



# ANNUAL STATEMENT

## For the Year Ending December 31, 2007

### OF THE CONDITION AND AFFAIRS OF THE

# Windsor Health Plan, Inc.

NAIC Group Code	1268 <small>(Current Period)</small>	1268 <small>(Prior Period)</small>	NAIC Company Code	95792	Employer's ID Number	62-1531881
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[ ] No[X] N/A[ ]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Incorporated/Organized	05/14/1993		Commenced Business	01/01/1994		
Statutory Home Office	7100 Commerce Way, Suite 285 <small>(Street and Number)</small>			Brentwood, TN 37027 <small>(City or Town, State and Zip Code)</small>		
Main Administrative Office	7100 Commerce Way, Suite 285 <small>(Street and Number)</small>					
	Brentwood, TN 37027 <small>(City or Town, State and Zip Code)</small>			(615)782-7800 <small>(Area Code) (Telephone Number)</small>		
Mail Address	7100 Commerce Way, Suite 285 <small>(Street and Number or P.O. Box)</small>			Brentwood, TN 37027 <small>(City or Town, State and Zip Code)</small>		
Primary Location of Books and Records	7100 Commerce Way, Suite 285 <small>(Street and Number)</small>					
	Brentwood, TN 37027 <small>(City or Town, State and Zip Code)</small>			(615)782-7914 <small>(Area Code) (Telephone Number)</small>		
Internet Website Address	www.windsorhealthgroup.com					
Statutory Statement Contact	Jennifer Giannotti <small>(Name)</small>			(615)782-7914 <small>(Area Code)(Telephone Number)(Extension)</small>		
	jgiannotti@windsorhealthgroup.com <small>(E-Mail Address)</small>			(615)782-7826 <small>(Fax Number)</small>		

### OFFICERS

Name	Title
Michael Bailey	President
Willis Jones	Secretary Treasurer

### OTHERS

### DIRECTORS OR TRUSTEES

Phillip Hertik  
Michael Bailey

Willis Jones

State of Tennessee  
County of Williamson ss

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

(Signature) Michael Bailey	(Signature) Willis Jones	(Signature)
(Printed Name) 1. President	(Printed Name) 2. Secretary	(Printed Name) 3. Treasurer
(Title) President	(Title) Secretary	(Title) Treasurer

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008

- 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

Yes[X] No[ ]  
 \_\_\_\_\_  
 03/05/2008  
 \_\_\_\_\_

\_\_\_\_\_  
 (Notary Public Signature)

## ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1. Bonds (Schedule D) .....	5,829,237		5,829,237	5,046,487
2. Stocks (Schedule D)				
2.1 Preferred stocks .....				
2.2 Common Stocks .....				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2 Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3 Properties held for sale (less \$.....0 encumbrances) .....				
5. Cash (\$.....12,890,370 Schedule E Part 1), cash equivalents (\$.....7,023,153 Schedule E Part 2) and short-term investments (\$.....0 Schedule DA) .....	19,913,523		19,913,523	14,221,064
6. Contract loans (including \$.....0 premium notes) .....				
7. Other invested assets (Schedule BA) .....				
8. Receivables for securities .....				
9. Aggregate write-ins for invested assets .....				
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	25,742,761		25,742,761	19,267,551
11. Title plants less \$.....0 charged off (for Title insurers only) .....				
12. Investment income due and accrued .....	96,279		96,279	73,860
13. Premiums and considerations				
13.1 Uncollected premiums and agents' balances in the course of collection .....	93,271		93,271	2,921,416
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
13.3 Accrued retrospective premiums .....	2,814,483		2,814,483	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....	42,303		42,303	
14.2 Funds held by or deposited with reinsured companies .....				
14.3 Other amounts receivable under reinsurance contracts .....				
15. Amounts receivable relating to uninsured plans .....	800,480		800,480	567,655
16.1 Current federal and foreign income tax recoverable and interest thereon .....				
16.2 Net deferred tax asset .....				
17. Guaranty funds receivable or on deposit .....				
18. Electronic data processing equipment and software .....				
19. Furniture and equipment, including health care delivery assets (\$.....0) .....				
20. Net adjustment in assets and liabilities due to foreign exchange rates .....				
21. Receivables from parent, subsidiaries and affiliates .....	901,867		901,867	
22. Health care (\$.....1,086,932) and other amounts receivable .....	1,087,132	30,131	1,057,001	486,890
23. Aggregate write-ins for other than invested assets .....	34,156	34,156		
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	31,612,732	64,287	31,548,445	23,317,372
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26. Total (Lines 24 and 25) .....	31,612,732	64,287	31,548,445	23,317,372
<b>DETAILS OF WRITE-INS</b>				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....				
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....				
2301. Prepaid Expenses .....	34,156	34,156		
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	34,156	34,156		

## LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded) .....	12,908,537		12,908,537	8,714,990
2. Accrued medical incentive pool and bonus amounts .....				
3. Unpaid claims adjustment expenses .....	338,580		338,580	243,616
4. Aggregate health policy reserves .....	948,440		948,440	1,020,757
5. Aggregate life policy reserves .....				
6. Property/casualty unearned premium reserves .....				
7. Aggregate health claim reserves .....				
8. Premiums received in advance .....	133,901		133,901	
9. General expenses due or accrued .....	2,199,320		2,199,320	202,135
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....	1,472,838		1,472,838	
10.2 Net deferred tax liability .....				
11. Ceded reinsurance premiums payable .....				
12. Amounts withheld or retained for the account of others .....				
13. Remittances and items not allocated .....				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15. Amounts due to parent, subsidiaries and affiliates .....				938,492
16. Payable for securities .....				
17. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers) .....				
18. Reinsurance in unauthorized companies .....				
19. Net adjustments in assets and liabilities due to foreign exchange rates .....				
20. Liability for amounts held under uninsured plans .....	5,259,566		5,259,566	5,579,245
21. Aggregate write-ins for other liabilities (including \$.....0 current) .....	2,665		2,665	
22. Total liabilities (Lines 1 to 21) .....	23,263,847		23,263,847	16,699,235
23. Aggregate write-ins for special surplus funds .....	X X X	X X X		
24. Common capital stock .....	X X X	X X X	100,000	100,000
25. Preferred capital stock .....	X X X	X X X		
26. Gross paid in and contributed surplus .....	X X X	X X X	85,190,279	85,190,279
27. Surplus notes .....	X X X	X X X	4,231,300	4,231,300
28. Aggregate write-ins for other than special surplus funds .....	X X X	X X X	(8,255,991)	(6,955,991)
29. Unassigned funds (surplus) .....	X X X	X X X	(72,980,990)	(75,947,451)
30. Less treasury stock, at cost:				
30.1 .....0 shares common (value included in Line 24 \$.....0) .....	X X X	X X X		
30.2 .....0 shares preferred (value included in Line 25 \$.....0) .....	X X X	X X X		
31. Total capital and surplus (Lines 23 to 29 minus Line 30) .....	X X X	X X X	8,284,598	6,618,137
32. Total Liabilities, capital and surplus (Lines 22 and 31) .....	X X X	X X X	31,548,445	23,317,372
<b>DETAILS OF WRITE-INS</b>				
2101. Accounts Payable Other .....	2,665		2,665	
2102. ....				
2103. ....				
2198. Summary of remaining write-ins for Line 21 from overflow page .....				
2199. TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above) .....	2,665		2,665	
2301. ....	X X X	X X X		
2302. ....	X X X	X X X		
2303. ....	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page .....	X X X	X X X		
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	X X X	X X X		
2801. Dividend to Vanderbilt University .....	X X X	X X X	(6,955,991)	(6,955,991)
2802. Dividend to WHG .....	X X X	X X X	(1,300,000)	
2803. ....	X X X	X X X		
2898. Summary of remaining write-ins for Line 28 from overflow page .....	X X X	X X X		
2899. TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above) .....	X X X	X X X	(8,255,991)	(6,955,991)

## STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months .....	X X X	189,478	621,466
2. Net premium income (including \$.....0 non-health premium income) .....	X X X	119,259,274	57,048,413
3. Change in unearned premium reserves and reserve for rate credits .....	X X X		
4. Fee-for-service (net of \$.....0 medical expenses) .....	X X X		
5. Risk revenue .....	X X X		
6. Aggregate write-ins for other health care related revenues .....	X X X		
7. Aggregate write-ins for other non-health revenues .....	X X X		
8. Total revenues (Lines 2 to 7) .....	X X X	119,259,274	57,048,413
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		60,998,386	28,161,913
10. Other professional services .....			11,708,110
11. Outside referrals .....		11,548,431	
12. Emergency room and out-of-area .....		1,724,774	
13. Prescription drugs .....		19,367,091	5,785,972
14. Aggregate write-ins for other hospital and medical .....			
15. Incentive pool, withhold adjustments and bonus amounts .....		68,234	
16. Subtotal (Lines 9 to 15) .....		93,706,916	45,655,995
<b>Less:</b>			
17. Net reinsurance recoveries .....		461,000	
18. Total hospital and medical (Lines 16 minus 17) .....		93,245,916	45,655,995
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$.....238,433 cost containment expenses .....		333,397	81,205
21. General administrative expenses .....		22,362,610	10,494,358
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....			
23. Total underwriting deductions (Lines 18 through 22) .....		115,941,923	56,231,558
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X	3,317,351	816,855
25. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		1,173,733	525,325
26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....			
27. Net investment gains (losses) (Lines 25 plus 26) .....		1,173,733	525,325
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 .....			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X	4,491,084	1,342,180
31. Federal and foreign income taxes incurred .....	X X X	1,472,838	
32. Net income (loss) (Lines 30 minus 31) .....	X X X	3,018,246	1,342,180
<b>DETAILS OF WRITE-INS</b>			
0601. ....	X X X		
0602. ....	X X X		
0603. ....	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X		
0701. ....	X X X		
0702. ....	X X X		
0703. ....	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	X X X		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X		
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
2901. ....			
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....			

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

		1	2
		Current Year	Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>			
33.	Capital and surplus prior reporting year .....	6,618,137	5,288,457
34.	Net income or (loss) from Line 32 .....	3,018,246	1,342,180
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....		
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....		
39.	Change in nonadmitted assets .....	(51,787)	52,440
40.	Change in unauthorized reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....		(64,940)
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....	(1,300,000)	
47.	Aggregate write-ins for gains or (losses) in surplus .....		
48.	Net change in capital and surplus (Lines 34 to 47) .....	1,666,459	1,329,680
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	8,284,596	6,618,137
<b>DETAILS OF WRITE-INS</b>			
4701.	.....		
4702.	.....		
4703.	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		

**CASH FLOW**

		1	2
		Current Year	Prior Year
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	119,334,520	54,994,865
2.	Net investment income .....	1,221,100	559,315
3.	Miscellaneous income .....		
4.	Total (Lines 1 through 3) .....	120,555,620	55,554,180
5.	Benefit and loss related payments .....	89,694,914	31,688,608
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	21,156,362	11,129,178
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....		
10.	Total (Lines 5 through 9) .....	110,851,276	42,817,786
11.	Net cash from operations (Line 4 minus 10) .....	9,704,344	12,736,394
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	1,940,000	770,000
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	1,940,000	770,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	2,792,536	3,088,850
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	2,792,536	3,088,850
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(852,536)	(2,318,850)
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	(3,159,349)	1,554,285
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(3,159,349)	1,554,285
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	5,692,459	11,971,829
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	14,221,064	2,249,235
19.2	End of year (Line 18 plus Line 19.1) .....	19,913,523	14,221,064

**Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:**

20.0001	.....		
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## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income .....	119,259,274						113,103,042		6,156,232	
2. Change in unearned premium reserves and reserve for rate credit .....										
3. Fee-for-service (net of \$.....0 medical expenses) .....										X X X
4. Risk revenue .....										X X X
5. Aggregate write-ins for other health care related revenues .....										X X X
6. Aggregate write-ins for other non-health care related revenues .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. Total revenues (Lines 1 to 6) .....	119,259,274						113,103,042		6,156,232	
8. Hospital/medical benefits .....	60,998,386						61,009,150	(10,764)		X X X
9. Other professional services .....										X X X
10. Outside referrals .....	11,548,431						11,548,431			X X X
11. Emergency room and out-of-area .....	1,724,774						1,724,774			X X X
12. Prescription drugs .....	19,367,091						13,236,995		6,130,096	X X X
13. Aggregate write-ins for other hospital and medical .....										X X X
14. Incentive pool, withhold adjustments and bonus amounts .....	68,234						68,234			X X X
15. Subtotal (Lines 8 to 14) .....	93,706,916						87,587,584	(10,764)	6,130,096	X X X
16. Net reinsurance recoveries .....	461,000						461,000			X X X
17. Total hospital and medical (Lines 15 minus 16) .....	93,245,916						87,126,584	(10,764)	6,130,096	X X X
18. Non-health claims (net) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$.....238,433 cost containment expenses .....	333,397						333,397			
20. General administrative expenses .....	22,362,610						19,355,490	2,113,121	893,999	
21. Increase in reserves for accident and health contracts .....										X X X
22. Increase in reserves for life contracts .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. Total underwriting deductions (Lines 17 to 22) .....	115,941,923						106,815,471	2,102,357	7,024,095	
24. Net underwriting gain or (loss) (Line 7 minus Line 23) .....	3,317,351						6,287,571	(2,102,357)	(867,863)	
<b>DETAILS OF WRITE-INS</b>										
0501. ....										X X X
0502. ....										X X X
0503. ....										X X X
0598. Summary of remaining write-ins for Line 5 from overflow page .....										X X X
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....										X X X
0601. ....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602. ....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603. ....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301. ....										X X X
1302. ....										X X X
1303. ....										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page .....										X X X
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....										X X X

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS

		1	2	3	4
	Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	113,430,993	.....	327,951	113,103,042
7.	Title XIX - Medicaid .....	.....	.....	.....	.....
8.	Other health .....	6,156,232	.....	.....	6,156,232
9.	Health subtotal (Lines 1 through 8) .....	119,587,225	.....	327,951	119,259,274
10.	Life .....	.....	.....	.....	.....
11.	Property/casualty .....	.....	.....	.....	.....
12.	TOTALS (Lines 9 to 11) .....	119,587,225	.....	327,951	119,259,274

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct .....	90,532,067						85,072,649	(10,764)	5,470,182	
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....	478,697						478,697			
1.4 Net .....	90,053,370						84,593,952	(10,764)	5,470,182	
2. Paid medical incentive pools and bonuses .....	68,234						68,234			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	12,908,537						12,248,623		659,914	
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....	12,908,537						12,248,623		659,914	
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....										
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....										
5. Accrued medical incentive pools and bonuses, current year .....										
6. Net healthcare receivables (a) .....	1,086,932						1,086,932			
7. Amounts recoverable from reinsurers December 31, current year .....	42,303						42,303			
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	8,714,990						8,714,990			
8.2 Reinsurance assumed .....										
8.3 Reinsurance ceded .....										
8.4 Net .....	8,714,990						8,714,990			
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....										
9.2 Reinsurance assumed .....										
9.3 Reinsurance ceded .....										
9.4 Net .....										
10. Accrued medical incentive pools and bonuses, prior year .....										
11. Amounts recoverable from reinsurers December 31, prior year .....	60,000						60,000			
12. Incurred benefits:										
12.1 Direct .....	93,638,682						87,519,350	(10,764)	6,130,096	
12.2 Reinsurance assumed .....										
12.3 Reinsurance ceded .....	461,000						461,000			
12.4 Net .....	93,177,682						87,058,350	(10,764)	6,130,096	
13. Incurred medical incentive pools and bonuses .....	68,234						68,234			

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	1,622,537						962,623		659,914	
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	1,622,537						962,623		659,914	
2. Incurred but Unreported:										
2.1 Direct .....	11,286,000						11,286,000			
2.2 Reinsurance assumed .....										
2.3 Reinsurance ceded .....										
2.4 Net .....	11,286,000						11,286,000			
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....										
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....										
4. TOTALS										
4.1 Direct .....	12,908,537						12,248,623		659,914	
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....	12,908,537						12,248,623		659,914	

## 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) .....						
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....						
6.	Title XVIII - Medicare .....	6,942,248	77,847,469	31,345	12,217,278	6,973,593	8,714,990
7.	Title XIX - Medicaid .....	(10,764)				(10,764)	
8.	Other health .....		5,470,182		659,914		
9.	Health subtotal (Lines 1 to 8) .....	6,931,484	83,317,651	31,345	12,877,192	6,962,829	8,714,990
10.	Healthcare receivables (a) .....	430,230	174,728	30,131	1,056,801	460,361	426,890
11.	Other non-health .....						
12.	Medical incentive pool and bonus amounts .....		68,234				
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	6,501,254	83,211,157	1,214	11,820,391	6,502,468	8,288,100

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

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

**Grand Total**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior .....	(125)	(43)	(15)	1	(11)
2. 2003 .....					
3. 2004 .....	X X X				
4. 2005 .....	X X X	X X X			
5. 2006 .....	X X X	X X X	X X X	37,759	
6. 2007 .....	X X X	X X X	X X X	X X X	88,681

**Section B - Incurred Health Claims**

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 .....	(125)	(43)	(15)	1	(11)
2. 2003 .....					
3. 2004 .....	X X X				
4. 2005 .....	X X X	X X X			
5. 2006 .....	X X X	X X X	X X X	45,661	
6. 2007 .....	X X X	X X X	X X X	X X X	101,590

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2003 .....										
2. 2004 .....										
3. 2005 .....										
4. 2006 .....	57,048		26		26	0.046			26	0.046
5. 2007 .....	125,743	88,681	291	0.328	88,972	70.757	12,909	339	102,220	81.293

12 Total

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP . . . . . NONE

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

**Title XVIII - Medicare**  
**Section A - Paid Health Claims**

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 .....	X X X				
4. 2005 .....	X X X	X X X			
5. 2006 .....	X X X	X X X	X X X	37,759	
6. 2007 .....	X X X	X X X	X X X	X X X	83,211

**Section B - Incurred Health Claims**

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 .....	X X X				
4. 2005 .....	X X X	X X X			
5. 2006 .....	X X X	X X X	X X X	45,661	
6. 2007 .....	X X X	X X X	X X X	X X X	95,460

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2003 .....										
2. 2004 .....										
3. 2005 .....										
4. 2006 .....	57,048		26		26	0.046			26	0.046
5. 2007 .....	119,587	83,211	291	0.349	83,502	69.825	12,249	339	96,090	80.351

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

**Title XIX - Medicaid**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior .....	(125)	(43)	(15)	1	(11)
2. 2003 .....					
3. 2004 .....	X X X				
4. 2005 .....	X X X	X X X			
5. 2006 .....	X X X	X X X	X X X		
6. 2007 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims**

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 .....	(125)	(43)	(15)	1	(11)
2. 2003 .....					
3. 2004 .....	X X X				
4. 2005 .....	X X X	X X X			
5. 2006 .....	X X X	X X X	X X X		
6. 2007 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2003 .....										
2. 2004 .....										
3. 2005 .....										
4. 2006 .....										
5. 2007 .....										

12 Title XIX-Medicaid

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

**Other**

**Section A - Paid Health Claims**

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 .....	X X X				
4. 2005 .....	X X X	X X X			
5. 2006 .....	X X X	X X X	X X X		
6. 2007 .....	X X X	X X X	X X X	X X X	5,470

**Section B - Incurred Health Claims**

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 .....	X X X				
4. 2005 .....	X X X	X X X			
5. 2006 .....	X X X	X X X	X X X		
6. 2007 .....	X X X	X X X	X X X	X X X	6,130

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. 2003 .....										
2. 2004 .....										
3. 2005 .....										
4. 2006 .....										
5. 2007 .....	6,156	5,470			5,470	88.856	660		6,130	99.578

12 Other

## UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....									
2. Additional policy reserves (a) .....									
3. Reserve for future contingent benefits .....									
4. Reserve for rate credits or experience rating refunds (including \$.....0) for investment income .....	948,440						948,440		
5. Aggregate write-ins for other policy reserves .....									
6. Totals (gross) .....	948,440						948,440		
7. Reinsurance ceded .....									
8. Totals (Net) (Page 3, Line 4) .....	948,440						948,440		
9. Present value of amounts not yet due on claims .....									
10. Reserve for future contingent benefits .....									
11. Aggregate write-ins for other claim reserves .....									
12. Totals (gross) .....									
13. Reinsurance ceded .....									
14. Totals (Net) (Page 3, Line 7) .....									
<b>DETAILS OF WRITE-INS</b>									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page ..									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) .....									
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page ..									
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....									

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$.....0 for occupancy of own building) .....			586,302		586,302
2. Salaries, wages and other benefits .....			9,188,125		9,188,125
3. Commissions (less \$.....0 ceded plus \$.....0 assumed) .....			925,162		925,162
4. Legal fees and expenses .....			190,132		190,132
5. Certifications and accreditation fees .....			43,236		43,236
6. Auditing, actuarial and other consulting services .....			2,049,031		2,049,031
7. Traveling expenses .....			897,866		897,866
8. Marketing and advertising .....			3,234,105		3,234,105
9. Postage, express and telephone .....			1,087,378		1,087,378
10. Printing and office supplies .....			2,466,676		2,466,676
11. Occupancy, depreciation and amortization .....			447,994	69,816	517,810
12. Equipment .....			865,435		865,435
13. Cost or depreciation of EDP equipment and software .....					
14. Outsourced services including EDP, claims, and other services .....	238,433	94,964	1,229,195		1,562,592
15. Boards, bureaus and association fees .....			29,790		29,790
16. Insurance, except on real estate .....			153,013		153,013
17. Collection and bank service charges .....			32,578		32,578
18. Group service and administration fees .....					
19. Reimbursements by uninsured plans .....			(2,804,811)		(2,804,811)
20. Reimbursements from fiscal intermediaries .....					
21. Real estate expenses .....					
22. Real estate taxes .....					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....			4,296		4,296
23.2 State premium taxes .....			762,224		762,224
23.3 Regulator authority licenses and fees .....					
23.4 Payroll taxes .....			751,023		751,023
23.5 Other (excluding federal income and real estate taxes) .....					
24. Investment expenses not included elsewhere .....					
25. Aggregate write-ins for expenses .....			223,860		223,860
26. Total expenses incurred (Lines 1 to 25) .....	238,433	94,964	22,362,610	69,816	(a) 22,765,823
27. Less expenses unpaid December 31, current year .....			2,199,320		2,199,320
28. Add expenses unpaid December 31, prior year .....			202,135		202,135
29. Amounts receivable relating to uninsured plans, prior year .....			567,655		567,655
30. Amounts receivable relating to uninsured plans, current year .....			800,480		800,480
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	238,433	94,964	20,598,250	69,816	21,001,463
<b>DETAILS OF WRITE-INS</b>					
2501. Other miscellaneous expenses .....			223,860		223,860
2502. ....					
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page .....					
2599. Totals (Lines 2501 through 2503 + 2598) (Line 25 above) .....			223,860		223,860

(a) Includes management fees of \$.....23,656,780 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) 242,327	334,562
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 959,096	959,096
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	1,201,423	1,293,658
11. Investment expenses		(g) 69,816
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 50,109
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		119,925
17. Net Investment income (Line 10 minus Line 16)		1,173,733

**DETAILS OF WRITE-INS**

0901. ....		
0902. ....		
0903. ....		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501. ....		
1502. ....		
1503. ....		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

- (a) Includes \$.....30 accrual of discount less \$.....69,816 amortization of premium and less \$.....26,046 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)					
<b>DETAILS OF WRITE-INS</b>					
0901. ....					
0902. ....					
0903. ....					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

NONE

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....			
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			
2.2 Common stocks .....			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			
3.2 Other than first liens .....			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			
4.2 Properties occupied for the production of income .....			
4.3 Properties held for sale .....			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6. Contract loans .....			
7. Other invested assets (Schedule BA) .....			
8. Receivables for securities .....			
9. Aggregate write-ins for invested assets .....			
10. Subtotals, cash and invested assets (Lines 1 to 9) .....			
11. Title plants (for Title insurers only) .....			
12. Invested income due and accrued .....			
13. Premium and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection .....			
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
13.3 Accrued retrospective premiums .....			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers .....			
14.2 Funds held by or deposited with reinsured companies .....			
14.3 Other amounts receivable under reinsurance contracts .....			
15. Amounts receivable relating to uninsured plans .....			
16.1 Current federal and foreign income tax recoverable and interest thereon .....			
16.2 Net deferred tax asset .....			
17. Guaranty funds receivable or on deposit .....			
18. Electronic data processing equipment and software .....			
19. Furniture and equipment, including health care delivery assets .....			
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			
21. Receivables from parent, subsidiaries and affiliates .....			
22. Health care and other amounts receivable .....	30,131		(30,131)
23. Aggregate write-ins for other than invested assets .....	34,156	12,500	(21,656)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	64,287	12,500	(51,787)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
26. Total (Lines 24 and 25) .....	64,287	12,500	(51,787)
<b>DETAILS OF WRITE-INS</b>			
0901. ....			
0902. ....			
0903. ....			
0998. Summary of remaining write-ins for Line 9 from overflow page .....			
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....			
2301. Prepaid Expenses .....	34,156	12,500	(21,656)
2302. ....			
2303. ....			
2398. Summary of remaining write-ins for Line 23 from overflow page .....			
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	34,156	12,500	(21,656)

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

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations .....	56,757	13,867	15,904	17,552	18,438	189,478
2. Provider Service Organizations .....						
3. Preferred Provider Organizations .....						
4. Point of Service .....						
5. Indemnity Only .....						
6. Aggregate write-ins for other lines of business .....						
7. TOTAL .....	56,757	13,867	15,904	17,552	18,438	189,478
<b>DETAILS OF WRITE-INS</b>						
0601. ....						
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....						

## Notes to Financial Statement

### 1. Summary of Significant Accounting Policies

The financial statements of Windsor Health Plan, Inc. (“WHP”) are prepared in accordance with accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance (“Department”). The Department requires that insurance companies domiciled in the State of Tennessee prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners’ (“NAIC”) Accounting Practices and Procedures Manual (“Manual”) as modified by the Department. Accordingly, the admitted assets, liabilities, capital and surplus of WHP as of December 31, 2007 and 2006, and the results of its operations and cash flows for the years then ended have been determined in accordance with the NAIC accounting principles.

Based on state of Tennessee statute, health maintenance organizations are not permitted to hold reinsurance. However, these organizations are permitted to carry excess loss insurance, which provides coverage to limit a health plan’s financial exposure on very large inpatient claims. While this excess loss coverage is commonly referred to as “reinsurance,” it has been the position of the Department that no amounts related to this coverage should be reported on any of the NAIC filing schedules as reinsurance. Effective December 31, 2007, the Department granted WHP an exception to this Tennessee prescribed practice and permitted the reporting of amounts related to the excess loss insurance as reinsurance on all appropriate schedules. WHP has therefore reported excess loss premiums on line 2 (Net Premium Income) of the Statement of Revenue and Expenses and all other related schedules have been completed in accordance with NAIC guidelines.

There are no other differences affecting WHP’s net income or capital and surplus as a result of differences between the NAIC SAP and practices prescribed and permitted by the State of Tennessee.

From July 1, 2002 through March 31, 2007, WHP’s contract with the State of Tennessee was an administrative services only (“ASO”) agreement whereby WHP received a monthly administrative fee in exchange for providing claims payment, medical management and other related administrative services for its assigned enrollees in the state of Tennessee’s TennCare program. WHP followed SAP No. 47 to account for the ASO operations from July 1, 2002 through December 31, 2007.

- A. 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 the estimates. The most significant estimates made by management include the medical costs payable and the payables to the Centers for Medicare and Medicaid Services (“CMS”) related to the administration of the Part D (prescription drug) benefit.
- B. Accounting Policy
  - (1) Bonds are stated at amortized cost and bond premium is amortized using the straight-line method.
  - (2) Claims Payable represents the liability for services that have been performed by providers for the enrollees of the WHP (in the Medicare line of business) through the period of December 31, 2007. This liability includes pharmacy claims reported to the Company and an actuarially determined estimate of claims that have been incurred but not reported. This estimate is based on

## Notes to Financial Statement

the Company's available data history of claims paid and related health care utilization statistics. Medical expenses also include the payments made to providers under capitation arrangements.

### 2. Accounting Changes and Corrections of Errors

Not applicable.

### 3. Business Combinations and Goodwill

Not applicable.

### 4. Discontinued Operations

Not applicable.

### 5. Investments

Not applicable.

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

Not applicable.

### 7. Investment Income

No investment income due or accrued has been excluded (non-admitted) for 2007 or 2006.

### 8. Derivative Instruments

Not applicable.

### 9. Income Taxes

Windsor Health Group, Inc. ("WHG") owns 100% of the outstanding common stock of WHP and WHG files a consolidated federal tax return which includes the operations of WHP and its other subsidiaries (please refer to Schedule Y for further details). For 2007, WHP has recorded an estimate of \$1,472,838 for its portion of the anticipated federal income taxes that will be paid for 2007. The 2007 tax returns have not been completed as of March 1, 2008. For 2006, WHP reported a net loss and there were no deferred tax assets or liabilities reported for that year.

### 10. Information Concerning Parent, Subsidiaries and Affiliates

WHG owns 100% of the outstanding common stock of WHP. WHG also owns 100% of the outstanding common stock of Windsor Management Services, Inc. ("WMS") as well as other subsidiary companies. In addition, the Directors of WHP own a majority of the outstanding common stock of WHG, with minority ownership interests being held by Vanderbilt Health Services, Inc., Pharos Capital Partners II, L.P. and Delta Venture Partners, L.P. Any transactions between WHP and its affiliated companies are explained in the following paragraphs.

WMS provides all management activities, for WHP, as WHP does not have any employees, fixed assets, or significant direct administrative expense. Instead, WMS provides management services in exchange for a base fee stipulated in a management contract between the parties. There is a separate management fee agreement for WHP's two lines of business, TennCare and Medicare, but both management fees are stipulated as a percentage of the respective monthly premium revenue (less interest on the subordinated surplus note). As of December 31, 2007 and 2006 WHP had a receivable from WMS in the amount of \$901,867 and a payable to WMS in the amount of \$938,492, respectively. The monthly management fee is generally paid based on estimates of monthly premium and when the final amounts are recorded, this estimation process occasionally results in an over or underpayment, which is then adjusted in a future month's payment.

Prior to the termination of WHP's participation in the TennCare program on April 1, 2007, WHP received a monthly administrative fee for providing services under

## Notes to Financial Statement

the Administrative Services Only (“ASO”) arrangement. In general, there was a large discrepancy between the administrative fee revenue actually received by WHP each month and the related management fee expense resulting from the stipulated management contract calculation. At the sole discretion of the WMS Board of Directors, a portion of the contractually stipulated management fees was forgiven for certain periods. In general, when it was determined that an amount would be forgiven for a particular year, it was calculated to be the difference in total administrative fees paid to WHP by the State of Tennessee and the management fee calculation per the management contract (implied premium revenue x 11.5% less the subordinated note interest expense). For 2007, there were no amounts forgiven by the WMS Board of Directors. For 2006, \$3,171,120 of calculated management fees was forgiven through a WMS Board of Directors resolution.

As prescribed by NAIC guidelines, management fees have been allocated to the related expense categories for the purposes of completing the Underwriting and Investment Exhibit, Part 3.

WHP also pays medical claims to its sister company Windsor HomeCare Network, LLC in the ordinary course of business based on a contract between the parties. WHCN arranges for homecare, durable medical equipment, and other related services for members of health plans with whom it contracts. In exchange for arranging these services with its contracted network of providers, WHCN receives an administrative fee.

### 11. Debt

On March 30, 2001 Vanderbilt University issued a subordinated surplus note to WHP in the amount of \$4,231,300. Interest is calculated quarterly, according to the terms of the note agreement, at the prime rate of Bank America on the date of measurement. Interest is recorded and paid only after express permission from the Commissioner of Insurance in the State of Tennessee has been received. As of December 31, 2007 and 2006, accrued interest of \$1,413,718 and \$1,130,742, respectively was due to Vanderbilt University. An interest payment in the amount of \$50,109 for the period of April – June 2002 was approved by the Department and paid in January 2007. For 2007 and 2006, WHP was not in default of any note provisions. Please see additional information regarding subsequent events in item 21 below.

### 12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans.

Not applicable – WHP does not have any employees.

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

As of December 31, 2007 and 2006, there were 100,000 shares of \$1.00 par value common stock issued and outstanding. The maximum amount of dividends that can be paid to shareholders, with the prior approval of the Tennessee Commissioner of Insurance, is limited to the greater of 10% of net worth as of December 31 next preceding or the net income from operations (excluding realized capital gains) for the twelve-month period ending December 31 next preceding. In December 2007, WHP provided notification to the Department of its intention to pay a dividend to its parent, WHG, in the amount of \$1,300,000. This dividend has been recorded in the December 31, 2007 financial statements.

As of December 31, 2007 and 2006, WHP’s minimum net worth requirements were \$6,291,309 and \$4,172,221 respectively. WHP was in compliance with these requirements for both years.

### 14. Contingencies

Not applicable.

### 15. Leases

## Notes to Financial Statement

Not applicable.

### 16. Information About Financial Instruments with Off-Balance-Sheet Risk, Financial Instruments with Concentration of Credit Risk

Not applicable.

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

Not applicable.

### 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans ASO Plan Activities

The loss from operations from Administrative Services Only uninsured plans was as follows during 2007 and 2006:

	<u>2007</u>	<u>2006</u>
a. (Deficiency) excess of net reimbursement for administrative expenses over actual expenses	(\$2,113,121)	(\$1,299,381)
b. Total net other income or expenses (including interest paid to or received from plans)	<u>0</u>	<u>0</u>
c. Net gain or (loss) from operations	(\$2,113,121)	(1,299,381)
d. Total claim payment volume	\$35,207,450	\$95,104,700

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

Not applicable.

### 20. Other Items

In June 2006 the State of Tennessee made the decision to change the administration of the TennCare program in the Mid Cumberland region of Tennessee. This change was effected through an RFP process with the end result being the selection of two managed care organizations to administer the TennCare program in the aforementioned region effective April 1, 2007. Although WHP submitted a proposal, the contracts were awarded to two other MCO's. As a result, the ASO agreement between WHP and the State of Tennessee Bureau of TennCare ended effective April 1, 2007. WHP was subsequently required to sign a contract amendment effective through December 31, 2007 to provide run-out services for claims incurred prior to April 1, 2007. WHP did not receive any additional administrative fees for providing these nine months of additional services.

In September 2005, WHP received approval from the Centers for Medicare and Medicaid Services to operate as a Medicare Advantage Prescription Drug Plan ("MA-PD") effective January 1, 2006 in seven Tennessee counties. In 2007, WHP expanded its MA-PD service area to 31 counties in the states of Tennessee, Arkansas and Mississippi. Effective January 1, 2007, WHP also became licensed by CMS to offer stand alone prescription drug plans ("PDP") in the CMS regions of Tennessee/Alabama, Arkansas and Mississippi and private fee for service ("PFFS") plans in the state of Tennessee.

### 21. Events Subsequent

In February 2008, the Department approved a request to pay Vanderbilt University \$1,253,740 of interest on the subordinated surplus note for the periods of July 2002 through June 2007.

## Notes to Financial Statement

### 22. Reinsurance

#### A. Ceded Reinsurance

Please refer to the second paragraph of note 1 above.

### 23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

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

WHP's claims payable liability increased from \$8,714,990 at December 31, 2006 to \$12,908,537 at December 31, 2007. The increase of \$4,193,547 during 2007 is attributable to the membership growth WHP experienced in its MA-PD plan as well as the start-up and growth of its PDP operations. Claim payable estimates for prior periods are also adjusted monthly, as payments for prior periods become more complete. WHP's claim adjustment liability increased in conjunction with the corresponding increase in claims payable.

### 25. Intercompany Pooling Arrangements

Not applicable.

### 26. Structured Settlements

Not applicable.

### 27. Health Care Receivables

Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2007	\$625,000	\$501,875	-	-	-
9/30/2007	180,000	464,618	-	-	-
6/30/2007	280,000	407,355	-	\$336,541	-
3/31/2007	180,000	358,642	-	-	\$287,662
12/31/2006	130,000	145,920	-	139,926	16,335
9/30/2006	200,511	159,176	-	-	147,526
6/30/2006	76,498	104,204	-	-	118,595
3/31/2006	48,000	67,624	-	28,119	21,042

### 28. Participating Policies

Not applicable.

### 29. Premium Deficiency Reserve

Not applicable.

### 30. Anticipated Salvage and Subrogation

Not applicable.

**SUMMARY INVESTMENT SCHEDULE**

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities .....	5,829,237	22.644	5,829,237	22.644
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....				
1.22 Issued by U.S. government sponsored agencies .....				
1.3 Foreign government (including Canada, excluding mortgage-backed securities) .....				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....				
1.43 Revenue and assessment obligations .....				
1.44 Industrial development and similar obligations .....				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or Guaranteed by GNMA .....				
1.512 Issued or Guaranteed by FNMA and FHLMC .....				
1.513 All other .....				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....				
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 .....				
1.523 All other .....				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....				
2.2 Unaffiliated foreign securities .....				
2.3 Affiliated securities .....				
3. Equity interests:				
3.1 Investments in mutual funds .....				
3.2 Preferred stocks:				
3.21 Affiliated .....				
3.22 Unaffiliated .....				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....				
3.32 Unaffiliated .....				
3.4 Other equity securities:				
3.41 Affiliated .....				
3.42 Unaffiliated .....				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....				
3.52 Unaffiliated .....				
4. Mortgage loans:				
4.1 Construction and land development .....				
4.2 Agricultural .....				
4.3 Single family residential properties .....				
4.4 Multifamily residential properties .....				
4.5 Commercial loans .....				
4.6 Mezzanine real estate loans .....				
5. Real estate investments:				
5.1 Property occupied by company .....				
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt) .....				
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt) .....				
6. Contract loans .....				
7. Receivables for securities .....				
8. Cash, cash equivalents and short-term investments .....	19,913,524	77.356	19,913,524	77.356
9. Other invested assets .....				
10. Total invested assets .....	25,742,761	100.000	25,742,761	100.000

# 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? Tennessee
- 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. 06/30/2004
- 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. 06/30/2004
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/15/2006
- 3.4 By what department or departments?  
Tennessee Department of Commerce & Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[ ] No[X]
- 4.12 renewals? Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[ ] No[X]
- 4.22 renewals? Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company 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, ..... 0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (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
.....	.....	.. Yes[ ] No[X] .				

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Deloitte & Touche LLP, 424 Church Street, Suite 2400 Nashville, Tennessee 37219
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?  
Edgar Schneider, actuary, Reden & Anders Ltd., 2170 Satellite Blvd, Suite 150, Duluth, GA 30097
- 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 \$ 0
- 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[ ] N/A[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes[ ] No[ ] N/A[X]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes[ ] No[ ] N/A[X]

## GENERAL INTERROGATORIES (Continued)

- 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 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 \$ ..... 0
  - 19.22 Borrowed from others \$ ..... 0
  - 19.23 Leased from others \$ ..... 0
  - 19.24 Other \$ ..... 0
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes[ ] No[X]
- 20.2 If answer is yes:
- 20.21 Amount paid as losses or risk adjustment \$ ..... 0
  - 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: \$ ..... 901,867

### 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 contract 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 \$ ..... 0
  - 23.22 Subject to repurchase agreements \$ ..... 0
  - 23.23 Subject to reverse repurchase agreements \$ ..... 0
  - 23.24 Subject to dollar repurchase agreements \$ ..... 0
  - 23.25 Subject to reverse dollar repurchase agreements \$ ..... 0
  - 23.26 Pledged as collateral \$ ..... 0
  - 23.27 Placed under option agreements \$ ..... 0
  - 23.28 Letter stock or securities restricted as to sale \$ ..... 0
  - 23.29 On deposit with state or other regulatory body \$ ..... 0
  - 23.291 Other \$ ..... 0
- 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[X]  
If no, attach a description with this statement.
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[ ] No[X]
- 25.2 If yes, state the amount thereof at December 31 of the current year. \$ ..... 0
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:

## GENERAL INTERROGATORIES (Continued)

1 Name of Custodian(s)	2 Custodian's Address
Bank of America .....	Atlanta, Georgia .....
Regions Morgan Keegan .....	Nashville, Tennessee .....
Regions Morgan Keegan .....	Little Rock, Arkansas .....

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

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

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
AmSouth Investment Services .....	Regions Morgan Keegan .....	10/12/2007	Merger / acquisition .....

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

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

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

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
27.2999 Total .....	.....	.....

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds .....	5,829,237	5,829,237	.....
28.2 Preferred stocks .....	.....	.....	.....
28.3 Totals .....	5,829,237	5,829,237	.....

28.4 Describe the sources of methods utilized in determining the fair values  
Fair values are provided by custodial financial institutions.

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? \$..... 0

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.

## GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid

- 31.1 Amount of payments for legal expenses, if any? \$ ..... 0
- 31.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

- 32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ ..... 0
- 32.2 List the name of 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 department of government during the period covered by this statement.

1 Name	2 Amount Paid

# GENERAL INTERROGATORIES (Continued)

## PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only: \$ ..... 0
- 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. \$ ..... 0
- 1.6 Individual policies - Most current three years:
- 1.61 Total premium earned \$ ..... 0
- 1.62 Total incurred claims \$ ..... 0
- 1.63 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.64 Total premium earned \$ ..... 0
- 1.65 Total incurred claims \$ ..... 0
- 1.66 Number of covered lives ..... 0
- 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 .....	119,587,225	57,048,413
2.2 Premium Denominator .....	119,587,225	57,048,413
2.3 Premium Ratio (2.1 / 2.2) .....	1.000	1.000
2.4 Reserve Numerator .....	12,308,537	8,714,990
2.5 Reserve Denominator .....	13,256,977	8,958,606
2.6 Reserve Ratio (2.4 / 2.5) .....	0.928	0.973

- 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:  
WHP had global capitation contracts with two large provider contracts who both elected not to have reinsurance. These contracts ended 06/30/04 and 11/30/05 and no reinsurance has been procured.
- 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:  
WHP's provider contracts contain hold harmless language.
- 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 ..... 4,788
- 8.2 Number of providers at end of reporting year ..... 12,502
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months ..... 0
- 9.22 Business with rate guarantees over 36 months ..... 0
- 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 \$ ..... 0
- 10.22 Amount actually paid for year bonuses \$ ..... 0
- 10.23 Maximum amount payable withholds \$ ..... 0
- 10.24 Amount actually paid for year withholds \$ ..... 0
- 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[X] No [ ]
- 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.  
Tennessee
- 11.4 If yes, show the amount required. \$ ..... 6,291,309
- 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.  
Amount totaling 4% of the first \$150,000,000 of revenue earned for the prior calendar year, plus 1.5% of the amount earned in excess of \$150,000,000 for the prior calendar year. Windsor's revenues for 2006 totaled \$169,420,617 (\$104,051,603 in TennCare revenue and \$65,369,014 in Medicare revenue); therefore, Windsor's current statutory net worth requirement is \$6,291,309 (\$150,000,000 x 4% + (\$169,420,617 - \$150,000,000) x 1.5%).
- 12. List service areas in which the reporting entity is licensed to operate:

1 Name of Service Area
In Tennessee: Davidson, Williamson, Rutherford, Maury, Hickman, Cheatham, Trousdale, Sumner, Cannon, DeKalb, Knox, Hamilton, Shelby, Fayette, Madison, Crockett, Tipton, Lewis, Wayne, Lawrence, Giles, Marshall, Moore, Franklin, Coffee, Grundy, Macon, Pickett, Stewart, Houston, Humphreys, Cocke, Lauderdale, Obion, Carroll .....
In Alabama: Jefferson .....

## GENERAL INTERROGATORIES (Continued)

1
Name of Service Area
In Arkansas: Pulaski, Saline, Lonoke, Clay, Craighead, Poinsett, Cross, Crittenden, Arkansas, Garland, Hot Spring, Clark, Stone, Cleburne, Independence, Jackson, Greene, Randolph, Benton, Carroll, Washington, Madison, Crawford, Sebastian, Franklin, Logan, Johnson, Yell, Conway .....
In Mississippi: Hinds, Copiah, Rankin, Lincoln, Yazoo, Warren, Claiborne, Pike, Attala, Leake, Scott, Smith, Winston, Newton, Kemper, Lauderdale, Clarke, Lowndes, Tunica, De Soto, Tate, Panola, Marshall, Lafayette, Benton, Union, Tippah, Prentiss, Simpson .....
In South Carolina: Greenville, Spartanburg .....

## FIVE-YEAR HISTORICAL DATA

	1 2007	2 2006	3 2005	4 2004	5 2003
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 26) .....	31,548,445	23,317,372	5,453,930	5,144,185	4,739,560
2. Total liabilities (Page 3, Line 22) .....	23,263,847	16,699,235	165,406	168,538	351,768
3. Statutory surplus .....			2,662,003	2,907,434	1,946,994
4. Total capital and surplus (Page 3, Line 31) .....	8,284,598	6,618,137	5,288,457	4,975,647	4,387,792
<b>INCOME STATEMENT (Page 4)</b>					
5. Total revenues (Line 8) .....	119,259,274	57,048,413	(19,038)		60,663
6. Total medical and hospital expenses (Line 18) .....	93,245,916	45,655,995		(55,034)	(62,542)
7. Claims adjustment expenses (Line 20) .....	333,397	81,205			
8. Total administrative expenses (Line 21) .....	22,362,610	10,494,358	(326,674)	(149,967)	973,153
9. Net underwriting gain (loss) (Line 24) .....	3,317,351	816,855	345,712	205,001	(849,948)
10. Net investment gain (loss) (Line 27) .....	1,173,733	525,325	130,105	63,872	84,090
11. Total other income (Lines 28 plus 29) .....			(98,000)		
12. Net income or (loss) (Line 32) .....	3,018,246	1,342,180	377,817	268,873	(765,858)
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	9,704,344	12,736,394	(4,018)	548,664	(1,401,684)
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. Total adjusted capital .....	8,284,598	6,618,137	5,288,524	4,975,647	4,387,792
15. Authorized control level risk-based capital .....	5,750,540	2,652,883	61,169	56,832	750,846
<b>ENROLLMENT (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7) .....	18,438	53,293	40,951	38,361	28,910
17. Total members months (Column 6, Line 7) .....	189,478	621,466	512,718	416,116	334,760
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19) .....	78.2	80.0			
20. Cost containment expenses .....	0.2				X X X
21. Other claims adjustment expenses .....	0.1				
22. Total underwriting deductions (Line 23) .....	97.2	98.6			3,896.0
23. Total underwriting gain (loss) (Line 24) .....	3	1			(3,636)
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5) .....	6,502,468		(19,038)	9,784	821,657
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	8,288,100			64,818	884,199
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 25, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 53, Column 1) .....					
29. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Column 5, Line 7) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. Total of above Lines 26 to 31 .....					



# SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

## ALLOCATED BY STATES AND TERRITORIES

1	2	Direct Business Only							9
		3	4	5	6	7	8		
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 & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1. Alabama (AL)	Yes		1,630,333					1,630,333	
2. Alaska (AK)	No								
3. Arizona (AZ)	No								
4. Arkansas (AR)	Yes		16,267,697					16,267,697	
5. California (CA)	No								
6. Colorado (CO)	No								
7. Connecticut (CT)	No								
8. Delaware (DE)	No								
9. District of Columbia (DC)	No								
10. Florida (FL)	No								
11. Georgia (GA)	No								
12. Hawaii (HI)	No								
13. Idaho (ID)	No								
14. Illinois (IL)	No								
15. Indiana (IN)	No								
16. Iowa (IA)	No								
17. Kansas (KS)	No								
18. Kentucky (KY)	No								
19. Louisiana (LA)	No								
20. Maine (ME)	No								
21. Maryland (MD)	No								
22. Massachusetts (MA)	No								
23. Michigan (MI)	No								
24. Minnesota (MN)	No								
25. Mississippi (MS)	Yes		18,561,589					18,561,589	
26. Missouri (MO)	No								
27. Montana (MT)	No								
28. Nebraska (NE)	No								
29. Nevada (NV)	No								
30. New Hampshire (NH)	No								
31. New Jersey (NJ)	No								
32. New Mexico (NM)	No								
33. New York (NY)	No								
34. North Carolina (NC)	No								
35. North Dakota (ND)	No								
36. Ohio (OH)	No								
37. Oklahoma (OK)	No								
38. Oregon (OR)	No								
39. Pennsylvania (PA)	No								
40. Rhode Island (RI)	No								
41. South Carolina (SC)	Yes								
42. South Dakota (SD)	No								
43. Tennessee (TN)	Yes		82,799,655					82,799,655	
44. Texas (TX)	No								
45. Utah (UT)	No								
46. Vermont (VT)	No								
47. Virginia (VA)	No								
48. Washington (WA)	No								
49. West Virginia (WV)	No								
50. Wisconsin (WI)	No								
51. Wyoming (WY)	No								
52. American Samoa (AS)	No								
53. Guam (GU)	No								
54. Puerto Rico (PR)	No								
55. U.S. Virgin Islands (VI)	No								
56. Northern Marianas Islands (MP)	No								
57. Canada (CN)	No								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X		119,259,274					119,259,274	
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	(a) 5		119,259,274					119,259,274	

**DETAILS OF WRITE-INS**

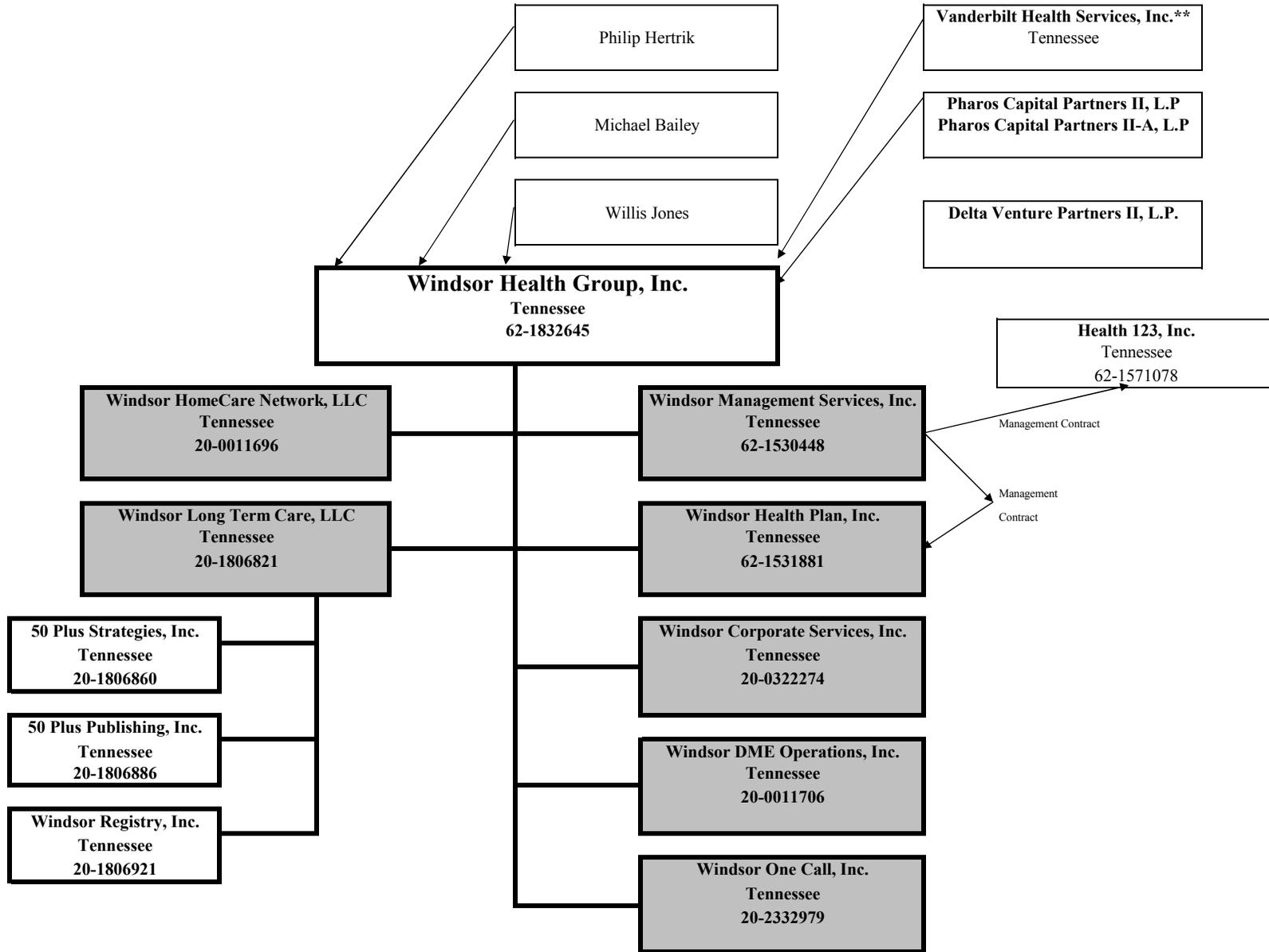
5801.	X X X								
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(a) Insert the number of yes responses except for Canada and Other Alien.  
 Explanation of basis of allocation of premiums by states, etc.:

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

### MEMBERS OF A HOLDING COMPANY GROUP

#### PART 1 - ORGANIZATIONAL CHART



52

\*\*Vanderbilt Health Services, Inc. is a subsidiary of Vanderbilt University

# INDEX TO HEALTH ANNUAL STATEMENT

Analysis 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

## INDEX TO HEALTH ANNUAL STATEMENT

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