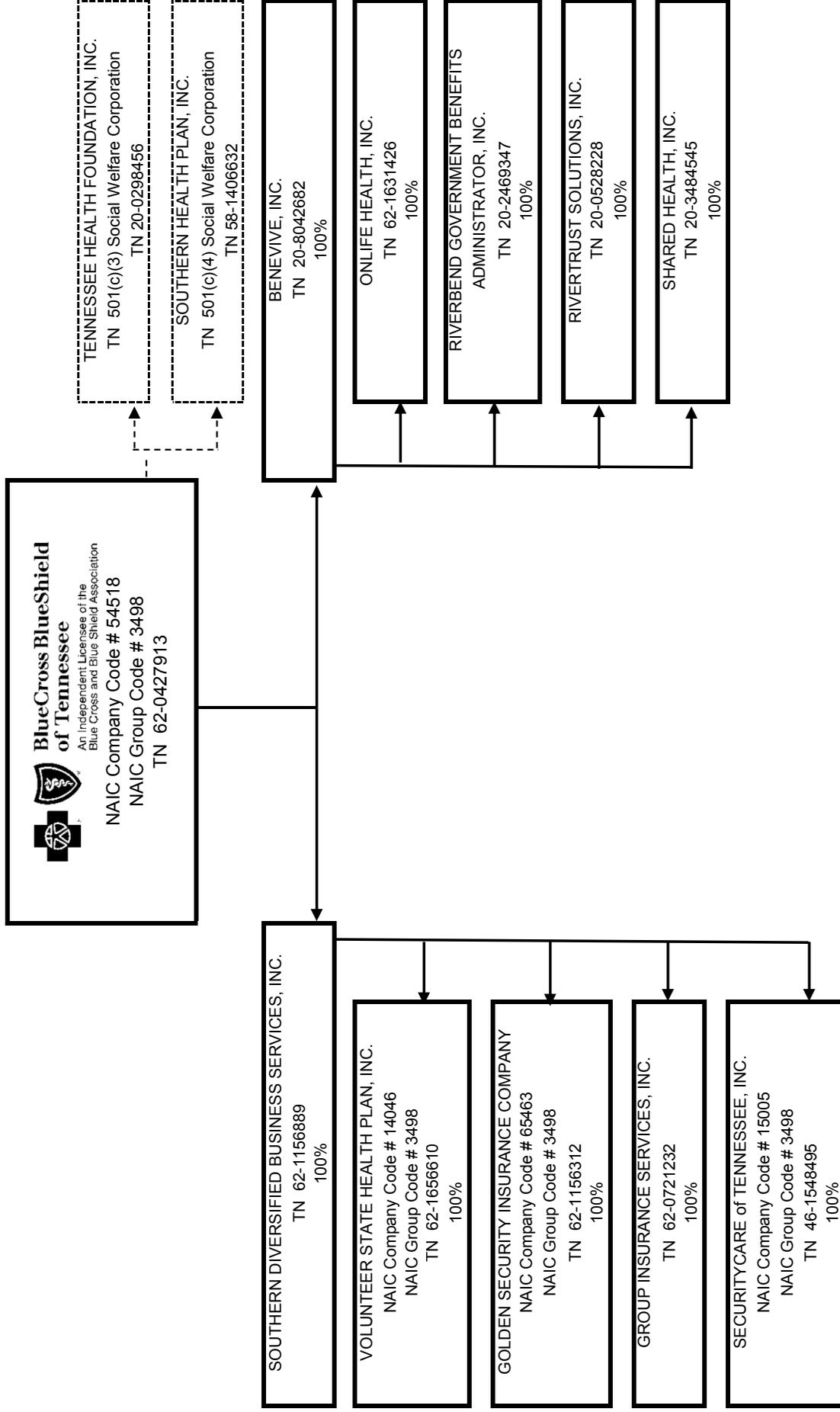
		Direct Business Only								
State, Etc.		1	2	3	4	5	6	7	8	9
		Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama (AL)	N	0	0	0	0	0	0	0	0
2.	Alaska (AK)	N	0	0	0	0	0	0	0	0
3.	Arizona (AZ)	N	0	0	0	0	0	0	0	0
4.	Arkansas (AR)	N	0	0	0	0	0	0	0	0
5.	California (CA)	N	0	0	0	0	0	0	0	0
6.	Colorado (CO)	N	0	0	0	0	0	0	0	0
7.	Connecticut (CT)	N	0	0	0	0	0	0	0	0
8.	Delaware (DE)	N	0	0	0	0	0	0	0	0
9.	District of Columbia (DC)	N	0	0	0	0	0	0	0	0
10.	Florida (FL)	N	0	0	0	0	0	0	0	0
11.	Georgia (GA)	N	0	0	0	0	0	0	0	0
12.	Hawaii (HI)	N	0	0	0	0	0	0	0	0
13.	Idaho (ID)	N	0	0	0	0	0	0	0	0
14.	Illinois (IL)	N	0	0	0	0	0	0	0	0
15.	Indiana (IN)	N	0	0	0	0	0	0	0	0
16.	Iowa (IA)	N	0	0	0	0	0	0	0	0
17.	Kansas (KS)	N	0	0	0	0	0	0	0	0
18.	Kentucky (KY)	N	0	0	0	0	0	0	0	0
19.	Louisiana (LA)	N	0	0	0	0	0	0	0	0
20.	Maine (ME)	N	0	0	0	0	0	0	0	0
21.	Maryland (MD)	N	0	0	0	0	0	0	0	0
22.	Massachusetts (MA)	N	0	0	0	0	0	0	0	0
23.	Michigan (MI)	N	0	0	0	0	0	0	0	0
24.	Minnesota (MN)	N	0	0	0	0	0	0	0	0
25.	Mississippi (MS)	N	0	0	0	0	0	0	0	0
26.	Missouri (MO)	N	0	0	0	0	0	0	0	0
27.	Montana (MT)	N	0	0	0	0	0	0	0	0
28.	Nebraska (NE)	N	0	0	0	0	0	0	0	0
29.	Nevada (NV)	N	0	0	0	0	0	0	0	0
30.	New Hampshire (NH)	N	0	0	0	0	0	0	0	0
31.	New Jersey (NJ)	N	0	0	0	0	0	0	0	0
32.	New Mexico (NM)	N	0	0	0	0	0	0	0	0
33.	New York (NY)	N	0	0	0	0	0	0	0	0
34.	North Carolina (NC)	N	0	0	0	0	0	0	0	0
35.	North Dakota (ND)	N	0	0	0	0	0	0	0	0
36.	Ohio (OH)	N	0	0	0	0	0	0	0	0
37.	Oklahoma (OK)	N	0	0	0	0	0	0	0	0
38.	Oregon (OR)	N	0	0	0	0	0	0	0	0
39.	Pennsylvania (PA)	N	0	0	0	0	0	0	0	0
40.	Rhode Island (RI)	N	0	0	0	0	0	0	0	0
41.	South Carolina (SC)	N	0	0	0	0	0	0	0	0
42.	South Dakota (SD)	N	0	0	0	0	0	0	0	0
43.	Tennessee (TN)	L	0	0	839,151,260	0	0	0	839,151,260	0
44.	Texas (TX)	N	0	0	0	0	0	0	0	0
45.	Utah (UT)	N	0	0	0	0	0	0	0	0
46.	Vermont (VT)	N	0	0	0	0	0	0	0	0
47.	Virginia (VA)	N	0	0	0	0	0	0	0	0
48.	Washington (WA)	N	0	0	0	0	0	0	0	0
49.	West Virginia (WV)	N	0	0	0	0	0	0	0	0
50.	Wisconsin (WI)	N	0	0	0	0	0	0	0	0
51.	Wyoming (WY)	N	0	0	0	0	0	0	0	0
52.	American Samoa (AS)	N	0	0	0	0	0	0	0	0
53.	Guam (GU)	N	0	0	0	0	0	0	0	0
54.	Puerto Rico (PR)	N	0	0	0	0	0	0	0	0
55.	U.S. Virgin Islands (VI)	N	0	0	0	0	0	0	0	0
56.	Northern Mariana Islands (MP)	N	0	0	0	0	0	0	0	0
57.	Canada (CAN)	N	0	0	0	0	0	0	0	0
58.	Aggregate other alien (OT)	XXX	0	0	0	0	0	0	0	0
59.	Subtotal	XXX	0	0	839,151,260	0	0	0	839,151,260	0
60.	Reporting entity contributions for Employee Benefit Plans	XXX	0	0	0	0	0	0	0	0
61.	Total (Direct Business)	(a) 1	0	0	839,151,260	0	0	0	839,151,260	0
<b>DETAILS OF WRITE-INS</b>										
5801.		XXX	0	0	0	0	0	0	0	0
5802.		XXX	0	0	0	0	0	0	0	0
5803.		XXX	0	0	0	0	0	0	0	0
5898.	Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

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

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

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



## SCHEDULE Y

### PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Comp-any Code	Federal ID Number	FEDERAL RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domic-iliary Loca-tion	Relation-ship to Report-ing Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies) / Person(s)	
3498	BlueCross BlueShield of Tennessee	54518 00000	62-0427913 62-1156889			BlueCross BlueShield of Tennessee, Inc.	TN	UIP	BlueCross BlueShield of Tennessee, Inc.	Ownership	0.0	BlueCross BlueShield of Tennessee, Inc.		
0000						Southern Diversified Business Services, Inc.	TN	UDP	Southern Diversified Business Services, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.		
3498	BlueCross BlueShield of Tennessee, Inc.	14046	62-1656610			Volunteer State Health Plan, Inc.	TN		Southern Diversified Business Services, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.		
3498	BlueCross BlueShield of Tennessee	15005	46-1548495			SecurityCare of Tennessee, Inc.	TN	IA	Southern Diversified Business Services, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.		
						Golden Security Insurance Company	TN	IA	Southern Diversified Business Services, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.		
						Group Insurance Services	TN	NIA	Southern Diversified Business Services, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.		
						BeneVive, Inc.	TN	NIA	BlueCross BlueShield of Tennessee, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.		
						Shared Health, Inc.	TN	NIA	BeneVive, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.		
						RiverTrust Solutions, Inc.	TN	NIA	BeneVive, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.		
						Riverbend Government Benefits Administrator, Inc.	TN	NIA	BeneVive, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.		
						Onlife Health, Inc.	TN	NIA	BeneVive, Inc.	Ownership	100.0	BlueCross BlueShield of Tennessee, Inc.		
0000						Tennessee Health Foundation, Inc.	TN	OTH	BlueCross BlueShield of Tennessee, Inc.	Board of Directors	0.0	BlueCross BlueShield of Tennessee, Inc.	1	
0000						Southern Health Plan	TN	OTH	BlueCross BlueShield of Tennessee, Inc.	Board of Directors	0.0	BlueCross BlueShield of Tennessee, Inc.	2	

#### Explanation

Asterisk														
0000001	BlueCross BlueShield of Tennessee, Inc.													
0000002	BlueCross BlueShield of Tennessee, Inc. appoints the Board of Tennessee Health Foundation, Inc.													
	BlueCross BlueShield of Tennessee, Inc. appoints the Board of Southern Health Plan, Inc. doing business as BlueCross BlueShield of Tennessee Community Trust													

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

**RESPONSE**

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

No

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement



1404620133650002

2013

Document Code: 365

**OVERFLOW PAGE FOR WRITE-INS****LIABILITIES, CAPITAL AND SURPLUS**

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2304. Due State of Tennessee - Premium Payable .....	0	0	0	21,899,524
2397. Summary of remaining write-ins for Line 23 (Lines 2304 through 2396) .....	0	0	0	21,899,524

**SCHEDULE A - VERIFICATION****Real Estate**

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

**SCHEDULE B - VERIFICATION****Mortgage Loans**

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

**SCHEDULE BA - VERIFICATION****Other Long-Term Invested Assets**

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

**SCHEDULE D - VERIFICATION****Bonds and Stocks**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	265,079,879	184,988,386
2. Cost of bonds and stocks acquired .....	200,208,476	266,225,791
3. Accrual of discount .....	46,388	37,207
4. Unrealized valuation increase (decrease) .....	0	20,648
5. Total gain (loss) on disposals .....	(14,304)	1,103,678
6. Deduct consideration for bonds and stocks disposed of .....	106,955,774	184,545,156
7. Deduct amortization of premium .....	2,423,707	2,629,164
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	0	121,511
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	355,940,958	265,079,879
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11) .....	355,940,958	265,079,879

## SCHEDULE D - PART 1B

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

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a)	419,551,306	503,916,442	499,277,932	(1,349,120)	419,551,306	422,840,696	0	437,091,297
2. Class 2 (a)	0	0	0	0	0	0	0	0
3. Class 3 (a)	0	0	0	0	0	0	0	0
4. Class 4 (a)	0	0	0	0	0	0	0	0
5. Class 5 (a)	0	0	0	0	0	0	0	0
6. Class 6 (a)	0	0	0	0	0	0	0	0
7. Total Bonds	419,551,306	503,916,442	499,277,932	(1,349,120)	419,551,306	422,840,696	0	437,091,297
<b>PREFERRED STOCK</b>								
8. Class 1	0	0	0	0	0	0	0	0
9. Class 2	0	0	0	0	0	0	0	0
10. Class 3	0	0	0	0	0	0	0	0
11. Class 4	0	0	0	0	0	0	0	0
12. Class 5	0	0	0	0	0	0	0	0
13. Class 6	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	419,551,306	503,916,442	499,277,932	(1,349,120)	419,551,306	422,840,696	0	437,091,297

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....41,032,317; 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 .....	66,899,737	X X X	66,927,187	55,486	11,055

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

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	169,312,724	86,557,761
2. Cost of short-term investments acquired .....	938,812,403	2,537,843,673
3. Accrual of discount .....	1,132	4,416
4. Unrealized valuation increase (decrease) .....	(1,132)	(4,416)
5. Total gain (loss) on disposals .....	903	(182)
6. Deduct consideration received on disposals .....	1,041,176,202	2,455,000,852
7. Deduct amortization of premium .....	50,091	87,676
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	66,899,737	169,312,724
11. Deduct total nonadmitted amounts .....	0	0
12. Statement value at end of current period (Line 10 minus Line 11) .....	66,899,737	169,312,724

## SCHEDULE DB - PART A - VERIFICATION

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

1.	Book Adjusted Carrying Value, December 31, prior year (Line 9, prior year) .....	0
2.	Cost Paid/(Consideration Received) on additions .....	0
3.	Unrealized Valuation increase/(decrease) .....	0
4.	Total gain (loss) on termination recognized .....	0
5.	Considerations received/(paid) on terminations .....	0
6.	Amortization .....	0
7.	Adjustment to the Book/Adjusted Carrying Value of hedged item .....	0
8.	Total foreign exchange change in Book/Adjusted Carrying value .....	0
9.	Book/Adjusted Carrying Value at End of Current Period (Lines 1 + 2 + 3 + 4 - 5 + 6 + 7 + 8) .....	0
10.	Deduct nonadmitted assets .....	0
11.	Statement value at end of current period (Line 9 minus Line 10) .....	0

NONE

## SCHEDULE DB - PART B - VERIFICATION

### Futures Contracts

1.	Book/Adjusted Carrying Value, December 31 of prior year (Line 6, prior year) .....				0
2.	Cumulative cash change (Section 1, Broker Name/Net Cash Deposits Footnote - Cumulative Cash Change column) .....				0
3.1	Add:				
	Change in variation margin on open contracts - Highly Effective Hedges				
	3.11 Section 1, Column 15, current year to date minus .....	0			
	3.12 Section 1, Column 15, prior year .....	0	0		
	Change in variation margin on open contracts - All Other				
	3.13 Section 1, Column 18, current year to date minus .....	0			
	3.14 Section 1, Column 18, prior year .....	0	0	0	
3.2	Add:				
	Change in adjustment to basis of hedged item				
	3.21 Section 1, Column 17, current year to date minus .....	0			
	3.22 Section 1, Column 17, prior year .....	0	0		
	Change in amount recognized				
	3.23 Section 1, Column 19, current year to date minus .....	0			
	3.24 Section 1, Column 19, prior year .....	0	0	0	
3.3	Subtotal (Line 3.1 minus Line 3.2) .....				0
4.1	Cumulative variation Margin on terminated contracts during the year .....			0	
4.2	Less:				
	4.21 Amount used to adjust basis of hedged item .....	0			
	4.22 Amount recognized .....	0	0		
4.3	Subtotal (Line 4.1 minus Line 4.2) .....				0
5.	Dispositions gains (losses) on contracts terminated in prior year:				
	5.1 Total gain (loss) recognized for terminations in prior year .....				0
	5.2 Total gain (loss) adjusted into the hedged item(s) for terminations in prior year .....				0
6.	Book/Adjusted Carrying Value at end of current period (Lines 1 + 2 + 3.3 - 4.3 - 5.1 - 5.2) .....				0
7.	Deduct total nonadmitted amounts .....				0
8.	Statement value at end of current period (Line 6 minus Line 7) .....				0

NONE

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

1	Replication (Synthetic Asset) Transactions				Components of the Replication (Synthetic Asset) Transactions										
	2 Description	3 NAIC Designation or Other Description	4 Notional Amount	5 Book/Adjusted Carrying Value	6 Fair Value	7 Effective Date	8 Maturity Date	9 Description	10 Book/Adjusted Carrying Value	11 Fair Value	12 CUSIP	13 Description	14 NAIC Designation or Other Description	15 Book/Adjusted Carrying Value	16 Fair Value
						<b>NONE</b>									
9999999 Totals				0	0	XXX	XXX	XXX	0	0	XXX	XXX	XXX	0	0

## 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	0	0	0	0	0	0	0	0	0	0
2. Add: Opened or Acquired Transactions	0	0	0	0	0	0	0	0	0	0
3. Add: Increases in Replication (Synthetic Asset) Transactions										
Statement Value	X X X	0	<b>NONE</b>		X X X	0	X X X	0	X X X	0
4. Less: Closed or Disposed of Transactions	0	0	0	0	0	0	0	0	0	0
5. Less: Positions Disposed of for Failing Effectiveness Criteria	0	0	0	0	0	0	0	0	0	0
6. Less: Decreases in Replication (Synthetic Asset) Transactions	X X X	0	X X X	0	X X X	0	X X X	0	X X X	0
7. Ending Inventory	0	0	0	0	0	0	0	0	0	0

**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 .....	0	
2.	Part B, Section 1, Column 15 plus Part B, Section 1 Footnote - Total Ending Cash Balance .....	0	
3.	Total (Line 1 plus Line 2) .....		0
4.	Part D, Section 1, Column 5 .....	0	
5.	Part D, Section 1, Column 6 .....	0	
6.	Total (Line 3 minus Line 4 minus Line 5) .....		0

		Fair Value Check	
7.	Part A, Section 1, Column 16 .....	0	
8.	Part B, Section 1, Column 13 .....	0	
9.	Total (Line 7 plus Line 8) .....		0
10.	Part D, Section 1, Column 8 .....	0	
11.	Part D, Section 1, Column 9 .....	0	
12.	Total (Line 9 minus Line 10 minus Line 11) .....		0

**NONE**

		Potential Exposure Check	
13.	Part A, Section 1, Column 21 .....	0	
14.	Part B, Section 1, Column 20 .....	0	
15.	Part D, Section 1, Column 11 .....	0	
16.	Total (Line 13 plus Line 14 minus Line 15) .....		0

**SCHEDULE E - Verification**  
(Cash Equivalents)

		1	2
		Year To Date	Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year .....	2,698,694	35,159,655
2.	Cost of cash equivalents acquired .....	42,567,113	3,793,799,709
3.	Accrual of discount .....	570	1,563
4.	Unrealized valuation increase (decrease) .....	(570)	(1,563)
5.	Total gain (loss) on disposals .....	0	0
6.	Deduct consideration received on disposals .....	45,265,807	3,826,260,670
7.	Deduct amortization of premium .....	0	0
8.	Total foreign exchange change in book/adjusted carrying value .....	0	0
9.	Deduct current year's other than temporary impairment recognized .....	0	0
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) .....	0	2,698,694
11.	Deduct total nonadmitted amounts .....	0	0
12.	Statement value at end of current period (Line 10 minus Line 11) .....	0	2,698,694

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

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	2	3 State						
<b>NONE</b>								
0399999 Totals					0	0	0	0

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

1 Description of Property	Location		4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Expended for Additions, Permanent Improvements and Changes in Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances Prior Year	9 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.	14 Book/Adjusted Carrying Value Less Encumbrances on Disposal	15 Amounts Received During Year	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	19 Gross Income Earned Less Interest Incurred on Encumbrances	20 Taxes, Repairs and Expenses Incurred			
	2	3 State																				
<b>NONE</b>																						
0399999 Totals														0	0	0	0	0	0	0	0	0

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

1 Loan Number	2 Location		4 Loan Type	5 Date Acquired	6 Rate of Interest	7 Actual Cost at Time of Acquisition	8 Additional Investment Made After Acquisition	9 Value of Land and Buildings	
	3 City	3 State							
<b>NONE</b>									
3399999 Total Mortgages (sum of Lines 0899999, 1699999, 2499999 and 3299999)							0	0	0

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

1 Loan Number	2 Location		4 Loan Type	5 Date Acquired	6 Disposal Date	7 Book Value/Recorded Investment Excluding Accrued Interest Prior Year	8 Unrealized Valuation Increase (Decrease)	9 Current Year's (Amortization)/ Accretion	10 Current Year's Other Than Temporary Impairment Recognized	11 Capitalized Deferred Interest and Other	12 Total Change in Book Value (8-9+10+11)	13 Total Foreign Exchange Change in Book Value	14 Book Value/Recorded Investment Excluding Accrued Interest on Disposal	15 Consideration	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	
	<b>NONE</b>																	
0599999 Totals														0	0	0	0	0



## SCHEDULE D - PART 3

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

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
<b>Bonds - U.S. Governments</b>									
912828RF9	U S TREASURY NOTE		06/25/2013	VARIOUS	XXX	6,723,307	6,617,000	14,929	1
912828RV4	U S TREASURY NOTE		04/16/2013	Credit Suisse	XXX	8,004,375	8,000,000	6,758	1
0599999	Subtotal - Bonds - U.S. Governments				XXX	14,727,682	14,617,000	21,687	XXX
<b>Bonds - U.S. Special Revenue, Special Assessment</b>									
313383GS4	FEDERAL HOME LN BK CONS BD		05/28/2013	Toronto Dominion Secs USA	XXX	1,000,000	1,000,000	0	1
3134G4V9	FEDERAL HOME LN MTG CORP		04/26/2013	BMO Capital Markets Corp.	XXX	2,999,970	3,000,000	0	1
31300LW50	FILMC POOL #84-8768		05/01/2013	Goldman Sachs NY	XXX	7,556,974	7,096,792	10,339	1
3137AJYX6	FILMC MULTICLASS MTG 3977 AD		05/22/2013	Barclays	XXX	2,463,217	2,376,511	5,347	1
3136ADZT9	FNMA GTD REMIC PTT 13-M5 ASQ2		04/15/2013	Citigroup GBL	XXX	2,972,000	2,972,000	1,424	1
842475WF8	STHRN CALIFORNIA ST PUBLIC PWR		05/21/2013	Raymond James	XXX	612,080	500,000	866	1FE
3199999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment				XXX	17,604,241	16,945,303	17,976	XXX
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>									
0040EAJ6	ACE INA HOLDINGS INC		04/04/2013	VARIOUS	XXX	351,723	301,000	2,415	1FE
001055AH5	AFLAC INC		04/02/2013	JPMorgan Securities Inc.	XXX	1,467,102	1,400,000	5,153	1FE
02006KAB1	ALLY AUTO RECEIVABLES T SN1 A2		05/30/2013	Citigroup GBL	XXX	2,679,750	2,680,000	0	1FE
03065BAB7	AMERICREDIT AUTOMOBILE RE 3 A2		06/13/2013	Barclays Cap	XXX	2,999,999	3,000,000	0	1FE
037833AG5	APPLE INC		04/30/2013	Goldman Sachs NY	XXX	2,006,000	2,006,000	0	1FE
084664BS9	BERKSHIRE HATHAWAY FINANCE COR		05/20/2013	VARIOUS	XXX	1,594,292	1,560,000	555	1FE
14313WAB0	CARMAX AUTO OWNER TRUST 2 A2		05/09/2013	Barclays Cap	XXX	1,899,945	1,900,000	0	1FE
166764AE0	CHEVRON CORP		06/17/2013	Barclays Capital	XXX	821,000	821,000	0	1FE
286648AP7	EMC CORP/MA		06/03/2013	Merrill Lynch	XXX	1,329,242	1,330,000	0	1FE
34528QAU8	FORD CREDIT FLOORPLAN MAS 5 A1		06/10/2013	Deutsche Bank Secs	XXX	1,002,695	1,000,000	1,167	1FE
36962G4C5	GENERAL ELECTRIC CAP CORP		05/01/2013	First Tennessee	XXX	984,412	931,000	25,980	1FE
36962G5W0	GENERAL ELECTRIC CAPITAL CORP		04/16/2013	Citigroup GBL	XXX	523,686	504,000	5,538	1FE
41283YAB3	HARLEY-DAVIDSON MOTORCYCL 1 A2		04/16/2013	Citigroup GBL	XXX	2,199,872	2,200,000	0	1FE
43814EAB1	HONDA AUTO RECEIVABLES OW 2 A2		04/17/2013	Credit Suisse	XXX	2,499,789	2,500,000	0	1FE
44890LAB0	HYUNDAI AUTO RECEIVABLES B A2		06/19/2013	Credit Suisse	XXX	2,299,989	2,300,000	0	1FE
24422ERQ4	JOHN DEERE CAPITAL CORP		05/30/2013	Keybank Capital Mkts	XXX	1,637,454	1,625,000	1,589	1FE
46625HCE8	JPMORGAN CHASE & CO		05/31/2013	JPMorgan Securities Inc.	XXX	1,118,838	1,050,000	13,023	1FE
58768VAB7	MERCEDES-BENZ AUTO LEASE A A2		04/16/2013	Montgomery Secs	XXX	2,099,988	2,100,000	0	1FE
93114ZCT8	WAL-MART STORES INC		05/23/2013	VARIOUS	XXX	1,143,290	1,100,000	9,434	1FE
94974BFA3	WELLS FARGO & CO		05/06/2013	BNP Paribas Securities	XXX	1,517,790	1,500,000	4,479	1FE
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				XXX	32,176,856	31,808,000	69,333	XXX
8399997	Subtotal - Bonds - Part 3				XXX	64,508,779	63,370,303	108,996	XXX
8399999	Subtotal - Bonds				XXX	64,508,779	63,370,303	108,996	XXX
9899999	Subtotal - Preferred and Common Stocks				XXX	0	XXX	0	XXX
9999999	Total - Bonds, Preferred and Common Stocks				XXX	64,508,779	XXX	108,996	XXX

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

## SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value				16	17	18	19	20	21	22
										11	12	13	14							
CUSIP Identification	Description	Disposal	Name of Purchaser	Number of Shares of Stock	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Years (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Contractual Maturity Date	NAIC Designation or Market Indicator (e)	
<b>Bonds - U.S. Governments</b>																				
83162CP22	SBA GTD PARTN CITS 2005-20F 1	06/03/2013	PRINCIPAL RECEIPT	XXX	383,939	427,852	427,852	0	(44,024)	0	(44,024)	0	383,939	0	0	0	9,088	06/01/2025	1	
83162CRA3	SBA GTD PARTN CITS 2007-20E 1	05/01/2013	PRINCIPAL RECEIPT	XXX	66,987	75,854	75,854	0	34	0	34	0	76,126	0	(10,139)	(10,139)	1,831	05/01/2027	1	
912828RF9	U.S. TREASURY NOTE	06/04/2013	VARIOUS	XXX	3,839,978	3,852,200	3,852,200	0	(3,402)	0	(3,402)	0	3,848,800	0	(8,821)	(8,821)	9,213	08/31/2016	1	
912828TF5	U.S. TREASURY NOTE	05/31/2013	VARIOUS	XXX	2,048,028	2,045,559	2,045,559	0	625	0	625	0	2,046,184	0	1,844	1,844	3,595	09/15/2015	1	
0595999	Subtotal - Bonds - U.S. Governments			XXX	6,337,932	6,401,467	6,401,467	0	(46,767)	0	(46,767)	0	6,355,049	0	(17,116)	(17,116)	23,727	XXX	XXX	
<b>Bonds - U.S. Political Subdivisions of States, Territories and Possessions</b>																				
491189FC5	KENTUCKY ASSET / LIABILITY COM	04/01/2013	Sink PMT @ 100,000,000.00	XXX	292,337	305,979	210,517	0	(12,742)	0	(12,742)	0	292,337	0	0	0	4,626	04/01/2018	1FE	
2495999	Subtotal - Bonds - U.S. Political Subdivisions of States, Territories and Possessions			XXX	292,337	305,979	210,517	0	(12,742)	0	(12,742)	0	292,337	0	0	0	4,626	XXX	XXX	
<b>Bonds - U.S. Special Revenue, Special Assessment</b>																				
313382LR2	FEDERAL HOME LN BK CONS BD	05/15/2013	CALLED @ 100,000,000.00	XXX	2,000,000	2,000,000	0	0	0	0	0	0	2,000,000	0	0	0	417	04/15/2014	1	
313432UA8	FEDERAL HOME LN MTG CORP	04/30/2013	Morgan Stanley	XXX	1,515,465	1,513,944	1,508,593	0	(1,728)	0	(1,728)	0	1,506,864	0	8,601	8,601	10,458	08/20/2014	1	
312855LE2	FILMC POOL #10-1225	06/01/2013	PRINCIPAL RECEIPT	XXX	202,187	216,656	216,656	0	(9,236)	0	(9,236)	0	207,294	0	(5,107)	(5,107)	1,676	11/01/2036	1	
312855EP0	FILMC POOL #10-4226	06/01/2013	PRINCIPAL RECEIPT	XXX	244,763	262,250	262,250	0	(7,350)	0	(7,350)	0	254,900	0	(10,137)	(10,137)	2,234	11/01/2037	1	
31342A5L9	FILMC POOL #78-0851	06/01/2013	PRINCIPAL RECEIPT	XXX	23,912	24,688	24,688	0	(722)	0	(722)	0	23,912	0	0	0	224	09/01/2033	1	
31300LU60	FILMC POOL #64-8768	06/01/2013	VARIOUS	XXX	3,871,666	3,875,187	3,875,187	0	(3,599)	0	(3,599)	0	3,871,588	0	78	78	5,223	12/01/2035	1	
31334YR63	FILMC MULTICLASS CTRS 2802 VE	06/17/2013	PRINCIPAL RECEIPT	XXX	88,040	93,571	90,242	0	(2,202)	0	(2,202)	0	86,040	0	(3,199)	(3,199)	2,210	04/15/2015	1	
31333NKZ4	FILMC MULTICLASS MTG	06/17/2013	PRINCIPAL RECEIPT	XXX	195,326	210,220	209,173	0	(10,646)	0	(10,646)	0	196,525	0	(3,199)	(3,199)	3,792	03/15/2018	1	
31339RD4	FILMC MULTICLASS MTG	06/17/2013	PRINCIPAL RECEIPT	XXX	34,211	35,954	35,303	0	(1,014)	0	(1,014)	0	34,289	0	(78)	(78)	600	07/15/2018	1	
31397CYB9	FILMC MULTICLASS MTG 3253 A	06/17/2013	PRINCIPAL RECEIPT	XXX	28,182	28,880	28,182	0	(591)	0	(591)	0	28,182	0	0	0	551	08/15/2020	1	
3137ACT41	FILMC MULTICLASS MTG 3902 MA	06/17/2013	PRINCIPAL RECEIPT	XXX	157,309	169,058	168,555	0	(8,611)	0	(8,611)	0	159,943	0	(2,635)	(2,635)	2,763	07/15/2023	1	
3137AJYX6	FILMC MULTICLASS MTG 3977 AD	06/17/2013	PRINCIPAL RECEIPT	XXX	75,478	78,232	75,478	0	(485)	0	(485)	0	75,478	0	0	0	189	09/15/2029	1	
3139ZAZE2	FILMC POOL #78-0741	06/01/2013	PRINCIPAL RECEIPT	XXX	16,552	17,077	17,077	0	(485)	0	(485)	0	16,552	0	(27)	(27)	127	07/01/2033	1	
31395LAD3	FILMC POOL #78-0741	06/17/2013	PRINCIPAL RECEIPT	XXX	30,945	32,395	32,012	0	(1,041)	0	(1,041)	0	30,971	0	(27)	(27)	554	02/15/2019	1	
31403DH9	FNMA POOL #0745530	06/01/2013	PRINCIPAL RECEIPT	XXX	14,098	16,001	16,001	0	(524)	0	(524)	0	14,616	0	(518)	(518)	250	04/01/2016	1	
31418MEX6	FNMA POOL #040D149	06/01/2013	PRINCIPAL RECEIPT	XXX	2,913	3,438	3,438	0	(524)	0	(524)	0	2,913	0	0	0	39	06/01/2018	1	
3139EJPA0	FNMA POOL #0AL2216	06/01/2013	PRINCIPAL RECEIPT	XXX	194,791	208,669	208,669	0	(10,950)	0	(10,950)	0	197,617	0	(2,826)	(2,826)	1,491	09/01/2039	1	
31394AV69	FNMA GTD REMIC PIT	04/01/2013	PRINCIPAL RECEIPT	XXX	83,300	84,237	84,066	0	(766)	0	(766)	0	83,300	0	0	0	1,885	11/25/2030	1	
31397VK2	FNMA GTD REMIC PIT 08-51 BC	06/01/2013	PRINCIPAL RECEIPT	XXX	10,440	11,031	11,476	0	(4,347)	0	(4,347)	0	10,440	0	0	0	1,716	08/25/2023	1	
31396QZW2	FNMA GTD REMIC PIT 09-70 NT	06/01/2013	PRINCIPAL RECEIPT	XXX	35,161	36,610	35,770	0	(688)	0	(688)	0	35,161	0	0	0	719	08/25/2019	1	
3136ATHC2	FNMA GTD REMIC PIT 11-98 VC	06/01/2013	PRINCIPAL RECEIPT	XXX	21,242	22,822	21,242	0	(1,580)	0	(1,580)	0	21,242	0	0	0	63	07/25/2023	1	
31397UXA2	FNMA GTD REMIC PIT 2011-61 IMG	06/01/2013	PRINCIPAL RECEIPT	XXX	112,646	119,947	118,957	0	(6,211)	0	(6,211)	0	112,646	0	0	0	761	07/25/2026	1	
3195999	Subtotal - Bonds - U.S. Special Revenue, Special Assessment			XXX	9,058,647	9,165,973	3,171,007	0	(76,188)	0	(76,188)	0	9,074,493	0	(15,848)	(15,848)	37,942	XXX	XXX	
<b>Bonds - Industrial and Miscellaneous (Unaffiliated)</b>																				
001055AE2	AFLAC INC	04/02/2013	Stifel Nicolaus	XXX	1,487,760	1,495,368	1,491,079	0	(8,682)	0	(8,682)	0	1,482,397	0	5,383	5,383	30,856	08/15/2015	1FE	
02003MBQ6	ALLSTATE LIFE GLOBAL FDG SECD	04/30/2013	MATURITY	XXX	1,245,000	1,358,432	1,258,340	0	(13,340)	0	(13,340)	0	1,245,000	0	0	0	33,459	04/30/2013	1FE	
02005WAB6	ALLY AUTO RECEIVABLES TR 5A2	05/15/2013	PRINCIPAL RECEIPT	XXX	82,010	82,010	82,010	0	0	0	0	0	82,010	0	0	0	231	06/16/2014	1FE	
039483AN2	ARCHER-DANIELS-MIDLAND CO	04/11/2013	VARIOUS	XXX	1,633,049	1,613,708	1,614,010	0	233	0	233	0	1,614,242	0	18,806	18,806	9,237	02/15/2014	1FE	
07883FN3	BEAR STEARNS COMMERCIAL T12 A4	06/13/2013	PRINCIPAL RECEIPT	XXX	737,486	754,040	739,686	0	(14,942)	0	(14,942)	0	738,088	0	(602)	(602)	12,229	08/13/2039	1FM	
07385TAN5	BEAR STEARNS COS LLC/THE	06/13/2013	Lehman Bros Inc	XXX	1,124,855	1,152,702	1,137,523	0	(19,316)	0	(19,316)	0	1,118,207	0	6,648	6,648	33,250	11/15/2014	1FE	
14041NED9	CAPITAL ONE MULTI-ASSET A3	04/15/2013	PRINCIPAL RECEIPT	XXX	900,000	957,340	925,211	0	(25,111)	0	(25,111)	0	900,000	0	0	0	15,150	07/15/2016	1FE	
14313GAB3	CARMAX AUTO OWNER TRUST 1 A2	06/17/2013	PRINCIPAL RECEIPT	XXX	144,541	144,541	144,541	0	0	0	0	0	144,541	0	0	0	354	03/16/2015	1FE	
14312AAB7	CARMAX AUTO OWNER TRUST 3 A2	06/17/2013	PRINCIPAL RECEIPT	XXX	134,637	134,527	134,527	0	0	0	0	0	134,527	0	0	0	300	11/17/2014	1FE	
14932LAL2	CATERPILLAR FINANCIAL SERVICES	04/05/2013	MATURITY	XXX	900,000	915,687	902,752	0	(2,752)	0	(2,752)	0	900,000	0	0	0	9,000	04/05/2013	1FE	
128137AC4	CHIGROUP/DEUTSCHE BAN CD4 A2B	06/01/2013	PRINCIPAL RECEIPT	XXX	8,313	8,424	8,424	0	(111)	0	(111)	0	8,313	0	0	0	148	12/11/2049	1FM	
12816VAC6	CNH EQUIPMENT TRUST C A3	04/18/2013	Montgomery Secs	XXX	905,941	906,268	655,764	0	(1,286)	0	(1,286)	0	906,266	0	(304)	(304)	3,312	12/15/2016	1FE	
36530AAB1	FORD CREDIT AUTO OWNER D A2	06/17/2013	PRINCIPAL RECEIPT	XXX	529,320	543,798	534,603	0	(7,397)	0	(7,397)	0	527,406	0	1,914	1,914	2,222	09/15/2015	1FE	
36862GAC5	GENERAL ELECTRIC CAP CORP	04/16/2013	Salomon Brothers	XXX	711,221	711,418	711,731	0	(510)	0	(510)	0	711,221	0	0	0	1,477	05/13/2014	1FE	
41283TAB4	HARLEY-DAVIDSON MOTORCYCL 1 A2	06/17/2013	PRINCIPAL RECEIPT	XXX	147,142	147,418	147,294	0	(152)	0	(152)	0	147,142	0	0	0	586	05/15/2015	1FE	
41283TAC2	HARLEY-DAVIDSON MOTORCYCL 1 A3	05/31/2013	Alex Brown & Sons	XXX	1,046,837	1,047,123	1,046,809	0	(437)	0	(437)	0	1,046,372	0	465	465	3,316	04/17/2017	1FE	
41283KAD9	HARLEY-DAVIDSON MOTORCYCL 1 A4	06/17/2013	PRINCIPAL RECEIPT	XXX	84,074	84,022	84,022	0	0	0	0	0	84,074	0	0	0	643	12/15/2014	1FE	
43813EAB2	HONDA AUTO RECEIVABLES 2 A2	06/17/2013	PRINCIPAL RECEIPT	XXX	281,346	281,345	281,345	0	0	0	0	0	281,346	0	0	0	653	11/17/2014	1FE	
4480ALB5	HUNDAI AUTO RECEIVABLES A 2	05/30/2013	Namura Secs NY	XXX	1,065,750	1,066,000	1,065,931	0	26	0	26	0	1,065,956	0	(206)	(206)	1,433	12/15/2015	1FE	
4480KAB2	HUNDAI AUTO RECEIVABLES C A2	06/17/2013	PRINCIPAL RECEIPT	XXX	171,168	171,157	171,160	0	(9)	0	(9)	0	171,168	0	0	0	73	08/17/2015	1FE	
4478AAB2	HUNDAI AUTO RECEIVABLES C A2	06/17/2013	PRINCIPAL RECEIPT	XXX	314,513	314,509	314,512	0	8	0	8	0	314,513	0	0	0	409	07/15/2014	1FE	
47787BAB1	JOHN DEERE OWNER TRUST A 2	05/30/2013	VARIOUS	XXX	4,160,932	4,159,881	4,159,985	0	45	0	45	0	4,159,980	0	982	982	8,095	06/16/2014	1FE	

## SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value				16	17	18	19	20	21	22
										11	12	13	14							
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
46225MA66	JP MORGAN CHASE COMMERC LNT A2	06/17/2013	PRINCIPAL RECEIPT	XXX	444,566	444,566	457,764	455,728	0	(11,163)	0	(11,163)	0	444,566	0	0	0	9,733	10/15/2037	IFM
50780CAB6	LB-UBS COMMERCIAL MORTGA C7 A2	06/30/2013	PRINCIPAL RECEIPT	XXX	202,677	202,677	214,141	202,677	0	(11,464)	0	(11,464)	0	202,677	0	0	0	2,685	11/15/2038	IFM
65476LAB7	NISSAN AUTO LEASE TRUST B A2A	06/17/2013	PRINCIPAL RECEIPT	XXX	80,934	80,934	80,946	80,934	0	(13)	0	(13)	0	80,934	0	0	0	120	06/15/2015	IFE
65475UAB8	NISSAN AUTO RECEIVABLES O A A2	06/17/2013	PRINCIPAL RECEIPT	XXX	194,925	194,925	194,907	194,923	0	2	0	2	0	194,925	0	0	0	439	10/15/2014	IFE
65475QAB7	NISSAN AUTO RECEIVABLES O B A2	06/17/2013	PRINCIPAL RECEIPT	XXX	170,763	170,763	170,746	170,759	0	4	0	4	0	170,763	0	0	0	527	09/15/2014	IFE
65476GAB8	NISSAN AUTO RECEIVABLES O B A2	06/17/2013	PRINCIPAL RECEIPT	XXX	542,925	542,925	543,116	543,110	0	(185)	0	(185)	0	542,925	0	0	0	944	04/15/2015	IFE
713448BU1	PEPSICO INC	05/10/2013	MATURITY	XXX	1,000,000	1,000,000	999,370	999,820	0	180	0	180	0	1,000,000	0	0	0	1,884	05/10/2013	IFE
716172AB5	PHILIP MORRIS INTERNATIONAL IN	04/02/2013	First Union Capital	XXX	803,672	800,000	803,776	800,000	0	(131)	0	(131)	0	803,645	0	27	27	500	03/05/2015	IFE
92867FAB1	VOLKSWAGEN AUTO LEASE TRU A A2	05/16/2013	MATURITY	XXX	650,000	650,000	646,800	659,407	0	(9,407)	0	(9,407)	0	650,000	0	0	0	15,844	05/16/2013	IFE
929786CS6	WACHOVIA BANK COMMERCIAL C5 A2	05/15/2013	PRINCIPAL RECEIPT	XXX	50,700	50,700	50,700	50,700	0	0	0	0	0	50,700	0	0	0	169	02/20/2014	IFE
96158KACS	WORLD OMNI AUTO RECEIVABL A A3	06/17/2013	PRINCIPAL RECEIPT	XXX	337,659	337,659	343,357	342,187	0	(4,538)	0	(4,538)	0	337,659	0	0	0	4,685	06/15/2036	IFM
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)			XXX	22,693,447	22,471,311	23,008,891	19,793,622	0	(132,676)	0	(132,676)	0	22,660,334	0	33,113	33,113	811	09/15/2015	IFE
8399997	Subtotal - Bonds - Part 4			XXX	38,382,363	37,856,298	38,882,310	23,679,201	0	(268,376)	0	(268,376)	0	38,382,213	0	149	149	283,472	X X X	X X X
8399999	Subtotal - Bonds			XXX	38,382,363	37,856,298	38,882,310	23,679,201	0	(268,376)	0	(268,376)	0	38,382,213	0	149	149	283,472	X X X	X X X
9899999	Subtotal - Preferred and Common Stocks			XXX	0	X X X	0	0	0	0	0	0	0	0	0	0	0	0	X X X	X X X
9899999	Total - Bonds, Preferred and Common Stocks			XXX	38,382,363	X X X	38,882,310	23,679,201	0	(268,376)	0	(268,376)	0	38,382,213	0	149	149	283,472	X X X	X X X

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

**SCHEDULE DB - PART A - SECTION 1**

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23																					
Description	Description of Item(s) Hedged, Used for Income Generation or Replicated	Schedule/ Exhibit Identifier	Type(s) of Risk(s) (e)	Exchange, Counterparty or Central Clearinghouse	Trade Date	Date of Maturity or Expiration	Number of Contracts	National Amount	Strike Price, Rate or Indexed Received (Paid)	Cumulative Prior Year(s) Initial Cost of Premium (Received) Paid	Current Year Initial Cost of Premium (Received) Paid	Current Year Income	Book/ Adjusted Carrying Value	Code	Fair Value	Unrealized Valuation Increase/ (Decrease)	Total Foreign Exchange Change in B/A/C.V.	Current Years (Amortization) Accretion	Adjustment to Carrying Value of Hedged Item	Potential Exposure	Credit Quality of Reference Entity	Hedge Effectiveness at inception and at Quarter end (b)																					
144999 Totals																						0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX

(a)

1	2
Code	Description of Hedged Risk(s)
	<b>NONE</b>

(b)

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

# SCHEDULE DB - PART B - SECTION 1

## Future Contracts Open as of the Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	Highly Effective Hedges			18	19	20	21	22																				
Ticker Symbol	Number of Contracts	Notional Amount	Description	Description of Item(s) Hedged, Used for Income Generation or Replicated	Schedule/ Exhibit Identifier	Type(s) of Risk(s) (a)	Date of Maturity or Expiration	Exchange	Trade Date	Transaction Price	Reporting Date Price	Fair Value	Book/ Adjusted Carrying Value	15	16	17	All Other	Change in Variation Margin	Potential Exposure	Hedge Effectiveness at Inception and at Quarter-end (b)	Value of One (1) Point																				
														Cumulative Variation Margin	Deferred Variation Margin	Change in Variation Margin Used to Adjust Basis of Hedged Item	Cumulative Variation Margin	Change in Variation Margin Recognized in Current Year																							
1449999 Totals .....																						0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1	2	3	4
Broker Name	Beginning Cash Balance	Cumulative Cash Change	Ending Cash Balance
9999999 Total - Net Cash Deposits .....	0	0	0

(a)	1	
	Code	NONE

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

**SCHEDULE DB - PART D - SECTION 1**

Counterparty Exposure for Derivative Instruments Open as of Current Statement Date

1 Description of Exchange, Counterparty or Central Clearinghouse	2 Master Agreement (Y or N)	3 Credit Support Annex (Y or N)	4 Fair Value of Acceptable Collateral	Book/Adjusted Carrying Value		7 Exposure net of Collateral	Fair Value		11 Potential Exposure	12 Off-Balance Sheet Exposure
				5 Contracts With Book/ Adjusted Carrying Value > 0	6 Contracts With Book/ Adjusted Carrying Value < 0		8 Contracts With Fair Value > 0	9 Contracts With Fair Value < 0		
<b>NONE</b>										
0999999 Total (Sum of 0199999, 0299999, 0399999, 0499999, 0599999, 0699999 & 0799999)				0	0	0	0	0	0	0

## SCHEDULE DB - PART D - SECTION 2

Collateral for Derivative Instruments Open as of Current Statement Date

**Collateral Pledged by Reporting Entity**

1 Exchange, Counterparty or Central Clearinghouse	2 Type of Asset Pledged	3 CUSIP Identification	4 Description	5 Fair Value	6 Par Value	7 Book/Adjusted Carrying Value	8 Maturity Date	9 Type of Margin (I, V or IV)
<b>NONE</b>								
0199999 Total				0	0	0	XXX	XXX

## SCHEDULE DB - PART D - SECTION 2

Collateral for Derivative Instruments Open as of Current Statement Date

**Collateral Pledged to Reporting Entity**

1 Exchange, Counterparty or Central Clearinghouse	2 Type of Asset Pledged	3 CUSIP Identification	4 Description	5 Fair Value	6 Par Value	7 Book/Adjusted Carrying Value	8 Maturity Date	9 Type of Margin (I, V or IV)
<b>NONE</b>								
0299999 Total				0	0	XXX	XXX	XXX

## SCHEDULE DL - PART 1 SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

1 CUSIP Identification	2 Description	3 Code	4 NAIC Designation / Market Indicator	5 Fair Value	6 Book/Adjusted Carrying Value	7 Maturity Dates
<b>NONE</b>						
9999999 Grand Totals .....				0	0	X X X

**General Interrogatories:**

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

## SCHEDULE DL - PART 2 SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

1 CUSIP Identification	2 Description	3 Code	4 NAIC Designation / Market Indicator	5 Fair Value	6 Book/Adjusted Carrying Value	7 Maturity Dates
<b>NONE</b>						
9999999 Grand Totals .....				0	0	X X X .....

General Interrogatories:

1. Total activity for the year to date Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0
2. Average balance for the year to date Fair Value \$.....0 Book/Adjusted Carrying Value \$.....0

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

1 Depository		2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
						6 First Month	7 Second Month	8 Third Month	
<b>open depositories</b>									
US Bank .....	150 4th Avenue North, Nashville, TN 37219 .....		0.000	0	0	12,868,666	7,799,822	7,993,392	X X X
US Bank .....	150 4th Avenue North, Nashville, TN 37219 .....		0.000	0	0	2,380,434	2,379,115	2,378,960	X X X
US Bank .....	150 4th Avenue North, Nashville, TN 37219 .....		0.000	0	0	(3,147,280)	(155,473,857)	(496,400)	X X X
			0.000	0	0	0	0	0	X X X
0199998 Deposits in .....5 depositories that do not exceed the allowable limit in any one depository (see Instructions) - open depositories .....		X X X	X X X	1,113	0	2,033,556	133,023,328	212,366	X X X
0199999 Totals - Open Depositories .....		X X X	X X X	1,113	0	14,135,376	(12,271,592)	10,088,318	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	0	0	0	0	0	X X X
0299999 Totals - Suspended Depositories .....		X X X	X X X	0	0	0	0	0	X X X
0399999 Total Cash On Deposit .....		X X X	X X X	1,113	0	14,135,376	(12,271,592)	10,088,318	X X X
0499999 Cash in Company's Office .....		X X X	X X X	X X X	X X X	0	0	0	X X X
0599999 Total Cash .....		X X X	X X X	1,113	0	14,135,376	(12,271,592)	10,088,318	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
<b>NONE</b>							
8699999 Total - Cash Equivalents .....					0	0	0



## MEDICARE PART D COVERAGE SUPPLEMENT

### Net of Reinsurance

NAIC Group Code: 3498

NAIC Company Code: 14046

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected .....	0	X X X	0	X X X	0
2. Earned Premiums .....	0	X X X	0	X X X	X X X
3. Claims Paid .....	0	X X X	0	X X X	0
4. Claims Incurred .....	0	X X X	0	X X X	X X X
5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a) .....	<b>NONE</b>		0	X X X	0
6. Aggregate Policy Reserves - change .....	<b>NONE</b>		0	X X X	X X X
7. Expenses Paid .....	<b>NONE</b>		0	X X X	0
8. Expenses Incurred .....	0	X X X	0	X X X	X X X
9. Underwriting Gain or Loss .....	0	X X X	0	X X X	X X X
10. Cash Flow Results .....	X X X	X X X	X X X	X X X	0

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

## **INDEX TO HEALTH QUARTERLY STATEMENT**

Accounting Changes and Corrections of Errors; Q10, Note 2; Q11  
Accounting Practices and Policies; Q5; Q10, Note 1  
Admitted Assets; Q2  
Bonds; Q2; Q6; Q11.1; Q11.2; QE04; QE05  
Bonuses; Q3; Q4; Q8; Q9  
Borrowed Funds; Q3; Q6  
Business Combinations and Goodwill; Q10, Note 3  
Capital Gains (Losses)  
    Realized; Q4  
    Unrealized; Q4; Q5  
Capital Stock; Q3; Q10, Note 13  
Capital Notes; Q6; Q10, Note 11  
Caps; QE06; QSI04  
Cash; Q2; Q6; QE12  
Cash Equivalents; Q2; Q6; QE13  
Claims; Q3; Q4; Q8; Q9  
Collars; QE06; QSI04  
Commissions; Q6  
Common Stock; Q2; Q3; Q6; Q11.1; Q11.2  
Cost Containment Expenses; Q4  
Contingencies; Q10, Note 14  
Counterparty Exposure; Q10, Note 8; QE06; QE08  
Debt; Q10, Note 11  
Deferred Compensation; Q10, Note 12  
Derivative Instruments; Q10, Note 8; QSI04; QSI05; QSI06; QSI07; QE06; QE07; QE08  
Discontinued Operations; Q10, Note 4  
Electronic Data Processing Equipment; Q2  
Encumbrances; Q2; QSI01; QE01  
Emergency Room; Q4  
Expenses; Q3; Q4; Q6  
Extinguishment of Liabilities; Q10, Note 17  
Extraordinary Item; Q10, Note 21  
Fair Value; Q7, Note 20  
Fee for Service; Q4  
Foreign Exchange; Q2; Q3; Q5; QSI01; QSI03; QE01; QE02; QE03; QE05  
Forwards; QE06; QSI04  
Furniture, Equipment and Supplies; Q2  
Guaranty Fund; Q2  
Health Care Receivables; Q2; Q9; Q10, Note 28  
Holding Company; Q16  
Hospital/Medical Benefits; Q4  
Incentive Pools; Q3; Q4; Q8; Q9  
Income; Q4; Q5; Q6  
Income Taxes; Q2; Q3; Q4; Q5; Q10, Note 9  
Incurred Claims and Claim Adjustment Expenses; Q10, Note 25  
Intercompany Pooling; Q10, Note 26  
Investment Income; Q10, Note 7  
    Accrued; Q2  
    Earned; Q2; QSI03  
    Received; Q6  
Investments; Q10, Note 5; Q11.1; Q11.2; QE08  
Joint Venture; Q10, Note 6  
Leases; Q10, Note 15  
Limited Liability Company (LLC); Q10, Note 6  
Limited Partnership; Q10, Note 6  
Long-Term Invested Assets; Q2; QE03  
Managing General Agents; Q10, Note 19  
Medicare Part D Coverage; QSupp1  
Member Months; Q4; Q7  
Mortgage Loans; Q2; Q6; Q11.1; QSI01; QE02  
Nonadmitted Assets; Q2; Q5; QSI01; QSI03  
Off-Balance Sheet Risk; Q10, Note 16  
Options; QE06; QSI04  
Organizational Chart; Q11; Q14  
Out-of-Area; Q4  
Outside Referrals; Q4  
Parent, Subsidiaries and Affiliates; Q2; Q3; Q10, Note 10; Q11.1  
Participating Policies; Q10, Note 29  
Pharmaceutical Rebates; Q10, Note 28  
Policyholder Dividends; Q5; Q6  
Postemployment Benefits; Q10, Note 12  
Postretirement Benefits; Q10, Note 12  
Preferred Stock; Q2; Q3; Q6; Q11.1; Q11.2

## INDEX TO HEALTH QUARTERLY STATEMENT

Premium Deficiency Reserves; Q10, Note 30  
Premiums and Considerations  
    Advance; Q3  
    Collected; Q6  
    Deferred; Q2  
    Direct; Q7; Q13  
    Earned; Q7  
    Retrospective; Q2  
    Uncollected; Q2  
    Unearned; Q4  
    Written; Q4; Q7  
Prescription Drugs; Q4  
Quasi Reorganizations; Q10, Note 13  
Real Estate; Q2; Q6; QE01; QSI01  
Redetermination, Contracts Subject to; Q10, Note 24  
Reinsurance; Q9; Q10, Note 23  
    Ceded; Q3; Q12  
    Funds Held; Q2  
    Payable; Q3  
    Premiums; Q3  
    Receivable; Q2; Q4  
    Unauthorized; Q3; Q5  
Reserves  
    Accident and Health; Q3; Q4  
    Claim; Q3; Q5; Q8  
    Life; Q3  
Retirement Plans; Q10, Note 12  
Retrospectively Rated Policies; Q10, Note 24  
Risk Revenue; Q4  
Salvage and Subrogation; Q10, Note 31  
Securities Lending; Q2; Q3; QE09; QE11  
Servicing of Financial Assets; Q10, Note 17  
Short-Term Investments; Q2; Q6; Q11.1; QSI03  
Stockholder Dividends; Q5; Q6  
Subsequent Events; Q10, Note 22  
Surplus; Q3; Q5; Q6  
Surplus Notes; Q3; Q5; Q6  
Swaps; QE07; QSI04  
Synthetic Assets; QSI04; QSI05  
Third Party Administrator; Q10, Note 19  
Treasury Stock; Q3; Q5  
Uninsured Accident and Health; Q2; Q3; Q10, Note 18  
Valuation Allowance; QSI01  
Wash Sales; Q10, Note 17  
Withholds; Q4; Q8

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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:						
Premium Accrual.....	23,275,737	179,074	(226,010)	(9,056,944)		14,171,857
State of Tennessee Premium Withhold Receivable.....	3,407,601					3,407,601
Premium Tax on Pharmacy and Retro Premiums.....	767,957					767,957
Retro Premiums for claims > 12 Months.....	104,572					104,572
0499997 Subtotal - Medicaid Entities.....	27,555,867	179,074	(226,010)	(9,056,944)		18,451,987
0499999 Premiums due and unpaid from Medicaid entities.....	-	-	-	-	-	-
0599999 Accident and health premiums due and unpaid (Page 2, Line 13).....	27,555,867	179,074	(226,010)	(9,056,944)		18,451,987

**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	-	-	-	2,926,620	2,926,620	-
0299998 Claim Overpayment Receivables - Not Individually Listed.....	-	-	-	2,926,620	2,926,620	-
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.....	-	-	-	2,926,620	2,926,620	-

**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							
<b>NONE</b>							
0199999 Total - individually listed receivables							
0299999 Receivables not individually listed							
0399999 Total gross amounts receivable							

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

Affiliate	2 Description	3 Amount	5	
			4 Current	Non-Current
BlueCross BlueShield of Tennessee	Administrative Expense offset and Federal Income Tax Expense	17,817,766	17,817,766	-
0199999 Total - Individually listed payables	.....XXX	17,817,766	17,817,766	-
0299999 Payables not individually listed	.....XXX	.....	.....	.....
0399999 Total gross payables	.....XXX	17,817,766	17,817,766	-