



# HEALTH QUARTERLY STATEMENT

As of March 31, 2008  
of the Condition and Affairs of the

## HMO Partners, Inc

NAIC Group Code.....876, 876  
(Current Period) (Prior Period)

NAIC Company Code..... 95442

Employer's ID Number..... 71-0747497

Organized under the Laws of Arkansas

State of Domicile or Port of Entry Arkansas

Country of Domicile US

Licensed as Business Type

Is HMO Federally Qualified? Yes [ X ] No [ ]

Incorporated/Organized..... November 8, 1993

Commenced Business..... January 1, 1994

Statutory Home Office 320 West Capitol..... Little Rock ..... AR ..... 72203-8069  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 320 West Capitol..... Little Rock ..... AR ..... 72203-8069 501-221-1800  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 320 West Capitol..... Little Rock ..... AR ..... 72203-8069  
(Street and Number or P. O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 601 S. Gaines..... Little Rock ..... AR ..... 72201 501-378-2000  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address healthadvantage-hmo.com

Statutory Statement Contact Scott Bradley Winter 501-399-3951  
(Name) (Area Code) (Telephone Number) (Extension)  
sbwinter@arkbluecross.com 501-378-3258  
(E-Mail Address) (Fax Number)

### OFFICERS

Name	Title	Name	Title
1. David Frank Bridges	President	2. Steven James Short	Vice President/CFO
3. Scott Bradley Winter	Assistant Treasurer	4. Kathleen O'Dea Ryan	Vice President

### OTHER

James Sterling Adamson Jr. MD	Chairman	Allen Frances Smith	Vice Chairman
Russell Doyne Harrington Jr.	Secretary	Robert Lee Shoptaw	Treasurer
James Robert Bailey	Vice President	Clement Wade Fox MD	Assistant Secretary

### DIRECTORS OR TRUSTEES

James Sterling Adamson Jr. MD	Sharon Kay Allen	Richard Allen Calhoun Jr. MD	David Warren Cobb R.PH.
Richard Loyd Gore DDS	Russell Doyne Harrington Jr.	James Arden Tanner MD #	Nikita Jean Wilson RN
William Patton Phillips MD	Robert Lee Shoptaw	Allen Frances Smith	Michael David Voss
Paul Mark White	James Robert Bailey	David Frank Bridges	Michael Wayne Brown
James Bruce Hazlewood MD	Merlin Moody Hagan	Clement Wade Fox MD	Robert Lee Trammel

State of....Arkansas  
County of....Pulaski

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) David Frank Bridges 1. (Printed Name) _____ President (Title)	_____ (Signature) Steven James Short 2. (Printed Name) _____ Vice President/CFO (Title)	_____ (Signature) Scott Bradley Winter 3. (Printed Name) _____ Assistant Treasurer (Title)
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Subscribed and sworn to before me

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

This \_\_\_\_\_ day of \_\_\_\_\_

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

## ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....	32,947,096		32,947,096	35,783,952
2. Stocks:				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....	16,574,141		16,574,141	17,393,655
3. Mortgage loans on real estate:				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate:				
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 (\$.....16,544,181), cash equivalents (\$.....0) and short-term investments (\$.....35,662,765).....	52,206,943		52,206,943	46,954,787
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Other invested assets.....			.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).....	101,728,180	.0	101,728,180	100,132,394
11. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
12. Investment income due and accrued.....	689,416		689,416	789,258
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection.....	578,085		578,085	1,970,341
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.....	1,285,491		1,285,491	330,924
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.....	5,176,130	401,901	4,774,229	9,583,029
16.1 Current federal and foreign income tax recoverable and interest thereon.....	674,506		674,506	674,506
16.2 Net deferred tax asset.....			.0	
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.....	1,074,107		1,074,107	2,019,648
22. Health care (\$.....742,832) and other amounts receivable.....	1,550,523	807,691	742,832	604,334
23. Aggregate write-ins for other than invested assets.....	.0	.0	.0	.0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	112,756,438	1,209,592	111,546,846	116,104,434
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
26. TOTALS (Lines 24 and 25).....	112,756,438	1,209,592	111,546,846	116,104,434

### 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.....			.0	
2302.....			.0	
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).....	.0	.0	.0	.0

## LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....6,115,735 reinsurance ceded).....	13,620,017		13,620,017	17,269,292
2. Accrued medical incentive pool and bonus amounts.....			0	
3. Unpaid claims adjustment expenses.....	1,167,494		1,167,494	1,034,961
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.....	2,673,080		2,673,080	2,160,879
9. General expenses due or accrued.....	150,000		150,000	141,691
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses)).....	1,689,033		1,689,033	
10.2 Net deferred tax liability.....	1,845,128		1,845,128	2,554,321
11. Ceded reinsurance premiums payable.....	128,161		128,161	112,058
12. Amounts withheld or retained for the account of others.....	2,217,825		2,217,825	2,078,690
13. Remittances and items not allocated.....	1,156,386		1,156,386	638,933
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....	5,023,402		5,023,402	6,913,378
16. Payable for securities.....	655,148		655,148	180,653
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.....	5,207,332		5,207,332	8,411,586
21. Aggregate write-ins for other liabilities (including \$.....0 current).....	744,523	0	744,523	(236,634)
22. Total liabilities (Lines 1 to 21).....	36,277,529	0	36,277,529	41,259,808
23. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	0
24. Common capital stock.....	XXX	XXX	10,000	10,000
25. Preferred capital stock.....	XXX	XXX		
26. Gross paid in and contributed surplus.....	XXX	XXX	1,919,153	1,919,153
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	73,340,164	72,915,473
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	75,269,317	74,844,626
32. Total liabilities, capital and surplus (Lines 22 and 31).....	XXX	XXX	111,546,846	116,104,434

### DETAILS OF WRITE-INS

2101. Unclaimed property.....	143,697		143,697	143,697
2102. Miscellaneous payables.....	600,826		600,826	(380,331)
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).....	744,523	0	744,523	(236,634)
2301. ....				
2302. ....				
2303. ....				
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. ....				
2802. ....				
2803. ....				
2898. Summary of remaining write-ins for Line 28 from overflow page.....	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above).....	XXX	XXX	0	0

## STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member months.....	XXX	128,953	111,616	457,488
2. Net premium income (including \$.....0 non-health premium income).....	XXX	28,949,140	24,597,737	100,895,391
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	0	0	0
7. Aggregate write-ins for other non-health revenues.....	XXX	0	0	0
8. Total revenues (Lines 2 to 7).....	XXX	28,949,140	24,597,737	100,895,391
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits.....		27,562,059	24,968,067	102,634,681
10. Other professional services.....				
11. Outside referrals.....		284,294	315,292	1,878,410
12. Emergency room and out-of-area.....		3,183,542	1,047,182	6,759,672
13. Prescription drugs.....		6,718,589	5,269,539	22,531,751
14. Aggregate write-ins for other hospital and medical.....	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....				
16. Subtotal (Lines 9 to 15).....	0	37,748,484	31,600,080	133,804,514
<b>Less:</b>				
17. Net reinsurance recoveries.....		13,906,890	11,430,986	50,772,337
18. Total hospital and medical (Lines 16 minus 17).....	0	23,841,594	20,169,094	83,032,177
19. Non-health claims (net).....				
20. Claims adjustment expenses, including \$.....840,815 cost containment expenses.....		1,457,413	1,740,869	6,869,937
21. General administrative expenses.....		1,054,491	1,172,890	5,236,718
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	26,353,498	23,082,853	95,138,832
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	2,595,642	1,514,884	5,756,559
25. Net investment income earned.....		921,803	869,124	3,678,565
26. Net realized capital gains (losses) less capital gains tax of \$.....409,204.....		759,951	751,680	2,024,615
27. Net investment gains or (losses) (Lines 25 plus 26).....	0	1,681,754	1,620,804	5,703,180
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	83,840	51,219	283,257
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	4,361,236	3,186,907	11,742,996
31. Federal and foreign income taxes incurred.....	XXX	1,286,723	919,803	3,396,268
32. Net income (loss) (Lines 30 minus 31).....	XXX	3,074,513	2,267,104	8,346,728

### DETAILS OF WRITE-INS

0601. ....	XXX			
0602. ....	XXX			
0603. ....	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	XXX	0	0	0
0701. ....	XXX			
0702. ....	XXX			
0703. ....	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	0	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	XXX	0	0	0
1401. ....				
1402. ....				
1403. ....				
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	0	0	0	0
2901. Licensing fee income.....		39,999	39,999	160,000
2902. Miscellaneous Income.....		43,841	11,220	123,257
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	83,840	51,219	283,257

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

CAPITAL AND SURPLUS ACCOUNT	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
33. Capital and surplus prior reporting year.....	74,844,626	66,185,240	66,185,240
34. Net income or (loss) from Line 32.....	3,074,513	2,267,104	8,346,728
35. Change in valuation basis of aggregate policy and claim reserves.....			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0.....	(1,101,445)	(41,512)	1,268,712
37. Change in net unrealized foreign exchange capital gain or (loss).....			
38. Change in net deferred income tax.....	81,702	75,834	154,510
39. Change in nonadmitted assets.....	(731,507)	(19,333)	(135,850)
40. Change in unauthorized reinsurance.....			
41. Change in treasury stock.....			
42. Change in surplus notes.....			
43. Cumulative effect of changes in accounting principles.....	(63,898)		
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.....	(834,674)	(974,714)	(974,714)
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	424,691	1,307,379	8,659,386
49. Capital and surplus end of reporting period (Line 33 plus 48).....	75,269,317	67,492,619	74,844,626

**DETAILS OF WRITE-INS**

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

## CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	30,869,700	100,205,659
2. Net investment income.....	1,087,099	4,015,046
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	31,956,799	104,220,705
5. Benefit and loss related payments.....	28,445,436	79,972,163
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	(65,095)	14,037,652
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	6,894	4,410,961
10. Total (Lines 5 through 9).....	28,387,235	98,420,776
11. Net cash from operations (Line 4 minus Line 10).....	3,569,564	5,799,929
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	3,300,000	9,915,000
12.2 Stocks.....	1,330,883	4,545,849
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.....		53,886
12.7 Miscellaneous proceeds.....	474,495	180,653
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	5,105,378	14,695,388
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	528,800	3,177,427
13.2 Stocks.....	1,036,544	2,384,623
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).....	1,565,344	5,562,050
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	3,540,034	9,133,338
<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.....	834,674	974,714
16.6 Other cash provided (applied).....	(1,022,768)	909,742
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(1,857,442)	(64,972)
<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).....	5,252,156	14,868,295
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	46,954,787	32,086,492
19.2 End of period (Line 18 plus Line 19.1).....	52,206,943	46,954,787

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

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

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
<b>Total Members at End of:</b>										
1. Prior Year.....	62,089		62,089							
2. First Quarter.....	66,410		66,410							
3. Second Quarter.....	0									
4. Third Quarter.....	0									
5. Current Year.....	0									
6. Current Year Member Months.....	198,263		198,263							
<b>Total Member Ambulatory Encounters for Period:</b>										
7. Physician.....	10,345		10,345							
8. Non-Physician.....	15,065		15,065							
9. Total.....	25,410	0	25,410	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred.....	3,095		3,095							
11. Number of Inpatient Admissions.....	998		998							
12. Health Premiums Written (a).....	46,112,326		46,112,326							
13. Life Premiums Direct.....	0									
14. Property/Casualty Premiums Written.....	0									
15. Health Premiums Earned.....	0									
16. Property/Casualty Premiums Earned.....	0									
17. Amount Paid for Provision of Health Care Services.....	43,181,245		43,181,245							
18. Amount Incurred for Provision of Health Care Services.....	37,748,485		37,748,485							

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(a) For health premiums written: Amount of Medicare Title XVIII exempt from state taxes or fees \$.000000.

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

### Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
<b>Claims Unpaid (Reported)</b>						
0399999. Aggregate Accounts Not Individually Listed-Covered.....	3,907,262	2,020,998	471,566	336,833		6,736,659
0499999. Subtotals.....	3,907,262	2,020,998	471,566	336,833	0	6,736,659
0599999. Unreported Claims and Other Claim Reserves.....						10,834,359
0699999. Total Amounts Withheld.....						2,164,734
0799999. Total Claims Unpaid.....						19,735,752

## UNDERWRITING AND INVESTMENT EXHIBIT

### Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability 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).....	13,862,060	14,459,640	662,961	12,957,056	14,525,021	17,269,291
2. Medicare Supplement.....					0	
3. Dental only.....					0	
4. Vision only.....					0	
5. Federal Employees Health Benefits Plan Premiums.....					0	
6. Title XVIII - Medicare.....					0	
7. Title XIX - Medicaid.....					0	
8. Other health.....					0	
9. Health subtotal (Lines 1 to 8).....	13,862,060	14,459,640	662,961	12,957,056	14,525,021	17,269,291
10. Healthcare receivables (a).....		830,831			0	
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....					0	
13. Totals.....	13,862,060	13,628,809	662,961	12,957,056	14,525,021	17,269,291

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

**NOTES TO FINANCIAL STATEMENTS****Note 1 - Summary of Significant Accounting Policies**

No significant change.

**Note 2 - Accounting Changes and Corrections of Errors**

No significant change.

**Note 3 - Business Combinations and Goodwill**

No significant change.

**Note 4 - Discontinued Operations**

No significant change.

**Note 5 - Investments**

No significant change.

**Note 6 - Joint Ventures, Partnerships and Limited Liability Companies**

No significant change.

**Note 7 - Investment Income**

No significant change.

**Note 8 - Derivative Instruments**

No significant change.

**Note 9 - Income Taxes**

The Company files a stand-alone federal income tax return.

When available, the Company utilizes net operating loss carry forwards to offset taxable income. At March 31, 2008, the Company had \$0 of operating loss carry forwards.

The following are income taxes incurred in the current and prior year that will be available for recoupment in the event of future net losses:

2007	\$1,229,000
2006	\$4,785,000
2005	\$ 609,000

The components of current income tax expense are as follows:

	2008	2007
Federal	\$2,098,237	\$3,384,477
Foreign	\$ 6,892	11,789
Federal Income Tax on net capital gains	\$ (409,204)	\$1,090,177
Utilization of capital loss carry-forwards	-	
Federal income tax incurred	\$1,695,925	\$4,486,443

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

	March 31, 2008	Effective Tax Rate
Provision computed at statutory rate	\$ 1,669,652	35.0%
Dividends received deduction	\$ (17,235)	-0.4%
Nondeductible expenses	\$ 4,002	0.1%
Benefit of Surtax Bracket	\$ (32,717)	
Other	\$ (9,477)	-0.2%
Total	\$ 1,614,225	33.8%
Federal and foreign income taxes incurred	\$ 1,695,925	33.8%

**NOTES TO FINANCIAL STATEMENTS**

Change in net deferred incomes taxes	\$ (81,701)	-1.7%
Total statutory incomes taxes	\$ 1,614,224	33.8%

The components of the net deferred tax asset/(liability) [at March 31] are as follows:

	March 31, 2008	December 31, 2007
Total of all deferred tax asset (admitted and nonadmitted)	\$1,080,173	\$ 964,520
Total of all deferred tax liabilities	2,925,301	3,518,842
Net deferred tax asset/(liability)	(1,845,129)	(2,554,321)
Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes		
Net admitted deferred tax asset/(liability)	(1,845,129)	(2,554,321)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at [March 31] are as follows:

	March 31, 2008	December 31, 2007
<b>Deferred Tax Assets:</b>		
Tax basis discount on unpaid losses	\$ 95,282	\$ 93,811
Unearned premium discounting	187,116	96,893
Accrued deferred compensation	709,652	523,076
Bad debts	14,737	11,130
Depreciation		
Impairment of Assets	38,980	87,428
Unrealized Capital Losses	34,406	
Total deferred tax assets	1,080,173	964,520
Total deferred tax assets non-admitted		
Admitted deferred tax assets	1,080,173	964,520
<b>Deferred Tax Liabilities:</b>		
Unrealized Capital Gains	2,917,478	3,510,563
Accrued dividends	7,824	8,279
Other		
Total deferred tax liabilities	2,925,301	3,518,842
Net admitted deferred tax asset/(liability)	(1,845,129)	(2,554,321)

The change in net deferred income taxes is comprised of the following [at March 31]:

	March 31, 2008	December 31, 2007	Change
Total deferred tax assets	\$ 1,080,173	\$ 964,520	\$115,653
Total deferred tax liabilities	2,925,301	3,518,842	(593,540)
Net deferred tax asset (liability)	\$ (1,845,129)	\$(2,554,321)	\$ 709,193
Tax effect of unrealized gains (losses)			(627,492)
Change in net deferred income tax			\$ 81,701
No significant change.			

**Note 10 - Information Concerning Parent, Subsidiaries and Affiliates**

No significant change.

**Note 11 - Debt**

No significant change.

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

No significant change.

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

No significant change.

**Note 14 - Contingencies**

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## NOTES TO FINANCIAL STATEMENTS

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No significant change.

### **Note 15 - Leases**

No significant change.

### **Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

No significant change.

### **Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

There was no sale, transfer, or servicing of Financial Assets or Extinguishments of Liabilities

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

No significant change.

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

No significant change.

### **Note 20 - Other Items**

No significant change.

### **Note 21 - Events Subsequent**

No significant change.

### **Note 22 - Reinsurance**

No significant change.

### **Note 23 - Retrospectively Rated Contracts & Contracts Subject to Redetermination**

No significant change.

### **Note 24 - Change in Incurred Losses and Loss Adjustment Expenses**

No significant change.

### **Note 25 - Intercompany Pooling Arrangements**

No significant change.

### **Note 26 - Structured Settlements**

No significant change.

### **Note 27 - Health Care Receivables**

No significant change.

### **Note 28 - Participating Policies**

No significant change.

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## NOTES TO FINANCIAL STATEMENTS

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**Note 29 - Premium Deficiency Reserves**

No significant change.

**Note 30 - Anticipated Salvage and Subrogation**

No significant change.

# GENERAL INTERROGATORIES

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

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]
- 2.2 If yes, date of change: .....
3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [X] No [ ]  
If yes, complete the Schedule Y-Part 1 - Organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]
- 4.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2005.....
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2002.....
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 02/04/2004.....
- 6.4 By what department or departments?
- \_\_\_\_\_
- \_\_\_\_\_

- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [ ] No [ ] N/A [X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ ] No [ ] N/A [X]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]
- 7.2 If yes, give full information:
- \_\_\_\_\_
- \_\_\_\_\_

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- \_\_\_\_\_
- \_\_\_\_\_

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

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

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

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

- 9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- \_\_\_\_\_
- \_\_\_\_\_

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

# GENERAL INTERROGATORIES

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

## PART 1 - COMMON INTERROGATORIES

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

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### FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....1,328,011

### INVESTMENT

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

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

---



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

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

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

14.2 If yes, please complete the following:

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

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

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

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

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

1	2
Name of Custodian(s)	Custodian Address
Regions Bank Trust Department	Little Rock, AR

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

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

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

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

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

16.5 Identify all investment advisors, broker/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	2	3
Central Registration Depository	Name(s)	Address
116359	Foundation Resource Management	Little Rock, AR

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

17.2 If no, list exceptions:

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## SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (YES or NO)
------------------------------	------------------------------	------------------------	------------------------	---------------	--------------------------------------	---

**NONE**

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

Current Year to Date - Allocated by States and Territories

State, Etc.	1 Active Status	Direct Business Only							9 Deposit-Type Contracts
		2 Accident and Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life and Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 through 7	
1. Alabama.....AL	N								.0
2. Alaska.....AK	N								.0
3. Arizona.....AZ	N								.0
4. Arkansas.....AR	L	45,917,300							45,917,300
5. California.....CA	N								.0
6. Colorado.....CO	N								.0
7. Connecticut.....CT	N								.0
8. Delaware.....DE	N								.0
9. District of Columbia.....DC	N								.0
10. Florida.....FL	N								.0
11. Georgia.....GA	N								.0
12. Hawaii.....HI	N								.0
13. Idaho.....ID	N								.0
14. Illinois.....IL	N								.0
15. Indiana.....IN	N								.0
16. Iowa.....IA	N								.0
17. Kansas.....KS	N								.0
18. Kentucky.....KY	N								.0
19. Louisiana.....LA	N								.0
20. Maine.....ME	N								.0
21. Maryland.....MD	N								.0
22. Massachusetts.....MA	N								.0
23. Michigan.....MI	N								.0
24. Minnesota.....MN	N								.0
25. Mississippi.....MS	N								.0
26. Missouri.....MO	N								.0
27. Montana.....MT	N								.0
28. Nebraska.....NE	N								.0
29. Nevada.....NV	N								.0
30. New Hampshire.....NH	N								.0
31. New Jersey.....NJ	N								.0
32. New Mexico.....NM	N								.0
33. New York.....NY	N								.0
34. North Carolina.....NC	N								.0
35. North Dakota.....ND	N								.0
36. Ohio.....OH	N								.0
37. Oklahoma.....OK	N								.0
38. Oregon.....OR	N								.0
39. Pennsylvania.....PA	N								.0
40. Rhode Island.....RI	N								.0
41. South Carolina.....SC	N								.0
42. South Dakota.....SD	N								.0
43. Tennessee.....TN	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		45,917,300	.0	.0	.0	.0	.0	45,917,300	.0
60. Reporting entity contributions for Employee Benefit Plans.....XXX		195,026						195,026	
61. Total (Direct Business).....(a)	1	46,112,326	.0	.0	.0	.0	.0	46,112,326	.0

**DETAILS OF WRITE-INS**

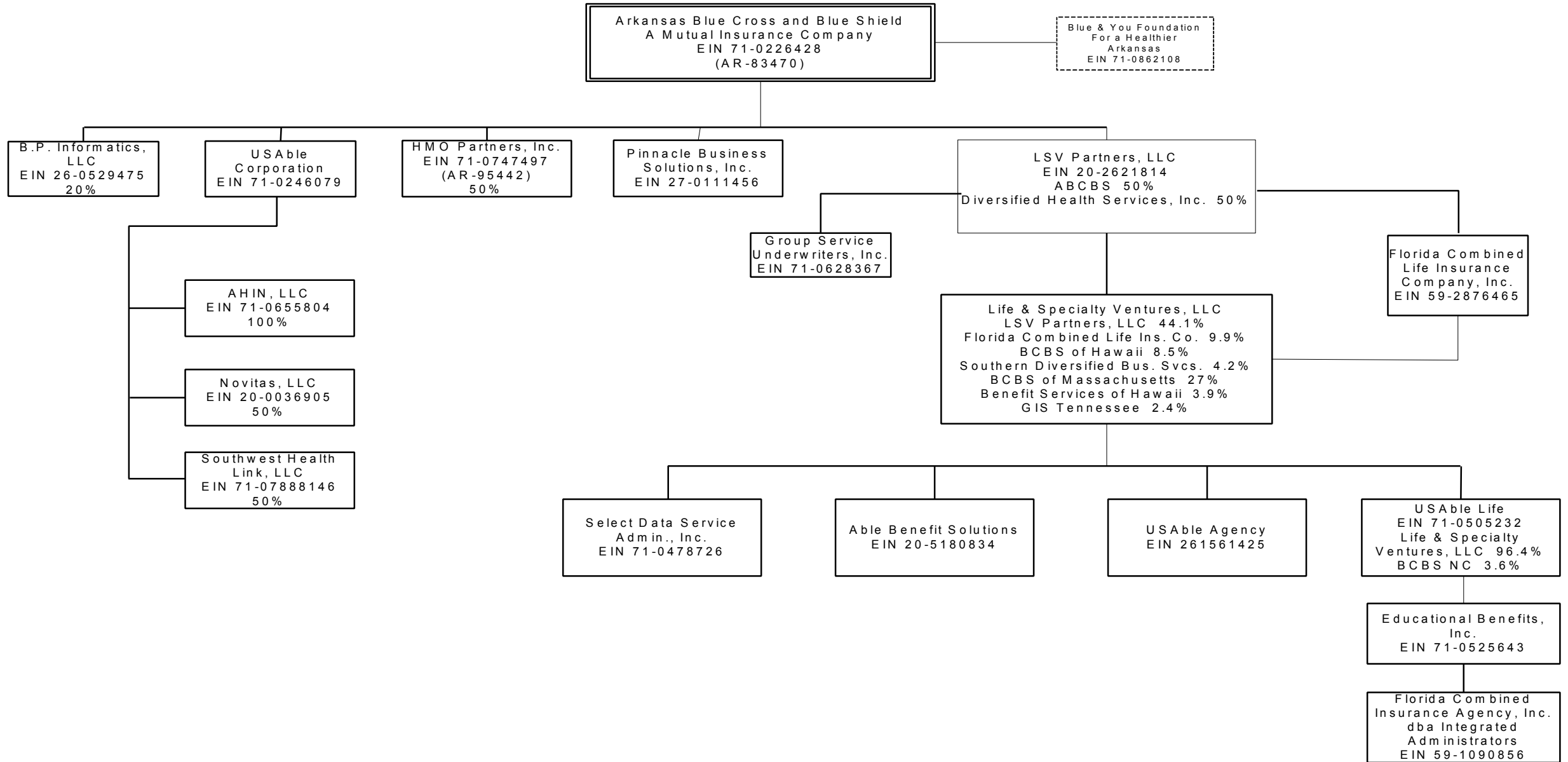
5801.....								.0	
5802.....								.0	
5803.....								.0	
5898. Summary of remaining write-ins for line 58 from overflow page.....		.0	.0	.0	.0	.0	.0	.0	.0
5899. Total (Lines 5801 thru 5803 plus 5898) (Line 58 above).....		.0	.0	.0	.0	.0	.0	.0	.0

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

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

PART 1 – ORGANIZATIONAL CHART

Q14



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

PART 1 – ORGANIZATIONAL CHART

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Q14.1

# SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

**Response**

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

NO

**Explanation:**

**Bar Code:**



## **Overflow Page for Write-Ins**

**NONE**

**SCHEDULE A - VERIFICATION**

Real Estate

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

NONE

**SCHEDULE B - VERIFICATION**

Mortgage Loans

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

NONE

**SCHEDULE BA - VERIFICATION**

Other Long-Term Invested Assets

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

NONE

**SCHEDULE D - VERIFICATION**

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	53,177,608	57,320,754
2. Cost of bonds and stocks acquired.....	1,565,343	5,562,051
3. Accrual of discount.....	19,703	94,619
4. Unrealized valuation increase (decrease).....	(1,694,531)	1,951,866
5. Total gain (loss) on disposals.....	1,169,155	3,060,906
6. Deduct consideration for bonds and stocks disposed of.....	4,630,883	14,460,849
7. Deduct amortization of premium.....	85,157	351,739
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	49,521,238	53,177,608
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	49,521,238	53,177,608

## SCHEDULE D - PART 1B

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

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a).....	70,426,908	18,869,716	21,129,281	(62,280)	68,105,063			70,426,908
2. Class 2 (a).....	507,970			(3,174)	504,795			507,970
3. Class 3 (a).....								
4. Class 4 (a).....								
5. Class 5 (a).....								
6. Class 6 (a).....								
7. Total Bonds.....	70,934,878	18,869,716	21,129,281	(65,454)	68,609,858	0	0	70,934,878
<b>PREFERRED STOCK</b>								
8. Class 1.....								
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock.....	70,934,878	18,869,716	21,129,281	(65,454)	68,609,858	0	0	70,934,878

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(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:  
NAIC 1 \$.....35,662,763; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

## SCHEDULE DA - PART 1

### Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
8299999. Totals.....	35,662,763	XXX	35,662,763	3,464	

## SCHEDULE DA - VERIFICATION

### Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	35,150,928	23,404,822
2. Cost of short-term investments acquired.....	18,340,916	85,384,895
3. Accrual of discount.....		
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		53,886
6. Deduct consideration received on disposals.....	17,829,079	73,692,675
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	35,662,765	35,150,928
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	35,662,765	35,150,928

**Sch. DB-Part F-Section 1  
NONE**

**Sch. DB-Part F-Section 2  
NONE**

**Sch. E-Verification  
NONE**

**Sch. A-Part 2  
NONE**

**Sch. A-Part 3  
NONE**

**Sch. B-Part 2  
NONE**

**Sch. B-Part 3  
NONE**

**Sch. BA-Part 2  
NONE**

**Sch. BA-Part 3  
NONE**

### SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
<b>Bonds - Industrial and Miscellaneous</b>									
141781 AP 9	Cargill, Inc.....	F.....	.....03/27/2008.....	Morgan Keegan.....		.....528,800	.....500,000	.....10,625	1FE.....
4599999.	Total - Bonds - Industrial & Miscellaneous.....					.....528,800	.....500,000	.....10,625	.....XXX.....
6099997.	Total - Bonds - Part 3.....					.....528,800	.....500,000	.....10,625	.....XXX.....
6099999.	Total - Bonds.....					.....528,800	.....500,000	.....10,625	.....XXX.....
<b>Common Stocks - Industrial and Miscellaneous</b>									
346233 10 9	Forestar Real Estate Group.....		.....01/10/2008.....	Merrill Lynch.....	.....19,000.000	.....370,290	.....XXX.....		L.....
717081 10 3	Pfizer.....		.....01/02/2008.....	Union Bank Switzerland.....	.....10,000.000	.....228,884	.....XXX.....		L.....
858155 20 3	Steelcase Class A.....		.....03/28/2008.....	Cantor Fitzgerald.....	.....10,000.000	.....115,723	.....XXX.....		L.....
878742 20 4	Teck Cominco Ltd. Cl B.....	F.....	.....02/05/2008.....	Merrill Lynch.....	.....9,100.000	.....321,647	.....XXX.....		L.....
6899999.	Total - Common Stocks - Industrial & Miscellaneous.....					.....1,036,544	.....XXX.....	.....0	.....XXX.....
7299997.	Total - Common Stocks - Part 3.....					.....1,036,544	.....XXX.....	.....0	.....XXX.....
7299999.	Total - Common Stocks.....					.....1,036,544	.....XXX.....	.....0	.....XXX.....
7399999.	Total - Preferred and Common Stocks.....					.....1,036,544	.....XXX.....	.....0	.....XXX.....
7499999.	Total - Bonds, Preferred and Common Stocks.....					.....1,565,344	.....XXX.....	.....10,625	.....XXX.....

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

## SCHEDULE D - PART 4

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

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value At Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Design- ation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
<b>Bonds - All Other Government</b>																					
912828 DK 3	U. S. Treasury Note.....	...	.02/15/2008	MATURITY.....		3,000,000	3,000,000	2,975,859	2,998,878		1,122		1,122		3,000,000			0	50,625	02/15/2008	1.....
1099999	Total - Bonds - All Other Government.....					3,000,000	3,000,000	2,975,859	2,998,878	0	1,122	0	1,122	0	3,000,000	0	0	0	50,625	XXX	XXX
<b>Bonds - Special Revenue and Special Assessment</b>																					
31331T MR 9	FFCB.....	...	.01/25/2008	Call - Prerefunded.....		300,000	300,000	302,100	300,236		(34)		(34)		300,202		(202)	(202)	1,268	06/16/2008	1FE.....
3199999	Total - Bonds - Special Revenue & Assessment.....					300,000	300,000	302,100	300,236	0	(34)	0	(34)	0	300,202	0	(202)	(202)	1,268	XXX	XXX
6099997	Total - Bonds - Part 4.....					3,300,000	3,300,000	3,277,959	3,299,114	0	1,088	0	1,088	0	3,300,202	0	(202)	(202)	51,893	XXX	XXX
6099999	Total - Bonds.....					3,300,000	3,300,000	3,277,959	3,299,114	0	1,088	0	1,088	0	3,300,202	0	(202)	(202)	51,893	XXX	XXX
<b>Common Stocks - Industrial and Miscellaneous</b>																					
61945A 10 7	Mosaic Co.....	...	.01/02/2008	Union Bank Switzerland.....		1,330,883	XXX	161,526	1,334,911	(1,173,385)			(1,173,385)		161,526		1,169,357	1,169,357		XXX	L.....
6899999	Total - Common Stocks - Industrial & Miscellaneous.....					1,330,883	XXX	161,526	1,334,911	(1,173,385)	0	0	(1,173,385)	0	161,526	0	1,169,357	1,169,357	0	XXX	XXX
7299997	Total - Common Stocks - Part 4.....					1,330,883	XXX	161,526	1,334,911	(1,173,385)	0	0	(1,173,385)	0	161,526	0	1,169,357	1,169,357	0	XXX	XXX
7299999	Total - Common Stocks.....					1,330,883	XXX	161,526	1,334,911	(1,173,385)	0	0	(1,173,385)	0	161,526	0	1,169,357	1,169,357	0	XXX	XXX
7399999	Total - Preferred and Common Stocks.....					1,330,883	XXX	161,526	1,334,911	(1,173,385)	0	0	(1,173,385)	0	161,526	0	1,169,357	1,169,357	0	XXX	XXX
7499999	Total - Bonds, Preferred and Common Stocks.....					4,630,883	XXX	3,439,485	4,634,025	(1,173,385)	1,088	0	(1,172,297)	0	3,461,728	0	1,169,155	1,169,155	51,893	XXX	XXX

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

QE05

**Sch. DB-Part A-Section 1**  
**NONE**

**Sch. DB-Part B-Section 1**  
**NONE**

**Sch. DB-Part C-Section 1**  
**NONE**

**Sch. DB-Part D-Section 1**  
**NONE**

## SCHEDULE E - PART 1 - CASH

### Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
<b>Open Depositories</b>								
Bank of America.....		1.810	108,405		16,053,231	20,620,473	16,544,181	XXX
0199999. Total Open Depositories.....	XXX	XXX	108,405	0	16,053,231	20,620,473	16,544,181	XXX
0399999. Total Cash on Deposit.....	XXX	XXX	108,405	0	16,053,231	20,620,473	16,544,181	XXX
0599999. Total Cash.....	XXX	XXX	108,405	0	16,053,231	20,620,473	16,544,181	XXX

### SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

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

QE09