



# ANNUAL STATEMENT

For the Year Ended December 31, 2008

of the Condition and Affairs of the

## HealthLink HMO, Inc.

NAIC Group Code.....671, 671 (Current Period) (Prior Period) NAIC Company Code..... 96475 Employer's ID Number..... 43-1616135

Organized under the Laws of Missouri State of Domicile or Port of Entry Missouri Country of Domicile US

Licensed as Business Type.....Health Maintenance Organization Is HMO Federally Qualified? Yes [ ] No [ X ]

Incorporated/Organized..... July 29, 1992 Commenced Business..... January 14, 1993

Statutory Home Office 12443 Olive Boulevard..... St. Louis ..... MO ..... 63141  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 1831 Chestnut Street..... St. Louis ..... MO ..... 63103-2275 314-923-4444  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 6775 W Washington Street..... Milwaukee ..... WI ..... 53214  
(Street and Number or P. O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 6775 W Washington Street..... Milwaukee ..... WI ..... 53214 414-459-6833  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.healthlink.com

Statutory Statement Contact Brenda Buss 414-459-6833  
(Name) (Area Code) (Telephone Number) (Extension)  
Brenda.Buss@Wellpoint.com 414-459-5689  
(E-Mail Address) (Fax Number)

### OFFICERS

Name	Title	Name	Title
1. Dennis William Casey	President	2. Nancy Louise Purcell	Secretary
3. Robert David Kretschmer	Treasurer	4. David Michael Henley	Assistant Secretary

### OTHER

### DIRECTORS OR TRUSTEES

Wayne Scott DeVeydt Dennis William Casey Catherine Irene Kelaghan #

State of.....  
County of.....

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

_____ (Signature) Dennis William Casey _____ 1. (Printed Name) President _____ (Title)	_____ (Signature) Nancy Louise Purcell _____ 2. (Printed Name) Secretary _____ (Title)	_____ (Signature) Robert David Kretschmer _____ 3. (Printed Name) Treasurer _____ (Title)
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Subscribed and sworn to before me  
This 13th day of February 2009

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

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	22,192,332		22,192,332	19,921,630
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....2,410,616, Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$.....1,143,742, Sch. DA).....	3,554,358		3,554,358	4,582,721
6. Contract loans (including \$.....0 premium notes).....			0	
7. Other invested assets (Schedule BA).....			0	
8. Receivables for securities.....			0	
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	25,746,690	0	25,746,690	24,504,350
11. Title plants less \$.....0 charged off (for Title insurers only).....			0	
12. Investment income due and accrued.....	5,875		5,875	65,408
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....			0	
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
13.3 Accrued retrospective premiums.....			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....			0	
14.2 Funds held by or deposited with reinsured companies.....			0	
14.3 Other amounts receivable under reinsurance contracts.....			0	
15. Amounts receivable relating to uninsured plans.....	45,284	17,250	28,034	56,705
16.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
16.2 Net deferred tax asset.....	286,192	141,611	144,581	18,954
17. Guaranty funds receivable or on deposit.....			0	
18. Electronic data processing equipment and software.....			0	
19. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
21. Receivables from parent, subsidiaries and affiliates.....	1,489,583	719,702	769,881	806,796
22. Health care (\$.....0) and other amounts receivable.....	12	12	0	360
23. Aggregate write-ins for other than invested assets.....	76,308	70,729	5,579	210,118
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	27,649,944	949,304	26,700,640	25,662,691
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
26. TOTALS (Lines 24 and 25).....	27,649,944	949,304	26,700,640	25,662,691

### DETAILS OF WRITE-INS

0901.....			0	
0902.....			0	
0903.....			0	
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	0
2301. Provider Admin Fee Receivable.....	76,308	70,729	5,579	209,362
2302. AR Other Income.....			0	755
2303.....			0	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	76,308	70,729	5,579	210,118

## LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....7,823 reinsurance ceded).....			0	
2. Accrued medical incentive pool and bonus amounts.....			0	
3. Unpaid claims adjustment expenses.....			0	
4. Aggregate health policy reserves.....			0	
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserve.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....	5,111		5,111	
9. General expenses due or accrued.....	79,058		79,058	10,531
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....	2,163,704		2,163,704	519,529
10.2 Net deferred tax liability.....			0	
11. Ceded reinsurance premiums payable.....			0	
12. Amounts withheld or retained for the account of others.....			0	
13. Remittances and items not allocated.....			0	
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....	62,122		62,122	56,769
16. Payable for securities.....			0	
17. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers).....			0	
18. Reinsurance in unauthorized companies.....			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
20. Liability for amounts held under uninsured plans.....	8,440		8,440	90,413
21. Aggregate write-ins for other liabilities (including \$....4,982 current).....	22,402	0	22,402	21,866
22. Total liabilities (Lines 1 to 21).....	2,340,837	0	2,340,837	699,107
23. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	0
24. Common capital stock.....	XXX	XXX	1,000	1,000
25. Preferred capital stock.....	XXX	XXX		
26. Gross paid in and contributed surplus.....	XXX	XXX	2,499,000	2,499,000
27. Surplus notes.....	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
29. Unassigned funds (surplus).....	XXX	XXX	21,859,804	22,463,584
30. Less treasury stock at cost:				
30.1 .....0.000 shares common (value included in Line 24 \$.....0).....	XXX	XXX		
30.2 .....0.000 shares preferred (value included in Line 25 \$.....0).....	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30).....	XXX	XXX	24,359,804	24,963,584
32. Total liabilities, capital and surplus (Lines 22 and 31).....	XXX	XXX	26,700,640	25,662,691

### DETAILS OF WRITE-INS

2101. Other Payables.....	1,002		1,002	21,866
2102. Escheat.....	21,400		21,400	
2103. ....			0	
2198. Summary of remaining write-ins for Line 21 from overflow page.....	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above).....	22,402	0	22,402	21,866
2301. ....	XXX	XXX		
2302. ....	XXX	XXX		
2303. ....	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page.....	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	XXX	XXX	0	0
2801. ....	XXX	XXX		
2802. ....	XXX	XXX		
2803. ....	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page.....	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above).....	XXX	XXX	0	0

## STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX	264	23,363
2. Net premium income (including \$.....0 non-health premium income).....	XXX	106,017	345,619
3. Change in unearned premium reserves and reserve for rate credits.....	XXX		
4. Fee-for-service (net of \$.....0 medical expenses).....	XXX		
5. Risk revenue.....	XXX		
6. Aggregate write-ins for other health care related revenues.....	XXX	37,897	18,461,673
7. Aggregate write-ins for other non-health revenues.....	XXX	0	0
8. Total revenues (Lines 2 to 7).....	XXX	143,914	18,807,293
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits.....		114,994	(320,899)
10. Other professional services.....			47,717
11. Outside referrals.....			
12. Emergency room and out-of-area.....			
13. Prescription drugs.....		(2,258)	1,439,620
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			
16. Subtotal (Lines 9 to 15).....	0	112,736	1,166,438
<b>Less:</b>			
17. Net reinsurance recoveries.....		107,555	21,992
18. Total hospital and medical (Lines 16 minus 17).....	0	5,181	1,144,446
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$....59,756 cost containment expenses.....		64,874	2,173
21. General administrative expenses.....		(17,363,183)	1,074,332
22. Increase in reserves for life and accident and health contracts including \$.....0 increase in reserves for life only).....			
23. Total underwriting deductions (Lines 18 through 22).....	0	(17,293,128)	2,220,951
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	17,437,042	16,586,342
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		1,002,964	1,454,215
26. Net realized capital gains or (losses) less capital gains tax of \$.....0.....			
27. Net investment gains or (losses) (Lines 25 plus 26).....	0	1,002,964	1,454,215
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....			
29. Aggregate write-ins for other income or expenses.....	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).....	XXX	18,440,006	18,040,556
31. Federal and foreign income taxes incurred.....	XXX	6,458,162	6,111,185
32. Net income (loss) (Lines 30 minus 31).....	XXX	11,981,844	11,929,371

### DETAILS OF WRITE-INS

0601. Provider Admin Fees.....	XXX	37,897	335,847
0602. Revenue ASO Business.....	XXX		18,125,826
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	XXX	37,897	18,461,673
0701. ....	XXX		
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	XXX	0	0
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	0	0	0
2901. ....			
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	0	0

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

CAPITAL AND SURPLUS ACCOUNT	1	2
	Current Year	Prior Year
33. Capital and surplus prior reporting period.....	24,963,584	24,586,556
34. Net income or (loss) from Line 32.....	11,981,844	11,929,371
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains and (losses) less capital gains tax of \$.....0.....		
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	253,114	(654,170)
39. Change in nonadmitted assets.....	(838,738)	1,101,826
40. Change in unauthorized reinsurance.....		
41. Change in treasury stock.....		
42. Change in surplus notes.....		
43. Cumulative effect of changes in accounting principles.....		
44. Capital changes:		
44.1 Paid in.....		
44.2 Transferred from surplus (Stock Dividend).....		
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....		
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....	(12,000,000)	(12,000,000)
47. Aggregate write-ins for gains or (losses) in surplus.....	.0	.0
48. Net change in capital and surplus (Lines 34 to 47).....	(603,779)	377,027
49. Capital and surplus end of reporting period (Line 33 plus 48).....	24,359,804	24,963,584

**DETAILS OF WRITE-INS**

4701. ....		
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	.0	.0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above).....	.0	.0

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	111,128	368,367
2. Net investment income.....	1,048,504	1,413,550
3. Miscellaneous income.....	37,897	18,461,673
4. Total (Lines 1 through 3).....	1,197,529	20,243,591
5. Benefit and loss related payments.....	1,143	1,705,083
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	(17,307,662)	(36,255)
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	4,813,987	6,069,099
10. Total (Lines 5 through 9).....	(12,492,532)	7,737,927
11. Net cash from operations (Line 4 minus Line 10).....	13,690,060	12,505,664
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	20,692,000	760,000
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	20,692,000	760,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	22,948,707	15,000,000
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	22,948,707	15,000,000
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(2,256,707)	(14,240,000)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	12,000,000	12,000,000
16.6 Other cash provided (applied).....	(461,716)	(1,504,681)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(12,461,716)	(13,504,681)
<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 Line 15 plus Line 17).....	(1,028,363)	(15,239,017)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	4,582,721	19,821,738
19.2 End of year (Line 18 plus Line 19.1).....	3,554,358	4,582,721

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001 .....		
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## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical).....	185,682		79,665	106,017
2. Medicare supplement.....				.0
3. Dental only.....				.0
4. Vision only.....				.0
5. Federal employees health benefits plan.....				.0
6. Title XVIII - Medicare.....				.0
7. Title XIX - Medicaid.....				.0
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8).....	185,682	.0	79,665	106,017
10. Life.....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11).....	185,682	.0	79,665	106,017

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2 - CLAIMS INCURRED DURING THE YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct.....	112,001	112,001								
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	110,857	110,857								
1.4 Net.....	1,143	1,143	0	0	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses.....	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct.....	7,823	7,823								
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	7,823	7,823								
3.4 Net.....	0	0	0	0	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct.....	0									
4.2 Reinsurance assumed.....	0									
4.3 Reinsurance ceded.....	0									
4.4 Net.....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year.....	0									
6. Net healthcare receivables (a).....	(4,038)	(4,038)								
7. Amounts recoverable from reinsurers December 31, current year.....	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	11,125	11,125								
8.2 Reinsurance assumed.....	0									
8.3 Reinsurance ceded.....	11,125	11,125								
8.4 Net.....	0	0	0	0	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct.....	0									
9.2 Reinsurance assumed.....	0									
9.3 Reinsurance ceded.....	0									
9.4 Net.....	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year.....	0									
11. Amounts recoverable from reinsurers December 31, prior year.....	0									
12. Incurred benefits:										
12.1 Direct.....	112,737	112,737	0	0	0	0	0	0	0	0
12.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded.....	107,555	107,555	0	0	0	0	0	0	0	0
12.4 Net.....	5,181	5,181	0	0	0	0	0	0	0	0
13. Incurred medical incentive pools and bonuses.....	0	0	0	0	0	0	0	0	0	0

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

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Medical and Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct.....	0									
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	0									
1.4 Net.....	0	0	0	0	0	0	0	0	0	0
2. Incurred but unreported:										
2.1 Direct.....	7,823	7,823								
2.2 Reinsurance assumed.....	0									
2.3 Reinsurance ceded.....	7,823	7,823								
2.4 Net.....	0	0	0	0	0	0	0	0	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	0									
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	0									
3.4 Net.....	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct.....	7,823	7,823	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed.....	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded.....	7,823	7,823	0	0	0	0	0	0	0	0
4.4 Net.....	0	0	0	0	0	0	0	0	0	0

## UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid December 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital and medical).....	5,181	12			5,181	
2. Medicare supplement.....					0	
3. Dental only.....					0	
4. Vision only.....					0	
5. Federal employees health benefits plan.....					0	
6. Title XVIII - Medicare.....					0	
7. Title XIX - Medicaid.....					0	
8. Other health.....					0	
9. Health subtotal (Lines 1 to 8).....	5,181	12	0	0	5,181	0
10. Healthcare receivables (a).....		12			0	
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....					0	
13. Totals (Lines 9 - 10 + 11 + 12).....	5,181	0	0	0	5,181	0

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

#### SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior.....	.228	.228	.228	.228	.228
2. 2004.....	3,675	3,852	3,852	3,852	3,852
3. 2005.....	.XXX	2,592	2,654	2,654	2,654
4. 2006.....	.XXX	.XXX	2,278	2,601	2,261
5. 2007.....	.XXX	.XXX	.XXX	1,722	1,718
6. 2008.....	.XXX	.XXX	.XXX	.XXX	.5

#### SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior.....	.228	.228	.228	.228	.228
2. 2004.....	3,842	3,837	3,852	3,852	3,852
3. 2005.....	.XXX	2,740	2,726	2,654	2,654
4. 2006.....	.XXX	.XXX	2,778	2,261	2,261
5. 2007.....	.XXX	.XXX	.XXX	1,722	1,718
6. 2008.....	.XXX	.XXX	.XXX	.XXX	.5

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2004.....	4,495	3,852	143	3.7	3,995	88.9			3,995	88.9
2. 2005.....	2,350	2,654	237	8.9	2,891	123.0			2,891	123.0
3. 2006.....	1,684	2,261	249	11.0	2,510	149.0			2,510	149.0
4. 2007.....	346	1,718	.2	0.1	1,720	497.1			1,720	497.1
5. 2008.....	106	.5	.65	1,300.0	.70	66.0			.70	66.0

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**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
 (000 Omitted)

**SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior.....	.228	.228	.228	.228	.228
2. 2004.....	3,675	3,852	3,852	3,852	3,852
3. 2005.....	.XXX	2,592	2,654	2,654	2,654
4. 2006.....	.XXX	.XXX	2,278	2,601	2,261
5. 2007.....	.XXX	.XXX	.XXX	1,722	1,718
6. 2008.....	.XXX	.XXX	.XXX	.XXX	.5

**SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior.....	.228	.228	.228	.228	.228
2. 2004.....	3,842	3,837	3,852	3,852	3,852
3. 2005.....	.XXX	2,740	2,726	2,654	2,654
4. 2006.....	.XXX	.XXX	2,778	2,261	2,261
5. 2007.....	.XXX	.XXX	.XXX	1,722	1,718
6. 2008.....	.XXX	.XXX	.XXX	.XXX	.5

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**SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2004.....	4,495	3,852	143	3.7	3,995	88.9			3,995	88.9
2. 2005.....	2,350	2,654	237	8.9	2,891	123.0			2,891	123.0
3. 2006.....	1,684	2,261	249	11.0	2,510	149.0			2,510	149.0
4. 2007.....	346	1,718	.2	0.1	1,720	497.1			1,720	497.1
5. 2008.....	106	.5	.65	1,300.0	.70	66.0			.70	66.0

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**U & I Ex.-Pt.2D  
NONE**

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building).....	3,046	180	1,809		5,035
2. Salaries, wages and other benefits.....	47,009	3,262	15,366		65,637
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....					0
4. Legal fees and expenses.....			299		299
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	4,477	36	3,296		7,809
7. Traveling expenses.....	472	7	1,105		1,584
8. Marketing and advertising.....	14	1	2,175		2,190
9. Postage, express and telephone.....	1,044	109	1,532		2,685
10. Printing and office supplies.....	199	44	1,410		1,653
11. Occupancy, depreciation and amortization.....					0
12. Equipment.....	17	4	280		301
13. Cost or depreciation of EDP equipment and software.....	186	20	1,303		1,509
14. Outsourced services including EDP, claims, and other services.....	77	74	1,094		1,245
15. Boards, bureaus and association fees.....			139		139
16. Insurance, except on real estate.....			424		424
17. Collection and bank service charges.....			174		174
18. Group service and administration fees.....	41	1,091	127		1,259
19. Reimbursements by uninsured plans.....			(18,494,166)		(18,494,166)
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....	10	1	32		43
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....			1,072,006		1,072,006
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....	(1)		26,078		26,077
23.4 Payroll taxes.....	3,189	287	1,974		5,450
23.5 Other (excluding federal income and real estate taxes).....			41		41
24. Investment expenses not included elsewhere.....				11,687	11,687
25. Aggregate write-ins for expenses.....	(25)	2	318	0	295
26. Total expenses incurred (Lines 1 to 25).....	59,756	5,118	(17,363,184)	11,687	(a)...(17,286,623)
27. Less expenses unpaid December 31, current year.....			79,058		79,058
28. Add expenses unpaid December 31, prior year.....			10,531		10,531
29. Amounts receivable relating to uninsured plans, prior year.....			67,546		67,546
30. Amounts receivable relating to uninsured plans, current year.....			45,284		45,284
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	59,756	5,118	(17,453,973)	11,687	(17,377,412)

#### DETAILS OF WRITE-INS

2501. Other expenses.....	(25)	2	318		295
2502. ....					0
2503. ....					0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	(25)	2	318	0	295

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

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....718,908	.....674,528
1.1 Bonds exempt from U.S. tax.....	(a).....	
1.2 Other bonds (unaffiliated).....	(a).....(1,778)	.....55
1.3 Bonds of affiliates.....	(a).....	
2.1 Preferred stocks (unaffiliated).....	(b).....	
2.11 Preferred stocks of affiliates.....	(b).....	
2.2 Common stocks (unaffiliated).....		
2.21 Common stocks of affiliates.....		
3. Mortgage loans.....	(c).....	
4. Real estate.....	(d).....	
5. Contract loans.....		
6. Cash, cash equivalents and short-term investments.....	(e).....356,566	.....339,580
7. Derivative instruments.....	(f).....	
8. Other invested assets.....		
9. Aggregate write-ins for investment income.....	.....488	.....488
10. Total gross investment income.....	.....1,074,185	.....1,014,651
11. Investment expenses.....		(g).....11,687
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....
13. Interest expense.....		(h).....
14. Depreciation on real estate and other invested assets.....		(i).....0
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....11,687
17. Net investment income (Line 10 minus Line 16).....		.....1,002,964

### DETAILS OF WRITE-INS

0901. Other Income.....	.....488	.....488
0902. ....		
0903. ....		
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....488	.....488
1501. ....		
1502. ....		
1503. ....		
1598. Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		.....0

- (a) Includes \$.....14,048 accrual of discount less \$.....54 amortization of premium and less \$.....8,809 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....15 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....			.....0		
1.1 Bonds exempt from U.S. tax.....			.....0		
1.2 Other bonds (unaffiliated).....			.....0		
1.3 Bonds of affiliates.....			.....0		
2.1 Preferred stocks (unaffiliated).....			.....0		
2.11 Preferred stocks of affiliates.....			.....0		
2.2 Common stocks (unaffiliated).....			.....0		
2.21 Common stocks of affiliates.....			.....0		
3. Mortgage loans.....			.....0		
4. Real estate.....			.....0		
5. Contract loans.....			.....0		
6. Cash, cash equivalents and short-term investments.....			.....0		
7. Derivative instruments.....			.....0		
8. Other invested assets.....			.....0		
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....0	.....0	.....0	.....0	.....0

### DETAILS OF WRITE-INS

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

## EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Other invested assets (Schedule BA).....			0
8. Receivables for securities.....			0
9. Aggregate write-ins for invested assets.....	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	0	0	0
11. Title plants (for Title insurers only).....			0
12. Investment income due and accrued.....			0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection.....			0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
13.3 Accrued retrospective premiums.....			0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers.....			0
14.2 Funds held by or deposited with reinsured companies.....			0
14.3 Other amounts receivable under reinsurance contracts.....			0
15. Amounts receivable relating to uninsured plans.....	17,250	10,842	(6,408)
16.1 Current federal and foreign income tax recoverable and interest thereon.....			0
16.2 Net deferred tax asset.....	141,611	14,124	(127,487)
17. Guaranty funds receivable or on deposit.....			0
18. Electronic data processing equipment and software.....			0
19. Furniture and equipment, including health care delivery assets.....			0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
21. Receivables from parent, subsidiaries and affiliates.....	719,702		(719,702)
22. Health care and other amounts receivable.....	12	3,690	3,678
23. Aggregate write-ins for other than invested assets.....	70,729	81,910	11,181
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	949,304	110,566	(838,738)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
26. TOTALS (Lines 24 and 25).....	949,304	110,566	(838,738)

### DETAILS OF WRITE-INS

0901.....			0
0902.....			0
0903.....			0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0
2301. Provider Admin Fee Receivable.....	70,729	81,910	11,181
2302. Prepaid Expenses.....			0
2303.....			0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	70,729	81,910	11,181

**EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health maintenance organizations.....	1,147	22	22	22	22	264
2. Provider service organizations.....						
3. Preferred provider organizations.....						
4. Point of service.....						
5. Indemnity only.....						
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total.....	1,147	22	22	22	22	264

**DETAILS OF WRITE-INS**

0601. ....						
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	0	0	0	0	0	0

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**NOTES TO FINANCIAL STATEMENTS**


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**1. Summary of Significant Accounting Policies****A. Accounting Practices**

The accompanying financial statements of HealthLink HMO, Inc. (the “Company”) have been prepared in conformity with accounting practices prescribed or permitted by the State of Missouri Department of Insurance (the “Department”). The Department has adopted accounting policies found in the National Association of Insurance Commissioners (“NAIC”) *Accounting Practices and Procedures Manual* (“NAIC SAP”) as a component of prescribed accounting practices. Additionally, the Department has adopted certain prescribed accounting practices that differ from those found in NAIC SAP, which impact the Company, specifically; limitations are placed on intercompany receivable balances. The Department has the right to permit other specific practices that deviate from prescribed practices. The Company has employed no permitted practices in preparing the accompanying statutory-basis financial statements.

A reconciliation of the Company’s capital and surplus as of December 31, 2008 and 2007, respectively, between NAIC SAP and practices prescribed by the Department is shown below:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Statutory capital and surplus, Department basis	\$24,359,804	\$24,963,584
State Prescribed Practices:		
Nonadmittance of amounts due from affiliates pursuant to 382.195 of the Missouri revised statutes effective August 28, 2005	719,702	-
Statutory capital and surplus, NAIC SAP	<u>\$25,079,506</u>	<u>\$24,963,584</u>

For the years ended December 31, 2008 and 2007, there were no differences between the Company’s net income under NAIC SAP and practices permitted or prescribed by the Department.

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

Preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**C. Accounting Policies**

Health premiums are earned over the term of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written, and are computed by pro rata methods for direct business. Premiums paid by subscribers prior to the effective date are recorded on the balance sheet as premiums received in advance and are subsequently credited to income as earned during the coverage period. Premium rates for certain lines of business are subject to approval by the Department. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. All other costs, such as premium taxes and other underwriting expenses, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

1. Short-term investments include investments with maturities of less than one year at the date of acquisition and are reported at amortized cost, which approximates fair value. Non-investment grade short-term investments are stated at the lower of amortized cost or fair value.
2. Investment grade bonds not backed by other loans are stated at amortized cost, with amortization calculated based on the modified scientific method, using lower of yield to call or yield to maturity. Non-investment grade bonds are stated at the lower of amortized cost or fair value as determined by various third-party pricing sources.
3. The Company has no investments in common stocks of unaffiliated companies.
4. The Company has no investments in preferred stocks of unaffiliated companies.
5. Mortgage loans on real estate– Not applicable.

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## NOTES TO FINANCIAL STATEMENTS

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6. Loan-backed securities are stated at amortized cost. Pre-payment assumptions for loan-backed securities and structured securities were obtained from broker-dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment. The retrospective adjustment method is used to value all loan-backed securities. Non-investment grade loan-backed securities are stated at the lower of amortized cost or fair value.
7. The Company has no investments in subsidiaries, controlled and affiliated companies.
8. The Company has no investments in joint ventures, partnerships and limited liability companies.
9. The Company has no derivative instruments.
10. The Company does not anticipate investment income as a factor in premium deficiency reserve calculations.
11. Unpaid claims and claims adjustment expenses include management's best estimate of amounts based on historical claim development patterns and certain individual case estimates. The established liability considers health benefit provisions, business practices, economic conditions and other factors that may materially affect the cost, frequency and severity of claims. Liabilities for unpaid claims and claim adjustment expenses are based on assumptions and estimates, and while management believes such estimates are reasonable, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and changes in estimates are incorporated into current period estimates.
12. The Company has not modified its capitalization policy from the prior period.
13. Pharmacy rebate receivables are recorded when earned based upon actual rebate receivables billed and an estimate of receivables based upon current utilization of specific pharmaceuticals and provider contract terms.

### 2. Accounting Changes and Corrections of Errors

#### A. Correction of Errors

There were no corrections of errors during the years ended December 31, 2008 and 2007.

### 3. Business Combinations and Goodwill

- |                                     |                     |
|-------------------------------------|---------------------|
| <b>A. Statutory Purchase Method</b> | .....Not applicable |
| <b>B. Statutory Merger</b>          | .....Not applicable |
| <b>C. Assumption Reinsurance</b>    | .....Not applicable |
| <b>D. Impairment Loss</b>           | .....Not applicable |

### 4. Discontinued Operations

The Company had no operations that were discontinued during 2008 or 2007.

### 5. Investments

#### A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company did not have investments in mortgage loans at December 31, 2008 or 2007.

#### B. Debt Restructuring

The Company did not have invested assets that were restructured debt at December 31, 2008 or 2007.

#### C. Reverse Mortgages

The Company did not have investments in reverse mortgages at December 31, 2008 or 2007.

#### D. Loan-Backed Securities

1. The Company uses the acquisition date for applying the retrospective adjustment method to securities.
2. Prepayment assumptions for single-class and multi-class mortgage-backed and asset-backed securities were obtained from broker-dealer survey values or internal estimates. The Company used various third-party pricing sources in determining the market value of its loan-backed securities.
3. The Company did not have negative yield circumstances requiring a change from the retrospective to prospective methodology during 2008 or 2007.

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**NOTES TO FINANCIAL STATEMENTS**


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**E. Repurchase Agreements**

The Company did not enter into repurchase agreements at December 31, 2008 or 2007.

**F. Real Estate**

The Company did not own investment real estate at December 31, 2008 or 2007.

**G. Investments in Low-Income Housing Tax Credits**

The Company did not invest in properties generating low-income housing tax credits during 2008 or 2007.

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

A. The Company did not have investments in joint ventures, partnerships or limited liability companies at December 31, 2008 or 2007.

B. Not applicable.

**7. Investment Income**

A. All investment income due and accrued with amounts that are over 90 days past due is non-admitted.

B. At December 31, 2008 and 2007 there was no non-admitted accrued investment interest income.

**8. Derivative Instruments**

The Company has no derivative instruments.

**9. Income Taxes**

A. The components of net deferred tax assets (liabilities) at December 31 are as follows:

	<u>2008</u>	<u>2007</u>
Gross deferred tax assets	\$ 288,727	\$ 35,831
Gross deferred tax liabilities	(2,535)	(2,753)
Net deferred tax asset	286,192	33,078
Deferred tax asset nonadmitted	(141,611)	(14,124)
Net admitted deferred tax asset	<u>\$ 144,581</u>	<u>\$ 18,954</u>
Increase in nonadmitted asset	<u>\$ 127,487</u>	

B. The Company has no unrecognized deferred tax liabilities at December 31, 2008 and 2007.

C. Current income taxes incurred (benefit) consist of the following major components:

	<u>2008</u>	<u>2007</u>
Federal income tax on operations	\$6,458,162	\$6,111,185
Federal income tax benefit on net capital gains	-	-
Federal income taxes incurred	<u>\$6,458,162</u>	<u>\$6,111,185</u>

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**NOTES TO FINANCIAL STATEMENTS**


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The components of deferred income taxes at December 31 are as follows:

	<b>2008</b>	<b>2007</b>
Deferred tax assets:		
Incurred claim reserve discounting	\$ 135	\$ 334
Contingency reserves	5,541	1,743
Unearned premium reserves	358	-
Bad debt and uncollectible A/R	30,797	33,754
Other adjustments	251,896	-
Total deferred tax assets	<u>288,727</u>	<u>35,831</u>
Nonadmitted deferred tax assets	(141,611)	(14,124)
Admitted deferred tax assets	<u>147,116</u>	<u>21,707</u>
Deferred tax liabilities:		
Bond discount amortization	(1,290)	(1,529)
Other adjustments	(1,245)	(1,224)
Total deferred tax liabilities	<u>(2,535)</u>	<u>(2,753)</u>
Net deferred tax asset	<u>\$ 144,581</u>	<u>\$ 18,954</u>

The changes in deferred tax assets and deferred tax liabilities at December 31 are as follows:

	<b>2008</b>	<b>2007</b>	<b>Change</b>
Total deferred tax assets	\$288,727	\$35,831	\$252,896
Total deferred tax liabilities	(2,535)	(2,753)	218
Net deferred tax asset	<u>\$286,192</u>	<u>\$33,078</u>	\$253,114
Tax effect of unrealized gains			-
Change in net deferred income tax			<u>\$253,114</u>

- D.** The Company's income tax expense and change in deferred income taxes differs from the amount obtained by applying the federal statutory income tax rate of 35% for the year ended December 31 as follows:

	<b>2008</b>	<b>2007</b>
Tax expense computed using federal statutory rate	\$6,454,002	\$6,314,195
Provision for doubtful accounts	-	168,000
Change in nonadmitted assets	(248,938)	283,138
Tax exempt interest	(15)	-
Other, net	(1)	22
Total	<u>\$6,205,048</u>	<u>\$6,765,355</u>
Federal income taxes incurred	\$6,458,162	\$6,111,185
Change in net deferred income taxes	(253,114)	654,170
Total statutory income taxes	<u>\$6,205,048</u>	<u>\$6,765,355</u>

**E. Operating loss carryforwards:**

- The Company has no operating loss carryforwards and no tax credit carryforwards as of December 31, 2008.
- The following are income taxes incurred in the current and prior year(s) that will be available for recoupment in the event of future net losses:

2008	\$6,457,009
2007	\$6,091,068
- The Company has no protective tax deposits as admitted assets under Section 6603 of the Internal Revenue Code December 31, 2008 and 2007.

**NOTES TO FINANCIAL STATEMENTS**

- F. The Company and the following entities participate in a tax sharing agreement with WellPoint, Inc. and its subsidiaries. Allocation of federal income taxes is based upon separate income tax return calculations with credit for net losses that can be used on a consolidated basis. Intercompany income tax balances are settled based on the Internal Revenue Service due dates.

Affiliated Healthcare, Inc.	Healthy Homecomings, Inc.
Affiliated Provider Systems, Inc.	HMO Colorado, Inc.
AHI Healthcare Corporation	HMO Missouri, Inc.
American Imaging Management, Inc.	Imaging Management Holdings, LLC
American Managing Company	Imaging Providers of Texas
Anthem Blue Cross Blue Shield Partnership Plan, Inc.	Insurance4 Agency, Inc.
Anthem Blue Cross Life and Health Insurance Company	Lease Partners, Inc.
Anthem Credentialing Services, Inc.	Machigonne, Inc.
Anthem Financial, Inc.	Matthew Thornton Health Plan, Inc.
Anthem Health Insurance Company of Nevada	Monticello Service Agency, Inc.
Anthem Health Plans of Kentucky, Inc.	National Capital Health Plan, Inc.
	National Capital Preferred Providers Organization, Inc.
Anthem Health Plans of Maine, Inc.	National Government Services, Inc.
Anthem Health Plans of New Hampshire, Inc.	
Anthem Health Plans of Virginia, Inc.	NextRx, Inc.
Anthem Health Plans, Inc.	NextRx Services, Inc.
Anthem HMO of Nevada	OneNation Benefit Administrators, Inc.
Anthem Holding Corp.	OneNation Insurance Company, Inc.
Anthem Insurance Companies, Inc.	Park Square Holdings
Anthem Life & Disability Insurance Company	Park Square I
Anthem Southeast, Inc.	Park Square II
Anthem UM Services, Inc.	Peninsula Health Care, Inc.
Arcus Enterprises, Inc.	Preferred Health Plans of Missouri, Inc.
Arcus Financial Bank	Priority Health Care, Inc.
Arcus Financial Holding Corp.	Priority Insurance Agency, Inc.
Arcus Financial Services, Inc.	Priority, Inc.
Arcus Healthyliving Services, Inc.	R&P Realty, Inc.
Arison Insurance Services, Inc.	Reliance Safeguard Solutions, Inc.
Associated Group, Inc.	Resolution Health, Inc.
BCC Holding Corporation	RightCHOICE Insurance Company, Inc.
Behavioral Health Network, Inc.	RightCHOICE Managed Care, Inc.
Blue Cross and Blue Shield of Georgia, Inc.	Rocky Mountain Health Care Corporation
Blue Cross Blue Shield Healthcare Plan of Georgia, Inc.	Rocky Mountain Hospital and Medical Service, Inc.
Blue Cross Blue Shield of Wisconsin, Inc.	Southeast Services, Inc.
Blue Cross of California	SellCore, Inc.
Blue Cross of California Partnership Plan, Inc.	Texas Managed Care Administrative Services, Inc.
Cerulean Companies, Inc.	The WellPoint Companies, Inc.
CIMS Agency, Inc.	TrustSolutions, LLC
Claim Management Services, Inc.	UNICARE Health Benefit Services of Texas, Inc.
Community Insurance Company	UNICARE Health Insurance Company of Texas
Compcare Health Services Insurance Corporation	UNICARE Health Insurance Company of the Midwest, Inc.
Comprehensive Integrated Marketing Services, Inc.	UNICARE Health Plan of West Virginia, Inc.
Crossroads Acquisition Corp.	UNICARE Health Plan of Georgia, Inc.
CSRA Healthcare Partners, Inc.	UNICARE Health Plan of Kansas, Inc.
Designated Agency Company, Inc.	UNICARE Health Plan of South Carolina, Inc.
EHC Benefits Agency, Inc.	UNICARE Health Plans of Texas, Inc.
Empire HealthChoice Assurance, Inc.	UNICARE Health Plans of the Midwest, Inc.
Empire HealthChoice HMO, Inc.	UNICARE Illinois Services, Inc.

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## NOTES TO FINANCIAL STATEMENTS

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Empire Medicare Services, Inc.	UNICARE Life & Health Insurance Company
Forty-Four Forty-Four Forest Park Redevelopment Corporation	UNICARE National Services, Inc.
Golden West Health Plan, Inc.	UNICARE of Texas Health Plans, Inc.
Group Benefits of Georgia, Inc.	UNICARE Specialty Services, Inc.
Group Benefits Plus, Inc.	United Government Services, LLC
Health Core, Inc.	UtiliMed IPA, Inc.
Health Initiatives, Inc.	WellChoice Holdings of New York, Inc.
Health Management Corporation	WellChoice Insurance of New Jersey, Inc.
HealthKeepers, Inc.	WellPoint Behavioral Health, Inc.
HealthLink HMO, Inc.	WellPoint California Services, Inc.
HealthLink, Inc.	WellPoint Dental Services, Inc.
HealthReach Services, Inc.	WellPoint Development Company, Inc.
Healthy Alliance Life Insurance Company	WellPoint Holding Corp.
	WellPoint Insurance Services, Inc.
	WellPoint Pharmacy IPA, Inc.

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

#### A. Nature of the Relationship

The Company is a Missouri domiciled stock insurance company and is a wholly-owned subsidiary of HealthLink, Inc. which is a wholly-owned indirect subsidiary of WellPoint, Inc. ("WellPoint"), a publicly traded company.

#### B. Significant Transactions for Each Period

The Board of Directors of the Company declared an extraordinary dividend in the amount of \$12,000,000 on August 27, 2008. The DOI approved this dividend on September 4, 2008 and a payment was made to its parent, HealthLink, Inc., on September 16, 2008.

#### C. Intercompany Management and Service Arrangements

There were no changes to intercompany management and service arrangements, and there were no additional arrangements entered into during 2008 or 2007. The amounts of transactions under such agreements are included in Schedule Y, Part 2.

#### D. Amounts Due To or From Related Parties

At December 31, 2008 and 2007, the Company reported \$1,489,583 and \$806,796 due from affiliates and \$62,122 and \$56,769 due to affiliates, respectively. The receivable and payable balances represent intercompany transactions that will be settled in accordance with the settlement terms of the intercompany agreement.

#### E. Guarantees or Contingencies for Related Parties

The Company did not enter into guarantees or undertakings for the benefit of an affiliate which would result in a material contingent exposure of the Company's or any affiliated insurer's assets or liabilities.

#### F. Management and Service Agreements and Cost Sharing Arrangements

The Company has entered into administrative services agreements with its affiliated companies. Pursuant to these agreements, various administrative, management and support services are provided to or provided by the Company. The costs and expenses related to these administrative management and support services are allocated to or allocated by the Company in an amount equal to the direct and indirect costs and expenses incurred in providing these services. Direct costs include expenses such as salaries, employee benefits, communications, advertising, consulting services, maintenance, rent, utilities, and supplies which are directly attributable to the Company's operations. Allocated costs include expenses such as salaries, benefit claims and enrollment processing, billing, accounting, underwriting, product development and budgeting, which support the Company's operations. These costs are allocated based on various utilization statistics.

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## NOTES TO FINANCIAL STATEMENTS

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### **G. Nature of Control Relationships that Could Affect Operations or Financial Position**

HealthLink, Inc. owns all outstanding shares of the Company. The Company's ultimate parent is WellPoint.

### **H. Amount Deducted for Investment in Upstream Company**

The Company and its subsidiaries do not own shares of upstream intermediate entities or WellPoint.

### **I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets**

At December 31, 2008 and 2007, the Company did not have investments in affiliates.

### **J. Write-down for Impairments of Investments in Subsidiaries, Controlled or Affiliated Companies**

Not applicable.

### **K. Investment in a Foreign Insurance Subsidiary**

The Company does not have investments in foreign insurance subsidiaries.

### **L. Investment in Downstream Non-insurance Holding Companies**

Not applicable.

## **11. Debt**

### **A. Capital Notes**

The Company had no capital notes outstanding at December 31, 2008 and 2007.

### **B. All Other Debt**

The Company had no other debt outstanding at December 31, 2008 and 2007.

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

### **A. Defined Benefit Plan**

Not applicable – See Note 12D.

### **B. Defined Contribution Plan**

Not applicable – See Note 12D.

### **C. Multiemployer Plan**

The Company does not participate in a multiemployer plan.

### **D. Consolidated/Holding Company Plans**

The Company participates in the WellPoint Cash Balance Pension Plan (the "Plan"), a frozen non-contributory defined benefit pension plan, sponsored by ATH Holding Company, LLC ("ATH Holding") covering most employee of WellPoint, Inc. and its subsidiaries. ATH Holding allocates a share of the total accumulated costs of the Plan to the Company based on the number of allocated employees. During 2008 and 2007, these costs (credits) totaled (\$633) and (\$264), respectively. The Company has no legal obligation for benefits under the Plan. Prior to December 31, 2007, Anthem Insurance Companies, Inc. an affiliated company, sponsored the Plan.

The Company participates in a postretirement medical benefit plan, sponsored by ATH Holding providing certain health, life, vision and dental benefits to eligible retirees. ATH Holding allocates a share of the total accumulated costs of this benefit plan to the Company based on the number of allocated employees. During

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## NOTES TO FINANCIAL STATEMENTS

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2008 and 2007, these costs totaled \$604 and \$3,318, respectively. The Company has no legal obligation for the benefits under this plan.

The Company participates in various deferred compensation plans sponsored by WellPoint, Inc. which covers certain employees. The deferred amounts are payable according to the terms and subject to the conditions of said deferred compensation agreements. WellPoint allocates a share of the total accumulated costs of this plan to the Company based on the number of allocated employees participating in the plan. During 2008 and 2007, these costs totaled \$208 and \$221, respectively. The Company has no legal obligation for benefits under this plan.

The Company participates in the WellPoint 401(K) Retirement Savings Plan, sponsored by ATH Holding and covering substantially all employees. Voluntary employee contributions are matched by ATH Holding subject to certain limitations. ATH Holding allocates a share of the total accumulated costs of the plans to the Company based on the number of allocated employees. During 2008 and 2007, these costs totaled \$2,079 and \$6,792, respectively. The Company has no legal obligation for benefits under this plan.

### **E. Post Employment Benefits and Compensated Absences**

Liabilities for earned not yet taken vacation and severance benefits have been accrued as of December 31, 2008 and 2007.

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

Not applicable.

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

### **(1) Outstanding Shares**

As of December 31, 2008, the Company has 300 shares of \$100 par value common stock authorized. The number of shares issued and outstanding is 10.

### **(2) Preferred Stock**

The Company has no preferred stock outstanding.

### **(3) Dividend Restrictions**

Under Missouri law, there are certain restrictions on the payment of dividends by insurers in a holding company structure. It shall not be lawful for the directors, trustees or managers of any insurance company to make any dividend, except from the surplus profits arising from their business, nor for any company to solicit or do new business, when its assets are less than three-fourths of its liabilities. If the aggregate amount of the payments and other distributions made to shareholders and declared as dividends during a calendar year exceeds one-half percent of the policyowners' surplus, then all of the payments and distributions are fully subject to the rule, including amounts that would otherwise be exempt. In addition the distribution of an extraordinary dividend and payment of a dividend from other than earned surplus requires approval of the Director of the Department.

An extraordinary dividend is defined as one that exceeds the lesser of 10 percent of the insurer's surplus as regards policyholders as of the 31<sup>st</sup> day of December next preceding, or the net investment income for the twelve month period ending the 31<sup>st</sup> day of December next preceding, but shall not include pro rata distributions of any class of the insurer's own securities.

### **(4) Dividends Paid in 2007**

See Footnote 10B.

### **(5) Maximum Ordinary Dividend During 2008**

Within the limitations of (3) above, the Company may pay \$1,002,964 in dividends during 2009 without prior approval.

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## NOTES TO FINANCIAL STATEMENTS

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### **(6) Unassigned Surplus Restrictions**

Unassigned surplus funds are not restricted at December 31, 2008.

### **(7) Mutual Surplus Advances**

Not applicable.

### **(8) Company Stock Held for Special Purpose**

There are no shares of stock held for special purposes at December 31, 2008.

### **(9) Changes in Special Surplus Funds**

There are no special surplus funds at December 31, 2008.

### **(10) Changes in Unassigned Funds**

Unassigned funds were not impacted by cumulative unrealized gains and losses at December 31, 2008.

### **(11) Surplus Notes**

The Company has not issued any surplus notes or debentures or similar obligations.

### **(12) Restatement due to Prior Quasi-reorganizations**

The Company had no restatements due to prior quasi-reorganizations.

### **(13) Quasi-reorganizations over Prior 10 Years**

The Company has not been involved in a quasi-reorganization during the past 10 years.

## **14. Contingencies**

### **A. Contingent Commitments**

The Company has no contingent commitments at December 31, 2008.

### **B. Assessments**

Not applicable.

### **C. Gain Contingencies**

The Company has no gain contingencies at December 31, 2008.

### **D. Claims-Related Extra Contractual Obligation and Bad Faith Losses Stemming From Lawsuits**

Not applicable.

### **E. All Other Contingencies**

The Company is involved in other pending and threatened litigation of the character incidental to the business transacted, arising out of its operations and is from time to time involved as a party in various governmental and administrative proceedings. These investigations, audits and reviews include routine and special investigations by state insurance departments, state attorneys general, the U.S. Attorney General and Federal Agencies. Such investigations could result in the imposition of civil or criminal fines, penalties and other sanctions. The Company believes that any liability that may result from any one of these actions is unlikely to have a material adverse effect on the Company's financial position or results of operations. In addition, the Company maintains direct professional liability coverage.

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**NOTES TO FINANCIAL STATEMENTS**


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**15. Leases**

The Company does not have any leasing arrangements.

**16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk**

The Company has no significant financial instruments with off-balance sheet risk.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of investment securities. All investment securities are managed by professional investment managers within policies authorized by the board of directors. Such policies limit the amounts that may be invested in any one issuer and prescribe certain investee company criteria. As of December 31, 2008, there were no significant concentrations.

**17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities****A. Transfers of Receivables Reported as Sales**

Not applicable at December 31, 2008 and 2007.

**B. Transfer and Servicing of Financial Assets**

Not applicable at December 31, 2008 and 2007.

**C. Wash Sales**

1. In the course of the Company's asset management, securities may be sold and reacquired within 30 days of the sale date to enhance the yield on the investments.
2. At December 31, 2008 and 2007, there were no wash sales involving securities with an NAIC designation of 3 or below or unrated.

**18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans****A. Administrative Services Only ("ASO") Plans**

The gain/loss from operations from ASO uninsured plans and the uninsured portion of partially insured ASO plans during 2008 was:

	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	\$18,208,075	\$82,899	\$18,290,974
b) Total net other income or expenses (including interest paid to or received from plans)			
c) Net gains (loss) from operations	\$18,208,075	\$82,899	\$18,290,974
d) Total claim payment volume	\$18,439,877	\$ -	\$18,439,877

**B. Administrative Services Contract ("ASC") Plans**

Not applicable at December 31, 2008 and 2007.

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## NOTES TO FINANCIAL STATEMENTS

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### **C. Medicare or Other Similarly Structured Cost-Based Reimbursement Contract**

Not applicable at December 31, 2008 and 2007.

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

No premiums were written by managing general agents or third party administrators during the years ended December 31, 2008 and 2007.

### **20. Other Items**

#### **A. Extraordinary Items**

Not applicable at December 31, 2008 and 2007.

#### **B. Troubled Debt Restructuring: Debtors**

Not applicable at December 31, 2008 and 2007.

#### **C. Other Disclosures**

Assets in the amount of \$1,223,171 and \$1,191,928 at December 31, 2008 and 2007, respectively, were on deposit with government authorities or trustees as required by law.

#### **D. Uncollectible Premium Receivables**

At December 31, 2008 and 2007, the Company reported admitted assets of \$28,034 and \$56,705, respectively in premium receivables due from policyholders and agents and in receivables due from uninsured plans. Based upon Company experience, any uncollectible premium receivables are not expected to exceed the \$17,250 that was non-admitted at December 31, 2008; therefore no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial condition.

#### **E. Business Interruption Insurance Recoveries**

The Company has reported no recoveries for business interruption for the years ended December 31, 2008 and 2007.

#### **F. State Transferable Tax Credits**

The Company did not have state transferable tax credits at December 31, 2008 and 2007.

#### **G. Hybrid Securities**

The Company did not carry hybrid securities in its investment portfolio at December 31, 2008 or 2007.

#### **H. Subprime Mortgage-Related Risk Exposure**

a. The Company consults with its external investment managers to assess its subprime mortgage-related risk exposure. The general categories of information considered in determining exposure are collateral and the structure of the security. Other categories considered in determining the exposure include loan purpose, loan documentation, occupancy, geographical location, loan size and loan type. Subprime mortgage borrowers typically have lower credit scores, lower loan balances and higher loan-to-values than other conforming loans.

b. At December 31, 2008, the Company did not carry investments in subprime mortgage loans in its portfolio.

c. At December 31, 2008, the Company's investment portfolio did not contain investments with subprime mortgage-related risk exposure.

d. The Company did not underwrite Mortgage Guaranty or Financial Guaranty insurance coverage at December 31, 2008.

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**NOTES TO FINANCIAL STATEMENTS**

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**21. Events Subsequent**

There were no events occurring subsequent to December 31, 2008 requiring disclosure.

**22. Reinsurance**

**A. Ceded Reinsurance Report**

**Section 1 – General Interrogatories**

1. Are any of the reinsurers that are listed in Schedule S as non-affiliated owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company?

Yes ( ) No (X)

2. Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U. S. Branches of such companies) that is owned in excess of 10% or controlled, directly or indirectly, by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes ( ) No (X)

**Section 2 – Ceded Reinsurance Report – Part A**

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

Yes ( ) No (X)

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

Yes ( ) No (X)

**Section 3 – Ceded Reinsurance Report – Part B**

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

\$7,823

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

Yes ( ) No (X)

**B. Uncollectible Reinsurance**

The Company has no uncollectible reinsurance at December 31, 2008 and 2007.

**C. Commutation of Ceded Reinsurance**

The Company has not commuted ceded reinsurance during 2008 and 2007.

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**NOTES TO FINANCIAL STATEMENTS**


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**23. Retrospectively Rated Contracts & Contracts Subject to Redetermination**

The Company has no retrospectively rated contracts.

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

Not applicable.

**25. Intercompany Pooling Arrangements**

Not applicable at December 31, 2008 and 2007.

**26. Structured Settlements**

Not applicable at December 31, 2008 and 2007.

**27. Health Care Receivables****A. Pharmaceutical Rebate Receivables**

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements (1)	Pharmacy Rebates as Billed or Otherwise Confirmed (2)	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
4th Qtr 2008	\$ 254				
3rd Qtr 2008	259	\$18,409	\$ 2,611		
2nd Qtr 2008	288	18,407	14,404	\$ 2,493	
1st Qtr 2008	258	21,529	13,587	4,829	\$ (13)
4th Qtr 2007	22,939	24,697	18,083	4,681	934
3rd Qtr 2007	18,701	36,782	20,649	12,123	4,160
2nd Qtr 2007	32,867	51,343	30,051	18,771	1,015
1st Qtr 2007	33,272	47,425	26,508	15,634	557

(1) Quarterly rebate accrued in general ledger

(2) Quarterly rebate billed 2 months after quarter-end

**B. Risk Sharing Receivables**

Not applicable at December 31, 2008 and 2007.

**28. Participating Policies**

Not applicable at December 31, 2008 and 2007.

**29. Premium Deficiency Reserves**

The Company did not record premium deficiency reserves at December 31, 2008 and 2007.

**30. Anticipated Subrogation and Other Recoveries**

The Company took into account estimated anticipated subrogation and other recoveries in its determination of the liability for unpaid claims and reduced its liability by \$0 and \$3,000 at December 31, 2008 and 2007, respectively.

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ X ] No [ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [ X ] No [ ] N/A [ ]
- 1.3 State regulating? Missouri
- 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 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 12/23/2005
- 3.4 By what department or departments? Missouri Department of Insurance
- 3.5 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 [ ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ X ] No [ ] N/A [ ]

- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [ ] No [ X ]
- 4.12 renewals? Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [ ] No [ X ]
- 4.22 renewals? Yes [ ] No [ X ]

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

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

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

- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [ X ]
- 7.2 If yes,
- 7.21 State the percentage of foreign control .....%
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 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 [ X ] No [ ]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
ARCUS Financial Bank	Salt Lake City, UT	NO	NO	NO	YES	NO

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young, LLP 111 Monument Circle, Suite 2600, Indianapolis, IN 46204

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Cheryl Allari, FSA, MAAA, VP & Valuation Actuary for WellPoint, Inc., 4361 Irwin Simpson Road, Mason, OH 45040

- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [ X ]
- 11.11 Name of real estate holding company \_\_\_\_\_

- 11.12 Number of parcels involved .....
- 11.13 Total book/adjusted carrying value .....

- 11.2 If yes, provide explanation. \_\_\_\_\_

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
\_\_\_\_\_
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]
- 13.1 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.
- 13.11 If the response to 13.1 is No, please explain:  
\_\_\_\_\_  
\_\_\_\_\_
- 13.2 Has the code of ethics for senior managers been amended? Yes [ X ] No [ ]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).  
All WellPoint associates, including senior management, are bound by the WellPoint Standards of Ethical Business Conduct (the "Code").  
Annually, the Ethics and Compliance Department reviews the Code for new topics, changes in policies and/or new policies. Any changes that are ultimately made to the Code during the annual review process must be approved by senior management, the Audit Committee, and the WellPoint Board of Directors. The Code was revised in March of 2008 to include the following major enhancements: 1) Letter from Chairman, President and CEO updated, 2) "Foreign Corrupt Practices Act" section added, and 3) Human Resources policies section "Our Work Environment" updated to match language in Human Resources policy revisions.
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [ X ]
- 13.31 If the response to 13.3 is yes, provide the nature of any waiver(s).  
\_\_\_\_\_  
\_\_\_\_\_

### BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [ X ] No [ ]
15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [ X ] No [ ]
16. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [ X ] No [ ]

### FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [ X ]
- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.11 To directors or other officers \$.....0
  - 18.12 To stockholders not officers \$.....0
  - 18.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 18.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.21 To directors or other officers \$.....0
  - 18.22 To stockholders not officers \$.....0
  - 18.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [ X ]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- 19.21 Rented from others .....
  - 19.22 Borrowed from others .....
  - 19.23 Leased from others .....
  - 19.24 Other .....
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [ X ]
- 20.2 If answer is yes:
- 20.21 Amount paid as losses or risk adjustment .....
  - 20.22 Amount paid as expenses .....
  - 20.23 Other amounts paid .....
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ X ] No [ ]
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....769,881

### INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 22.3)? Yes [ ] No [ X ]
- 22.2 If no, give full and complete information relating thereto.  
The Company has securities on deposit with various State Department of Insurance Offices.  
\_\_\_\_\_
- 22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 16 where this information is also provided).  
\_\_\_\_\_  
\_\_\_\_\_
- 22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ]
- 22.5 If answer to 22.4 is yes, report amount of collateral. ....
- 22.6 If answer to 22.4 is no, report amount of collateral. ....
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3) Yes [ X ] No [ ]

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

- 23.2 If yes, state the amount thereof at December 31 of the current year:
- |       |  |                  |
|-------|--|------------------|
| 23.21 | Subject to repurchase agreements                 | \$.....0         |
| 23.22 | Subject to reverse repurchase agreements         | \$.....0         |
| 23.23 | Subject to dollar repurchase agreements          | \$.....0         |
| 23.24 | Subject to reverse dollar repurchase agreements  | \$.....0         |
| 23.25 | Pledged as collateral                            | \$.....0         |
| 23.26 | Placed under option agreements                   | \$.....0         |
| 23.27 | Letter stock or securities restricted as to sale | \$.....0         |
| 23.28 | On deposit with state or other regulatory body   | \$.....1,223,171 |
| 23.29 | Other  | \$.....0         |

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]
- 25.2 If yes, state the amount thereof at December 31 of the current year: .....

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of New York Mellon Corporation	New York, NY

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

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

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes [ ] No [X]

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address

27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [ ] No [X]

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
27.2999. TOTAL		0

27.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds.....	23,336,075	23,336,075	0
28.2 Preferred stocks.....			0
28.3 Totals.....	23,336,075	23,336,075	0

28.4 Describe the sources or methods utilized in determining the fair values:

Fair values were obtained from a third-party pricing source, Bank of New York Mellon Corporation.

If a security was not priced by the third-party pricing source, internal analytical systems or brokers quotes were utilized.

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

29.2 If no, list exceptions:

### OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....139

30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

- 31.1 Amount of payments for legal expenses, if any? \$.....350
- 31.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

- 32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....5
- 32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

## GENERAL INTERROGATORIES (continued)

### PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]
- 1.2 If yes, indicate premium earned on U.S. business only .....
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? .....
- 1.31 Reason for excluding .....

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .....
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. .....
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned .....
- 1.62 Total incurred claims .....
- 1.63 Number of covered lives .....
- All years prior to most current three years:
- 1.64 Total premium earned .....
- 1.65 Total incurred claims .....
- 1.66 Number of covered lives .....
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned .....
- 1.72 Total incurred claims .....
- 1.73 Number of covered lives .....
- All years prior to most current three years:
- 1.74 Total premium earned .....
- 1.75 Total incurred claims .....
- 1.76 Number of covered lives .....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	106,017	345,619
2.2 Premium Denominator.....	106,017	345,619
2.3 Premium Ratio (2.1/2.2).....	100.0	100.0
2.4 Reserve Numerator.....		
2.5 Reserve Denominator.....		
2.6 Reserve Ratio (2.4/2.5).....	0.0	0.0

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, and if the earnings of the reporting entity permits? Yes [ ] No [X]
- 3.2 If yes, give particulars: .....

- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No [ ]
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [X]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes [ ] No [X]
- 5.2 If no, explain:  
HealthLink HMO ceded the risk to the contracted Payor, who may carry stop-loss reinsurance.

- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive medical \$.....0
- 5.32 Medical only \$.....0
- 5.33 Medicare supplement \$.....0
- 5.34 Dental and vision \$.....0
- 5.35 Other limited benefit plan \$.....0
- 5.36 Other \$.....0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:  
All HealthLink HMO provider agreements include Hold Harmless provisions that prohibit pursuit of collection activities against HMO members for HMO covered services.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date base? Yes [X] No [ ]
- 7.2 If no, give details: .....

8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year .....23,294
- 8.2 Number of providers at end of reporting year .....21,858
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No [X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months .....
- 9.22 Business with rate guarantees over 36 months .....
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus arrangements in its provider contracts? Yes [ ] No [X]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses .....
- 10.22 Amount actually paid for year bonuses .....
- 10.23 Maximum amount payable withholds .....
- 10.24 Amount actually paid for year withholds .....

## GENERAL INTERROGATORIES (continued)

### PART 2 - HEALTH INTERROGATORIES

- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes [ ]    No [ X ]
- 11.13 An Individual Practice Association (IPA), or Yes [ X ]    No [ ]
- 11.14 A Mixed Model (combination of above)? Yes [ ]    No [ X ]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [ X ]    No [ ]
- 11.3 If yes, show the name of the state requiring such net worth. Missouri
- 11.4 If yes, show the amount required. \$.....300,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ]    No [ X ]
- 11.6 If the amount is calculated, show the calculation:

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

1 Name of Service Area
BENTON, AR; CARROLL, AR; CRAIGHEAD, AR; CRAWFORD, AR; GARLAND, AR; INDEPENDENCE, AR; JACKSON, AR; LOGAN, AR; PULASKI, AR; RANDOLPH, AR; SALINE, AR; SEBASTIAN, AR; SHARP, AR; WASHINGTON, AR; WHITE, AR; ALEXANDER, IL; BOND, IL; CALHOUN, IL; CASS, IL; CHRISTIAN, IL; CLAY, IL; CLINTON, IL; DE WITT, IL; FAYETTE, IL; FRANKLIN, IL; FULTON, IL; GALLATIN, IL; GREENE, IL; HAMILTON, IL; HARDIN, IL; JACKSON, IL; JEFFERSON, IL; JERSEY, IL; JOHNSON, IL; KNOX, IL; LOGAN, IL; MACON, IL; MACOUPIN, IL; MADISON, IL; MARION, IL; MARSHALL, IL; MASON, IL; MASSAC, IL; MENARD, IL; MONROE, IL; MONTGOMERY, IL; MORGAN, IL; MOULTRIE, IL; PEORIA, IL; PERRY, IL; PIATT, IL; POPE, IL; PULASKI, IL; PUTNAM, IL; RANDOLPH, IL; SALINE, IL; SANGAMON, IL; SCOTT, IL; ST. CLAIR, IL; STARK, IL; TAZEWELL, IL; UNION, IL; WASHINGTON, IL; WAYNE, IL; WILLIAMSON, IL; WOODFORD, IL; ADAIR, MO; AUDRAIN, MO; BARRY, MO; BOONE, MO; CALLAWAY, MO; CAMDEN, MO; CHARITON, MO; CHRISTIAN, MO; CLARK, MO; COLE, MO; COOPER, MO; CRAWFORD, MO; DADE, MO; DALLAS, MO; DOUGLAS, MO; DUNKLIN, MO; FRANKLIN, MO; GASCONADE, MO; GREENE, MO; HOWARD, MO; IRON, MO; JASPER, MO; JEFFERSON, MO; KNOX, MO; LACLEDE, MO; LAWRENCE, MO; LEWIS, MO; LINCOLN, MO; LINN, MO; MACON, MO; MADISON, MO; MARIES, MO; MCDONALD, MO; MILLER, MO; MONITEAU, MO; MONROE, MO; MONTGOMERY, MO; MORGAN, MO; NEW MADRID, MO; NEWTON, MO; OSAGE, MO; PEMISCOT, MO; PERRY, MO; PETTIS, MO; PIKE, MO; PUTNAM, MO; RANDOLPH, MO; SALINE, MO; SCHUYLER, MO; SCOTLAND, MO; ST. CHARLES, MO; ST. FRANCOIS, MO; ST. LOUIS, MO; ST. LOUIS CITY, MO; STE. GENEVIEVE, MO; STONE, MO; SULLIVAN, MO; WARREN, MO; WASHINGTON, MO; WEBSTER, MO; WRIGHT, MO;

**FIVE-YEAR HISTORICAL DATA**

	1 2008	2 2007	3 2006	4 2005	5 2004
<b>Balance Sheet Items (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 26).....	26,700,640	25,662,691	27,963,991	15,395,259	26,610,532
2. Total liabilities (Page 3, Line 22).....	2,340,837	699,107	3,377,434	644,122	621,517
3. Statutory surplus.....	300,000	300,000	150,000	150,000	
4. Total capital and surplus (Page 3, Line 31).....	24,359,804	24,963,584	24,586,557	14,751,137	25,989,015
<b>Income Statement Items (Page 4)</b>					
5. Total revenues (Line 8).....	143,914	18,807,293	19,297,995	17,745,853	16,873,059
6. Total medical and hospital expenses (Line 18).....	5,181	1,144,446	2,762,641	2,735,258	3,841,757
7. Claims adjustment expenses (Line 20).....	64,874	2,173	248,632	236,851	143,343
8. Total administrative expenses (Line 21).....	(17,363,183)	1,074,332	1,522,828	1,914,678	2,904,162
9. Net underwriting gain (loss) (Line 24).....	17,437,042	16,586,342	14,763,894	12,859,066	9,983,797
10. Net investment gain (loss) (Line 27).....	1,002,964	1,454,215	873,507	555,005	580,891
11. Total other income (Lines 28 plus 29).....					
12. Net income or (loss) (Line 32).....	11,981,844	11,929,371	10,004,042	8,942,720	6,067,007
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11).....	13,690,060	12,505,664	9,654,603	9,500,002	6,929,137
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital.....	24,359,804	24,963,584	24,586,557	14,751,137	25,989,015
15. Authorized control level risk-based capital.....	757,242	757,692	868,864	758,508	760,949
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7).....	22	1,147	3,020	10,219	15,076
17. Total member months (Column 6, Line 7).....	264	23,363	84,739	109,055	182,581
<b>Operating Percentage (Page 4)</b> <b>(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100 .0</b>					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5).....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19).....	4.9	331.1	164.1	116.4	85.5
20. Cost containment expenses.....	56.4	0.4	14.8	10.1	3.2
21. Other claims adjustment expenses.....	4.8	0.3			3.2
22. Total underwriting deductions (Line 23).....	(16,311.7)	642.6	269.2	207.9	153.3
23. Total underwriting gain (loss) (Line 24).....	16,447.4	4,799.0	876.7	547.1	222.1
<b>Unpaid Claims Analysis (U&amp;I Exhibit, Part 2B)</b>					
24. Total claims incurred for prior years (Line 13 Col. 5).....	5,181	(16,961)	132,893	162,631	228,365
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]		572,225	132,893	166,919	228,365
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 25, Col. 1).....					
27. Affiliated preferred stocks (Sch D. Summary, Line 39, Col. 1).....					
28. Affiliated common stocks (Sch D. Summary, Line 53, Col. 1).....					
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10).....					
30. Affiliated mortgage loans on real estate.....					
31. All other affiliated.....					
32. Total of above Lines 26 to 31.....	0	0	0	0	0

## SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1	Direct Business Only							
		2	3	4	5	6	7	8	9
	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums and Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama.....AL	.N							.0	
2. Alaska.....AK	.N							.0	
3. Arizona.....AZ	.N							.0	
4. Arkansas.....AR	.L							.0	
5. California.....CA	.N							.0	
6. Colorado.....CO	.N							.0	
7. Connecticut.....CT	.N							.0	
8. Delaware.....DE	.N							.0	
9. District of Columbia.....DC	.N							.0	
10. Florida.....FL	.N							.0	
11. Georgia.....GA	.N							.0	
12. Hawaii.....HI	.N							.0	
13. Idaho.....ID	.N							.0	
14. Illinois.....IL	.L							.0	
15. Indiana.....IN	.N							.0	
16. Iowa.....IA	.N							.0	
17. Kansas.....KS	.N							.0	
18. Kentucky.....KY	.N							.0	
19. Louisiana.....LA	.N							.0	
20. Maine.....ME	.N							.0	
21. Maryland.....MD	.N							.0	
22. Massachusetts.....MA	.N							.0	
23. Michigan.....MI	.N							.0	
24. Minnesota.....MN	.N							.0	
25. Mississippi.....MS	.N							.0	
26. Missouri.....MO	.L	185,682						185,682	
27. Montana.....MT	.N							.0	
28. Nebraska.....NE	.N							.0	
29. Nevada.....NV	.N							.0	
30. New Hampshire.....NH	.N							.0	
31. New Jersey.....NJ	.N							.0	
32. New Mexico.....NM	.N							.0	
33. New York.....NY	.N							.0	
34. North Carolina.....NC	.N							.0	
35. North Dakota.....ND	.N							.0	
36. Ohio.....OH	.N							.0	
37. Oklahoma.....OK	.N							.0	
38. Oregon.....OR	.N							.0	
39. Pennsylvania.....PA	.N							.0	
40. Rhode Island.....RI	.N							.0	
41. South Carolina.....SC	.N							.0	
42. South Dakota.....SD	.N							.0	
43. Tennessee.....TN	.N							.0	
44. Texas.....TX	.N							.0	
45. Utah.....UT	.N							.0	
46. Vermont.....VT	.N							.0	
47. Virginia.....VA	.N							.0	
48. Washington.....WA	.N							.0	
49. West Virginia.....WV	.N							.0	
50. Wisconsin.....WI	.N							.0	
51. Wyoming.....WY	.N							.0	
52. American Samoa.....AS	.N							.0	
53. Guam.....GU	.N							.0	
54. Puerto Rico.....PR	.N							.0	
55. U.S. Virgin Islands.....VI	.N							.0	
56. Northern Mariana Islands.....MP	.N							.0	
57. Canada.....CN	.N							.0	
58. Aggregate Other alien.....OT	.XXX	.0	.0	.0	.0	.0	.0	.0	.0
59. Subtotal.....XXX		185,682	.0	.0	.0	.0	.0	185,682	.0
60. Reporting entity contributions for Employee Benefit Plans.....XXX								.0	
61. Total (Direct Business).....(a).....3		185,682	.0	.0	.0	.0	.0	185,682	.0

**DETAILS OF WRITE-INS**

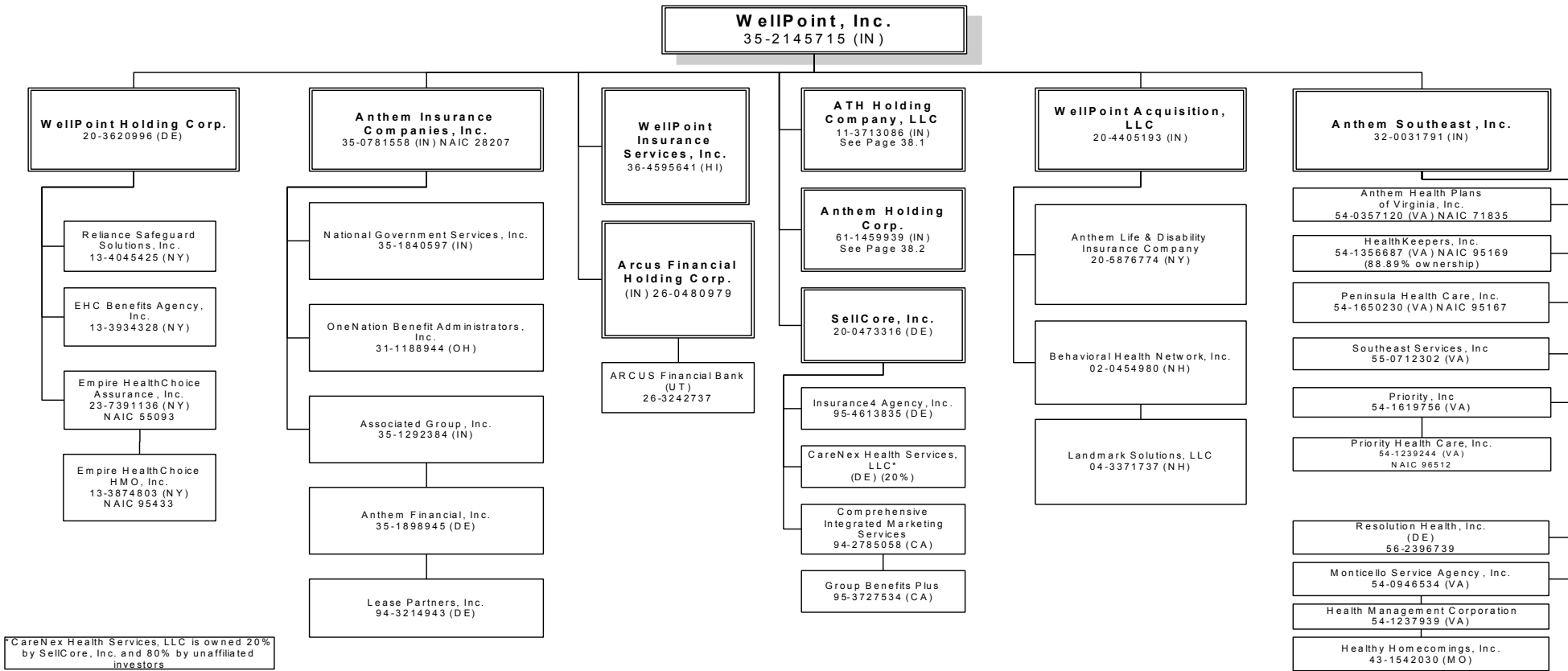
5801. ....								.0	
5802. ....								.0	
5803. ....								.0	
5898. Summary of remaining write-ins for line 58.....		.0	.0	.0	.0	.0	.0	.0	.0
5899. Total (Lines 5801 thru 5803 + 5898) (Line 58 above).....		.0	.0	.0	.0	.0	.0	.0	.0

Explanation of basis of allocation by states, premiums by state, etc.

(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

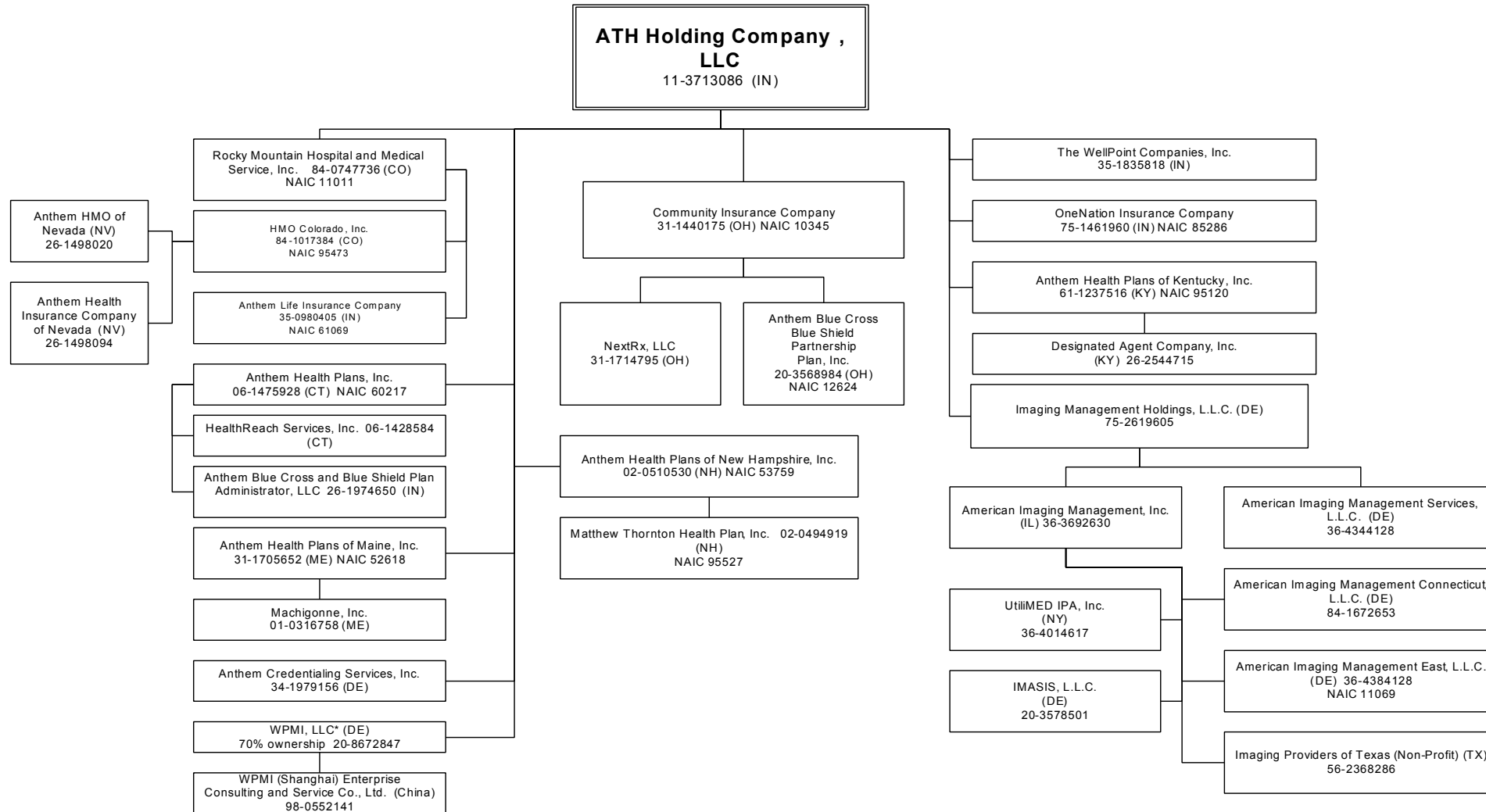
## PART 1 - ORGANIZATIONAL CHART



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

## PART 1 - ORGANIZATIONAL CHART

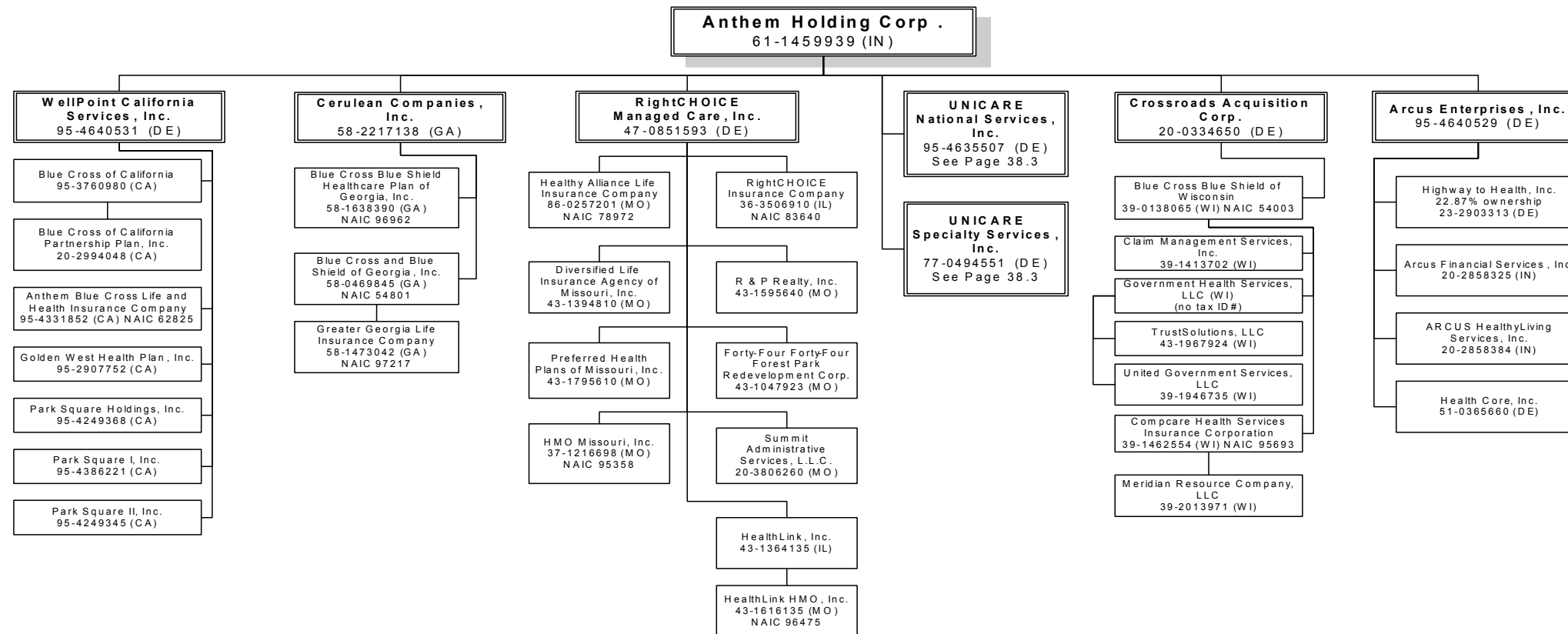
38.1



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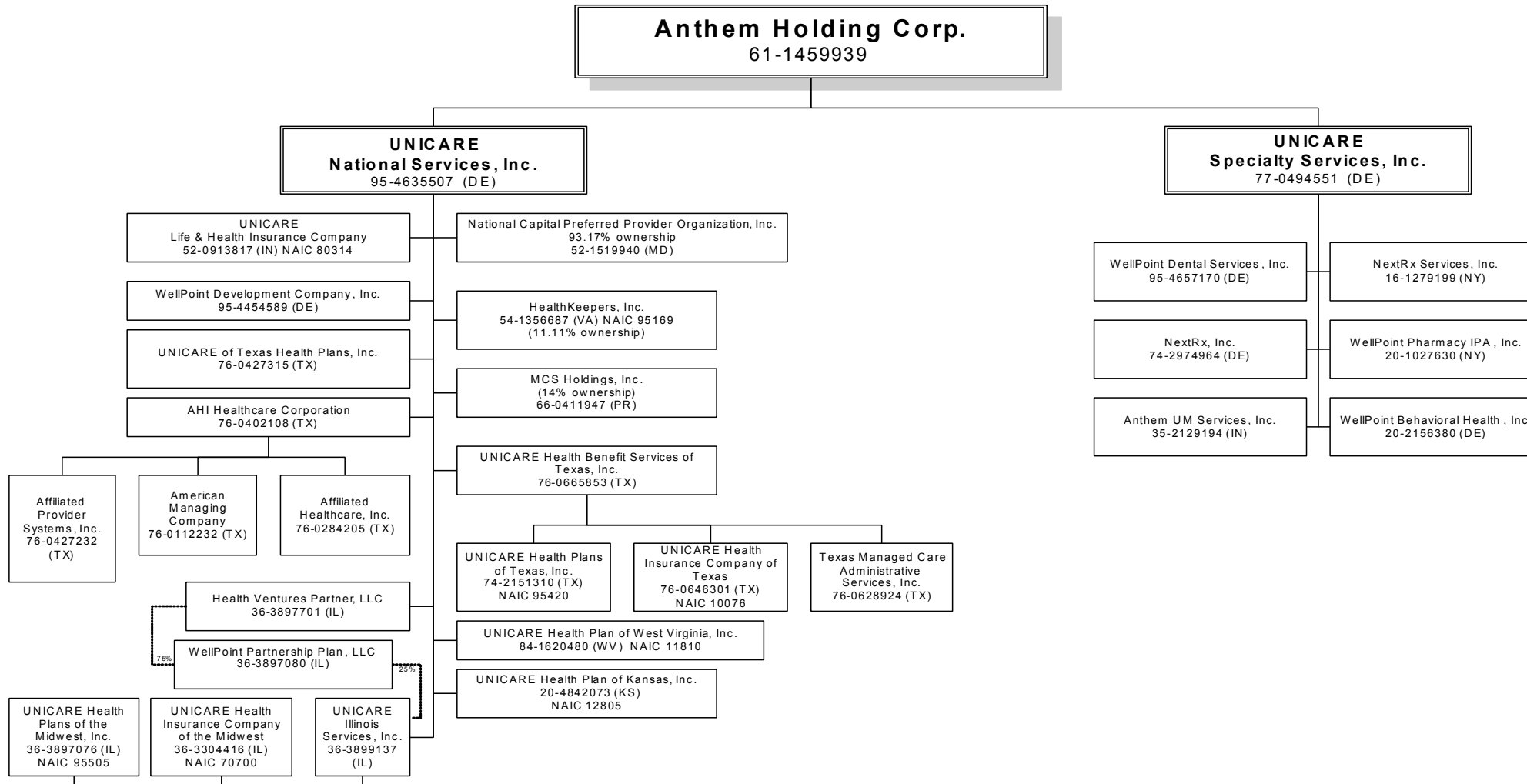
38.2



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

## PART 1 - ORGANIZATIONAL CHART

38.3



**2008 ALPHABETICAL INDEX  
HEALTH ANNUAL STATEMENT BLANK**

Exhibit of Nonadmitted Assets	16	Schedule DA – Part 1	E17
Analysis of Operations By Lines of Business	7	Schedule DA – Verification Between Years	SI11
Assets	2	Schedule DB – Part A – Section 1	E18
Cash Flow	6	Schedule DB – Part A – Section 2	E18
Exhibit 1 – Enrollment By Product Type for Health Business Only	17	Schedule DB – Part A – Section 3	E19
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18	Schedule DB – Part A – Verification Between Years	SI12
Exhibit 3 – Health Care Receivables	19	Schedule DB – Part B – Section 1	E19
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	20	Schedule DB – Part B – Section 2	E20
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	21	Schedule DB – Part B – Section 3	E20
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	22	Schedule DB – Part B – Verification Between Years	SI12
Exhibit 7 – Part 1 – Summary of Transactions With Providers	23	Schedule DB – Part C – Section 1	E21
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	23	Schedule DB – Part C – Section 2	E21
Exhibit 8 – Furniture, Equipment and Supplies Owned	24	Schedule DB – Part C – Section 3	E22
Exhibit of Capital Gains (Losses)	15	Schedule DB – Part C – Verification Between Years	SI13
Exhibit of Net Investment Income	15	Schedule DB – Part D – Section 1	E22
Exhibit of Premiums, Enrollment and Utilization (State Page)	29	Schedule DB – Part D – Section 2	E23
Five-Year Historical Data	28	Schedule DB – Part D – Section 3	E23
General Interrogatories	26	Schedule DB – Part D – Verification Between Years	SI13
Jurat Page	1	Schedule DB – Part E – Section 1	E24
Liabilities, Capital and Surplus	3	Schedule DB – Part E – Verification	SI13
Notes To Financial Statements	25	Schedule DB – Part F – Section 1	SI14
Overflow Page For Write-ins	41	Schedule DB – Part F – Section 2	SI15
Schedule A – Part 1	E01	Schedule E – Part 1 – Cash	E25
Schedule A – Part 2	E02	Schedule E – Part 2 – Cash Equivalents	E26
Schedule A – Part 3	E03	Schedule E – Part 3 – Special Deposits	E27
Schedule A – Verification Between Years	SI02	Schedule E – Verification Between Years	SI16
Schedule B – Part 1	E04	Schedule S – Part 1 – Section 2	30
Schedule B – Part 2	E05	Schedule S – Part 2	31
Schedule B – Part 3	E06	Schedule S – Part 3 – Section 2	32
Schedule B – Verification Between Years	SI02	Schedule S – Part 4	33
Schedule BA – Part 1	E07	Schedule S – Part 5	34
Schedule BA – Part 2	E08	Schedule S – Part 6	35
Schedule BA – Part 3	E09	Schedule T – Part 2 – Interstate Compact	37
Schedule BA – Verification Between Years	SI03	Schedule T – Premiums and Other Considerations	36
Schedule D – Part 1	E10	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	38
Schedule D – Part 1A – Section 1	SI05	Schedule Y - Part 2 – Summary of Insurer's Transactions With Any Affiliates	39
Schedule D – Part 1A – Section 2	SI08	Statement of Revenue and Expenses	4
Schedule D – Part 2 – Section 1	E11	Summary Investment Schedule	SI01
Schedule D – Part 2 – Section 2	E12	Supplemental Exhibits and Schedules Interrogatories	40
Schedule D – Part 3	E13	Underwriting and Investment Exhibit – Part 1	8
Schedule D – Part 4	E14	Underwriting and Investment Exhibit – Part 2	9
Schedule D – Part 5	E15	Underwriting and Investment Exhibit – Part 2A	10
Schedule D – Part 6 – Section 1	E16	Underwriting and Investment Exhibit – Part 2B	11
Schedule D – Part 6 – Section 2	E16	Underwriting and Investment Exhibit – Part 2C	12
Schedule D – Summary By Country	SI04	Underwriting and Investment Exhibit – Part 2D	13
Schedule D – Verification Between Years	SI03	Underwriting and Investment Exhibit – Part 3	14