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ANNUAL STATEMENT

For the Year Ended December 31, 2008

of the Condition and Affairs of the

Arkansas Blue Cross and Blue Shield, A Mutual Insurance Company

NAIC Group Code.....876, 876 (Current Period) (Prior Period) NAIC Company Code..... 83470 Employer's ID Number..... 71-0226428

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

Licensed as Business Type.....Life, Accident & Health Is HMO Federally Qualified? Yes [ ] No [ ]

Incorporated/Organized..... December 10, 1948 Commenced Business..... March 2, 1949

Statutory Home Office	601 S. Gaines….. Little Rock ..... AR ..... 72201 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	601 S. Gaines….. Little Rock ..... AR ..... 72201 *(Street and Number) (City or Town, State and Zip Code)*	501-378-2000 *(Area Code) (Telephone Number)*
Mail Address	601 S. Gaines….. Little Rock ..... AR ..... 72201 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	601 S. Gaines….. Little Rock ..... AR ..... 72201 *(Street and Number) (City or Town, State and Zip Code)*	501-378-2000 *(Area Code) (Telephone Number)*
Internet Web Site Address	www.arkansasbluecross.com	
Statutory Statement Contact	Gray Donald Dillard *(Name)*	501-378-2436 *(Area Code) (Telephone Number) (Extension)*
	gddillard@arkbluecross.com *(E-Mail Address)*	501-378-5633 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. Robert Lee Shoptaw	Chief Executive Officer	2. James Lee Douglass	Secretary
3. Steven James Short	Treasurer	4.	

OTHER

Stephen William Abell
David Frank Bridges
Richard Shelby Cooper
James Lee Douglass
Calvin Eugene Kellogg
Karen Cox Raley
Joseph Steven Smith
Paul Mark White
James Sterling Adamson Jr., MD
Michael Wayne Brown
Ronald Walter DeBerry
James Robert Heard
Samuel Patterson Partin III
Steven James Short
Steven Aaron Spaulding

DIRECTORS OR TRUSTEES

Carolyn Frazier Blakely PhD
Bradley Dean Jesson
Hayes Candour McClerkin
Ben Edwin Owens
James Leslie Wyatt PhD
Susan Glover Brittain
James Virgil Kelley
George Key Mitchell MD
Robert Lee Shoptaw
Robert Vincent Brothers
Mahlon Ogden Maris MD
Robert Daniel Nabholz
Patty Fulbright Smith
Mark William Greenway
James Thomas May
Marla Johnson Norris
Sherman Ellis Tate

State of.....ARKANSAS
County of....PULASKI

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

(Signature)	(Signature)	(Signature)
Robert Lee Shoptaw	James Lee Douglass	Steven James Short
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
Chief Executive Officer	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____ 2009

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

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	234,183,111		234,183,111	257,377,787
2. Stocks (Schedule D):				
2.1 Preferred stocks	515,259		515,259	714,492
2.2 Common stocks	272,114,760	19,973,267	252,141,493	285,153,120
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)	21,987,263		21,987,263	21,194,259
4.2 Properties held for the production of income (less $.....0 encumbrances)	21,371,761		21,371,761	22,698,418
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....21,533,551, Sch. E-Part 1), cash equivalents ($.....0, Sch. E-Part 2) and short-term investments ($.....110,660,412, Sch. DA)	132,193,962		132,193,962	105,787,347
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets (Schedule BA)	55,346,017		55,346,017	59,982,639
8. Receivables for securities	605,310		605,310	
9. Aggregate write-ins for invested assets	608,306	0	608,306	831,432
10. Subtotals, cash and invested assets (Lines 1 to 9)	738,925,749	19,973,267	718,952,482	753,739,493
11. Title plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	3,679,170		3,679,170	4,429,211
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection	57,505,010	349,492	57,155,518	49,752,513
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	2,295,088		2,295,088	32,425,784
14.2 Funds held by or deposited with reinsured companies			0	4,228,914
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans	14,262,618		14,262,618	6,599,597
16.1 Current federal and foreign income tax recoverable and interest thereon	8,564,593		8,564,593	6,617,443
16.2 Net deferred tax asset	65,289,752	57,727,258	7,562,494	7,759,880
17. Guaranty funds receivable or on deposit	1,229,746		1,229,746	
18. Electronic data processing equipment and software	11,964,352	5,083,548	6,880,804	6,965,761
19. Furniture and equipment, including health care delivery assets ($.....0)	8,353,786	8,353,786	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates	34,594,814		34,594,814	46,024,630
22. Health care ($.....3,649,712) and other amounts receivable	31,755,730	2,605,330	29,150,400	30,866,451
23. Aggregate write-ins for other than invested assets	15,339,377	7,888,793	7,450,584	8,331,971
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	993,759,785	101,981,474	891,778,311	957,741,648
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	993,759,785	101,981,474	891,778,311	957,741,648

DETAILS OF WRITE-INS

0901. Deposits with National Accounts	608,306		608,306	831,432
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)	608,306	0	608,306	831,432
2301. Other Assets	7,450,584		7,450,584	9,280,643
2302. Other Nonadmitted Assets	7,888,793	7,888,793	0	
2303. National Accounts Receivable			0	(948,672)
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)	15,339,377	7,888,793	7,450,584	8,331,971

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $.....1,793,523 reinsurance ceded)	111,899,365	354,004	112,253,369	108,613,867
2. Accrued medical incentive pool and bonus amounts	53,202		53,202	44,259
3. Unpaid claims adjustment expenses	5,620,907		5,620,907	5,424,056
4. Aggregate health policy reserves	69,370,301		69,370,301	64,601,782
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	12,612,874		12,612,874	10,770,864
9. General expenses due or accrued	169,410,376		169,410,376	166,374,006
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			0	
11. Ceded reinsurance premiums payable	2,185,656		2,185,656	29,961,282
12. Amounts withheld or retained for the account of others	5,666,102		5,666,102	5,186,941
13. Remittances and items not allocated			0	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	2,251,277		2,251,277	9,647,395
16. Payable for securities	25,662,632		25,662,632	1,055,763
17. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	4,228,914
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	2,349,480		2,349,480	17,164,717
21. Aggregate write-ins for other liabilities (including $.....0 current)	20,945,352	0	20,945,352	23,336,338
22. Total liabilities (Lines 1 to 21)	428,027,524	354,004	428,381,528	446,410,184
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX		
25. Preferred capital stock	XXX	XXX		
26. Gross paid in and contributed surplus	XXX	XXX		
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	463,396,783	511,331,465
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	463,396,783	511,331,465
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	891,778,311	957,741,649

DETAILS OF WRITE-INS

2101. Miscellaneous Liabilities	27,667		27,667	2,718,653
2102. Claims Payable for Self-Insured Plans	1,300,000		1,300,000	1,000,000
2103. Deferred Gain on Capitalization of Joint Venture	19,617,685		19,617,685	19,617,685
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)	20,945,352	0	20,945,352	23,336,338
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 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1. Member months	XXX	5,110,097	5,015,935
2. Net premium income (including $.....0 non-health premium income)	XXX	1,070,656,941	981,829,751
3. Change in unearned premium reserves and reserve for rate credits	XXX	(11,386,322)	14,156,561
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	1,059,270,619	995,986,312
Hospital and Medical:			
9. Hospital/medical benefits		556,841,385	538,265,075
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area		112,590,552	109,048,735
13. Prescription drugs		166,014,339	159,402,833
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	835,446,276	806,716,643
Less:			
17. Net reinsurance recoveries		(53,422,598)	(30,910,298)
18. Total hospital and medical (Lines 16 minus 17)	0	888,868,874	837,626,941
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....11,882,936 cost containment expenses		38,212,884	38,142,540
21. General administrative expenses		107,563,886	105,064,734
22. Increase in reserves for life and accident and health contracts including $.....0 increase in reserves for life only)		(6,617,802)	256,411
23. Total underwriting deductions (Lines 18 through 22)	0	1,028,027,842	981,090,626
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	31,242,777	14,895,686
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		14,884,266	16,738,512
26. Net realized capital gains or (losses) less capital gains tax of $.....(1,532,057)		(2,845,249)	13,989,177
27. Net investment gains or (losses) (Lines 25 plus 26)	0	12,039,017	30,727,689
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
29. Aggregate write-ins for other income or expenses	0	(1,458,618)	(285,943)
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	41,823,176	45,337,432
31. Federal and foreign income taxes incurred	XXX	19,631,129	17,058,790
32. Net income (loss) (Lines 30 minus 31)	XXX	22,192,047	28,278,642

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. Miscellaneous Income		103,951	1,155,485
2902. Regional Management Fees		(1,562,569)	(1,441,428)
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	(1,458,618)	(285,943)

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	511,331,465	495,045,789
34. Net income or (loss) from Line 32	22,192,047	28,278,642
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	(48,030,547)	10,297,307
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	6,677,667	(612,971)
39. Change in nonadmitted assets	(27,916,143)	(2,165,398)
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		(18,267,380)
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		
47. Aggregate write-ins for gains or (losses) in surplus	(857,706)	(1,244,524)
48. Net change in capital and surplus (Lines 34 to 47)	(47,934,682)	16,285,676
49. Capital and surplus end of reporting period (Line 33 plus 48)	463,396,783	511,331,465

DETAILS OF WRITE-INS

4701. Change in Unrecognized OPEB liability	(1,070,572)	
4702. Capital Lease Adjustment	212,866	(1,244,524)
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)	(857,706)	(1,244,524)

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	1,037,022,391	1,009,947,910
2. Net investment income	5,669,174	18,287,141
3. Miscellaneous income		
4. Total (Lines 1 through 3)	1,042,691,565	1,028,235,051
5. Benefit and loss related payments	850,860,819	854,826,103
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	170,902,495	119,414,060
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....(1,532,057) tax on capital gains (losses)	20,046,222	20,926,904
10. Total (Lines 5 through 9)	1,041,809,535	995,167,066
11. Net cash from operations (Line 4 minus Line 10)	882,030	33,067,985
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	66,735,523	63,866,500
12.2 Stocks	12,331,213	30,167,214
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	24,829,995	1,227,161
12.8 Total investment proceeds (Lines 12.1 to 12.7)	103,896,731	95,260,875
13. Cost of investments acquired (long-term only):		
13.1 Bonds	45,208,637	68,822,263
13.2 Stocks	31,356,969	12,369,611
13.3 Mortgage loans		
13.4 Real estate		3,401,192
13.5 Other invested assets		4,710,456
13.6 Miscellaneous applications	605,310	277,229
13.7 Total investments acquired (Lines 13.1 to 13.6)	77,170,916	89,580,751
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	26,725,815	5,680,124
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		
16.6 Other cash provided (applied)	(1,201,229)	(2,024,231)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,201,229)	(2,024,231)
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)	26,406,616	36,723,878
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	105,787,346	69,063,468
19.2 End of year (Line 18 plus Line 19.1)	132,193,962	105,787,346

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

20.0001		

ANALYSIS OF OPERATION BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plans	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	1,070,656,941	648,333,664	183,430,357		470,086	208,162,267	749,577		29,510,990	
2. Change in unearned premium reserves and reserve for rate credit	(11,386,322)	(11,386,322)								
3. Fee-for-service (net of $.....0 medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	1,059,270,619	636,947,342	183,430,357	0	470,086	208,162,267	749,577	0	29,510,990	0
8. Hospital/medical benefits	556,841,385	257,327,274	149,878,937	16,137,713	307,594	132,947,131			242,736	XXX
9. Other professional services	0									XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	112,590,552	112,590,552								XXX
12. Prescription drugs	166,014,339	75,399,057				63,265,947	600,268		26,749,067	XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	0									XXX
15. Subtotal (Lines 8 to 14)	835,446,276	445,316,883	149,878,937	16,137,713	307,594	196,213,078	600,268	0	26,991,803	XXX
16. Net reinsurance recoveries	(53,422,598)	(69,965,969)		16,137,713					405,659	XXX
17. Total hospital and medical (Lines 15 minus 16)	888,868,874	515,282,852	149,878,937	0	307,594	196,213,078	600,268	0	26,586,144	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $.....11,882,936 cost containment expenses	38,212,884	22,548,200	7,112,579	12,462		5,357,241	269,774		2,912,628	
20. General administrative expenses	107,563,886	77,618,600	15,104,486	594,937	(2,118)	4,975,798	3,695,551		5,576,632	
21. Increase in reserves for accident and health contracts	(6,617,802)	(6,617,802)								XXX
22. Increase in reserve for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	1,028,027,842	608,831,851	172,096,002	607,399	305,476	206,546,117	4,565,593	0	35,075,404	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	31,242,777	28,115,491	11,334,355	(607,399)	164,610	1,616,150	(3,816,016)	0	(5,564,414)	0

DETAILS OF WRITE-INS

0501.	0									XXX
0502.	0									XXX
0503.	0									XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Total (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Total (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.	0									XXX
1302.	0									XXX
1303.	0									XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Total (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	565,093,890	83,239,774		648,333,664
2. Medicare supplement	183,430,357			183,430,357
3. Dental only	21,237,588		21,237,588	0
4. Vision only	470,086			470,086
5. Federal employees health benefits plan	208,162,267			208,162,267
6. Title XVIII - Medicare	749,577			749,577
7. Title XIX - Medicaid				0
8. Other health	29,515,478		4,488	29,510,990
9. Health subtotal (Lines 1 through 8)	1,008,659,243	83,239,774	21,242,076	1,070,656,941
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	1,008,659,243	83,239,774	21,242,076	1,070,656,941

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	832,523,919	438,867,416	151,227,887	15,721,573	294,486	198,315,847	599,651		27,497,059	
1.2 Reinsurance assumed	69,541,461	69,541,461								
1.3 Reinsurance ceded	16,292,484			15,721,573					570,911	
1.4 Net	885,772,896	508,408,877	151,227,887	0	294,486	198,315,847	599,651	0	26,926,148	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	104,450,785	68,065,556	18,623,100	1,437,115	27,619	15,524,082	973		772,340	
3.2 Reinsurance assumed	9,596,106	9,596,106								
3.3 Reinsurance ceded	1,793,523			1,437,115					356,408	
3.4 Net	112,253,368	77,661,662	18,623,100	0	27,619	15,524,082	973	0	415,932	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	53,202	53,202								
6. Net healthcare receivables (a)	543,524	543,524								
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	100,984,903	61,072,564	19,972,050	1,020,975	14,511	17,626,851	356		1,277,596	
8.2 Reinsurance assumed	9,171,599	9,171,599								
8.3 Reinsurance ceded	1,542,635			1,020,975					521,660	
8.4 Net	108,613,867	70,244,163	19,972,050	0	14,511	17,626,851	356	0	755,936	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	44,259	44,259								
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred benefits:										
12.1 Direct	835,446,277	445,316,884	149,878,937	16,137,713	307,594	196,213,078	600,268	0	26,991,803	0
12.2 Reinsurance assumed	69,965,968	69,965,968	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	16,543,372	0	0	16,137,713	0	0	0	0	405,659	0
12.4 Net	888,868,873	515,282,852	149,878,937	0	307,594	196,213,078	600,268	0	26,586,144	0
13. Incurred medical incentive pools and bonuses	8,943	8,943	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 Total	2 Comprehensive (Medical and Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct	14,365,600	11,795,895	2,569,705							
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	14,365,600	11,795,895	2,569,705	0	0	0	0	0	0	0
2. Incurred but unreported:										
2.1 Direct	90,085,185	56,269,661	16,053,395	1,437,115	27,619	15,524,082	973		772,340	
2.2 Reinsurance assumed	9,596,106	9,596,106								
2.3 Reinsurance ceded	1,793,523			1,437,115					356,408	
2.4 Net	97,887,768	65,865,767	16,053,395	0	27,619	15,524,082	973	0	415,932	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct	0									
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct	104,450,785	68,065,556	18,623,100	1,437,115	27,619	15,524,082	973	0	772,340	0
4.2 Reinsurance assumed	9,596,106	9,596,106	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	1,793,523	0	0	1,437,115	0	0	0	0	356,408	0
4.4 Net	112,253,368	77,661,662	18,623,100	0	27,619	15,524,082	973	0	415,932	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)	51,537,040	446,001,138	2,271,417	74,067,275	53,808,457	68,929,345
2. Medicare supplement	14,677,711	136,550,176	187,362	18,435,738	14,865,073	19,972,050
3. Dental only	1,024,851	14,696,722	3,619	1,433,496	1,028,470	1,020,975
4. Vision only		294,486		27,619	0	14,511
5. Federal employees health benefits plan	13,233,755	185,082,092	132,029	15,392,053	13,365,784	17,626,851
6. Title XVIII - Medicare		599,651		973	0	356
7. Title XIX - Medicaid					0	
8. Other health		27,497,059		301,787	0	1,049,779
9. Health subtotal (Lines 1 to 8)	80,473,357	810,721,324	2,594,427	109,658,941	83,067,784	108,613,867
10. Healthcare receivables (a)	539,465	5,434,788			539,465	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts				53,202	0	44,259
13. Totals (Lines 9 - 10 + 11 + 12)	79,933,892	805,286,536	2,594,427	109,712,143	82,528,319	108,658,126

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	92,343	308			
2. 2004	605,149	79,614	294		
3. 2005	XXX	645,414	80,956	1,147	
4. 2006	XXX	XXX	687,796	96,675	976
5. 2007	XXX	XXX	XXX	740,925	79,497
6. 2008	XXX	XXX	XXX	XXX	810,721

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	698,017	698,362			
2. 2004	715,407	684,720	685,056		
3. 2005	XXX	749,348	727,034	727,518	
4. 2006	XXX	XXX	790,975	785,439	785,448
5. 2007	XXX	XXX	XXX	848,693	823,148
6. 2008	XXX	XXX	XXX	XXX	920,380

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2004	912,672	685,057	25,836	3.8	710,893	77.9			710,893	77.9
2. 2005	918,482	727,517	26,044	3.6	753,561	82.0			753,561	82.0
3. 2006	961,885	785,447	35,967	4.6	821,414	85.4			821,414	85.4
4. 2007	981,829	820,422	38,142	4.6	858,564	87.4	2,594	130	861,288	87.7
5. 2008	1,070,657	810,721	38,210	4.7	848,931	79.3	109,712	5,491	964,134	90.1

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	62,348	62			
2. 2004	343,926	51,697	62		
3. 2005	XXX	360,463	53,415	876	
4. 2006	XXX	XXX	379,935	63,383	987
5. 2007	XXX	XXX	XXX	404,599	50,550
6. 2008	XXX	XXX	XXX	XXX	446,001

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	431,594	431,817			
2. 2004	415,602	395,346	395,685		
3. 2005	XXX	427,825	414,393	414,754	
4. 2006	XXX	XXX	449,849	444,123	444,305
5. 2007	XXX	XXX	XXX	473,127	458,006
6. 2008	XXX	XXX	XXX	XXX	520,068

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2004	561,542	395,685	14,684	3.7	410,369	73.1			410,369	73.1
2. 2005	570,197	414,754	14,545	3.5	429,299	75.3			429,299	75.3
3. 2006	598,737	444,305	20,454	4.6	464,759	77.6			464,759	77.6
4. 2007	588,637	455,149	20,793	4.6	475,942	80.9	2,271	114	478,327	81.3
5. 2008	648,334	446,001	21,021	4.7	467,022	72.0	74,120	3,709	544,851	84.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	14,741	241			
2. 2004	121,026	14,153	230		
3. 2005	XXX	129,204	15,198	268	
4. 2006	XXX	XXX	125,567	18,617	(11)
5. 2007	XXX	XXX	XXX	133,572	14,688
6. 2008	XXX	XXX	XXX	XXX	136,550

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	125,805	125,689			
2. 2004	139,327	135,596	135,408		
3. 2005	XXX	148,054	144,632	144,670	
4. 2006	XXX	XXX	143,663	144,272	144,174
5. 2007	XXX	XXX	XXX	153,288	148,181
6. 2008	XXX	XXX	XXX	XXX	154,986

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2004	169,327	135,409	5,167	3.8	140,576	83.0			140,576	83.0
2. 2005	170,564	144,670	5,214	3.6	149,884	87.9			149,884	87.9
3. 2006	173,182	144,173	6,532	4.5	150,705	87.0			150,705	87.0
4. 2007	174,920	148,260	6,876	4.6	155,136	88.7	187	9	155,332	88.8
5. 2008	183,430	136,550	6,435	4.7	142,985	78.0	18,436	923	162,344	88.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	543	5			
2. 2004	6,660	664	2		
3. 2005	XXX	9,912	1,009	3	
4. 2006	XXX	XXX	13,386	1,089	
5. 2007	XXX	XXX	XXX	12,057	1,025
6. 2008	XXX	XXX	XXX	XXX	14,697

SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	6,358	6,364			
2. 2004	7,393	7,331	7,326		
3. 2005	XXX	11,015	10,740	10,925	
4. 2006	XXX	XXX	14,886	14,481	14,475
5. 2007	XXX	XXX	XXX	13,073	13,081
6. 2008	XXX	XXX	XXX	XXX	16,130

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - DENTAL ONLY

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2004	12,344	7,326	284	3.9	7,610	61.6			7,610	61.6
2. 2005	8,373	10,924	400	3.7	11,324	135.2			11,324	135.2
3. 2006	54	14,475	676	4.7	15,151	28,057.4			15,151	28,057.4
4. 2007		13,082	621	4.7	13,703	0.0	4		13,707	0.0
5. 2008		14,697	692	4.7	15,389	0.0	1,433	72	16,894	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - VISION ONLY

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior					
2. 2004					
3. 2005	XXX				
4. 2006	XXX	XXX			
5. 2007	XXX	XXX	XXX		
6. 2008	XXX	XXX	XXX	XXX	294

SECTION B - INCURRED HEALTH CLAIMS - VISION ONLY

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior					
2. 2004					
3. 2005	XXX				
4. 2006	XXX	XXX			
5. 2007	XXX	XXX	XXX		(15)
6. 2008	XXX	XXX	XXX	XXX	322

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - VISION ONLY

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2004				0.0	0	0.0			0	0.0
2. 2005				0.0	0	0.0			0	0.0
3. 2006				0.0	0	0.0			0	0.0
4. 2007	402		16	0.0	16	4.0			16	4.0
5. 2008	470	294	14	4.8	308	65.5	28	1	337	71.7

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	14,711				
2. 2004	133,537	13,100			
3. 2005	XXX	145,835	11,334		
4. 2006	XXX	XXX	159,172	13,586	
5. 2007	XXX	XXX	XXX	180,552	13,234
6. 2008	XXX	XXX	XXX	XXX	185,082

SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior	134,260	134,492			
2. 2004	153,085	146,447	146,637		
3. 2005	XXX	162,454	157,269	157,169	
4. 2006	XXX	XXX	173,747	172,827	172,758
5. 2007	XXX	XXX	XXX	198,011	193,750
6. 2008	XXX	XXX	XXX	XXX	200,474

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2004	169,459	146,637	5,701	3.9	152,338	89.9			152,338	89.9
2. 2005	169,348	157,169	5,885	3.7	163,054	96.3			163,054	96.3
3. 2006	182,461	172,758	7,902	4.6	180,660	99.0			180,660	99.0
4. 2007	208,882	193,786	9,295	4.8	203,081	97.2	132	7	203,220	97.3
5. 2008	208,162	185,082	8,724	4.7	193,806	93.1	15,392	771	209,969	100.9

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior					
2. 2004					
3. 2005	XXX				
4. 2006	XXX	XXX			
5. 2007	XXX	XXX	XXX		
6. 2008	XXX	XXX	XXX	XXX	600

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior					
2. 2004					
3. 2005	XXX				
4. 2006	XXX	XXX			
5. 2007	XXX	XXX	XXX		
6. 2008	XXX	XXX	XXX	XXX	601

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2004				0.0	0	0.0			0	0.0
2. 2005				0.0	0	0.0			0	0.0
3. 2006				0.0	0	0.0			0	0.0
4. 2007	353		20	0.0	20	5.7			20	5.7
5. 2008	750	600	28	4.7	628	83.7	1		629	83.9

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

NONE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior					
2. 2004					
3. 2005	XXX				
4. 2006	XXX	XXX			
5. 2007	XXX	XXX	XXX		
6. 2008	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

NONE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior					
2. 2004					
3. 2005	XXX				
4. 2006	XXX	XXX			
5. 2007	XXX	XXX	XXX		
6. 2008	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2004				0.0	0	0.0			0	0.0
2. 2005				0	0	0.0			0	0.0
3. 2006				0.0	0	0.0			0	0.0
4. 2007				0.0	0	0.0			0	0.0
5. 2008				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior					
2. 2004					
3. 2005	XXX				
4. 2006	XXX	XXX	9,736		
5. 2007	XXX	XXX	XXX	10,145	
6. 2008	XXX	XXX	XXX	XXX	27,497

SECTION B - INCURRED HEALTH CLAIMS - OTHER

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2004	2 2005	3 2006	4 2007	5 2008
1. Prior					
2. 2004					
3. 2005	XXX				
4. 2006	XXX	XXX	8,830	9,736	9,736
5. 2007	XXX	XXX	XXX	11,194	10,145
6. 2008	XXX	XXX	XXX	XXX	27,799

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2004				0.0	0	0.0			0	0.0
2. 2005				0.0	0	0.0			0	0.0
3. 2006	7,451	9,736	403	4.1	10,139	136.1			10,139	136.1
4. 2007	8,635	10,145	521	5.1	10,666	123.5			10,666	123.5
5. 2008	29,511	27,497	1,296	4.7	28,793	97.6	302	15	29,110	98.6

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
POLICY RESERVE									
1. Unearned premium reserves	15,790,882	15,495,738					151,982		143,162
2. Additional policy reserves (a)	0								
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including $.....0) for investment income	53,579,419					53,579,419			
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	69,370,301	15,495,738	0	0	0	53,579,419	151,982	0	143,162
7. Reinsurance ceded	0								
8. Totals (net) (Page 3, Line 4)	69,370,301	15,495,738	0	0	0	53,579,419	151,982	0	143,162
CLAIM RESERVE									
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	0								
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0								
14. Totals (net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.	0								
0502.	0								
0503.	0								
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.	0								
1102.	0								
1103.	0								
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes $.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($.....7,925,010 for occupancy of own building)	412	19,073	519,867	7,925,010	8,464,362
2. Salaries, wages and other benefits	9,538,597	16,630,531	43,687,957		69,857,085
3. Commissions (less $.....0 ceded plus $.....0 assumed)			20,557,307		20,557,307
4. Legal fees and expenses	76,386		959,931		1,036,318
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	77,422	15,381	2,098,591		2,191,394
7. Traveling expenses	363,353	190,099	1,527,612		2,081,064
8. Marketing and advertising	8,962		771,372		780,334
9. Postage, express and telephone	347,485	1,879,421	2,857,323		5,084,229
10. Printing and office supplies	464,946	350,230	2,107,444		2,922,619
11. Occupancy, depreciation and amortization					0
12. Equipment	615,875	1,811,203	7,753,466		10,180,544
13. Cost or depreciation of EDP equipment and software	3,925	279,797	971,788		1,255,511
14. Outsourced services including EDP, claims, and other services	5,856,066	1,645,029	8,688,697	682,355	16,872,147
15. Boards, bureaus and association fees	104,253		1,905,116		2,009,369
16. Insurance, except on real estate	54,174	87,599	397,032		538,806
17. Collection and bank service charges	25,842	5,809	521,284		552,935
18. Group service and administration fees	(8,775,914)	(685,701)	(7,757,296)		(17,218,911)
19. Reimbursements by uninsured plans	(149,651)	(139,674)	(822,797)		(1,112,123)
20. Reimbursements from fiscal intermediaries		1,403,538			1,403,538
21. Real estate expenses	253,117	543,147	2,213,369	1,217,996	4,227,629
22. Real estate taxes	8,371	16,438	93,266	24,520	142,595
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			69,369		69,369
23.2 State premium taxes			3,748,387		3,748,387
23.3 Regulator authority licenses and fees	1,866	20	108,923		110,809
23.4 Payroll taxes	547,082	945,577	2,521,624		4,014,283
23.5 Other (excluding federal income and real estate taxes)	10,300	41,275	422,729		474,305
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	2,450,066	1,291,156	11,641,523	0	15,382,745
26. Total expenses incurred (Lines 1 to 25)	11,882,936	26,329,948	107,563,886	9,849,881	(a) 155,626,651
27. Less expenses unpaid December 31, current year		5,620,907	169,410,376		175,031,283
28. Add expenses unpaid December 31, prior year		5,424,056	166,374,006		171,798,062
29. Amounts receivable relating to uninsured plans, prior year			6,599,597		6,599,597
30. Amounts receivable relating to uninsured plans, current year			29,327,983		29,327,983
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	11,882,936	26,133,097	127,255,902	9,849,881	175,121,816

DETAILS OF WRITE-INS

2501. Administrative Expenses Assumed	1,804,308	927,368	8,709,591		11,441,267
2502. Administrative Expenses Ceded	627,382	(42,983)	1,201,341		1,785,740
2503. Contributions	16,129	2,404	962,515		981,048
2598. Summary of remaining write-ins for Line 25 from overflow page	2,246	404,366	768,077	0	1,174,690
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above)	2,450,066	1,291,156	11,641,523	0	15,382,745

(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) 6,264,596	5,950,513
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 4,294,657	4,833,676
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	3,171,907	3,390,180
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d) 9,346,034	9,850,780
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 3,412,152	2,631,812
7.	Derivative instruments	(f)	
8.	Other invested assets	(1,149,830)	(1,149,830)
9.	Aggregate write-ins for investment income	37,522	37,522
10.	Total gross investment income	25,377,038	25,544,652
11.	Investment expenses		(g) 9,849,881
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) 810,506
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		10,660,387
17.	Net investment income (Line 10 minus Line 16)		14,884,266

DETAILS OF WRITE-INS

0901.	FEP Investment Service Charge	37,522	37,522
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)	37,522	37,522
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 $.....356,910 accrual of discount less $.....1,209,972 amortization of premium and less $.....676,451 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 $.....810,506 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)	(757,201)		(757,201)		
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)	7,983,448	(11,628,701)	(3,645,253)	(33,628,940)	
2.21	Common stocks of affiliates			0	(14,401,607)	
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments			0		
7.	Derivative instruments			0		
8.	Other invested assets			0		
9.	Aggregate write-ins for capital gains (losses)	25,147	0	25,147	0	0
10.	Total capital gains (losses)	7,251,394	(11,628,701)	(4,377,307)	(48,030,547)	0

DETAILS OF WRITE-INS

0901.	Loss on Sale of Fixed Assets	17,921		17,921		
0902.	Miscellaneous	7,227		7,227		
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)	25,147	0	25,147	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	19,973,267	22,957,759	2,984,492
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)	19,973,267	22,957,759	2,984,492
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	349,492	51,563	(297,929)
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			0
16.1 Current federal and foreign income tax recoverable and interest thereon			0
16.2 Net deferred tax asset	57,727,258	31,043,235	(26,684,023)
17. Guaranty funds receivable or on deposit			0
18. Electronic data processing equipment and software	5,083,548	3,606,404	(1,477,144)
19. Furniture and equipment, including health care delivery assets	8,353,786	6,147,805	(2,205,981)
20. Net adjustment in assets and liabilities due to foreign exchange rates			0
21. Receivables from parent, subsidiaries and affiliates			0
22. Health care and other amounts receivable	2,605,330	2,294,331	(310,999)
23. Aggregate write-ins for other than invested assets	7,888,793	7,964,234	75,441
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	101,981,474	74,065,331	(27,916,143)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. TOTALS (Lines 24 and 25)	101,981,474	74,065,331	(27,916,143)

DETAILS OF WRITE-INS

0901. Deposits with National Accounts			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. Federal Employee Program Receivable			0
2302. Miscellaneous Receivable			0
2303. Other Assets	7,888,793	7,964,234	75,441
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)	7,888,793	7,964,234	75,441

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health maintenance organizations						
2. Provider service organizations						
3. Preferred provider organizations	276,339	281,363	281,756	281,623	281,442	3,378,516
4. Point of service						
5. Indemnity only	137,141	136,258	135,756	135,349	134,755	1,628,259
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	413,480	417,621	417,512	416,972	416,197	5,006,775

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 Arkansas Blue Cross and Blue Shield 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 Arkansas 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 Arkansas Insurance Department.

For reporting periods ending on December 31, 2004 and later, Arkansas Blue Cross and Blue Shield is reporting its post-employment liabilities and expenses using accounting principles generally accepted in the United States of America. These principles are governed primarily by Financial Accounting Standard 106. This departure from statutory accounting principles was approved by the Arkansas Insurance Department in a letter dated December 30, 2004 in accordance with ACA Sec 23-61-108.
Arkansas Blue Cross and Blue Shield adopted Financial Accounting Standard 158 for its 2007 fiscal year end. FAS 158 improves financial reporting by requiring an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in requiring an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. For postretirement benefit plans other than pension, the benefit obligation is the accumulated postretirement benefit obligation (APBO).

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 polices. 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 are carried 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 carried at cost.

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 regulations requiring 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.

A. The Company adopted Statement of Financial Accounting Standards (SFAS) No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - An Amendment of FASB Statements No. 87,88,106, and 132R,* effective December 31, 2007. The Statement requires recognition of the funded status of a defined benefit plan in the statement of admitted assets, liabilities and surplus as an asset or liability if the plan is overfunded or underfunded, respectively. Changes in the funded status of a plan are required to be recognized in the year in which the changes occur, and reported in the statement of operations and changes in surplus as a separate component of surplus for SAP purposes. Further, certain gains and losses that were not previously recognized in the financial statements are required to be reported in surplus for SAP purposes; and certain disclosure requirements were changed. These changes are effective for fiscal years ending after December 15, 2006, with no retroactive restatement of prior periods. SFAS No. 158 also requires companies to measure a plan's assets and obligations that determine its funded status as of the end of the employers's fiscal year instead of the November 30 early measurement date the Company currently uses. This change is effective for fiscal years ending after December 15, 2008. The Company will adopt the measurement date provisions in 2008.

B. The Company received approval from the Department to include the other postretirement benefit obligation in accordance with *Employers' Accounting for Defined Benefit Pension and Other Postretirement Benefit Plans,* which requires accrual for non-vested employees. Statutory accounting practices prescribed by the NAIC and the Department require that other postretirement decreased surplus by approximately $47.7 million and $47.9 million for the years ended December 31, 2008 and 2007, respectively.

3. Business Combinations and Goodwill
The Company had no business combinations or goodwill as of December 31, 2008.

4. Discontinued Operations
The Company had no discontinued operations as of December 31, 2008.

NOTES TO FINANCIAL STATEMENTS

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.

6. Joint Ventures, Partnerships, and Limited Liability Companies

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

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.

9. Income Taxes

Arkansas Blue Cross Blue Shield files a consolidated federal income tax return with its other eligible subsidiaries as follows: USAble Corporation and Pinnacle Business Solutions, Inc. The Company is party to a federal income tax allocation agreement. Under the tax sharing agreement, the Company pays to or receives from each subsidiary the amount, if any, by which the group's federal income tax liability was affected by virtue of inclusion of the subsidiary in the consolidated federal return. Effectively, this results in the Company's annual income tax provision being computed, with adjustments, as if the Company filed a separate return.

When available, the Company utilizes net operating loss carry forwards to offset taxable income under the terms of the tax sharing agreement. At December 31, 2008, the Company had $0 of operating loss carry forwards.

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

2008	$ 18,419,000
2007	$ 23,643,000
2006	$ 7,708,000

The components of current income tax expense are as follows:

	2008	2007
Federal	$ 20,406,867	$ 16,940,485
Foreign	121,250	88,172
Federal Income Tax on net capital gains	$ (2,429,048)	$ 7,562,766
Utilization of capital loss carry-forwards	-	
Federal income tax incurred	$ 18,099,069	$ 24,591,423

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, 2008	Effective Tax Rate
Provision computed at statutory rate	$ 14,101,891	35.0%
Tax exempt income deduction	$ (162,538)	0
Dividends received deduction	$ (2,035,156)	-5.1%
Tax differentials on foreign earnings	$ 0	0
Nondeductible expenses	$ 510,855	1.3%
Tax Credits	$ (195,000)	-0.5%
Transfer of Subsidiary liability	$ (30,692)	-0.1%
Other	$ (798,647)	-2.0%
Total	$ 11,390,713	28.3%
Federal and foreign income taxes incurred	$ 18,099,069	44.9%
Change in net deferred incomes taxes	$ (6,708,356)	-16.6%
Total statutory incomes taxes	$ 11,390,713	28.3%

NOTES TO FINANCIAL STATEMENTS

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

	December 31, 2008	December 31, 2007
Total of all deferred tax asset (admitted and nonadmitted)	$85,856,824	$ 76,756,816
Total of all deferred tax liabilities	20,567,072	37,953,701
Net deferred tax asset (liability)	65,289,752	38,803,114
Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	57,727,258	31,043,235
Net admitted deferred tax asset/(liability)	7,562,494	7,759,880
Increase (decrease) in deferred tax assets nonadmitted	$ 26,684,023	$4,840,138

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, 2008	December 31, 2007
Deferred Tax Assets:		
Tax basis discount on unpaid losses	$ 717,326	$ 771,455
Adjustment for deferred acquisitions costs	5,943,300	5,661,044
Accrued deferred compensation	17,906,748	17,536,602
Other Post Employment Benefits	42,579,495	39,323,155
Basis difference in investments	9,053,494	3,015,564
Depreciation	5,911,862	6,455,455
Intangibles	3,371,298	3,419,759
Other	373,300	573,781
Credits	0	0
Total deferred tax assets	85,856,824	76,756,816
Total deferred tax assets non-admitted	57,727,258	31,043,235
Admitted deferred tax assets	28,129,566	45,713,581
Deferred Tax Liabilities:		
Unrealized Capital Gains	7,014,262	22,674,613
Accrued dividends	147,975	91,716
Basis diff in Unconsolidated Subs	13,194,747	14,920,395
Other	210,088	266,978
Total deferred tax liabilities	20,567,072	37,953,701
Net admitted deferred tax asset/(liability)	7,562,494	7,759,880

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

	December 31, 2008	December 31, 2007	Change
Total deferred tax assets	$ 85,856,824	$ 76,756,816	$ 9,100,008
Total deferred tax liabilities	20,567,072	37,953,701	(17,386,629)
Net deferred tax asset (liability)	$ 65,289,752	$ 38,803,114	$26,486,637
Tax effect of unrealized gains (losses)			(19,778,281)
Tax effect of transfer of subsidiary liability			(30,694)
Change in net deferred income tax			$ 6,677,662

The method of allocation of consolidated tax liability between the companies has been approved by the required authorized officers. The method of allocation chosen is in accordance with Internal Revenue Service Regulation 1.1502-33 (d) (2) (I) whereby profitable companies pay tax according to their separate return liabilities, and loss companies are credited with the tax benefit realized due to the utilization of their losses and investment tax credit. Intercompany tax balances are paid quarterly based on estimates and settled annually upon the completion of the consolidated tax return.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. Arkansas Blue Cross Blue Shield owns 100% of USAble Corporation and Pinnacle Business Solutions, Inc, and owns 50% of HMO Partners, Inc and LSV Partners, LLC. On 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. and Life & Specialty Ventures, LLC to ABCBS. In November 2006, Ideal Medicare Services was dissolved. As of December 31,2008, USAble Corporation owns 100% of AHIN, LLC, 50% of Novitas Health, LLC, 50% of Southwest Health Link, LLC and 100% of Group Service Underwriters. Hot Springs Health Partners, LLC, Health Partners of Northwest Arkansas, LLC, and Fort Smith Health Partners, LLC were dissolved effective with the close of business on 12/31/04. On January 1, 2008, Life and Specialty Ventures, LLC became LSV Partners, LLC and a new Life and Specialty Ventures, LLC was formed. LSV Partners owns 100% of Florida Combined Life Insurance Company and 44.1% of Life and Specialty Ventures, LLC. On August 22, 2007, Arkansas Blue Cross Blue Shield invested $3.7 million in B.P. Informatics LLC, a Delaware LLC. In September 2008, an additional capital contribution was made of $1,875,000 in B.P. Informatics, LLC that brought the percentage ownership to 18.767%.

B. N/A

C. N/A

D. At December 31, 2008 the Company reported the following amounts due from Affiliates:

HMO Partners, Inc.	6,232,682
USAble Life	303,432
USAble Corporation	8,549,596
AHIN, LLC	139,001
Life and Specialty Ventures	1,381
Pinnacle Business Solutions	19,349,842
Joint Venture	-
Blue & You Foundation	18,880
Total	$ 34,594,814

At December 31, 2008 the Company reported the following amounts due to Affiliates:

HMO Partners, Inc.	1,057,435
Joint Venture	373,713
USAble Life	373,561
USAble Corporation	445,773
Life and Specialty Ventures	794
Pinnacle Business Solutions	-
Total	$ 2,251,276

E. N/A

F. The Company and certain subsidiary affiliates, including unconsolidated subsidiaries, participate in a vendor payment system administered and maintained by the Company. Costs from this system as well as other costs, which have multi-company benefit, are allocated to the Company and its affiliates based on allocation formulas.

G. N/A

H. N/A

I. N/A

J. N/A

11. Debt

A. As of December 31, 2008, the Company has no capital notes.

B. As of December 31, 2008, 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% was used to calculate the Company's contribution of $3,585,580, and for 2008, 4% was used to calculate the contribution of $2,036,973.

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

C. Multi-employer Plans

The Company does not participate in multi-employer plans.

D. Consolidated/Holding Company Plans

The Company participates in a deferred compensation plan with its subsidiaries and affiliates.

E. Postemployment Benefits and Compensated Absences

Medical Indemnity and Life Plans

The Company provides unfunded medical indemnity and life insurance plans for eligible retirees and/or their spouses. The medical plan is available to all employees hired before January 1, 1995, who retire on or after age 55 with 15 or more years of service with the Company. For currently eligible retirees and individuals employed by the Company as of January 1, 1995, who retired before January 1, 1996, the entire cost of coverage is paid by the employer. For individuals employed by the Company before January 1, 1995, who retire after January 1, 1996, the cost of coverage to be funded by the Company will be limited. The maximum annual amount to be funded is based on the individual's years of service and marital status and will be adjusted annually by a fixed percentage.

The life insurance program covers the lives of retirees age 55 or older who are eligible for a pension benefit or become disabled. Life insurance amounts, which are based on the employee's basic annual earnings at retirement, range from $20,000 for a minimum salary of $10,000 to $150,000 for a salary of $75,000 or more. Benefits are reduced by 50% at age 65, 75% at age 70 and limited to $5,000 at age 75 and beyond.

NOTES TO FINANCIAL STATEMENTS

Following is a summary of amounts in accumulated other comprehensive income as of December 31, 2007 that have not yet been recognized in the consolidated statements of income as components of net periodic benefit cost (in thousands):

Net actuarial loss	37,664
Prior service cost	(10,183)

Following is a summary of the unfunded benefit obligation, employee postretirement benefit obligation and the weighted average assumptions used in the determination of the Company's net peridic postretirement benefit cost at December 31 (in thousands):

	2008
Unfunded benefit obligation	119,630
Employee postretirement benefits other than pension	119,630
Weighted average assumptions:	
Discount rate	6.05%
Expected return on plan assets	N/A
Rate of compensation increase	5.00%
Benefit cost	10,853
Employer contribution	2,377
Benefits paid	2,377

For the years ended December 31, 2008 and 2007, the plan did not assume an expected return on plan assets since the plan was unfunded. The health care cost trend rate used to measure the expected cost of benefits is assumed to be the following for each year:

December 31, 2008	8.00%
December 31, 2007	8.00%

Increasing the assumed health care cost trend rate by one percentage point for all future years results in the following effect in the aggregate of service and interest cost components of benefit cost and the accumulated postretirement benefit obligation for the current year ended:

	% Incr	From	To
Aggregate Service & Interest cost	2.40%	10,263,000	10,547,306
APBO	2.19%	119,630,000	122,264,470

Decreasing the assumed health care cost trend rate by one percentage point for all future years results in the following effect in the aggregate of service and interest cost components of benefit cost and the accumulated postretirement benefit obligation for the current year ended:

	% Decr	From	To
Aggregate Service & Interest cost	2.26%	10,263,000	9,990,066
APBO	2.13%	119,630,000	117,081,258

The following expected benefit payments by year, which reflect expected future service, as appropriate, are expected to be paid:

2009	2,867,000
2010	3,476,000
2011	4,195,000
2012	4,896,000
2013	5,576,000
2014 - 2018	39,376,000

Prior service costs and gains/losses are amortized on a straight-line basis over the average remaining service period of active participants.

The estimated net actuarial loss and prior service credit that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are 2,138,000 and 1,195,000, respectively.

Disability Medical Benefits Plan

The Company provides certain disability medical benefits to all employees who are eligible for long-term disability insurance under the Company's long-term disability insurance program, which applies to employees that have been employed for at least 12 months and have been absent due to disability for a period of at least 180 days.

Any employee hired before January 1, 1995, who becomes disabled after age 55 and with 15 years of service with the Company shall be eligible for retiree coverage under the terms of the Company's retiree medical plan. Any employee who is hired after January 1, 1995, or is less than age 55 at the time of disability or has less than 15 years of service with the Company at the time of the disabiltiy is a participant under this long-term disability medical benefits plan. Employees who have 15 years of service with the Company at the time of disability shall be allowed to continue coverage under the Company's group health and dental plan. The employee will be required to pay the difference between the total premium and the disabled employee's premium allowance. The premium allowance is an annual allowance based on years of service up to 25, which is increased by 5% each year. Any employee on long-term disability shall be required to apply for Social Security disability and Medicare disability benefits. Both coverage under the Company's health plan and the allowance will end on the earlier of (1) the date the employee fails to pay the applicable premium, net of any allowance; (2) the date the employee is no longer disabled under the long-term disability insurance program; or (3) attainment of age 65.

NOTES TO FINANCIAL STATEMENTS

Employees who have less than 15 yeares of service at the time of disability shall be allowed 36 months of health coverage, inclusive of any COBRA coverage. The Company will pay 100% of the single premium for such period. Coverage under this plan ends on the earlier of the end of the 36-month period or the date the employee is no longer disabled under the long-term disability insurance program.

Following is a summary of the employee postretirement benefit obligation and the weighted average assumptions used in the dertermination of the Company's net periodic postretirement benefit cost at December 31, 2007 (in thousands):

Employee postretirement benefits other than pension	2,124,000
Weighted average assumptions:	
Discount rate	6.05%
Rate of compensation increase	5.00%
Prior service cost	1,819,000

For the years ended December 31, 2008 and 2007, the plan did not assume an expected return on plan assets since the plan was unfunded. The health care cost trend rate used to measure the expected cost of benefits is assumed to be the following for each year:

December 31, 2008	8.00%
December 31, 2007	8.00%

Increasing the assumed health care cost trend rate by one percentage point for all future years results in the following effect in the aggregate of service and interest cost components of benefit cost and the accumulated postretirement benefit obligation for the current year ended:

	% Incr	From	To
Aggregate Service & Interest Cost	8.35%	114,000	126,504
APBO	8.20%	2,124,000	2,343,629

Decreasing the assumed health care cost trend rate by one percentage point for all future years results in the following effect in the aggregate of service and interest cost components of benefit cost and the accumulated postretirement benefit obligation for the current year ended:

	% Incr	From	To
Aggregate Service & Interest cost	7.04%	114,000	103,436
APBO	6.91%	2,124,000	1,939,871

The following expected benefit payments by year, which reflect expected future service, as appropriate, are expected to be paid:

2009	73,000
2010	81,000
2011	89,000
2012	99,000
2013	107,000
2014 - 2018	666,000

Prior service costs and gains/losses are amortized on a straight-line basis over the average remaining service period of active participants.

The estimated net actuarial loss that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is 236,000.

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

1) As of December 31, 2008, the Company had no common capital shares authorized, issued or outstanding.
2) The Company has no preferred stock outstanding.
3) The Company has no dividend restrictions.
4) As a Mutual Insurer, the Company can only pay dividends on participating polices and the Company does not issue participating polices.
5) The Company had no restrictions on its unassigned surplus.
6) The Company does not have any advances to surplus.
7) As of December 31, 2008, no stock was held by the Company 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 each item below is as follows:
   a. unrealized gains and losses: $ 37,819,264
   b. nonadmitted asset values: $101,981,474
   c. provision for reinsurance: $ 0

10) The Company has no Surplus Notes as of December 31, 2008.
11) The Company was not involved in a quasi-reorganization.
12) The Company was not involved in a quasi-reorganization.

NOTES TO FINANCIAL STATEMENTS

14. Contingencies

The Company is not aware of any contingent liabilities as of December 31, 2008.

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, 2008. 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 December 31, 2008.

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

Cost Plus Risk Premium	$ 1,022,968
Cost Plus Large Claim & Aggregate Expense	990,322
Difference	32,646
Assume Cost Plus Retention Charges = Actual Admin	
Then Gain/(Loss) on Cost Plus is	$ 32,646

The gain (loss) from operations for uninsured accident and health plans was as follows during 2008:

	Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total
Net Reimbursement for Administrative expenses (including administrative fees) in excess of actual expenses	NONE	$ 32,646	$ 32,646
Other Income	NONE	NONE	NONE
Net gain or (loss) from operations	NONE	$ 32,646	$ 32,646

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, 2008.
B. The Company had no troubled debt restructuring as of December 31, 2008.
C. The Company did not have any other disclosures covered by SSAP No. 1 in the 2008 Annual Statement.
D. The Company has no uncollectible assets covered by SSAP No.6 as of December 31, 2008.
E. The Company did not have any Business Interruption Insurance Recoveries as of December 31, 2008.
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, 2008 the market value of the debt securities described in the previous paragraph had market value of $2,078,146 representing 0.59% of the market value of the Company's entire debt portfolio of $353,845,441. Of the $2,078,146, $500,040 is issued by entities carrying a Standard & Poor's rating of AA-. The remaining $1,578,106 carries a Standard & Poor's rating of a D 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 $1,202,038. This represents 1.52% of the Company's investments in equity securities of $78,901,157.

NOTES TO FINANCIAL STATEMENTS

21. Events Subsequent

There were no known events subsequent as of December 31, 2008.

22. Reinsurance

A. The Company does not have any unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company's policyholder surplus.
B. The Company does not have any reinsurance recoverable that is in dispute.
C. The Company does not have any return commission which would have been due if the Company had cancelled the reinsurance.
D. The Company did not have any uncollectible reinsurance written off during the year.
E. There was no commutation of reinsurance during the year.
F. The Company does not have any retroactive reinsurance agreements.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination
The Company did not have any retrospectively rated contracts or contracts subject to redetermination.

24. 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.

25. Intercompany Pooling Arrangements
The Company did not have any intercompany pooling arrangements

26. Structured Settlements
The Company did not have any structured settlements as of December 31, 2008.

27. Health Care Receivable
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:

				---Rebates collected within days of qtr---		
Qtr	Est Rebates on F/S	Admitted	Invoiced	0-90	91-180	over 180
12/31/08	$ 5,974,253	$3,649,712		-	-	-
09/30/08	$10,029,711	$7,710,236		1,028,520	-	-
06/30/08	$ 8,314,994	$6,320,398		1,140,803	2,289,239	-
03/31/08	$ 7,487,199	$4,530,370		7,476	1,603,884	1,535,958
12/31/07	$ 5,430,729	$3,958,866		373,950	2,666,418	53,442
09/30/07	$ 5,603,597	$4,056,375		430,218	2,093,665	356,580
06/30/07	$ 5,845,917	$4,362,979		582,227	861,072	13,971
03/31/07	$ 4,496,494	$3,104,676		-	1,175,998	232,215

28. Participating Policies
The Company did not have any participating policies.

29. Premium Deficiency Reserves
The Company did not have any premium deficiency reserves as of December 31, 2008.

30. Salvage and Subrogation

Anticipated Salvage and Subrogation included as a reduction to Loss Reserves and Loss Adjustment Reserves as reported in the Underwriting and Investment Exhibit and Page 3 – Liabilities, Capital and Surplus, Line1. This disclosure is presented by annual statement line of business. Amounts presented are as of December 31 of the prior year and December 31 of the year for which this annual statement is being filed.

Line of Business	Year Incurred	December 31 2008	December 31 2007
Accident and Health	2004	$ 318	$ 29,796
	2005	$ 564	$ 94,103
	2006	$ 25,490	$ 800,833
	2007	$ 29,399	$ 1,496,416
	2008	$ 521,132	
Total		$ 576,903	$ 2,421,148

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State regulating? Arkansas

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). 05/09/2007

3.4 By what department or departments? Arkansas Insurance Department

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ ] No [ ] N/A [X]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control .....%

7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

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 P. Partin, Sr. Vice President - Actuary & Risk Management, Arkansas Blue Cross and Blue Shield
Little Rock, AR

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

11.11 Name of real estate holding company

11.12 Number of parcels involved .....

11.13 Total book/adjusted carrying value .....

11.2 If yes, provide explanation.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]
12.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]
12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.
13.11 If the response to 13.1 is No, please explain:

13.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]
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 [X]
13.31 If the response to 13.3 is yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No [ ]

15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]

16. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
18.11 To directors or other officers $.....0
18.12 To stockholders not officers $.....0
18.13 Trustees, supreme or grand (Fraternal only) $.....0
18.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
18.21 To directors or other officers $.....0
18.22 To stockholders not officers $.....0
18.23 Trustees, supreme or grand (Fraternal only) $.....0

19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]
19.2 If yes, state the amount thereof at December 31 of the current year:
19.21 Rented from others .....
19.22 Borrowed from others .....
19.23 Leased from others .....
19.24 Other .....

20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [X] No [ ]
20.2 If answer is yes:
20.21 Amount paid as losses or risk adjustment $.....2,866,793
20.22 Amount paid as expenses $.....0
20.23 Other amounts paid $.....0

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

INVESTMENT

22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 22.3)? Yes [X] No [ ]
22.2 If no, give full and complete information relating thereto.

22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 16 where this information is also provided).

22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [X] No [ ]
22.5 If answer to 22.4 is yes, report amount of collateral. $.....0
22.6 If answer to 22.4 is no, report amount of collateral. .....

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3) Yes [ ] No [X]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

23.2 If yes, state the amount thereof at December 31 of the current year:

23.21 Subject to repurchase agreements .....

23.22 Subject to reverse repurchase agreements .....

23.23 Subject to dollar repurchase agreements .....

23.24 Subject to reverse dollar repurchase agreements .....

23.25 Pledged as collateral .....

23.26 Placed under option agreements .....

23.27 Letter stock or securities restricted as to sale .....

23.28 On deposit with state or other regulatory body .....

23.29 Other .....

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]

24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [ ]

If no, attach a description with this statement.

25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]

25.2 If yes, state the amount thereof at December 31 of the current year: .....

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

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

1 Name of Custodian(s)	2 Custodian's Address
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 [X] No [ ]

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj.Carrying Value
88018T 10 1	Templeton Dragon Fund	894,068
27.2999. TOTAL		894,068

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
Templeton Dragon	Dairy Farm Intl Hldgs Ltd	131,428	06/30/2008
Templeton Dragon	China Mobile Ltd.	92,089	06/30/2008
Templeton Dragon	Sinopec (China Petroleum & Chemical Corp)	75,102	06/30/2008
Templeton Dragon	Petrochina Co. Ltd.	61,691	06/30/2008
Templeton Dragon	CNOOC Ltd.	53,644	06/30/2008
Templeton Dragon	China Construction Bank Corp	42,915	06/30/2008
Templeton Dragon	Cheung Kong Infrastructure Holdings Ltd.	38,445	06/30/2008
Templeton Dragon	Asustek Computer Inc.	29,504	06/30/2008
Templeton Dragon	TSMC (Taiwan Semiconductor Mfg. Co. Ltd.)	28,610	06/30/2008
Templeton Dragon	Bank of China Ltd.	20,564	06/30/2008

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	344,843,523	358,645,321	13,801,798
28.2 Preferred stocks	515,259	515,259	0
28.3 Totals	345,358,782	359,160,580	13,801,798

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

Fair value pricing obtained, where applicable, from NAIC 4th Quarter 2008 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:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $.....2,135,196

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 and Blue Shield Association	1,500,735

31.1 Amount of payments for legal expenses, if any? $.....949,590

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
Foley & Lardner	448,344
Mayer Brown LLP	296,895

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $.....224,530

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 and Blue Shield Association	112,530
Steve Napper Ltd	64,000

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [X] No [ ]

1.2 If yes, indicate premium earned on U.S. business only $.....183,430,358

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $.....0

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. $.....0

1.5 Indicate total incurred claims on all Medicare Supplement insurance. $.....149,878,938

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $.....28,317,284

1.62 Total incurred claims $.....21,797,069

1.63 Number of covered lives 21,347

All years prior to most current three years:

1.64 Total premium earned $.....155,113,074

1.65 Total incurred claims $.....128,081,869

1.66 Number of covered lives 83,635

1.7 Group policies:

Most current three years:

1.71 Total premium earned $.....0

1.72 Total incurred claims $.....0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $.....0

1.75 Total incurred claims $.....0

1.76 Number of covered lives 0

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	1,070,656,941	981,829,751
2.2 Premium Denominator	1,070,656,941	981,829,751
2.3 Premium Ratio (2.1/2.2)	100.0	100.0
2.4 Reserve Numerator	181,533,709	173,091,037
2.5 Reserve Denominator	181,676,872	173,259,908
2.6 Reserve Ratio (2.4/2.5)	99.9	99.9

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

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No [ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [X]

5.1 Does the reporting entity have stop-loss reinsurance? Yes [ ] No [X]

5.2 If no, explain:

Sufficient Capital & Surplus, 50 plus year history of managing business without a stop loss reinsurance policy. Most of the Company's policies contain a $2,000,000 lifetime maximum benefit level.

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive medical $.....0

5.32 Medical only $.....0

5.33 Medicare supplement $.....0

5.34 Dental and vision $.....0

5.35 Other limited benefit plan $.....0

5.36 Other $.....0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Hold Harmless Agreements

7.1 Does the reporting entity set up its claim liability for provider services on a service date base? Yes [X] No [ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 11,966

8.2 Number of providers at end of reporting year 12,461

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months .....

9.22 Business with rate guarantees over 36 months .....

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus arrangements in its provider contracts? Yes [ ] No [X]

10.2 If yes:

10.21 Maximum amount payable bonuses .....

10.22 Amount actually paid for year bonuses .....

10.23 Maximum amount payable withholds .....

10.24 Amount actually paid for year withholds .....

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,	Yes [ ]	No [X]
11.13 An Individual Practice Association (IPA), or	Yes [ ]	No [X]
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. Arkansas		
11.4 If yes, show the amount required.	$.....575,000	
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
State of Arkansas

FIVE-YEAR HISTORICAL DATA

	1 2008	2 2007	3 2006	4 2005	5 2004
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	891,778,311	957,741,648	891,799,112	765,025,230	691,195,605
2. Total liabilities (Page 3, Line 22)	428,381,528	446,410,184	396,753,324	336,350,704	309,206,961
3. Statutory surplus	500,000	500,000	500,000	500,000	500,000
4. Total capital and surplus (Page 3, Line 31)	463,396,783	511,331,465	495,045,788	428,674,526	381,988,642
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	1,059,270,619	995,986,312	954,121,311	905,658,277	901,883,115
6. Total medical and hospital expenses (Line 18)	888,868,874	837,626,941	766,195,270	714,779,226	703,473,612
7. Claims adjustment expenses (Line 20)	38,212,884	38,142,540	35,967,229	26,043,512	25,836,965
8. Total administrative expenses (Line 21)	107,563,886	105,064,734	96,334,569	82,219,640	84,994,682
9. Net underwriting gain (loss) (Line 24)	31,242,777	14,895,686	55,856,142	82,935,644	87,660,025
10. Net investment gain (loss) (Line 27)	12,039,017	30,727,689	22,665,185	17,388,988	14,444,124
11. Total other income (Lines 28 plus 29)	(1,458,618)	(285,943)	(3,145,815)	(13,364,317)	(6,495,777)
12. Net income or (loss) (Line 32)	22,192,047	28,278,642	43,239,910	51,554,601	61,856,418
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	882,030	33,067,985	71,270,487	39,716,137	89,988,816
Risk-Based Capital Analysis					
14. Total adjusted capital	463,396,783	511,331,465	495,045,788	428,674,526	381,988,642
15. Authorized control level risk-based capital	57,150,730	59,431,915	54,334,862	38,273,030	36,159,444
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	416,197	413,480	425,159	407,061	398,572
17. Total member months (Column 6, Line 7)	5,006,775	4,988,795	5,069,901	4,841,073	4,773,383
Operating Percentage (Page 4) **(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100 .0**					
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)	83.9	100.0	100.0	100.0	100.0
20. Cost containment expenses	1.1	1.8	1.4	1.1	(0.0)
21. Other claims adjustment expenses	2.5	2.0	2.3	1.8	2.9
22. Total underwriting deductions (Line 23)	97.1	98.5	94.1	90.8	90.3
23. Total underwriting gain (loss) (Line 24)	2.9	1.5	5.9	9.2	9.7
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5)	82,528,319	98,033,938	81,999,095	80,444,566	93,808,653
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	108,658,126	104,348,590	104,588,570	111,255,939	105,734,038
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)	192,794,620	202,528,554	193,266,544	134,956,488	99,843,620
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated	55,318,314	56,387,542	56,416,481		
32. Total of above Lines 26 to 31	248,112,934	258,916,096	249,683,025	134,956,488	99,843,620

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama AL	N							0	
2. Alaska AK	N							0	
3. Arizona AZ	N							0	
4. Arkansas AR	L	799,747,398	749,577		208,162,267			1,008,659,242	
5. California CA	N							0	
6. Colorado CO	N							0	
7. Connecticut CT	N							0	
8. Delaware DE	N							0	
9. District of Columbia DC	N							0	
10. Florida FL	N							0	
11. Georgia GA	N							0	
12. Hawaii HI	N							0	
13. Idaho ID	N							0	
14. Illinois IL	N							0	
15. Indiana IN	N							0	
16. Iowa IA	N							0	
17. Kansas KS	N							0	
18. Kentucky KY	N							0	
19. Louisiana LA	N							0	
20. Maine ME	N							0	
21. Maryland MD	N							0	
22. Massachusetts MA	N							0	
23. Michigan MI	N							0	
24. Minnesota MN	N							0	
25. Mississippi MS	N							0	
26. Missouri MO	N							0	
27. Montana MT	N							0	
28. Nebraska NE	N							0	
29. Nevada NV	N							0	
30. New Hampshire NH	N							0	
31. New Jersey NJ	N							0	
32. New Mexico NM	N							0	
33. New York NY	N							0	
34. North Carolina NC	N							0	
35. North Dakota ND	N							0	
36. Ohio OH	N							0	
37. Oklahoma OK	N							0	
38. Oregon OR	N							0	
39. Pennsylvania PA	N							0	
40. Rhode Island RI	N							0	
41. South Carolina SC	N							0	
42. South Dakota SD	N							0	
43. Tennessee TN	N							0	
44. Texas TX	N							0	
45. Utah UT	N							0	
46. Vermont VT	N							0	
47. Virginia VA	N							0	
48. Washington WA	N							0	
49. West Virginia WV	N							0	
50. Wisconsin WI	N							0	
51. Wyoming WY	N							0	
52. American Samoa AS	N							0	
53. Guam GU	N							0	
54. Puerto Rico PR	N							0	
55. U.S. Virgin Islands VI	N							0	
56. Northern Mariana Islands MP	N							0	
57. Canada CN	N							0	
58. Aggregate Other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	799,747,398	749,577	0	208,162,267	0	0	1,008,659,242	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	799,747,398	749,577	0	208,162,267	0	0	1,008,659,242	0

DETAILS OF WRITE-INS

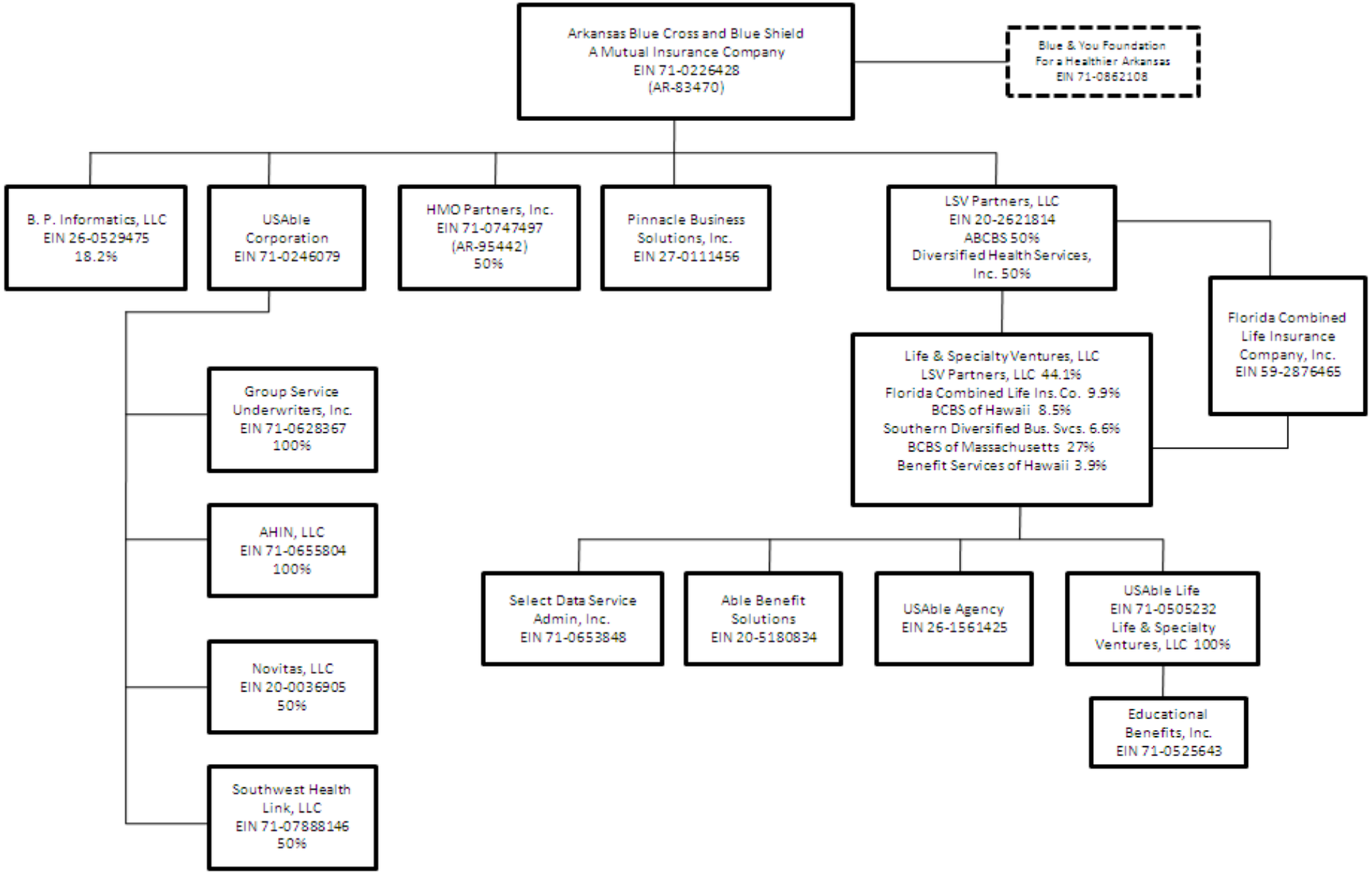
5801.								0	
5802.								0	
5803.								0	
5898. Summary of remaining write-ins for line 58	0	0	0	0	0	0	0	0	0
5899. Total (Lines 5801 thru 5803 + 5898) (Line 58 above)	0	0	0	0	0	0	0	0	0

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

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

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

PART 1 - ORGANIZATIONAL CHART



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