* 8 3 4 7 0 2 0 0 7 2 0 1 0 0 1 0 0 *

ANNUAL STATEMENT

For the Year Ended December 31, 2007

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 Website Address	www.arkansasbluecross.com	
Statutory Statement Contact	Steven James Short *(Name)*	501-378-2581 *(Area Code) (Telephone Number) (Extension)*
	sjshort@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. Paul Mark White	Treasurer	4. Sharon Kay Allen	President & COO

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 of the enclosed statement (except for formatting differences due to electronic filing). The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Robert Lee Shoptaw	James Lee Douglass	Paul Mark White
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 _____

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)	257,377,787		257,377,787	253,602,492
2. Stocks (Schedule D):				
2.1 Preferred stocks	714,492		714,492	241,000
2.2 Common stocks	308,110,879	22,957,759	285,153,120	264,349,332
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)	21,194,259		21,194,259	26,614,532
4.2 Properties held for the production of income (less $.....0 encumbrances)	22,698,418		22,698,418	16,450,238
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....13,721,851, Sch. E-Part 1), cash equivalents ($.....0, Sch. E-Part 2) and short-term investments ($.....92,065,496, Sch. DA)	105,787,347		105,787,347	69,063,468
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets (Schedule BA)	59,982,639		59,982,639	56,416,481
8. Receivables for securities			0	171,398
9. Aggregate write-ins for invested assets	831,432	0	831,432	554,203
10. Subtotals, cash and invested assets (Lines 1 to 9)	776,697,252	22,957,759	753,739,493	687,463,144
11. Title plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	4,429,211		4,429,211	4,483,728
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection	49,804,076	51,563	49,752,513	66,771,189
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	32,425,784		32,425,784	15,146,000
14.2 Funds held by or deposited with reinsured companies	4,228,914		4,228,914	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans	6,599,597		6,599,597	14,141,658
16.1 Current federal and foreign income tax recoverable and interest thereon	6,617,443		6,617,443	10,281,963
16.2 Net deferred tax asset	38,803,115	31,043,235	7,759,880	7,099,778
17. Guaranty funds receivable or on deposit			0	24,722
18. Electronic data processing equipment and software	10,572,165	3,606,404	6,965,761	7,217,578
19. Furniture and equipment, including health care delivery assets ($.....0)	6,147,805	6,147,805	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates	46,024,630		46,024,630	43,385,368
22. Health care ($.....3,958,866) and other amounts receivable	33,160,782	2,294,331	30,866,451	29,603,742
23. Aggregate write-ins for other than invested assets	16,296,205	7,964,234	8,331,971	6,180,242
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,031,806,979	74,065,331	957,741,648	891,799,112
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	1,031,806,979	74,065,331	957,741,648	891,799,112

DETAILS OF WRITE-INS

0901. Deposits with National Accounts	831,432		831,432	554,203
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)	831,432	0	831,432	554,203
2301. Other Assets	9,280,643		9,280,643	6,180,242
2302. Other Nonadmitted Assets	7,964,234	7,964,234	0	
2303. National Accounts Receivable	(948,672)		(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)	16,296,205	7,964,234	8,331,971	6,180,242

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $.....1,542,635 reinsurance ceded)	108,491,879	121,988	108,613,867	104,202,734
2. Accrued medical incentive pool and bonus amounts	44,259		44,259	145,856
3. Unpaid claims adjustment expenses	5,424,056		5,424,056	5,378,807
4. Aggregate health policy reserves	64,601,782		64,601,782	78,492,435
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	10,770,864		10,770,864	12,689,392
9. General expenses due or accrued	166,374,006		166,374,006	118,582,646
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	29,961,282		29,961,282	16,924,891
12. Amounts withheld or retained for the account of others	5,186,941		5,186,941	5,879,938
13. Remittances and items not allocated			0	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	9,647,395		9,647,395	10,734,997
16. Payable for securities	1,055,763		1,055,763	
17. Funds held under reinsurance treaties with ($.....2,114,457 authorized reinsurers and $.....2,114,457 unauthorized reinsurers)	4,228,914		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	17,164,717		17,164,717	21,538,670
21. Aggregate write-ins for other liabilities (including $.....0 current)	23,336,338	0	23,336,338	22,182,958
22. Total liabilities (Lines 1 to 21)	446,288,196	121,988	446,410,184	396,753,324
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	511,331,465	495,045,788
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	511,331,465	495,045,788
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	957,741,649	891,799,112

DETAILS OF WRITE-INS

2101. Miscellaneous Liabilities	2,718,653		2,718,653	1,685,273
2102. Claims Payable for Self-Insured Plans	1,000,000		1,000,000	880,000
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)	23,336,338	0	23,336,338	22,182,958
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	5,015,935	5,093,059
2. Net premium income (including $.....0 non-health premium income)	XXX	981,829,751	961,884,267
3. Change in unearned premium reserves and reserve for rate credits	XXX	14,156,561	(7,762,956)
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	995,986,312	954,121,311
Hospital and Medical:			
9. Hospital/medical benefits		538,265,075	510,991,112
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area		109,048,735	92,542,013
13. Prescription drugs		159,402,833	141,074,713
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	806,716,643	744,607,838
Less:			
17. Net reinsurance recoveries		(30,910,298)	(21,587,432)
18. Total hospital and medical (Lines 16 minus 17)	0	837,626,941	766,195,270
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....17,946,159 cost containment expenses		38,142,540	35,967,229
21. General administrative expenses		105,064,734	96,334,569
22. Increase in reserves for life and accident and health contracts including $.....0 increase in reserves for life only)		256,411	(231,899)
23. Total underwriting deductions (Lines 18 through 22)	0	981,090,626	898,265,169
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	14,895,686	55,856,142
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		16,738,512	17,531,054
26. Net realized capital gains or (losses) less capital gains tax of $.....7,532,634		13,989,177	5,134,131
27. Net investment gains or (losses) (Lines 25 plus 26)	0	30,727,689	22,665,185
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	(285,943)	(3,145,815)
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	45,337,432	75,375,512
31. Federal and foreign income taxes incurred	XXX	17,058,790	32,135,602
32. Net income (loss) (Lines 30 minus 31)	XXX	28,278,642	43,239,910

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		1,155,485	378,587
2902. Regional Management Fees		(1,441,428)	(3,524,402)
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	(285,943)	(3,145,815)

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	495,045,789	428,674,526
34. Net income or (loss) from Line 32	28,278,642	43,239,910
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	10,297,307	3,691,342
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	(612,971)	7,227,113
39. Change in nonadmitted assets	(2,165,398)	12,212,898
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	(1,244,524)	0
48. Net change in capital and surplus (Lines 34 to 47)	16,285,676	66,371,263
49. Capital and surplus end of reporting period (Line 33 plus 48)	511,331,465	495,045,789

DETAILS OF WRITE-INS

4701. Unfunded Accumulated PBO		
4702. Change in Subsidiary Equity		
4703. Capital Lease Adjustment	(1,244,524)	
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)	(1,244,524)	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	1,009,947,910	963,140,457
2. Net investment income	18,287,141	17,957,321
3. Miscellaneous income		
4. Total (Lines 1 through 3)	1,028,235,051	981,097,778
5. Benefit and loss related payments	854,826,103	774,734,334
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	119,414,060	99,776,838
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	20,926,904	35,316,119
10. Total (Lines 5 through 9)	995,167,066	909,827,291
11. Net cash from operations (Line 4 minus Line 10)	33,067,985	71,270,487
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	63,866,500	63,727,720
12.2 Stocks	30,167,214	11,971,901
12.3 Mortgage loans		
12.4 Real estate		12,908
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	1,227,161	1,854,520
12.8 Total investment proceeds (Lines 12.1 to 12.7)	95,260,875	77,567,049
13. Cost of investments acquired (long-term only):		
13.1 Bonds	68,822,263	69,841,987
13.2 Stocks	12,369,611	36,392,670
13.3 Mortgage loans		
13.4 Real estate	3,401,192	3,275,701
13.5 Other invested assets	4,710,456	58,140,087
13.6 Miscellaneous applications	277,229	
13.7 Total investments acquired (Lines 13.1 to 13.6)	89,580,751	167,650,445
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	5,680,124	(90,083,395)
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)	(2,024,231)	12,740,947
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(2,024,231)	12,740,947
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)	36,723,878	(6,071,961)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	69,063,468	75,135,429
19.2 End of year (Line 18 plus Line 19.1)	105,787,346	69,063,468

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

20.0001 OPEB non-cash transaction	28,103,662	

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	981,829,751	588,636,722	174,920,227		402,213	208,881,973	353,227		8,635,389	
2. Change in unearned premium reserves and reserve for rate credit	14,156,561	14,156,561								
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)	995,986,312	602,793,283	174,920,227	0	402,213	208,881,973	353,227	0	8,635,389	0
8. Hospital/medical benefits	538,265,075	236,032,061	153,897,220	13,897,157	334,929	134,103,708				XXX
9. Other professional services	0									XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	109,048,735	109,048,735								XXX
12. Prescription drugs	159,402,833	74,900,421				62,986,933	326,622		21,188,857	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)	806,716,643	419,981,217	153,897,220	13,897,157	334,929	197,090,641	326,622	0	21,188,857	XXX
16. Net reinsurance recoveries	(30,910,298)	(58,924,949)		13,897,157					14,117,494	XXX
17. Total hospital and medical (Lines 15 minus 16)	837,626,941	478,906,166	153,897,220	0	334,929	197,090,641	326,622	0	7,071,363	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $.....17,946,159 cost containment expenses	38,142,540	23,197,714	5,949,576	200,536	2,746	5,507,439	287,700		2,996,829	
20. General administrative expenses	105,064,734	78,161,198	16,960,161	359,121	1,368	4,661,358	3,250,058		1,671,470	
21. Increase in reserves for accident and health contracts	256,411	190,544	41,524	879	3	11,412	7,957		4,092	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)	981,090,626	580,455,622	176,848,481	560,536	339,046	207,270,850	3,872,337	0	11,743,754	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	14,895,686	22,337,661	(1,928,254)	(560,536)	63,167	1,611,123	(3,519,110)	0	(3,108,365)	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)	514,645,123	73,991,599		588,636,722
2. Medicare supplement	174,920,227			174,920,227
3. Dental only	19,838,217		19,838,217	0
4. Vision only	402,213			402,213
5. Federal employees health benefits plan	208,881,973			208,881,973
6. Title XVIII - Medicare	353,227			353,227
7. Title XIX - Medicaid				0
8. Other health	26,271,093		17,635,704	8,635,389
9. Health subtotal (Lines 1 through 8)	945,312,073	73,991,599	37,473,921	981,829,751
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	945,312,073	73,991,599	37,473,921	981,829,751

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	805,510,885	424,637,144	152,457,420	14,377,538	320,418	194,138,364	326,266		19,253,735	
1.2 Reinsurance assumed	55,966,476	55,966,476								
1.3 Reinsurance ceded	25,442,389			14,377,538					11,064,851	
1.4 Net	836,034,972	480,603,620	152,457,420	0	320,418	194,138,364	326,266	0	8,188,884	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	100,984,903	61,072,564	19,972,050	1,020,975	14,511	17,626,851	356		1,277,596	
3.2 Reinsurance assumed	9,171,599	9,171,599								
3.3 Reinsurance ceded	1,542,635			1,020,975					521,660	
3.4 Net	108,613,867	70,244,163	19,972,050	0	14,511	17,626,851	356	0	755,936	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	44,259	44,259								
6. Net healthcare receivables (a)	2,819,164	2,819,164								
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	96,959,981	62,909,327	18,532,250	1,501,356		14,674,574			(657,526)	
8.2 Reinsurance assumed	6,213,126	6,213,126								
8.3 Reinsurance ceded	(4,058,226)			1,501,356					(5,559,582)	
8.4 Net	107,231,333	69,122,453	18,532,250	0	0	14,674,574	0	0	4,902,056	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	145,856	145,856								
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred benefits:										
12.1 Direct	806,716,643	419,981,217	153,897,220	13,897,157	334,929	197,090,641	326,622	0	21,188,857	0
12.2 Reinsurance assumed	58,924,949	58,924,949	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	31,043,250	0	0	13,897,157	0	0	0	0	17,146,093	0
12.4 Net	834,598,342	478,906,166	153,897,220	0	334,929	197,090,641	326,622	0	4,042,764	0
13. Incurred medical incentive pools and bonuses	(101,597)	(101,597)	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	14,592,380	10,376,882	4,215,498							
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	14,592,380	10,376,882	4,215,498	0	0	0	0	0	0	0
2. Incurred but unreported:										
2.1 Direct	86,392,523	50,695,682	15,756,552	1,020,975	14,511	17,626,851	356		1,277,596	
2.2 Reinsurance assumed	9,171,599	9,171,599								
2.3 Reinsurance ceded	1,542,635			1,020,975					521,660	
2.4 Net	94,021,487	59,867,281	15,756,552	0	14,511	17,626,851	356	0	755,936	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	100,984,903	61,072,564	19,972,050	1,020,975	14,511	17,626,851	356	0	1,277,596	0
4.2 Reinsurance assumed	9,171,599	9,171,599	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	1,542,635	0	0	1,020,975	0	0	0	0	521,660	0
4.4 Net	108,613,867	70,244,163	19,972,050	0	14,511	17,626,851	356	0	755,936	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)	64,259,483	403,891,965	415,825	68,513,520	64,675,308	70,400,888
2. Medicare supplement	18,885,128	133,572,293	256,040	19,716,010	19,141,168	18,532,250
3. Dental only	1,092,630	12,056,612	4,430	1,016,545	1,097,060	1,501,356
4. Vision only		320,418		14,511	0	
5. Federal employees health benefits plan	13,586,105	180,552,259	167,684	17,459,167	13,753,789	14,674,574
6. Title XVIII - Medicare		386,601		356	0	
7. Title XIX - Medicaid					0	
8. Other health		10,144,641		1,049,779	0	(906,334)
9. Health subtotal (Lines 1 to 8)	97,823,346	740,924,789	843,979	107,769,888	98,667,325	104,202,734
10. Healthcare receivables (a)	633,387	4,797,343			633,387	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts				44,259	0	145,856
13. Totals (Lines 9 - 10 + 11 + 12)	97,189,959	736,127,446	843,979	107,814,147	98,033,938	104,348,590

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior	84,462	461			
2. 2003	605,712	92,343	308		
3. 2004	XXX	605,149	79,614	294	
4. 2005	XXX	XXX	645,414	80,956	1,147
5. 2006	XXX	XXX	XXX	687,796	96,679
6. 2007	XXX	XXX	XXX	XXX	740,923

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior	641,604	641,496			
2. 2003	709,943	698,017	698,362		
3. 2004	XXX	715,407	684,720	685,056	
4. 2005	XXX	XXX	749,348	727,034	727,518
5. 2006	XXX	XXX	XXX	790,975	785,441
6. 2007	XXX	XXX	XXX	XXX	848,692

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2003	901,715	698,363	31,050	4.4	729,413	80.9			729,413	80.9
2. 2004	908,672	685,057	25,836	3.8	710,893	78.2			710,893	78.2
3. 2005	918,482	727,517	26,044	3.6	753,561	82.0			753,561	82.0
4. 2006	961,885	784,475	35,967	4.6	820,442	85.3	844	42	821,328	85.4
5. 2007	981,829	740,923	38,142	5.1	779,065	79.3	107,814	5,382	892,261	90.9

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior	58,323	311			
2. 2003	369,407	62,348	62		
3. 2004	XXX	343,926	51,697	62	
4. 2005	XXX	XXX	360,463	53,415	876
5. 2006	XXX	XXX	XXX	379,935	63,385
6. 2007	XXX	XXX	XXX	XXX	403,904

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior	395,296	394,931			
2. 2003	440,469	431,594	431,817		
3. 2004	XXX	415,602	395,346	395,685	
4. 2005	XXX	XXX	427,825	414,393	414,754
5. 2006	XXX	XXX	XXX	449,849	444,125
6. 2007	XXX	XXX	XXX	XXX	472,392

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2003	591,246	431,817	18,937	4.4	450,754	76.2			450,754	76.2
2. 2004	561,542	395,685	14,684	3.7	410,369	73.1			410,369	73.1
3. 2005	570,197	414,754	14,545	3.5	429,299	75.3			429,299	75.3
4. 2006	598,737	443,320	20,454	4.6	463,774	77.5	416	21	464,211	77.5
5. 2007	588,637	403,904	20,793	5.1	424,697	72.1	68,558	3,421	496,676	84.4

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior	12,725	148			
2. 2003	110,707	14,741	241		
3. 2004	XXX	121,026	14,153	230	
4. 2005	XXX	XXX	129,204	15,198	268
5. 2006	XXX	XXX	XXX	125,567	18,618
6. 2007	XXX	XXX	XXX	XXX	133,577

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior	118,624	119,120			
2. 2003	127,401	125,805	125,689		
3. 2004	XXX	139,327	135,596	135,408	
4. 2005	XXX	XXX	148,054	144,632	144,670
5. 2006	XXX	XXX	XXX	143,663	144,272
6. 2007	XXX	XXX	XXX	XXX	153,293

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. 2003	157,727	125,689	5,675	4.5	131,364	83.3			131,364	83.3
2. 2004	169,327	135,409	5,167	3.8	140,576	83.0			140,576	83.0
3. 2005	170,564	144,670	5,214	3.6	149,884	87.9			149,884	87.9
4. 2006	173,182	144,185	6,532	4.5	150,717	87.0	256	13	150,986	87.2
5. 2007	174,920	133,577	6,876	5.1	140,453	80.3	19,716	985	161,154	92.1

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior	597	2			
2. 2003	5,817	543	5		
3. 2004	XXX	6,660	664	2	
4. 2005	XXX	XXX	9,912	1,009	3
5. 2006	XXX	XXX	XXX	13,386	1,089
6. 2007	XXX	XXX	XXX	XXX	12,057

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior	6,333	6,324			
2. 2003	6,501	6,358	6,364		
3. 2004	XXX	7,393	7,331	7,326	
4. 2005	XXX	XXX	11,015	10,740	10,925
5. 2006	XXX	XXX	XXX	14,886	14,481
6. 2007	XXX	XXX	XXX	XXX	13,074

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. 2003	9,695	6,365	298	4.7	6,663	68.7			6,663	68.7
2. 2004	12,344	7,326	284	3.9	7,610	61.6			7,610	61.6
3. 2005	8,373	10,924	400	3.7	11,324	135.2			11,324	135.2
4. 2006	54	14,475	676	4.7	15,151	28,057.4	4		15,155	28,064.8
5. 2007		12,057	621	5.2	12,678	0.0	1,017	51	13,746	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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior					
2. 2003					
3. 2004	XXX				
4. 2005	XXX	XXX			
5. 2006	XXX	XXX	XXX		
6. 2007	XXX	XXX	XXX	XXX	320

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior					
2. 2003					
3. 2004	XXX				
4. 2005	XXX	XXX			
5. 2006	XXX	XXX	XXX		
6. 2007	XXX	XXX	XXX	XXX	335

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. 2003				0.0	0	0.0			0	0.0
2. 2004				0.0	0	0.0			0	0.0
3. 2005				0.0	0	0.0			0	0.0
4. 2006				0.0	0	0.0			0	0.0
5. 2007	402	320	16	5.0	336	83.6	14	1	351	87.3

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior	12,817				
2. 2003	119,781	14,711			
3. 2004	XXX	133,537	13,100		
4. 2005	XXX	XXX	145,835	11,334	
5. 2006	XXX	XXX	XXX	159,172	13,587
6. 2007	XXX	XXX	XXX	XXX	180,558

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior	121,351	121,121			
2. 2003	135,572	134,260	134,492		
3. 2004	XXX	153,085	146,447	146,637	
4. 2005	XXX	XXX	162,454	157,269	157,169
5. 2006	XXX	XXX	XXX	173,747	172,827
6. 2007	XXX	XXX	XXX	XXX	198,017

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. 2003	143,047	134,492	6,140	4.6	140,632	98.3			140,632	98.3
2. 2004	165,459	146,637	5,701	3.9	152,338	92.1			152,338	92.1
3. 2005	169,348	157,169	5,885	3.7	163,054	96.3			163,054	96.3
4. 2006	182,461	172,759	7,902	4.6	180,661	99.0	168	8	180,837	99.1
5. 2007	208,882	180,558	9,295	5.1	189,853	90.9	17,459	872	208,184	99.7

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior					
2. 2003					
3. 2004	XXX				
4. 2005	XXX	XXX			
5. 2006	XXX	XXX	XXX		
6. 2007	XXX	XXX	XXX	XXX	387

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior					
2. 2003					
3. 2004	XXX				
4. 2005	XXX	XXX			
5. 2006	XXX	XXX	XXX		
6. 2007	XXX	XXX	XXX	XXX	412

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. 2003				0.0	0	0.0			0	0.0
2. 2004				0.0	0	0.0			0	0.0
3. 2005				0.0	0	0.0			0	0.0
4. 2006				0.0	0	0.0			0	0.0
5. 2007	353	387	20	5.2	407	115.3			407	115.3

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior					
2. 2003					
3. 2004	XXX				
4. 2005	XXX	XXX			
5. 2006	XXX	XXX	XXX		
6. 2007	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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior					
2. 2003					
3. 2004	XXX				
4. 2005	XXX	XXX			
5. 2006	XXX	XXX	XXX		
6. 2007	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. 2003				0.0	0	0.0			0	0.0
2. 2004				0	0	0.0			0	0.0
3. 2005				0.0	0	0.0			0	0.0
4. 2006				0.0	0	0.0			0	0.0
5. 2007				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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior					
2. 2003					
3. 2004	XXX				
4. 2005	XXX	XXX			
5. 2006	XXX	XXX	XXX	9,736	
6. 2007	XXX	XXX	XXX	XXX	10,120

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior					
2. 2003					
3. 2004	XXX				
4. 2005	XXX	XXX			
5. 2006	XXX	XXX	XXX	8,830	9,736
6. 2007	XXX	XXX	XXX	XXX	11,169

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. 2003				0.0	0	0.0			0	0.0
2. 2004				0.0	0	0.0			0	0.0
3. 2005				0.0	0	0.0			0	0.0
4. 2006	7,451	9,736	403	4.1	10,139	136.1			10,139	136.1
5. 2007	8,635	10,120	521	5.1	10,641	123.2	1,050	52	11,743	136.0

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	57,983,979	15,096,989				42,682,557	35,562		168,871
2. Additional policy reserves (a)	6,617,803	6,617,803							
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including $.....0) for investment income	0								
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	64,601,782	21,714,792	0	0	0	42,682,557	35,562	0	168,871
7. Reinsurance ceded	0								
8. Totals (net) (Page 3, Line 4)	64,601,782	21,714,792	0	0	0	42,682,557	35,562	0	168,871
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 ($.....7,396,676 for occupancy of own building)	421	12,364	479,672	7,396,676	7,889,133
2. Salaries, wages and other benefits	9,397,809	15,902,539	54,656,294		79,956,642
3. Commissions (less $.....0 ceded plus $.....0 assumed)			19,554,590		19,554,590
4. Legal fees and expenses	14,969	35	792,496		807,500
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	127,702	69,732	1,810,208		2,007,642
7. Traveling expenses	369,095	206,671	1,785,773		2,361,539
8. Marketing and advertising	12,876		1,023,604		1,036,481
9. Postage, express and telephone	289,703	1,963,687	3,963,726		6,217,116
10. Printing and office supplies	473,854	377,672	2,200,365		3,051,890
11. Occupancy, depreciation and amortization					0
12. Equipment	439,312	1,769,891	6,554,830		8,764,033
13. Cost or depreciation of EDP equipment and software	5,690	217,079	758,619		981,388
14. Outsourced services including EDP, claims, and other services	5,066,965	2,999,068	7,551,420	697,597	16,315,050
15. Boards, bureaus and association fees			1,326,606		1,326,606
16. Insurance, except on real estate	61,632	108,670	525,112		695,415
17. Collection and bank service charges	36,315		459,338		495,653
18. Group service and administration fees	224,238	(4,870,013)	(8,638,174)		(13,283,949)
19. Reimbursements by uninsured plans	(453,204)	(643,222)	(1,710,717)		(2,807,142)
20. Reimbursements from fiscal intermediaries		1,465,324			1,465,324
21. Real estate expenses	233,929	496,231	2,092,152	724,863	3,547,175
22. Real estate taxes	8,736	17,016	76,544	23,500	125,796
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes		1,387	77,683		79,070
23.2 State premium taxes			3,756,385		3,756,385
23.3 Regulator authority licenses and fees	1,655	10	104,269		105,934
23.4 Payroll taxes	572,234	925,376	2,497,553		3,995,163
23.5 Other (excluding federal income and real estate taxes)	10,839	35,245	125,857		171,941
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	1,051,388	(858,381)	3,240,529	0	3,433,535
26. Total expenses incurred (Lines 1 to 25)	17,946,159	20,196,381	105,064,734	8,842,636	(a)....152,049,910
27. Less expenses unpaid December 31, current year		5,424,056	166,374,006		171,798,062
28. Add expenses unpaid December 31, prior year		5,378,807	118,582,646		123,961,453
29. Amounts receivable relating to uninsured plans, prior year			14,141,658		14,141,658
30. Amounts receivable relating to uninsured plans, current year			6,599,597		6,599,597
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	17,946,159	20,151,132	49,731,313	8,842,636	96,671,240

DETAILS OF WRITE-INS

2501. Administrative Expenses Assumed	1,329,621	1,304,006	6,366,956		9,000,583
2502. Administrative Expenses Ceded	(4,898)	(1,755,496)	(3,113,937)		(4,874,331)
2503. Claims Processing Expense		(218,390)			(218,390)
2598. Summary of remaining write-ins for Line 25 from overflow page	(273,335)	(188,501)	(12,490)	0	(474,326)
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above)	1,051,388	(858,381)	3,240,529	0	3,433,535

(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) 6,642,898	6,568,923
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 4,791,441	4,576,867
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	2,974,629	2,990,718
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d) 8,366,401	8,366,401
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 3,748,712	3,990,230
7.	Derivative instruments	(f)	
8.	Other invested assets	(622,467)	(622,467)
9.	Aggregate write-ins for investment income	80,817	80,817
10.	Total gross investment income	25,982,431	25,951,489
11.	Investment expenses		(g) 8,842,636
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) 370,341
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		9,212,977
17.	Net investment income (Line 10 minus Line 16)		16,738,512

DETAILS OF WRITE-INS

0901.	FEP Investment Service Charge	80,817	80,817
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)	80,817	80,817
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 $.....405,291 accrual of discount less $.....1,529,062 amortization of premium and less $.....248,879 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 $.....370,341 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	3,671,234	
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)			0	(555,888)	
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)	21,607,903		21,607,903		
2.21	Common stocks of affiliates			0	7,181,961	
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)	(86,092)	0	(86,092)	0	0
10.	Total capital gains (losses)	21,521,811	0	21,521,811	10,297,307	0

DETAILS OF WRITE-INS

0901.	Gain on Sale of Fixed Assets	(55,418)		(55,418)		
0902.	Miscellaneous	(30,674)		(30,674)		
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)	(86,092)	0	(86,092)	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	22,957,759	24,518,382	1,560,623
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)	22,957,759	24,518,382	1,560,623
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	51,563	33,183	(18,380)
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	31,043,235	26,203,097	(4,840,138)
17. Guaranty funds receivable or on deposit			0
18. Electronic data processing equipment and software	3,606,404	4,874,878	1,268,474
19. Furniture and equipment, including health care delivery assets	6,147,805	6,197,830	50,025
20. Net adjustment in assets and liabilities due to foreign exchange rates			0
21. Receivable from parent, subsidiaries and affiliates			0
22. Health care and other amounts receivable	2,294,331	1,211,490	(1,082,841)
23. Aggregate write-ins for other than invested assets	7,964,234	8,861,073	896,839
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	74,065,331	71,899,933	(2,165,398)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. TOTALS (Lines 24 and 25)	74,065,331	71,899,933	(2,165,398)

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	7,964,234	8,861,073	896,839
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)	7,964,234	8,861,073	896,839

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	286,769	280,289	278,165	275,776	276,339	3,333,244
4. Point of service						
5. Indemnity only	138,390	135,510	134,069	137,500	137,141	1,655,551
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	425,159	415,799	412,234	413,276	413,480	4,988,795

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. GAAP accounting treatment of postretirement benefits other than pensions is governed primarily by FAS 106, which requires that a liability be established for such future benefit obligations from the date of the employee's hire. SSAP #14 of Statutory Accounting Principles requires that only postretirement benefit obligations for current retirees and vested employees be reported. This discrepancy results in certain liabilities not being reported on a statutory basis.

B. The impact of adopting the "permitted practice" described in 1.A. was an increase in the accrued postretirement liability as of December 31, 2004 in the amount of $34,113,000, and a decrease of the same amount in surplus. The impact on the 2004 Statement of Operations was an additional expense of $2,519,663.

3. Business Combinations and Goodwill
The Company had no business combinations or goodwill as of December 31, 2007.

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

5. Investments

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

NOTES TO FINANCIAL STATEMENTS

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 follow: USAble Corporation, Ideal Medicare Services, Inc, 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, 2007, the Company had $0 of operating loss carry forwards.

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

2007	$ 22,586,000
2006	$ 31,741,000
2005	$ 1,084,000

The components of current income tax expense are as follows:

	2007	2006
Federal	$ 16,940,485	$ 32,234,450
Foreign	88,172	87,085
Federal Income Tax on net capital gains	$ 7,562,766	$ 2,759,995
Utilization of capital loss carry-forwards	-	
Federal income tax incurred	$ 24,591,423	$ 35,081,529

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

	December 31, 2007	Effective Tax Rate
Provision computed at statutory rate	$ 18,504,522	35.0%
Tax exempt income deduction	$ (2,499)	0
Dividends received deduction	$ (473,017)	-0.9%
Tax differentials on foreign earnings	$ 0	0
Nondeductible expenses	$ 460,468	0.9%
Tax Credits	$ (195,000)	-0.4%
Transfer of Subsidiary liability	$ 1,376,330	2.6%
Other	$ 6,909,918	13.1%
Total	$ 26,580,723	50.3%
Federal and foreign income taxes incurred	$ 24,591,423	46.5%
Change in net deferred incomes taxes	$ 1,989,300	3.8%
Total statutory incomes taxes	$ 26,580,723	50.3%

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

	December 31, 2007	December 31, 2006
Total of all deferred tax asset (admitted and nonadmitted)	$76,756,816	$ 67,724,818
Total of all deferred tax liabilities	37,953,701	34,421,943
Net deferred tax asset (liability)	38,803,114	33,302,875
Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	31,043,235	26,203,097
Net admitted deferred tax asset/(liability)	7,759,880	7,099,778
Increase (decrease) in deferred tax assets nonadmitted	$ 4,840,138	(7,290,248)

NOTES TO FINANCIAL STATEMENTS

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

	December 31, 2007	December 31, 2006
Deferred Tax Assets:		
Tax basis discount on unpaid losses	$ 771,455	$ 796,633
Adjustment for deferred acquisitions costs	5,661,044	5,234,027
Accrued deferred compensation	17,536,602	15,340,484
Other Post Employment Benefits	39,323,155	25,386,551
Basis difference in investments	3,015,564	2,909,243
Depreciation	6,455,455	5,357,035
Intangibles	3,419,759	12,064,029
Other	573,781	636,816
Credits	0	0
Total deferred tax assets	76,756,816	67,724,818
Total deferred tax assets non-admitted	31,043,235	26,203,097
Admitted deferred tax assets	45,713,581	41,521,721
Deferred Tax Liabilities:		
Unrealized Capital Gains	22,674,613	20,327,870
Accrued dividends	91,716	86,085
Basis diff in Unconsolidated Subs	14,920,395	13,771,658
Other	266,978	236,331
Total deferred tax liabilities	37,953,701	34,421,943
Net admitted deferred tax asset/(liability)	7,759,880	7,099,778

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

	December 31, 2007	December 31, 2006	Change
Total deferred tax assets	$ 76,756,816	$ 67,724,818	$ 9,031,998
Total deferred tax liabilities	37,953,701	34,421,943	3,531,758
Net deferred tax asset (liability)	$ 38,803,114	$ 33,302,875	$ 5,500,240
Tax effect of unrealized gains (losses)			(7,489,539)
Change in net deferred income tax			$ (1,989,300)

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 Life & Specialty Ventures, 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 31,2006, USAble Corporation owns 100% of AHIN, LLC, 50% of Novitas Health, LLC, 50% of Southwest Health Link, LLC. 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. Life and Specialty Ventures, LLC owns 100% of Florida Combined Life Insurance Company and Florida Combined Insurance Agency, Inc. and owns 70% of USAble Life. On August 22, 2007, Arkansas Blue Cross Blue Shield, along with three other unaffiliated entities, each invested $3.7 million for a 25% ownership in B.P. Informatics LLC, a Delaware LLC.

B. N/A

C. N/A

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

HMO Partners, Inc.	6,837,064
USAble Life	232,262
USAble Corporation	5,996,951
AHIN, LLC	105,336
Life and Specialty Ventures	1,363
Pinnacle Business Solutions	32,829,855
Joint Venture	6,250
Blue & You Foundation	15,549
Total	$ 46,024,630

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

HMO Partners, Inc.	2,019,648
Joint Ventures	417,184
USAble Life	371,654
USAble Corporation	118,493
Life and Specialty Ventures	794
Pinnacle Business Solutions	6,719,623
Total	$ 9,647,396

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, 2007, the Company has no capital notes.
B. As of December 31, 2007, the Company's liability for borrowed money was zero ($-0-).

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

A. Defined Benefit Plan
The Company no longer offers a defined benefit plan.

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

Effective July 1, 1998 the plan was amended to establish a non-contributory, defined contribution portion of the plan known as 401(k) Plu$. Employees are not required to participate in the original defined contribution plan in order to receive benefits under the 401(k) Plu$ portion of the plan. Under the 401(k) Plu$ the Company makes a contribution from 2% to 6% of the eligible compensation of all eligible employees. The determination of the percentage to be used in calculating the contribution is based upon annually established net income targets. At no time will the contribution be less than 2% nor more than 6%. For 2006, 4% was used to calculate the Company's contribution of $2,060,504, and for 2007, 4% was used to calculate the contribution of $3,585,580.

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
Arkansas Blue Cross and Blue Shield provides unfunded medical indemnity and life insurance plans for eligible employees and/or their spouses. The medical plan is available to all employees who have 15 years of service and retire at age 55 or later, become disabled, or die while in active service. The plan is PPO plan with an HMO option for those who retired before January 1, 1996. Current employees who retire with 15 years of service as of December 31, 1993, will receive an annual allowance adjusted by a 3% inflation rate. The allowance is based upon years of service to a maximum of 25. The life insurance program covers the lives of retirees 55 or older who are eligible for a pension benefit or become disabled. Life insurance amounts are based on the employee's annual earnings at retirement.

In addition, Arkansas Blue Cross and Blue Shield provides certain disability medical benefits to all employees with one year of completed service. FAS 106 requires advance recognition of the expense associated with such welfare benefits. Employees are eligible for the Disability Medical Plan if they are covered by the company's (insured) Long-Term Disability Plan. All active employees with one year of completed service are eligible for the Long-Term Disability Plan. Eligible active employees with 15 or more years of active service not eligible for retirement under the Retiree Medical Plan are eligible to allowance based on completed years of service. Eligible active employees with less than 15 years of active service are eligible for up to three (3) years of medical benefits under the Enterprise employee group medical plan and the Enterprise employee group dental plan as allowed by COBRA.

The Company's post-employment benefit expense for the year ended December 31, 2007 was $14,306,000 and included the expected cost of post-employment benefits for newly eligible or vested employees and employees not yet eligible to retire, interest costs, and gains and losses arising from the difference between actuarial assumptions and actual experience. Arkansas Blue Cross and Blue Shield made contributions to the plan in the amount of $2,248,000 during 2007 as claims were incurred.

As of December 31, 2007 the unfunded post-employment benefit obligation for retirees, other fully eligible or vested plan participants and participants not yet eligible to retire was $110,493,000. The amount of the unfunded postretirement benefit obligation that was reflected in equity net of tax was $17,433,000. The discount rate used in determining the accumulated post-employment benefit was 6.35% and the health care cost trend rate was 8.0%. The measurement date of the plan is December 31, 2007.

The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rate by 1 percentage point per year would increase the total post-employment benefit obligation as of December 31, 2007 by $2,686,000 and decrease the estimated service cost and interest cost components of net periodic post-employment benefit cost for 2007 by $284,000.

NOTES TO FINANCIAL STATEMENTS

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

1) As of December 31, 2007, 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, 2007, 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: $ 34,300,614
   b. nonadmitted asset values: $ 74,065,331
   c. provision for reinsurance: $ 0

10) The Company has no Surplus Notes as of December 31, 2007.
11) The Company was not involved in a quasi-reorganization.
12) The Company was not involved in a quasi-reorganization.

14. Contingencies

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

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

15. Leases

The Company has no material lease obligations at this time.

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

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

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

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

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	$ 836,102
Cost Plus Large Claim & Aggregate Expense	519,837
Difference	316,265
Assume Cost Plus Retention Charges = Actual Admin	
Then Gain/(Loss) on Cost Plus is	$ 316,265

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

	Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total
Net Reimbursement for Administrative expenses (including administrative fees) in excess of actual expenses	NONE	$ 316,265	$ 316,265
Other Income	NONE	NONE	NONE
Net gain or (loss) from operations	NONE	$ 316,265	$ 316,265

NOTES TO FINANCIAL STATEMENTS

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

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

20. Other Items

A. The Company had no extraordinary items as of December 31, 2007.
B. The Company had no troubled debt restructuring as of December 31, 2007.
C. The Company did not have any other disclosures covered by SSAP No. 1 in the 2007 Annual Statement.
D. The Company has no uncollectible assets covered by SSAP No.6 as of December 31, 2007.
E. The Company did not have any Business Interruption Insurance Recoveries as of December 31, 2007.
F. The Company has no business interruption insurance recoveries.
G. The Company does not engage in sub-prime residential mortgage lending nor does it have any material direct investments in collateralized debt obligations or debt securities that are directly backed by residential mortgages. The Company's exposure to sub-prime lending is limited to its ownership of the general obligation debt and/or equity securities of both governmental and commercial entities whose business activities include residential mortgage lending.
As of December 31, 2007 the market value of the debt securities described in the previous paragraph had market value of $15,248,418.60 representing 4.49% of the market value of the Company's entire debt portfolio of $339,826,049.18. Of the $15,248,418.60, $9,217,518.00 is issued by entities carrying a Standard & Poor's rating of AAA. The remaining $6,030,900.60 carries a Standard & Poor's rating of BB+ 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 $4,975,915.19. This represents 4.73% of the Company's investments in equity securities of $105,163,341.02.

21. Events Subsequent

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

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, 2007.

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
09/30/07	$5,603,597	$4,056,375	-0-	13,102	-	-
06/30/07	$5,845,917	$4,362,979	-0-	13,089	1,502,117	-
03/31/07	$4,496,494	$3,104,676	-0-		1,389,616	132,360
12/31/06	$2,611,565	$2,572,262	-0-	36,716	1,241,182	46,183
09/30/06	$2,787,146	$ 902,706	-0-	-	1,173,623	126,619
06/30/06	$2,543,882	$1,272,261	-0-	-	-	47,291
03/31/06	$3,744,734	$1,272,261	-0-		-	755
12/31/05	$2,690,580	$1,272,261	-0-		-	2,014
09/30/05	$2,729,101	$1,336,831	-0-	-	-	1,379
03/31/04	$2,763,386	$ 716,517	-0-	-	-	29,121

28. Participating Policies

The Company did not have any participating policies.

NOTES TO FINANCIAL STATEMENTS

29. Premium Deficiency Reserves

The Company did not have any premium deficiency reserves as of December 31, 2007.

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 2007	December 31 2006
Accident and Health	2003	$ 980	$ 23,821
	2004	$ 29,796	$ 114,804
	2005	$ 94,103	$ 1,893,280
	2006	$ 800,833	$ 2,467,818
	2007	$ 1,496,416	
Total		$ 2,422,128	$ 4,499,723

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	159,067,838	20.5	159,067,838	21.1
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.0		0.0
1.22 Issued by U.S. government sponsored agencies		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities)		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	33,164,609	4.3	33,164,609	4.4
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations	1,772,618	0.2	1,772,618	0.2
1.43 Revenue and assessment obligations	9,503,480	1.2	9,503,480	1.3
1.44 Industrial development and similar obligations	53,869,242	6.9	53,869,242	7.1
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA		0.0		0.0
1.512 Issued or guaranteed by FNMA and FHLMC		0.0		0.0
1.513 All other		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.0		0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521		0.0		0.0
1.523 All other		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.0		0.0
2.2 Unaffiliated foreign securities		0.0		0.0
2.3 Affiliated securities		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated		0.0		0.0
3.22 Unaffiliated	714,492	0.1	714,492	0.1
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.0		0.0
3.32 Unaffiliated	105,582,325	13.6	105,582,325	14.0
3.4 Other equity securities:				
3.41 Affiliated		0.0		0.0
3.42 Unaffiliated	202,528,554	26.1	179,570,795	23.8
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.0		0.0
3.52 Unaffiliated		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development		0.0		0.0
4.2 Agricultural		0.0		0.0
4.3 Single family residential properties		0.0		0.0
4.4 Multifamily residential properties		0.0		0.0
4.5 Commercial loans		0.0		0.0
4.6 Mezzanine real estate loans		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company	21,194,259	2.7	21,194,259	2.8
5.2 Property held for production of income (including $.....0 of property acquired in satisfaction of debt)	22,698,418	2.9	22,698,418	3.0
5.3 Property held for sale (including $.....0 property acquired in satisfaction of debt)		0.0		0.0
6. Contract loans		0.0		0.0
7. Receivables for securities		0.0		0.0
8. Cash, cash equivalents and short-term investments	105,787,346	13.6	105,787,346	14.0
9. Other invested assets	60,814,071	7.8	60,814,071	8.1
10. Total invested assets	776,697,252	100.0	753,739,492	100.0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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

1.3 State regulating?

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2005

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2005

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/09/2007

3.4 By what department or departments?

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

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

4.12 renewals? Yes [ ] No [X]

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

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

4.22 renewals? Yes [ ] No [X]

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

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

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

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

6.2 If yes, give full information:

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

7.2 If yes,

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

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

1 Nationality	2 Type of Entity

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
BKD, LLP Little Rock, AR

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.

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 [ ]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [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 $.....1,968,043
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? Yes [X] No [ ]

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

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

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

23.3 For category (23.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

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

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

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

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, AR

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	1,600,625
27.2999. TOTAL		1,600,625

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 Fund	China Mobile Ltd	192,075	12/31/2007
Templeton Dragon Fund	China Petroleum & Chemical Corp	179,270	12/31/2007
Templeton Dragon Fund	Dairy Farm Intl Hldgs Ltd	177,669	12/31/2007
Templeton Dragon Fund	Petrochina Co. Ltd.	124,849	12/31/2007
Templeton Dragon Fund	China Construction Bank	86,434	12/31/2007
Templeton Dragon Fund	CNOOC Ltd.	81,632	12/31/2007
Templeton Dragon Fund	Cheung Kong Infrastructure Holdings Ltd.	49,619	12/31/2007
Templeton Dragon Fund	Asustec Computer Inc.	48,019	12/31/2007
Templeton Dragon Fund	China Shenhua Energy Co. Ltd	46,418	12/31/2007
Templeton Dragon Fund	Citic Pacific Ltd.	44,818	12/31/2007

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	349,671,376	355,259,413	5,588,037
28.2 Preferred stocks	714,492	714,492	0
28.3 Totals	350,385,868	355,973,905	5,588,037

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

Fair value pricing obtained, where applicable, from NAIC 4th Quarter 2007 Valuation of Securities database, or from market prices provided by Regions Morgan Keegan Trust Company, custodian for investment assets, for issues which were not priced by NAIC at year-end.

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

29.2 If no, list exceptions:

OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $.....1,613,839

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

1 Name	2 Amount Paid
Blue Cross Blue Shield Association	757,575

31.1 Amount of payments for legal expenses, if any? $.....786,357

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	318,643

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $.....177,635

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

1 Name	2 Amount Paid
Blue Cross Blue Shield Association	65,635
Steve Napper Ltd	64,000
The Brock-Chad Group	48,000

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 $.....174,920,227

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. $.....153,897,220

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $.....28,447,179

1.62 Total incurred claims $.....22,312,991

1.63 Number of covered lives 21,631

All years prior to most current three years:

1.64 Total premium earned $.....146,473,046

1.65 Total incurred claims $.....131,584,229

1.66 Number of covered lives 84,839

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	981,829,751	954,433,760
2.2 Premium Denominator	981,829,751	961,884,267
2.3 Premium Ratio (2.1/2.2)	100.0	99.2
2.4 Reserve Numerator	173,091,037	182,841,025
2.5 Reserve Denominator	173,259,908	182,841,025
2.6 Reserve Ratio (2.4/2.5)	99.9	100.0

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

3.2 If yes, give particulars:

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

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

5.1 Does the reporting entity have stop-loss reinsurance? Yes [ ] 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 $.....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 11,976

8.2 Number of providers at end of reporting year 11,966

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

9.2 If yes, direct premium earned:

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

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

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus arrangements in its provider contracts? Yes [ ] 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 2007	2 2006	3 2005	4 2004	5 2003
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	957,741,648	891,799,112	765,025,230	691,195,605	573,082,721
2. Total liabilities (Page 3, Line 22)	446,410,184	396,753,324	336,350,704	309,206,961	245,881,225
3. Statutory surplus	500,000	500,000	500,000	500,000	500,000
4. Total capital and surplus (Page 3, Line 31)	511,331,465	495,045,788	428,674,526	381,988,642	327,201,498
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	995,986,312	954,121,311	905,658,277	901,883,115	892,177,454
6. Total medical and hospital expenses (Line 18)	837,626,941	766,195,270	714,779,226	703,473,612	691,717,425
7. Claims adjustment expenses (Line 20)	38,142,540	35,967,229	26,043,512	25,836,965	43,861,830
8. Total administrative expenses (Line 21)	105,064,734	96,334,569	82,219,640	84,994,682	77,878,522
9. Net underwriting gain (loss) (Line 24)	14,895,686	55,856,142	82,935,644	87,660,025	78,234,607
10. Net investment gain (loss) (Line 27)	30,727,689	22,665,185	17,388,988	14,444,124	11,312,158
11. Total other income (Lines 28 plus 29)	(285,943)	(3,145,815)	(13,364,317)	(6,495,777)	(5,900,234)
12. Net income or (loss) (Line 32)	28,278,642	43,239,910	51,554,601	61,856,418	52,363,031
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	33,067,985	71,270,487	39,716,137	89,988,816	48,891,705
Risk-Based Capital Analysis					
14. Total adjusted capital	511,331,465	495,045,788	428,674,526	381,988,642	327,201,498
15. Authorized control level risk-based capital	59,431,915	54,334,862	38,273,030	36,159,444	33,779,003
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	413,480	425,159	407,061	398,572	396,293
17. Total member months (Column 6, Line 7)	4,988,795	5,069,901	4,841,073	4,773,383	4,808,747
Operating Percentage (Page 4) **(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100**					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	84.1	80.3	78.9	78.0	77.5
20. Cost containment expenses	1.8	1.4	1.1	(0.0)	XXX
21. Other claims adjustment expenses	2.0	2.3	1.8	2.9	
22. Total underwriting deductions (Line 23)	98.5	94.1	90.8	90.3	91.2
23. Total underwriting gain (loss) (Line 24)	1.5	5.9	9.2	9.7	8.8
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5)	98,033,938	81,999,095	80,444,566	93,808,653	86,206,151
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	104,348,590	104,588,570	111,255,939	105,734,038	104,431,202
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)	202,528,554	193,266,544	134,956,488	99,843,620	87,006,604
29. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 7)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated	56,387,542	56,416,481			
32. Total of above Lines 26 to 31	258,916,096	249,683,025	134,956,488	99,843,620	87,006,604

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS	1. United States	159,067,837	163,517,232	159,768,672	158,800,000
Governments	2. Canada				
(Including all obligations guaranteed	3. Other Countries				
by governments)	4. Totals	159,067,837	163,517,232	159,768,672	158,800,000
	5. United States	31,896,239	31,999,708	31,778,130	31,995,000
States, Territories and Possessions	6. Canada				
(Direct and guaranteed)	7. Other Countries				
	8. Totals	31,896,239	31,999,708	31,778,130	31,995,000
Political Subdivisions of States,	9. United States	1,772,618	1,789,430	1,837,447	1,705,000
Territories and Possessions	10. Canada				
(Direct and guaranteed)	11. Other Countries				
	12. Totals	1,772,618	1,789,430	1,837,447	1,705,000
Special Revenue and Special Assessment	13. United States	10,771,850	10,779,567	10,871,053	10,750,000
Obligations and all Non-guaranteed Obligations	14. Canada				
of Agencies and Authorities of Governments	15. Other Countries				
and their Political Subdivisions	16. Totals	10,771,850	10,779,567	10,871,053	10,750,000
	17. United States	2,636,496	2,637,410	2,708,850	2,650,000
Public Utilities	18. Canada				
(Unaffiliated)	19. Other Countries				
	20. Totals	2,636,496	2,637,410	2,708,850	2,650,000
Industrial and Miscellaneous and	21. United States	47,414,657	47,073,871	49,973,282	46,645,000
Credit Tenant Loans	22. Canada	3,818,090	3,861,163	4,045,732	3,725,000
(Unaffiliated)	23. Other Countries				
	24. Totals	51,232,747	50,935,034	54,019,014	50,370,000
Parent, Subsidiaries and Affiliates	25. Totals				
	26. **Total Bonds**	257,377,787	261,658,381	260,983,166	256,270,000
PREFERRED STOCKS	27. United States				
Public Utilities	28. Canada				
(Unaffiliated)	29. Other Countries				
	30. Totals	0	0	0	
	31 United States				
Banks, Trust and Insurance Companies	32. Canada				
(Unaffiliated)	33. Other Countries				
	34. Totals	0	0	0	
	35. United States	714,492	714,492	801,000	
Industrial and Miscellaneous	36. Canada				
(Unaffiliated)	37. Other Countries				
	38. Totals	714,492	714,492	801,000	
Parent, Subsidiaries and Affiliates	39. Totals				
	40. **Total Preferred Stocks**	714,492	714,492	801,000	
COMMON STOCKS	41. United States				
Public Utilities	42. Canada				
(Unaffiliated)	43. Other Countries				
	44. Totals	0	0	0	
	45. United States				
Banks, Trust and Insurance Companies	46. Canada				
(Unaffiliated)	47. Other Countries				
	48. Totals	0	0	0	
	49. United States	77,613,024	77,613,024	34,670,205	
Industrial and Miscellaneous	50. Canada	27,969,301	27,969,301	8,866,074	
(Unaffiliated)	51. Other Countries				
	52. Totals	105,582,325	105,582,325	43,536,279	
Parent, Subsidiaries and Affiliates	53. Totals	202,528,554	202,528,554	106,831,328	
	54. **Total Common Stocks**	308,110,879	308,110,879	150,367,607	
	55. **Total Stocks**	308,825,371	308,825,371	151,168,607	
	56. **Total Bonds and Stocks**	566,203,158	570,483,752	412,151,773	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year		542,711,206
2. Cost of bonds and stocks acquired, Column 7, Part 3		81,191,874
3. Accrual of discount		405,291
4. Increase (decrease) by adjustment:		
4.1 Columns 12 - 14, Part 1	(54,286)	
4.2 Columns 15 - 17, Part 2, Section 1	(86,508)	
4.3 Column 15, Part 2, Section 2	27,863,942	
4.4 Columns 11 - 13, Part 4	(11,873,488)	15,849,660
5. Total gain (loss), Column 19, Part 4		21,607,903
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4		94,033,714
7. Amortization of premium		1,529,062
8. Foreign exchange adjustment:		
8.1 Column 15, Part 1		
8.2 Column 19, Part 2, Section 1		
8.3 Column 16, Part 2, Section 2		
8.4 Column 15, Part 4		0
9. Book/adjusted carrying value at end of current period		566,203,158
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)		566,203,158
12. Total nonadmitted amounts		22,957,759
13. Statement value of bonds and stocks, current year		543,245,399

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.	Is Insurer Licensed? (YES or NO)	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	NO							0	
2. Alaska AK	NO							0	
3. Arizona AZ	NO							0	
4. Arkansas AR	YES	736,076,873	353,227		208,881,973			945,312,073	
5. California CA	NO							0	
6. Colorado CO	NO							0	
7. Connecticut CT	NO							0	
8. Delaware DE	NO							0	
9. District of Columbia DC	NO							0	
10. Florida FL	NO							0	
11. Georgia GA	NO							0	
12. Hawaii HI	NO							0	
13. Idaho ID	NO							0	
14. Illinois IL	NO							0	
15. Indiana IN	NO							0	
16. Iowa IA	NO							0	
17. Kansas KS	NO							0	
18. Kentucky KY	NO							0	
19. Louisiana LA	NO							0	
20. Maine ME	NO							0	
21. Maryland MD	NO							0	
22. Massachusetts MA	NO							0	
23. Michigan MI	NO							0	
24. Minnesota MN	NO							0	
25. Mississippi MS	NO							0	
26. Missouri MO	NO							0	
27. Montana MT	NO							0	
28. Nebraska NE	NO							0	
29. Nevada NV	NO							0	
30. New Hampshire NH	NO							0	
31. New Jersey NJ	NO							0	
32. New Mexico NM	NO							0	
33. New York NY	NO							0	
34. North Carolina NC	NO							0	
35. North Dakota ND	NO							0	
36. Ohio OH	NO							0	
37. Oklahoma OK	NO							0	
38. Oregon OR	NO							0	
39. Pennsylvania PA	NO							0	
40. Rhode Island RI	NO							0	
41. South Carolina SC	NO							0	
42. South Dakota SD	NO							0	
43. Tennessee TN	NO							0	
44. Texas TX	NO							0	
45. Utah UT	NO							0	
46. Vermont VT	NO							0	
47. Virginia VA	NO							0	
48. Washington WA	NO							0	
49. West Virginia WV	NO							0	
50. Wisconsin WI	NO							0	
51. Wyoming WY	NO							0	
52. American Samoa AS	NO							0	
53. Guam GU	NO							0	
54. Puerto Rico PR	NO							0	
55. U.S. Virgin Islands VI	NO							0	
56. Northern Mariana Islands MP	NO							0	
57. Canada CN	NO							0	
58. Aggregate Other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	736,076,873	353,227	0	208,881,973	0	0	945,312,073	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	736,076,873	353,227	0	208,881,973	0	0	945,312,073	0

DETAILS OF WRITE-INS

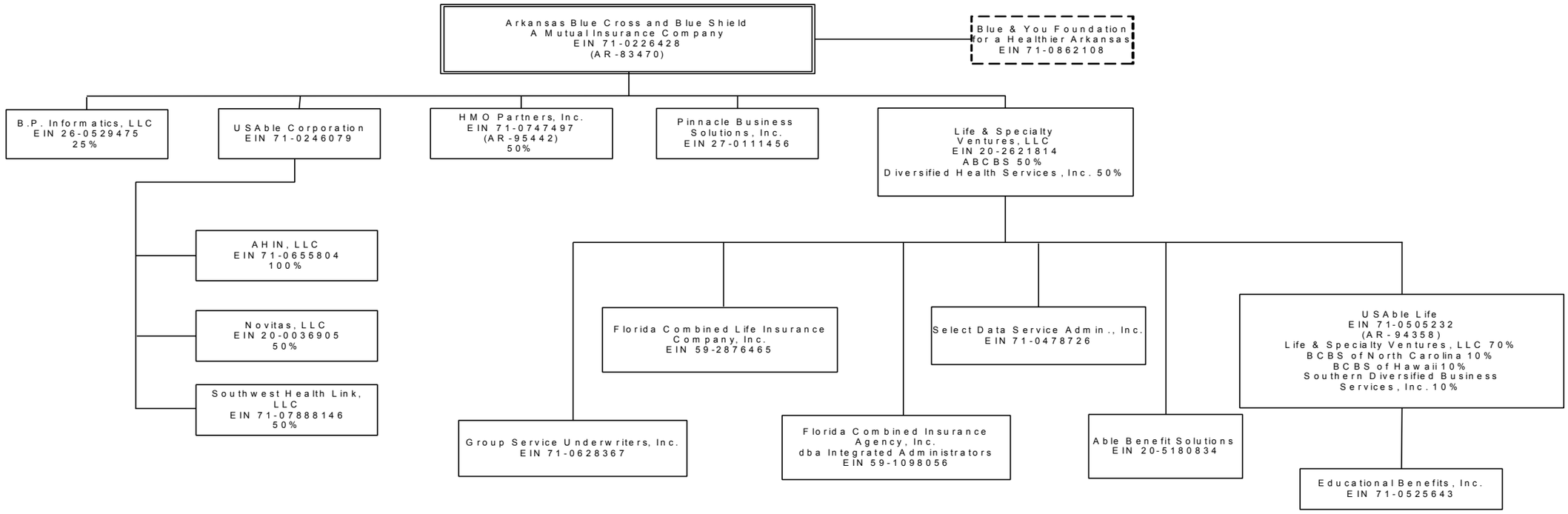
5801.								0	
5802.								0	
5803.								0	
5898. Summary of remaining write-ins for line 58	0	0	0	0	0	0	0	0	0
5899. Total (Lines 5801 thru 5803 + 5898) (Line 58 above)	0	0	0	0	0	0	0	0	0

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

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

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

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART

2007 ALPHABETICAL INDEX

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

HEALTH ANNUAL STATEMENT BLANK

Exhibit of Nonadmitted Assets	16
Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 – Enrollment By Product Type for Health Business Only	17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18
Exhibit 3 – Health Care Receivables	19
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	20
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	21
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	22
Exhibit 7 – Part 1 – Summary of Transactions With Providers	23
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	23
Exhibit 8 – Furniture, Equipment and Supplies Owned	24
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Premiums, Enrollment and Utilization (State Page)	30
Five-Year Historical Data	29
General Interrogatories	27
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	25
Overflow Page For Write-ins	55
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	31
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Verification Between Years	31
Schedule BA – Part 1	E06
Schedule BA – Part 2	E07
Schedule BA – Verification Between Years	31
Schedule D – Part 1	E08
Schedule D – Part 1A – Section 1	33
Schedule D – Part 1A – Section 2	36
Schedule D – Part 2 – Section 1	E09
Schedule D – Part 2 – Section 2	E10
Schedule D – Part 3	E11
Schedule D – Part 4	E12
Schedule D – Part 5	E13
Schedule D – Part 6 – Section 1	E14
Schedule D – Part 6 – Section 2	E14
Schedule D – Summary By Country	32
Schedule D – Verification Between Years	32
Schedule DA – Part 1	E15
Schedule DA – Part 2 – Verification Between Years	39
Schedule DB – Part A – Section 1	E16
Schedule DB – Part A – Section 2	E16
Schedule DB – Part A – Section 3	E17
Schedule DB – Part A – Verification Between Years	40
Schedule DB – Part B – Section 1	E17
Schedule DB – Part B – Section 2	E18
Schedule DB – Part B – Section 3	E18
Schedule DB – Part B – Verification Between Years	40
Schedule DB – Part C – Section 1	E19
Schedule DB – Part C – Section 2	E19
Schedule DB – Part C – Section 3	E20
Schedule DB – Part C – Verification Between Years	41
Schedule DB – Part D – Section 1	E20
Schedule DB – Part D – Section 2	E21
Schedule DB – Part D – Section 3	E21
Schedule DB – Part D – Verification Between Years	41
Schedule DB – Part E – Section 1	E22
Schedule DB – Part E – Verification	41
Schedule DB – Part F – Section 1	42
Schedule DB – Part F – Section 2	43
Schedule E – Part 1 – Cash	E23
Schedule E – Part 2 – Cash Equivalents	E24
Schedule E – Part 3 – Special Deposits	E25
Schedule S – Part 1 – Section 2	44
Schedule S – Part 2	45
Schedule S – Part 3 – Section 2	46
Schedule S – Part 4	47
Schedule S – Part 5	48
Schedule S – Part 6	49
Schedule T – Part 2 – Interstate Compact	51
Schedule T – Premiums and Other Considerations	50
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	52
Schedule Y - Part 2 – Summary of Insurer's Transactions With Any Affiliates	53
Statement of Revenue and Expenses	4
Summary Investment Schedule	26
Supplemental Exhibits and Schedules Interrogatories	54
Underwriting and Investment Exhibit – Part 1	8
Underwriting and Investment Exhibit – Part 2	9
Underwriting and Investment Exhibit – Part 2A	10
Underwriting and Investment Exhibit – Part 2B	11
Underwriting and Investment Exhibit – Part 2C	12
Underwriting and Investment Exhibit – Part 2D	13
Underwriting and Investment Exhibit – Part 3	14