



ANNUAL STATEMENT

For the Year Ended December 31, 2007
of the Condition and Affairs of the

HMO Partners, Inc

NAIC Group Code.....876, 876 (Current Period) (Prior Period)
 Organized under the Laws of Arkansas
 Licensed as Business Type.....
 Incorporated/Organized..... November 8, 1993
 Statutory Home Office
 Main Administrative Office
 Mail Address
 Primary Location of Books and Records
 Internet Website Address
 Statutory Statement Contact

NAIC Company Code..... 95442
 State of Domicile or Port of Entry Arkansas
 Is HMO Federally Qualified? Yes [X] No []
 Commenced Business..... January 1, 1994
 320 West Capitol..... Little Rock AR 72203-8069
(Street and Number) (City or Town, State and Zip Code)
 320 West Capitol..... Little Rock AR 72203-8069
(Street and Number) (City or Town, State and Zip Code)
 320 West Capitol..... Little Rock AR 72203-8069
(Street and Number or P. O. Box) (City or Town, State and Zip Code)
 601 S. Gaines..... Little Rock AR 72201
(Street and Number) (City or Town, State and Zip Code)
 healthadvantage-hmo.com
 Scott Bradley Winter
(Name)
 sbwinter@arkbluecross.com
(E-Mail Address)

Employer's ID Number..... 71-0747497
 Country of Domicile US
 501-221-1800
(Area Code) (Telephone Number)
 501-378-2000
(Area Code) (Telephone Number)
 501-399-3951
(Area Code) (Telephone Number) (Extension)
 501-378-3258
(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.	Randal Freeland Hundley 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 of the enclosed statement (except for formatting differences due to electronic filing). The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

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

Subscribed and sworn to before me
This _____ day of _____

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	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	35,783,952		35,783,952	42,778,646
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	17,393,655		17,393,655	14,542,108
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 (\$.....11,803,861, Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$.....35,150,928, Sch. DA).....	46,954,787		46,954,787	32,086,492
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).....	100,132,394	0	100,132,394	89,407,246
11. Title plants less \$.....0 charged off (for Title insurers only).....			0	
12. Investment income due and accrued.....	789,258		789,258	868,618
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	1,970,341		1,970,341	497,104
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.....	330,924		330,924	119,769
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.....	9,751,544	168,515	9,583,029	13,589,413
16.1 Current federal and foreign income tax recoverable and interest thereon.....	674,506		674,506	749,990
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.....	2,019,648		2,019,648	1,050,307
22. Health care (\$.....604,334) and other amounts receivable.....	913,905	309,571	604,334	504,031
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 to 23).....	116,582,520	478,086	116,104,434	106,786,478
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
26. TOTALS (Lines 24 and 25).....	116,582,520	478,086	116,104,434	106,786,478

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 \$.....7,262,603 reinsurance ceded).....	17,269,292		17,269,292	13,998,123
2. Accrued medical incentive pool and bonus amounts.....			0	
3. Unpaid claims adjustment expenses.....	1,034,961		1,034,961	810,321
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.....	2,160,879		2,160,879	1,384,182
9. General expenses due or accrued.....	141,691		141,691	466,277
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)).....			0	
10.2 Net deferred tax liability.....	2,554,321		2,554,321	2,025,678
11. Ceded reinsurance premiums payable.....	112,058		112,058	105,250
12. Amounts withheld or retained for the account of others.....	2,078,690		2,078,690	1,861,409
13. Remittances and items not allocated.....	638,933		638,933	126,458
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....	6,913,378		6,913,378	5,552,335
16. Payable for securities.....	180,653		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.....	8,411,586		8,411,586	13,940,938
21. Aggregate write-ins for other liabilities (including \$.....0 current).....	(236,634)	0	(236,634)	330,267
22. Total liabilities (Lines 1 to 21).....	41,259,808	0	41,259,808	40,601,238
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	72,915,473	64,256,087
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	74,844,626	66,185,240
32. Total liabilities, capital and surplus (Lines 22 and 31).....	XXX	XXX	116,104,434	106,786,478

DETAILS OF WRITE-INS

2101. Unclaimed property.....	143,697		143,697	73,674
2102. Miscellaneous payables.....	(380,331)		(380,331)	256,593
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).....	(236,634)	0	(236,634)	330,267
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	457,488	418,323
2. Net premium income (including \$.....0 non-health premium income).....	XXX	100,895,391	89,579,403
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
7. Aggregate write-ins for other non-health revenues.....	XXX	0	0
8. Total revenues (Lines 2 to 7).....	XXX	100,895,391	89,579,403
Hospital and Medical:			
9. Hospital/medical benefits.....		102,634,681	85,190,340
10. Other professional services.....			
11. Outside referrals.....		1,878,410	2,422,968
12. Emergency room and out-of-area.....		6,759,672	4,392,034
13. Prescription drugs.....		22,531,751	18,214,711
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	133,804,514	110,220,053
Less:			
17. Net reinsurance recoveries.....		50,772,337	41,506,505
18. Total hospital and medical (Lines 16 minus 17).....	0	83,032,177	68,713,548
19. Non-health claims (net).....			
20. Claims adjustment expenses, including \$....4,303,030 cost containment expenses.....		6,869,937	6,127,236
21. General administrative expenses.....		5,236,718	5,138,709
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	95,138,832	79,979,493
24. Net underwriting gain or (loss) (Lines 8 minus 23).....	XXX	5,756,559	9,599,910
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		3,678,565	3,131,124
26. Net realized capital gains or (losses) less capital gains tax of \$....1,090,177.....		2,024,615	1,166,345
27. Net investment gains or (losses) (Lines 25 plus 26).....	0	5,703,180	4,297,469
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....)]......			
29. Aggregate write-ins for other income or expenses.....	0	283,257	286,973
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	11,742,996	14,184,352
31. Federal and foreign income taxes incurred.....	XXX	3,396,268	4,437,206
32. Net income (loss) (Lines 30 minus 31).....	XXX	8,346,728	9,747,146

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
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	XXX	0	0
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. Licensing fee income.....		160,000	160,000
2902. Miscellaneous Income.....		123,257	126,973
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	283,257	286,973

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period.....	66,185,240	56,582,470
34. Net income or (loss) from Line 32.....	8,346,728	9,747,146
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.....	1,268,712	555,067
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	154,510	25,551
39. Change in nonadmitted assets.....	(135,850)	187,824
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.....	(974,714)	(912,818)
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	8,659,386	9,602,770
49. Capital and surplus end of reporting period (Line 33 plus 48).....	74,844,626	66,185,240

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
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	100,205,659	89,880,337
2. Net investment income.....	4,015,046	3,744,907
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	104,220,705	93,625,244
5. Benefit and loss related payments.....	79,972,163	71,787,554
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	14,037,652	9,923,388
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....1,090,179 tax on capital gains (losses).....	4,410,961	6,660,526
10. Total (Lines 5 through 9).....	98,420,776	88,371,468
11. Net cash from operations (Line 4 minus Line 10).....	5,799,929	5,253,776
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	9,915,000	5,701,570
12.2 Stocks.....	4,545,849	2,483,817
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	92,821
12.7 Miscellaneous proceeds.....	180,653	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	14,695,388	8,278,208
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	3,177,427	5,493,175
13.2 Stocks.....	2,384,623	1,040,008
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).....	5,562,050	6,533,183
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14).....	9,133,338	1,745,025
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	974,714	912,818
16.6 Other cash provided (applied).....	909,742	740,808
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(64,972)	(172,010)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	14,868,295	6,826,791
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	32,086,492	25,259,701
19.2 End of year (Line 18 plus Line 19.1).....	46,954,787	32,086,492

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).....	163,941,990		63,046,599	100,895,391
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).....	163,941,990	0	63,046,599	100,895,391
10. Life.....				0
11. Property/casualty.....				0
12. Totals (Lines 9 to 11).....	163,941,990	0	63,046,599	100,895,391

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.....	128,103,717	128,103,717								
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	47,899,060	47,899,060								
1.4 Net.....	80,204,657	80,204,657	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.....	24,531,894	24,531,894								
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	7,262,603	7,262,603								
3.4 Net.....	17,269,291	17,269,291	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).....	232,493	232,493								
7. Amounts recoverable from reinsurers December 31, current year.....	330,924	330,924								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct.....	18,598,604	18,598,604								
8.2 Reinsurance assumed.....	0									
8.3 Reinsurance ceded.....	4,600,481	4,600,481								
8.4 Net.....	13,998,123	13,998,123	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.....	119,769	119,769								
12. Incurred benefits:										
12.1 Direct.....	133,804,514	133,804,514	0	0	0	0	0	0	0	0
12.2 Reinsurance assumed.....	0		0	0	0	0	0	0	0	0
12.3 Reinsurance ceded.....	50,772,337	50,772,337	0	0	0	0	0	0	0	0
12.4 Net.....	83,032,177	83,032,177	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.....	9,619,767	9,619,767								
1.2 Reinsurance assumed.....	0									
1.3 Reinsurance ceded.....	4,136,500	4,136,500								
1.4 Net.....	5,483,267	5,483,267	0	0	0	0	0	0	0	0
2. Incurred but unreported:										
2.1 Direct.....	5,933,208	5,933,208								
2.2 Reinsurance assumed.....	0									
2.3 Reinsurance ceded.....	3,097,313	3,097,313								
2.4 Net.....	2,835,895	2,835,895	0	0	0	0	0	0	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct.....	8,978,919	8,978,919								
3.2 Reinsurance assumed.....	0									
3.3 Reinsurance ceded.....	28,790	28,790								
3.4 Net.....	8,950,129	8,950,129	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct.....	24,531,894	24,531,894	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.....	7,262,603	7,262,603	0	0	0	0	0	0	0	0
4.4 Net.....	17,269,291	17,269,291	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	6
	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	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical).....	12,071,366	68,158,209	22,588	17,246,703	12,093,954	13,998,123
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).....	12,071,366	68,158,209	22,588	17,246,703	12,093,954	13,998,123
10. Healthcare receivables (a).....		468,566			0	
11. Other non-health.....					0	
12. Medical incentive pools and bonus amounts.....					0	
13. Totals (Lines 9 - 10 + 11 + 12).....	12,071,366	67,689,643	22,588	17,246,703	12,093,954	13,998,123

(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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior.....	12,433,980	(3,437)			
2. 2003.....	85,014,325	18,307,139	25,449		
3. 2004.....	.XXX	78,417,054	15,621,946	(55,253)	
4. 2005.....	.XXX	.XXX	78,584,895	14,180,268	(27,818)
5. 2006.....	.XXX	.XXX	.XXX	58,062,238	12,099,183
6. 2007.....	.XXX	.XXX	.XXX	.XXX	68,158,209

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior.....	88,375,802	87,855,054			
2. 2003.....	106,922,647	102,745,884	103,346,913		
3. 2004.....	.XXX	98,178,303	94,058,569	93,983,746	
4. 2005.....	.XXX	.XXX	95,686,348	92,692,243	92,737,346
5. 2006.....	.XXX	.XXX	.XXX	72,034,065	70,129,895
6. 2007.....	.XXX	.XXX	.XXX	.XXX	85,404,913

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. 2003.....	130,776	103,347	4,761	4.6	108,108	82.7			108,108	82.7
2. 2004.....	118,191	93,984	4,052	4.3	98,036	82.9			98,036	82.9
3. 2005.....	113,372	92,737	5,253	5.7	97,990	86.4			97,990	86.4
4. 2006.....	89,579	70,161	6,127	8.7	76,288	85.2	.22	1	76,311	85.2
5. 2007.....	100,895	68,158	6,870	10.1	75,028	74.4	17,247	1,034	93,309	92.5

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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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior.....	12,433,980	(3,437)			
2. 2003.....	85,014,325	18,307,139	25,449		
3. 2004.....	.XXX	78,417,054	15,621,946	(55,253)	
4. 2005.....	.XXX	.XXX	78,584,895	14,180,268	(27,818)
5. 2006.....	.XXX	.XXX	.XXX	58,062,238	12,099,183
6. 2007.....	.XXX	.XXX	.XXX	.XXX	68,158,209

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior.....	88,375,802	87,855,054			
2. 2003.....	106,922,647	102,745,884	103,346,913		
3. 2004.....	.XXX	98,178,303	94,058,569	93,983,746	
4. 2005.....	.XXX	.XXX	95,686,348	92,692,243	92,737,346
5. 2006.....	.XXX	.XXX	.XXX	72,034,065	70,129,895
6. 2007.....	.XXX	.XXX	.XXX	.XXX	85,404,913

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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. 2003.....	130,776	103,347	4,761	4.6	108,108	82.7			108,108	82.7
2. 2004.....	118,191	93,984	4,052	4.3	98,036	82.9			98,036	82.9
3. 2005.....	113,372	92,737	5,253	5.7	97,990	86.4			97,990	86.4
4. 2006.....	89,579	70,161	6,127	8.7	76,288	85.2	22	1	76,311	85.2
5. 2007.....	100,895	68,158	6,870	10.1	75,028	74.4	17,247	1,034	93,309	92.5

**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).....	2,421	365	210,977		213,763
2. Salaries, wages and other benefits.....	4,120,937	2,677,461	17,437,699		24,236,097
3. Commissions (less \$.....0 ceded plus \$.....0 assumed).....			3,601,945		3,601,945
4. Legal fees and expenses.....	53	1	67,697		67,751
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	19,672	23,435	487,677		530,784
7. Traveling expenses.....	123,540	37,215	460,807		621,562
8. Marketing and advertising.....	6,375		78,740		85,115
9. Postage, express and telephone.....	145,578	536,273	811,015		1,492,866
10. Printing and office supplies.....	211,274	74,236	924,915		1,210,425
11. Occupancy, depreciation and amortization.....					0
12. Equipment.....	231,393	248,174	2,186,453		2,666,020
13. Cost or depreciation of EDP equipment and software.....		17,361	245,980		263,341
14. Outsourced services including EDP, claims, and other services.....	2,429,072	292,583	560,806		3,282,461
15. Boards, bureaus and association fees.....			225,223		225,223
16. Insurance, except on real estate.....	335,925	20,057	144,616		500,598
17. Collection and bank service charges.....			11,237		11,237
18. Group service and administration fees.....	75,935	65,286	702,792		844,013
19. Reimbursements by uninsured plans.....			(12,507,378)		(12,507,378)
20. Reimbursements from fiscal intermediaries.....		163,662			163,662
21. Real estate expenses.....	118,507	86,187	461,565		666,259
22. Real estate taxes.....	4,587	4,870	25,791		35,248
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....		70,714	4,155		74,869
23.2 State premium taxes.....					0
23.3 Regulator authority licenses and fees.....	1,072	1	48,779		49,852
23.4 Payroll taxes.....	265,073	162,333	910,877		1,338,283
23.5 Other (excluding federal income and real estate taxes).....	4,594	7,711	858,208		870,513
24. Investment expenses not included elsewhere.....				97,311	97,311
25. Aggregate write-ins for expenses.....	(3,792,978)	(1,921,018)	(12,723,858)	0	(18,437,854)
26. Total expenses incurred (Lines 1 to 25).....	4,303,030	2,566,907	5,236,718	97,311	(a) 12,203,966
27. Less expenses unpaid December 31, current year.....		1,034,961	141,691		1,176,652
28. Add expenses unpaid December 31, prior year.....		810,321	466,277		1,276,598
29. Amounts receivable relating to uninsured plans, prior year.....					0
30. Amounts receivable relating to uninsured plans, current year.....			749,553		749,553
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30).....	4,303,030	2,342,267	6,310,857	97,311	13,053,465

DETAILS OF WRITE-INS

2501. Administrative Services Agreement.....			1,541,413		1,541,413
2502. Unpaid Claims Processing.....		480,062			480,062
2503. Ceded Administrative Expenses.....	(3,792,978)	(2,401,080)	(14,265,271)		(20,459,329)
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).....	(3,792,978)	(1,921,018)	(12,723,858)	0	(18,437,854)

(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).....1,038,750	.....886,802
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....969,999	.....770,082
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....403,477	.....396,826
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).....1,704,825	.....1,722,166
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....4,117,051	.....3,775,876
11. Investment expenses.....	.....	(g).....97,311
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).....	.....	.....97,311
17. Net investment income (Line 10 minus Line 16).....	.....	.....3,678,565

DETAILS OF WRITE-INS

0901.		
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).....	0	0
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 \$.....94,619 accrual of discount less \$.....351,738 amortization of premium and less \$.....39,967 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 \$.....0 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).....	3,060,905		3,060,905	1,268,712	
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.....	53,886		53,886		
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).....	3,114,791	0	3,114,791	1,268,712	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.....	168,515	144,076	(24,439)
16.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
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
20. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
21. Receivable from parent, subsidiaries and affiliates.....			.0
22. Health care and other amounts receivable.....	309,571	198,158	(111,413)
23. Aggregate write-ins for other than invested assets.....	.0	.0	.0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	478,086	342,234	(135,852)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
26. TOTALS (Lines 24 and 25).....	478,086	342,234	(135,852)

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. A/R Other.....			.0
2302.....			.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).....	.0	.0	.0

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.....	21,580	20,307	19,556	19,325	19,449	236,847
2. Provider service organizations.....						
3. Preferred provider organizations.....						
4. Point of service.....	35,942	38,615	39,898	41,178	42,640	481,496
5. Indemnity only.....						
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total.....	57,522	58,922	59,454	60,503	62,089	718,343

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

NOTES TO FINANCIAL STATEMENTS

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

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

The Arkansas Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of Arkansas for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Arkansas Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective January 1, 2001, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Arkansas.

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

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

C. Accounting Policy

Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business are charged to operations as incurred.

In addition, the company uses the following accounting policies:

Short-term investments are stated at amortized cost.

Bonds not backed by other loans are stated at amortized cost using the interest method.

Common Stocks at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.

Preferred stocks are stated at cost.

Expenditures for assets are capitalized at \$500, and all other costs are expensed.

Pharmacy rebate receivable estimates are based upon a history of rebates billed vs. paid pharmacy claims.

2. Accounting Changes and Corrections of Errors

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Arkansas. Effective January 1, 2001, the State of Arkansas adopted that insurance companies domiciled in the State of Arkansas prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual – Version effective January 1, 2001 subject to any deviations prescribed or permitted by the State of Arkansas insurance commissioner.

Accounting changes adopted to conform to the provisions of the NAIC *Accounting Practices and Procedures* manual – Version effective January 1, 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle.

3. Business Combinations and Goodwill

The Company had no business combinations or goodwill as of December 31, 2007.

4. Discontinued Operations

The Company had no discontinued operations as of December 31, 2007.

5. Investments

- A. The Company has no mortgage loans at this time.
- B. The Company has no debt restructuring at this time.
- C. The Company has no reverse mortgages at this time.
- D. The Company has no loan-backed securities at this time.
- E. The Company has no repurchase agreements at this time.
- F. The Company has no investments in real estate at this time.

6. Joint Ventures, Partnerships, and Limited Liability Companies

The Company has no investments in Joint Ventures, Partnerships, or Limited Liability Companies

7. Investment Income

All investment income due and accrued is included in investment income.

8. Derivative Instruments

The Company does not own any derivative instruments.

NOTES TO FINANCIAL STATEMENTS**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 December 31, 2007, 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	\$4,236,000
2006	\$4,762,000
2005	\$ 609,000

The components of current income tax expense are as follows:

	2007	2006
Federal	\$3,384,477	\$4,426,680
Foreign	\$ 11,789	10,526
Federal Income Tax on net capital gains	\$1,090,177	\$ 628,032
Utilization of capital loss carry-forwards	-	
Federal income tax incurred	\$4,486,443	\$5,065,238

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:

	December 31, 2007	Effective Tax Rate
Provision computed at statutory rate	\$ 4,491,610	35.0%
Dividends received deduction	\$ (73,715)	- .6%
Nondeductible expenses	\$ 10,775	0.1%
Benefit of Surtax Bracket	\$ (100,000)	
Other	\$ 3,263	0.0%
Total	\$ 4,331,933	33.8%
Federal and foreign income taxes incurred	\$ 4,486,443	35.0%
Change in net deferred incomes taxes	\$ (154,510)	-1.2%
Total statutory incomes taxes	\$ 4,331,933	33.8%

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

	December 31, 2007	December 31, 2006
Total of all deferred tax asset (admitted and nonadmitted)	\$ 964,520	\$ 812,338
Total of all deferred tax liabilities	3,518,842	2,838,017
Net deferred tax asset/(liability)	(2,554,321)	(2,025,679)
Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes		
Net admitted deferred tax asset/(liability)	(2,554,321)	(2,025,679)

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

	December 31, 2007	December 31, 2006
Deferred Tax Assets:		
Tax basis discount on unpaid losses	\$ 118,243	\$ 93,811
Unearned premium discounting	151,262	96,893
Accrued deferred compensation	641,299	523,076
Bad debts	14,737	11,130
Depreciation		
Impairment of Assets	38,980	87,428
Total deferred tax assets	964,520	812,338
Total deferred tax assets non-admitted		
Admitted deferred tax assets	964,520	812,338
Deferred Tax Liabilities:		
Unrealized Capital Gains	3,510,563	2,827,411
Accrued dividends	8,279	10,606
Other		
Total deferred tax liabilities	3,518,842	2,838,017
Net admitted deferred tax asset/(liability)	(2,554,321)	(2,025,679)

NOTES TO FINANCIAL STATEMENTS

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

	December 31, 2007	December 31, 2006	Change
Total deferred tax assets	\$ 964,520	\$ 812,338	\$152,182
Total deferred tax liabilities	3,518,842	2,838,017	680,825
Net deferred tax asset (liability)	\$(2,554,321)	\$(2,025,679)	\$(528,643)
Tax effect of unrealized gains (losses)			683,153
Change in net deferred income tax			\$ 154,510

10. Information Concerning Parent, Subsidiaries and Affiliates

A. The Company was formed on January 1, 1994. The Company's shareholders as of December 31, 2007 were Arkansas Blue Cross and Blue Shield (50%) and Baptist Medical System HMO, Inc. (50%). Effective October 1st, 2006, USAble Corporation, a wholly owned subsidiary of Arkansas Blue Cross and Blue Shield (ABCBS), sold its ownership interest in HMO Partners, Inc. to ABCBS for \$27,143,396.

B. & C. The Company, d/b/a Health Advantage, serves as the Third Party Administrator for the self insured employee groups of ABCBS and Baptist Health. All receivables and payables dealing with their employee groups are classified under Uninsured Plans. At December 31, 2007, receivables of \$4,013,590 and \$1,474,833 were due respectively from Baptist Health and ABCBS. Payable balances of \$3,795,406 and \$1,281,370 are recorded respectively for Baptist Health and ABCBS. The Company paid dividends to Arkansas Blue and Blue Shield and BMS HMO on March 19, 2007, totaling \$974,714.

D. At December 31, 2007 the Company reported the following amounts due from Affiliates:

Arkansas Blue Cross and Blue Shield	<u>\$2,019,648</u>
Total	\$2,019,648

At December 31, 2007 the Company reported the following amounts do to Affiliates:

Arkansas Blue Cross and Blue Shield	\$6,837,064
Pinnacle Business Solutions	570
USAbLe Life	<u>75,744</u>
Total	\$6,913,378

E. N/A

F. The Company reimburses Arkansas Blue Cross and Blue Shield for various administrative, employee benefit and marketing shared expenses, which are provided to the Company. These expenses are allocated to the Company in accordance with generally accepted accounting principles. In addition, the Company leases office space from Arkansas Blue Cross and Blue Shield.

G. N/A

H. N/A

I. N/A

J. N/A

11. Debt

A. As of December 31, 2007, the Company has no capital notes.

B. As of December 31, 2007, the Company's liability for borrowed money was zero (\$-0-).

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

A. Defined Benefit Plan

The Company no longer offers a defined benefit plan.

B. Defined Contribution Plan

The Company offers an optional 401(k) plan to all eligible employees. The employee has the option of deferring up to 15% of his or her salary. The Company matches the amount deferred by the employee based upon years of service from a minimum of 50% to a maximum of 100% of a 6% contribution.

Effective July 1, 1998 the plan was amended to establish a non-contributory, defined contribution portion of the plan known as 401(k) Plu\$. Employees are not required to participate in the original defined contribution plan in order to receive benefits under the 401(k) Plu\$ portion of the plan. Under the 401(k) Plu\$ the Company makes a contribution from 2% to 6% of the eligible compensation of all eligible employees. The determination of the percentage to be used in calculating the contribution is based upon annually established net income targets. At no time will the contribution be less than 2% nor more than 6%. For 2007, 4% has been used to calculate the Company's contribution of \$293,420.

All funds under the 401(k) Plu\$ portions of the plan are held by an outside trustee.

C. Multiemployer Plans

The Company does not participate in multiemployer plans.

D. Consolidated/Holding Company Plans

The Company's employees participate in the deferred compensation plans of the Company's co-owner, Arkansas Blue Cross and Blue Shield.

NOTES TO FINANCIAL STATEMENTS**E. Postemployment Benefits and Compensated Absences**

The Company does not offer a postretirement benefit plan.

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

- 1) As of December 31, 2007, the Company had 1,000,000 common stock shares authorized, issued and outstanding at \$.01 par value.
- 2) The Company has no preferred stock outstanding.
- 3) Dividends on Company stock are paid as declared by its Board of Directors.
- 4) Dividends are paid based on earned surplus and cannot fall below state net worth requirements.
- 5) All unassigned surplus is being held for the stockholder.
- 6) The Company does not have any advances to surplus.
- 7) As of December 31, 2007, the Company held no stock for special purposes such as employee stock options or conversion of preferred stock.
- 8) The Company has no special surplus funds.
- 9) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$ 6,385,090.
- 10) Surplus Notes

a. issue date	5/2/94	5/2/94	9/19/96	9/19/96
b. Surplus notes				
c. Holder of Note	US Able Corp	Multi-Management Services	US Able Corp	Multi-Management Services
d. Par Value	\$1,500,000	\$1,500,000	\$2,500,000	\$2,500,000
e. Carrying Value	\$ -0-	\$ -0-	\$ -0-	\$ -0-
f. Interest rate	7.75%	7.75%	5.00%	5.00%

 - g. Each payment of interest on and principal of the surplus notes may be made only with the prior approval of the Commissioner of the Arkansas Insurance Department and only to the extent the Company has sufficient surplus earnings to make such payment.
 - h. There has been no interest or principal paid that was unapproved.
 - i. For the year ending December 31, 2003 the Company paid \$243,240 of interest and made principal repayments of \$4,000,000 which included the final payoff of the remaining two notes issued 9/19/96. At 12/31/03 the principle balance was \$-0-.
 - j. The Company has paid \$3,491,107 in interest over the life of the surplus notes and \$8,000,000 in principle repayments.
 - k. The rights to the principle amount and to the accrued interest thereon are and shall remain subject to and subordinate to all other liabilities of the Company.
 - l. Upon the dissolution or liquidation of the Company, no payment on the surplus notes shall be made until all other liabilities of the Company shall have been paid.
- 11) The Company was not involved in a quasi-reorganization.
- 12) The Company was not involved in a quasi-reorganization.

14. Contingencies

The Company is not aware of any contingent liabilities as of December 31, 2007.

In the normal course of business, the Company is involved in litigation from time to time with claimants and others, a number of these were pending at December 31, 2007. In the opinion of the Company, the ultimate liability, if any, has been adequately provided for in the financial statements, and any excess liability would not have a material adverse financial effect upon the Company.

15. Leases

The Company has no material lease obligations at this time.

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

The Company does not have any off-balance sheet risk.

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

The Company has not been involved in any sale, transfer and servicing of financial assets and extinguishments of liabilities as of December 31, 2007.

NOTES TO FINANCIAL STATEMENTS

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

The gain (loss) from operations for uninsured accident and health plans was as follows during 2007:

	Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total
Net Reimbursement for Administrative expenses (including administrative fees) in excess of actual expenses	\$ 621,184	\$-0-	\$ 621,184
Other Income	\$-0-	\$-0-	\$-0-
Net gain or (loss) from operations	\$ 621,184	\$-0-	\$ 621,184
Total claim payment volume	\$148,996,816	\$-0-	\$148,996,816

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

The Company does not currently have any direct premium written/produced by managing general agents/third party administrators.

20. Other Items

- A. The Company had no extraordinary items as of December 31, 2007.
- B. The Company had no troubled debt restructuring as of December 31, 2007.
- C. The Company has no other disclosures as of December 31, 2007.
- D. The Company has no uncollectible assets covered by SSAP No.6 as of December 31, 2007.
- E. The Company has no noncash transactions.
- F. The Company has no business interruption insurance recoveries.
- G. The Company does not engage in sub-prime residential mortgage lending nor does it have any material direct investments in collateralized debt obligations or debt securities that are directly backed by residential mortgages. The Company's exposure to sub-prime lending is limited to its ownership of the general obligation debt and/or equity securities of both governmental and commercial entities whose business activities include residential mortgage lending.

As of December 31, 2007 the market value of the debt securities described in the previous paragraph had market value of \$3,671,218.00 representing 5.44% of the market value of the Company's entire debt portfolio of \$67,464,225.50. Of the \$3,671,218.00, \$3,174,358.00 is issued by entities carrying a Standard & Poor's rating of AAA. The remaining \$496,860.00 carries a Standard & Poor's rating of A+ or better.

The market value of the Company's investment in the equity securities of commercial enterprises that engage in residential mortgage lending accumulates to \$791,284.80. This represents 4.55% of the Company's investments in equity securities of \$17,393,655.04.

21. Events Subsequent

There were no known events subsequent as of December 31, 2007.

22. Reinsurance**A. Ceded Reinsurance Report**

Section 1

- 1. The Company had no non-affiliated reinsurers.
- 2. The Company had no reinsurer chartered outside the United States.

Section 2

- 1. The Company has no 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.
- 2. The Company has no reinsurance agreements in effect such that the amount of losses paid or accrued may result in a payment to the reinsurer of amounts that exceed the premium collected.

Section 3

- 1. The estimated reduction in surplus if the reinsurance agreement was terminated would be \$-0-.
- 2. No new agreements have been executed since January 1, 2004.

B. The Company did not have any uncollectible reinsurance written off during the year.

C. There was no commutation of reinsurance during the year.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Company does not have any retrospectively rated contracts or contract subject to redetermination.

NOTES TO FINANCIAL STATEMENTS**25. Change in Incurred Claims and Claim Adjustment Expenses**

The Company does not have any changes in the provision for incurred claim and claim adjustment expenses attributable to insured events of prior years.

26. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangements.

27. Structured Settlements

This note is not applicable to health entities.

28. Health Care Receivables

A. The Company, in accordance with SSAP No. 84, has estimated pharmaceutical rebate receivables recorded on its financial statements. In determining its estimate, the Company utilizes historical information relative to pharmaceutical rebates received as well as considering contractual changes in rebate amounts and changes in membership. While the Company records the total estimated pharmaceutical rebate receivable, it only admits as an asset the estimate for the last quarter of the reporting date. The detail of the estimated amounts on the financial statements and the related collections are as follows:

Qtr	Est Rebates on F/S	Admitted	Invoiced	---Rebates collected within days of qtr---		
				0-90	91-180	over 180
12/31/07	\$ 773,100	\$463,529				
09/30/07	\$ 683,232	\$412,520		\$ 3,540		
06/30/07	\$ 676,920	\$442,494		\$	\$465,297	
03/31/07	\$ 627,090	\$415,037		\$	\$405,570	\$ 27,092
12/31/06	\$ 592,949	\$394,791		\$ 9,485	\$364,631	\$ 10,104
09/30/06	\$ 611,653	\$373,091		\$ 38	\$357,063	\$ 19,905
06/30/06	\$ 585,664	\$354,891		\$ 561	\$352,242	\$ 9,038
03/31/06	\$ 710,997	\$339,148			\$294,879	\$ 41,770
12/31/05	\$ 734,902	\$328,098			\$348,465	\$ 28,962
09/30/05	\$ 777,006	\$364,358		\$42,399	\$295,460	\$ 75,729
06/30/05	\$ 691,197	\$353,556			\$322,945	\$ 66,896
03/31/05	\$1,005,817	\$351,112			\$310,858	\$ 82,612

B. The Company has no risk sharing receivables.

29. Participating Policies

The Company has no participating contracts.

30. Premium Deficiency Reserves

The Company has no premium deficiency reserves.

31. Anticipated Salvage and Subrogation

The Company has no estimates of anticipated salvage and subrogation.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	19,274,432	19.2	19,274,432	19.2
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....		0.0		0.0
1.22 Issued by U.S. government sponsored agencies.....		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	5,659,621	5.7	5,659,621	5.7
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....		0.0		0.0
1.43 Revenue and assessment obligations.....	3,170,382	3.2	3,170,382	3.2
1.44 Industrial development and similar obligations.....	7,679,517	7.7	7,679,517	7.7
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA.....		0.0		0.0
1.512 Issued or guaranteed by FNMA and FHLMC.....		0.0		0.0
1.513 All other.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....		0.0		0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521.....		0.0		0.0
1.523 All other.....		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....		0.0		0.0
2.2 Unaffiliated foreign securities.....		0.0		0.0
2.3 Affiliated securities.....		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds.....		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated.....		0.0		0.0
3.22 Unaffiliated.....		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....	17,393,655	17.4	17,393,655	17.4
3.4 Other equity securities:				
3.41 Affiliated.....		0.0		0.0
3.42 Unaffiliated.....		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....		0.0		0.0
3.52 Unaffiliated.....		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development.....		0.0		0.0
4.2 Agricultural.....		0.0		0.0
4.3 Single family residential properties.....		0.0		0.0
4.4 Multifamily residential properties.....		0.0		0.0
4.5 Commercial loans.....		0.0		0.0
4.6 Mezzanine real estate loans.....		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company.....		0.0		0.0
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....		0.0		0.0
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt).....		0.0		0.0
6. Contract loans.....		0.0		0.0
7. Receivables for securities.....		0.0		0.0
8. Cash, cash equivalents and short-term investments.....	46,954,787	46.9	46,954,787	46.9
9. Other invested assets.....		0.0		0.0
10. Total invested assets.....	100,132,394	100.0	100,132,394	100.0

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 [] No [] N/A [X]
- 1.3 State regulating? _____
- 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. 12/31/2005
- 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. 12/31/2005
- 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). 04/25/2007
- 3.4 By what department or departments? Arkansas Insurance Department
- 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 a 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 [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and location (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 |
|---------------------|-----------------------------|----------|----------|----------|-----------|----------|
| | | | | | | |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
BKD, LLP Little Rock, Arkansas
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?
Samuel Vorderstrasse Employee of Arkansas Blue Cross Blue Shield
- 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. _____
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 [X] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 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 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 No

13.21 If the response to 13.2 is Yes, provide information related to amendment(s).

- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes No

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 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 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 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

- 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

- 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

- 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 No

- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....2,393,849

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? Yes No

22.2 If no, give full and complete information relating thereto.

- 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) Yes No

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

23.3 For category (23.28) 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

- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
 If no, attach a description with this statement.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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, 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 []

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
Regions Bank Trust Department	Little Rock, Arkansas

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
116359	Foundation Resource Management	Little Rock, Arkansas

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.....	70,934,878	71,476,200	541,322
28.2 Preferred stocks.....			0
28.3 Totals.....	70,934,878	71,476,200	541,322

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

Fair value pricing obtained, where applicable, from NAIC 4th Quarter 2006 Valuation of Securities database, or from market prices provided by Regions Morgan Keegan Trust Company, custodian for investment assets, for issues which were not priced by NAIC at year-end.

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? \$.....223,850

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
Blue Cross Blue Shield Association	162,795

31.1 Amount of payments for legal expenses, if any? \$.....141,261

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
Wright Lindsey & Jennings	42,389

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....53,702

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
Blue Cross Blue Shield Association	53,702

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.....	100,895,391	89,579,403
2.2 Premium Denominator.....	100,895,391	89,579,403
2.3 Premium Ratio (2.1/2.2).....	100.0	100.0
2.4 Reserve Numerator.....	17,269,291	13,998,123
2.5 Reserve Denominator.....	17,269,292	13,998,123
2.6 Reserve Ratio (2.4/2.5).....	100.0	100.0

- 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, as 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 [X] No []
- 5.2 If no, explain:

- 5.3 Maximum retained risk (see instructions):
 - 5.31 Comprehensive medical \$.....2,000,000
 - 5.32 Medical only \$.....0
 - 5.33 Medicare supplement \$.....0
 - 5.34 Dental \$.....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:
 Hold Harmless Agreement

- 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 year7,709
 - 8.2 Number of providers at end of reporting year7,988

- 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 the 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 [X] No []
- 10.2 If yes:
 - 10.21 Maximum amount payable bonuses \$.....0
 - 10.22 Amount actually paid for year bonuses \$.....0
 - 10.23 Maximum amount payable withholds \$.....7,955,715
 - 10.24 Amount actually paid for year withholds \$.....7,834,189

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. _____
- 11.4 If yes, show the amount required. \$.....100,000
- 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
Arkansas

FIVE-YEAR HISTORICAL DATA

	1 2007	2 2006	3 2005	4 2004	5 2003
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26).....	116,104,434	106,786,478	95,139,933	88,451,093	81,442,409
2. Total liabilities (Page 3, Line 22).....	41,259,808	40,601,238	38,557,463	41,569,799	45,905,161
3. Statutory surplus.....	100,000	100,000	100,000	100,000	100,000
4. Total capital and surplus (Page 3, Line 31).....	74,844,626	66,185,240	56,582,470	46,881,294	35,537,248
Income Statement Items (Page 4)					
5. Total revenues (Line 8).....	100,895,391	89,579,403	113,372,429	118,191,401	130,775,791
6. Total medical and hospital expenses (Line 18).....	83,032,177	68,713,548	91,006,413	94,001,539	107,276,586
7. Claims adjustment expenses (Line 20).....	6,869,937	6,127,236	5,252,991	4,056,215	4,895,749
8. Total administrative expenses (Line 21).....	5,236,718	5,138,709	6,195,022	6,441,877	6,831,659
9. Net underwriting gain (loss) (Line 24).....	5,756,559	9,599,910	10,918,003	13,691,770	11,771,797
10. Net investment gain (loss) (Line 27).....	5,703,180	4,297,469	2,734,401	2,363,728	1,358,870
11. Total other income (Lines 28 plus 29).....	283,257	286,973	190,881	171,100	208,726
12. Net income or (loss) (Line 32).....	8,346,728	9,747,146	9,128,177	10,893,143	8,740,619
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	5,799,929	5,253,776	6,287,871	4,172,349	11,447,119
Risk-Based Capital Analysis					
14. Total adjusted capital.....	74,844,626	66,185,240	56,582,470	46,881,294	35,537,248
15. Authorized control level risk-based capital.....	4,352,158	3,664,061	4,363,660	4,366,744	4,804,578
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7).....	62,089	57,522	51,965	70,708	68,311
17. Total member months (Column 6, Line 7).....	718,343	657,413	764,801	846,147	1,142,220
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100					
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).....	82.3	76.7	80.3	79.5	82.0
20. Cost containment expenses.....	4.3	4.6	3.2	2.3	XXX
21. Other claims adjustment expenses.....	2.5	2.2	1.5	3.4	
22. Total underwriting deductions (Line 23).....	94.3	89.3	90.4	88.4	91.0
23. Total underwriting gain (loss) (Line 24).....	5.7	10.7	9.6	11.6	9.0
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5).....	12,093,954	14,151,311	15,691,358	22,127,208	17,201,705
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	13,998,123	17,145,415	19,811,088	26,303,969	20,621,428
Investments in Parent, Subsidiaries and Affiliates					
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, Part 2, Col. 5, Line 7).....					
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 D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States.....	19,274,432	19,487,370	19,623,047	19,000,000
	2. Canada.....				
	3. Other Countries.....				
	4. Totals.....	19,274,432	19,487,370	19,623,047	19,000,000
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	5,659,621	5,665,932	5,683,289	5,650,000
	6. Canada.....				
	7. Other Countries.....				
	8. Totals.....	5,659,621	5,665,932	5,683,289	5,650,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....				
	10. Canada.....				
	11. Other Countries.....				
	12. Totals.....	0	0	0	0
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	3,170,382	3,174,358	3,262,335	3,150,000
	14. Canada.....				
	15. Other Countries.....				
	16. Totals.....	3,170,382	3,174,358	3,262,335	3,150,000
Public Utilities (Unaffiliated)	17. United States.....	494,382	495,975	492,762	500,000
	18. Canada.....				
	19. Other Countries.....				
	20. Totals.....	494,382	495,975	492,762	500,000
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	6,159,599	6,175,620	6,535,988	5,930,000
	22. Canada.....	1,025,536	1,037,475	1,081,065	1,000,000
	23. Other Countries.....				
	24. Totals.....	7,185,135	7,213,095	7,617,053	6,930,000
Parent, Subsidiaries and Affiliates	25. Totals.....				
	26. Total Bonds.....	35,783,952	36,036,730	36,678,486	35,230,000
PREFERRED STOCKS Public Utilities (Unaffiliated)	27. United States.....				
	28. Canada.....				
	29. Other Countries.....				
	30. Totals.....	0	0	0	
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....				
	32. Canada.....				
	33. Other Countries.....				
	34. Totals.....	0	0	0	
Industrial and Miscellaneous (Unaffiliated)	35. United States.....				
	36. Canada.....				
	37. Other Countries.....				
	38. Totals.....	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals.....				
	40. Total Preferred Stocks.....	0	0	0	
COMMON STOCKS Public Utilities (Unaffiliated)	41. United States.....				
	42. Canada.....				
	43. Other Countries.....				
	44. Totals.....	0	0	0	
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....				
	46. Canada.....				
	47. Other Countries.....				
	48. Totals.....	0	0	0	
Industrial and Miscellaneous (Unaffiliated)	49. United States.....	12,620,970	12,620,970	5,857,148	
	50. Canada.....	4,772,685	4,772,685	1,506,327	
	51. Other Countries.....				
	52. Totals.....	17,393,655	17,393,655	7,363,475	
Parent, Subsidiaries and Affiliates	53. Totals.....				
	54. Total Common Stocks.....	17,393,655	17,393,655	7,363,475	
Parent, Subsidiaries and Affiliates	55. Total Stocks.....	17,393,655	17,393,655	7,363,475	
	56. Total Bonds and Stocks.....	53,177,607	53,430,385	44,041,961	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	57,320,754	7. Amortization of premium.....	351,739
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	5,562,051	8. Foreign exchange adjustment:	
3. Accrual of discount.....	94,619	8.1 Column 15, Part 1.....	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1.....	
4.1 Columns 12 - 14, Part 1.....		8.3 Column 16, Part 2, Section 2.....	
4.2 Columns 15 - 17, Part 2, Section 1.....		8.4 Column 15, Part 4.....	0
4.3 Column 15, Part 2, Section 2.....	3,700,553	9. Book/adjusted carrying value at end of current period.....	53,177,607
4.4 Columns 11 - 13, Part 4.....	(1,748,688)	10. Total valuation allowance.....	
5. Total gain (loss), Column 19, Part 4.....	3,060,906	11. Subtotal (Lines 9 plus 10).....	53,177,607
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4....	14,460,849	12. Total nonadmitted amounts.....	
		13. Statement value of bonds and stocks, current year.....	53,177,607

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1 Is Insurer Licensed? (YES or NO)	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Program Premiums	6 Life & Annuity Premiums and Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama.....AL	NO								0
2. Alaska.....AK	NO								0
3. Arizona.....AZ	NO								0
4. Arkansas.....AR	YES	163,236,007							163,236,007
5. California.....CA	NO								0
6. Colorado.....CO	NO								0
7. Connecticut.....CT	NO								0
8. Delaware.....DE	NO								0
9. District of Columbia.....DC	NO								0
10. Florida.....FL	NO								0
11. Georgia.....GA	NO								0
12. Hawaii.....HI	NO								0
13. Idaho.....ID	NO								0
14. Illinois.....IL	NO								0
15. Indiana.....IN	NO								0
16. Iowa.....IA	NO								0
17. Kansas.....KS	NO								0
18. Kentucky.....KY	NO								0
19. Louisiana.....LA	NO								0
20. Maine.....ME	NO								0
21. Maryland.....MD	NO								0
22. Massachusetts.....MA	NO								0
23. Michigan.....MI	NO								0
24. Minnesota.....MN	NO								0
25. Mississippi.....MS	NO								0
26. Missouri.....MO	NO								0
27. Montana.....MT	NO								0
28. Nebraska.....NE	NO								0
29. Nevada.....NV	NO								0
30. New Hampshire.....NH	NO								0
31. New Jersey.....NJ	NO								0
32. New Mexico.....NM	NO								0
33. New York.....NY	NO								0
34. North Carolina.....NC	NO								0
35. North Dakota.....ND	NO								0
36. Ohio.....OH	NO								0
37. Oklahoma.....OK	NO								0
38. Oregon.....OR	NO								0
39. Pennsylvania.....PA	NO								0
40. Rhode Island.....RI	NO								0
41. South Carolina.....SC	NO								0
42. South Dakota.....SD	NO								0
43. Tennessee.....TN	NO								0
44. Texas.....TX	NO								0
45. Utah.....UT	NO								0
46. Vermont.....VT	NO								0
47. Virginia.....VA	NO								0
48. Washington.....WA	NO								0
49. West Virginia.....WV	NO								0
50. Wisconsin.....WI	NO								0
51. Wyoming.....WY	NO								0
52. American Samoa.....AS	NO								0
53. Guam.....GU	NO								0
54. Puerto Rico.....PR	NO								0
55. U.S. Virgin Islands.....VI	NO								0
56. Northern Mariana Islands.....MP	NO								0
57. Canada.....CN	NO								0
58. Aggregate Other alien.....OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal.....XXX		163,236,007	0	0	0	0	0	0	163,236,007
60. Reporting entity contributions for Employee Benefit Plans.....XXX		705,983							705,983
61. Total (Direct Business).....(a)	1	163,941,990	0	0	0	0	0	0	163,941,990

DETAILS OF WRITE-INS

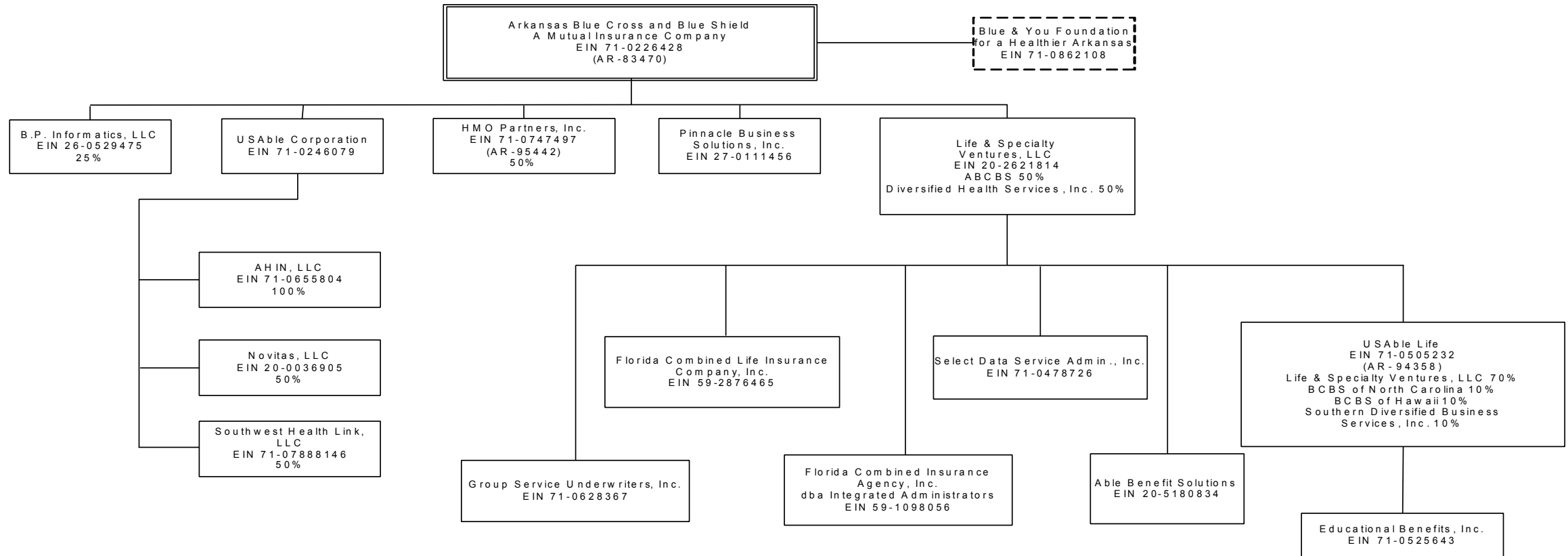
5801.									0
5802.									0
5803.									0
5898. Summary of remaining write-ins for line 58.....		0	0	0	0	0	0	0	0
5899. Total (Lines 5801 thru 5803 + 5898) (Line 58 above)....		0	0	0	0	0	0	0	0

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

(a) Insert the number of yes 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

2007 ALPHABETICAL INDEX

(http://www.naic.org/committees_e_app_blanks.htm)

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