HEALTH QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2010
OF THE CONDITION AND AFFAIRS OF THE

Arkansas Community Care, Inc.

NAIC Group Code 3681 (Current) 3681 (Prior) NAIC Company Code 12282 Employer's ID Number 20-2036444

Organized under the Laws of Arkansas, State of Domicile or Port of Entry Arkansas

Country of Domicile United States of America

Licensed as business type: Health Maintenance Organization

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

Incorporated/Organized 01/31/2005 Commenced Business 01/01/2006

Statutory Home Office 10025 W Markham St., Suite 220 (Street and Number), Little Rock , AR 72205 (City or Town, State and Zip Code)

Main Administrative Office 500 12th Street, Ste 350 (Street and Number)
Oakland , CA 94607 (City or Town, State and Zip Code), 510-832-0311 (Area Code) (Telephone Number)

Mail Address 500 12th Street, Ste 350 (Street and Number or P.O. Box), Oakland , CA 94607 (City or Town, State and Zip Code)

Primary Location of Books and Records 500 12th Street, Ste 350 (Street and Number)
Oakland , CA 94607 (City or Town, State and Zip Code), 510-832-0311 (Area Code) (Telephone Number)

Internet Web Site Address www.arcadianhealth.com

Statutory Statement Contact Stacy Elise Parsons (Name), 510-817-1815 (Area Code) (Telephone Number)
sparsons@arcadianhealth.com (E-mail Address), 510-817-1895 (FAX Number)

OFFICERS

CEO and President	Robert Lawrence Fahlman	CFO	David Carl Buhler
Treasurer	Kenneth Benjamin Zimmerman	General Council and Corporate Secretary	James Francis Novello

OTHER

DIRECTORS OR TRUSTEES

Robert Lawrence Fahlman	Chase Spencer Milbrandt	Jeffrey Craig McManus

State of California
County of Alameda
SS:

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

Robert Lawrence Fahlman CEO and President	Kenneth Benjamin Zimmerman Treasurer	David Carl Buhler CFO

Subscribed and sworn to before me this
_____ day of _____

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

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Prior Year Net Admitted Assets
1. Bonds	15,786,301		15,786,301	15,301,254
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less $ ..... encumbrances)			0	0
4.2 Properties held for the production of income (less $ ..... encumbrances)			0	0
4.3 Properties held for sale (less $ ..... encumbrances)			0	0
5. Cash ($ 3,604,278), cash equivalents ($ 0), and short-term investments ($ 6,340,048)	9,944,326		9,944,326	8,134,415
6. Contract loans (including $ ..... premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets			0	0
9. Receivables for securities			0	0
10. Aggregate write-ins for invested assets	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10)	25,730,627	0	25,730,627	23,435,669
12. Title plants less $ ..... charged off (for Title insurers only)			0	0
13. Investment income due and accrued	172,706		172,706	185,077
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	3,108,640	27,325	3,081,315	1,971,643
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ..... earned but unbilled premiums)			0	0
14.3 Accrued retrospective premiums			0	0
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers	75,528		75,528	462,207
15.2 Funds held by or deposited with reinsured companies			0	0
15.3 Other amounts receivable under reinsurance contracts			0	0
16. Amounts receivable relating to uninsured plans	2,466,308		2,466,308	1,240,642
17.1 Current federal and foreign income tax recoverable and interest thereon			0	42,230
17.2 Net deferred tax asset	837,672	238,555	599,117	601,346
18. Guaranty funds receivable or on deposit			0	0
19. Electronic data processing equipment and software			0	0
20. Furniture and equipment, including health care delivery assets ($ .....)	7,530	7,530	0	0
21. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
22. Receivables from parent, subsidiaries and affiliates	4,302		4,302	0
23. Health care ($ 951,815) and other amounts receivable	1,607,384	645,474	961,910	497,556
24. Aggregate write-ins for other than invested assets	191,753	191,753	0	0
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 to 24)	34,202,450	1,110,637	33,091,813	28,436,370
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
27. Total (Lines 25 and 26)	34,202,450	1,110,637	33,091,813	28,436,370
DETAILS OF WRITE-INS				
1001.				
1002.				
1003.				
1098. Summary of remaining write-ins for Line 10 from overflow page	0	0	0	0
1099. Totals (Lines 1001 through 1003 plus 1098)(Line 10 above)	0	0	0	0
2401. Prepaid Expenses	190,599	190,599	0	0
2402. Non-Statutory Deposits	1,154	1,154	0	0
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498)(Line 24 above)	191,753	191,753	0	0

LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less $ ..... reinsurance ceded)	9,087,529	820,728	9,908,257	8,865,278
2.	Accrued medical incentive pool and bonus amounts	509,044		509,044	475,504
3.	Unpaid claims adjustment expenses	281,748		281,748	234,342
4.	Aggregate health policy reserves			0	0
5.	Aggregate life policy reserves			0	0
6.	Property/casualty unearned premium reserve			0	0
7.	Aggregate health claim reserves			0	0
8.	Premiums received in advance			0	0
9.	General expenses due or accrued	298,885		298,885	446,880
10.1	Current federal and foreign income tax payable and interest thereon (including $ ..... on realized gains (losses))			0	0
10.2	Net deferred tax liability			0	0
11.	Ceded reinsurance premiums payable			0	0
12.	Amounts withheld or retained for the account of others	11,862		11,862	24,684
13.	Remittances and items not allocated			0	0
14.	Borrowed money (including $ ..... current) and interest thereon $ ..... (including $ ..... current)			0	0
15.	Amounts due to parent, subsidiaries and affiliates	3,013,593		3,013,593	3,433,955
16.	Derivatives			0	0
17.	Payable for securities			0	0
18.	Funds held under reinsurance treaties (with $ ..... authorized reinsurers and $ ..... unauthorized reinsurers)			0	0
19.	Reinsurance in unauthorized companies			0	0
20.	Net adjustments in assets and liabilities due to foreign exchange rates			0	0
21.	Liability for amounts held under uninsured plans			0	0
22.	Aggregate write-ins for other liabilities (including $ ..... current)	0	0	0	0
23.	Total liabilities (Lines 1 to 22)	13,202,661	820,728	14,023,389	13,480,643
24.	Aggregate write-ins for special surplus funds	XXX	XXX	0	0
25.	Common capital stock	XXX	XXX		
26.	Preferred capital stock	XXX	XXX		
27.	Gross paid in and contributed surplus	XXX	XXX	13,469,452	13,469,452
28.	Surplus notes	XXX	XXX		0
29.	Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
30.	Unassigned funds (surplus)	XXX	XXX	5,598,972	1,486,275
31.	Less treasury stock, at cost:				
	31.1 ..... shares common (value included in Line 25 $ .....)	XXX	XXX		
	31.2 ..... shares preferred (value included in Line 26 $ .....)	XXX	XXX		
32.	Total capital and surplus (Lines 24 to 30 minus Line 31)	XXX	XXX	19,068,424	14,955,727
33.	Total liabilities, capital and surplus (Lines 23 and 32)	XXX	XXX	33,091,813	28,436,370
	DETAILS OF WRITE-INS				
2201.					
2202.					
2203.					
2298.	Summary of remaining write-ins for Line 22 from overflow page	0	0	0	0
2299.	Totals (Lines 2201 through 2203 plus 2298)(Line 22 above)	0	0	0	0
2401.		XXX	XXX		
2402.		XXX	XXX		
2403.		XXX	XXX		
2498.	Summary of remaining write-ins for Line 24 from overflow page	XXX	XXX	0	0
2499.	Totals (Lines 2401 through 2403 plus 2498)(Line 24 above)	XXX	XXX	0	0
2901.		XXX	XXX		
2902.		XXX	XXX		
2903.		XXX	XXX		
2998.	Summary of remaining write-ins for Line 29 from overflow page	XXX	XXX	0	0
2999.	Totals (Lines 2901 through 2903 plus 2998)(Line 29 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date	Prior Year Ended December 31
		1 Uncovered	2 Total	3 Total	4 Total
1.	Member Months	XXX	103,499	76,077	102,284
2.	Net premium income (including $ ..... non-health premium income)	XXX	79,477,179	60,650,316	81,171,880
3.	Change in unearned premium reserves and reserve for rate credits	XXX			0
4.	Fee-for-service (net of $ ..... medical expenses)	XXX			0
5.	Risk revenue	XXX			0
6.	Aggregate write-ins for other health care related revenues	XXX	0	0	0
7.	Aggregate write-ins for other non-health revenues	XXX	0	0	0
8.	Total revenues (Lines 2 to 7)	XXX	79,477,179	60,650,316	81,171,880
	Hospital and Medical:				
9.	Hospital/medical benefits		33,379,045	27,234,085	38,081,130
10.	Other professional services		11,928,153	4,134,621	5,994,573
11.	Outside referrals	3,802,469	3,802,469	4,262,446	5,153,771
12.	Emergency room and out-of-area	732,840	2,512,519	1,666,680	2,223,144
13.	Prescription drugs		8,233,245	6,966,247	9,494,769
14.	Aggregate write-ins for other hospital and medical	0	0	0	0
15.	Incentive pool, withhold adjustments and bonus amounts		253,857	920,729	859,397
16.	Subtotal (Lines 9 to 15)	4,535,309	60,109,288	45,184,808	61,806,784
	Less:				
17.	Net reinsurance recoveries		68,656	366,061	445,132
18.	Total hospital and medical (Lines 16 minus 17)	4,535,309	60,040,632	44,818,747	61,361,652
19.	Non-health claims (net)				
20.	Claims adjustment expenses, including $ ..... cost containment expenses		3,047,549	1,606,928	1,989,137
21.	General administrative expenses		8,812,077	7,315,299	9,397,701
22.	Increase in reserves for life and accident and health contracts (including $ ..... increase in reserves for life only)				0
23.	Total underwriting deductions (Lines 18 through 22)	4,535,309	71,900,258	53,740,974	72,748,490
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	7,576,921	6,909,342	8,423,390
25.	Net investment income earned		467,564	511,640	673,671
26.	Net realized capital gains (losses) less capital gains tax of $		3,542	19,766	20,481
27.	Net investment gains (losses) (Lines 25 plus 26)	0	471,106	531,406	694,152
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $ .....) (amount charged off $ .....)]		0		
29.	Aggregate write-ins for other income or expenses	0	0	0	0
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	8,048,027	7,440,748	9,117,542
31.	Federal and foreign income taxes incurred	XXX	2,761,573	1,878,471	2,370,606
32.	Net income (loss) (Lines 30 minus 31)	XXX	5,286,454	5,562,277	6,746,936
	DETAILS OF WRITE-INS				
0601.		XXX			
0602.		XXX			
0603.		XXX			
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699.	Totals (Lines 0601 through 0603 plus 0698)(Line 6 above)	XXX	0	0	0
0701.		XXX			
0702.		XXX			
0703.		XXX			
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799.	Totals (Lines 0701 through 0703 plus 0798)(Line 7 above)	XXX	0	0	0
1401.					
1402.					
1403					
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499.	Totals (Lines 1401 through 1403 plus 1498)(Line 14 above)	0	0	0	0
2901.					
2902.					
2903					
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999.	Totals (Lines 2901 through 2903 plus 2998)(Line 29 above)	0	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
	CAPITAL AND SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	14,955,727	10,477,923	10,477,923
34.	Net income or (loss) from Line 32	5,286,454	5,562,277	6,746,936
35.	Change in valuation basis of aggregate policy and claim reserves			
36.	Change in net unrealized capital gains (losses) less capital gains tax of $	21,223		(21,223)
37.	Change in net unrealized foreign exchange capital gain or (loss)			
38.	Change in net deferred income tax	(23,083)		(416,196)
39.	Change in nonadmitted assets	525,331	474,458	(831,713)
40	Change in unauthorized reinsurance	0	0	0
41.	Change in treasury stock	0	0	0
42.	Change in surplus notes	0	0	0
43.	Cumulative effect of changes in accounting principles			
44.	Capital Changes:			
	44.1 Paid in	0	0	0
	44.2 Transferred from surplus (Stock Dividend)	0	0	0
	44.3 Transferred to surplus			
45.	Surplus adjustments:			
	45.1 Paid in	0	0	0
	45.2 Transferred to capital (Stock Dividend)			
	45.3 Transferred from capital			
46.	Dividends to stockholders	(1,450,000)	(1,000,000)	(1,000,000)
47.	Aggregate write-ins for gains or (losses) in surplus	(247,228)	0	0
48.	Net change in capital & surplus (Lines 34 to 47)	4,112,697	5,036,735	4,477,804
49.	Capital and surplus end of reporting period (Line 33 plus 48)	19,068,424	15,514,658	14,955,727
	DETAILS OF WRITE-INS			
4701.	PYAudit Adjustments	(247,228)		0
4702.				
4703.				
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799.	Totals (Lines 4701 through 4703 plus 4798)(Line 47 above)	(247,228)	0	0

CASH FLOW

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
	Cash from Operations			
1.	Premiums collected net of reinsurance	78,345,483	61,005,376	81,200,149
2.	Net investment income	520,903	556,885	744,963
3.	Miscellaneous income	0	0	0
4.	Total (Lines 1 to 3)	78,866,386	61,562,261	81,945,112
5.	Benefit and loss related payments	58,577,434	44,330,019	61,514,673
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7.	Commissions, expenses paid and aggregate write-ins for deductions	13,185,883	8,982,283	12,791,621
8.	Dividends paid to policyholders			
9.	Federal and foreign income taxes paid (recovered) net of $ tax on capital gains (losses)	2,719,343	1,336,017	2,412,836
10.	Total (Lines 5 through 9)	74,482,660	54,648,319	76,719,130
11.	Net cash from operations (Line 4 minus Line 10)	4,383,726	6,913,942	5,225,982
	Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:			
	12.1 Bonds	4,219,619	7,035,723	8,397,100
	12.2 Stocks	0	0	0
	12.3 Mortgage loans	0	0	0
	12.4 Real estate	0	0	0
	12.5 Other invested assets	0	0	0
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0	4,742
	12.7 Miscellaneous proceeds	0	0	0
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	4,219,619	7,035,723	8,401,842
13.	Cost of investments acquired (long-term only):			
	13.1 Bonds	4,720,868	8,164,269	9,473,753
	13.2 Stocks	0	0	0
	13.3 Mortgage loans	0	0	0
	13.4 Real estate	0	0	0
	13.5 Other invested assets	0	0	0
	13.6 Miscellaneous applications	0	0	0
	13.7 Total investments acquired (Lines 13.1 to 13.6)	4,720,868	8,164,269	9,473,753
14.	Net increase (or decrease) in contract loans and premium notes	0	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(501,249)	(1,128,546)	(1,071,911)
	Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):			
	16.1 Surplus notes, capital notes	0	0	0
	16.2 Capital and paid in surplus, less treasury stock	0	0	0
	16.3 Borrowed funds	0	0	0
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0	0
	16.5 Dividends to stockholders	1,450,000	1,000,000	1,000,000
	16.6 Other cash provided (applied)	(622,567)	236,644	1,130,679
17.	Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(2,072,567)	(763,356)	130,679
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	1,809,910	5,022,040	4,284,750
19.	Cash, cash equivalents and short-term investments:			
	19.1 Beginning of year	8,134,414	3,849,664	3,849,664
	19.2 End of period (Line 18 plus Line 19.1)	9,944,324	8,871,704	8,134,414

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

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	8,860	0	0	0	0	0	0	8,860	0	0
2. First Quarter	11,269							11,269		
3. Second Quarter	11,665							11,665		
4. Third Quarter	11,716							11,716		
5. Current Year	0									
6. Current Year Member Months	103,499							103,499		
Total Member Ambulatory Encounters for Period:										
7 Physician	105,394							105,394		
8. Non-Physician	96,059							96,059		
9. Total	201,453	0	0	0	0	0	0	201,453	0	0
10. Hospital Patient Days Incurred	14,297							14,297		
11. Number of Inpatient Admissions	2,125							2,125		
12. Health Premiums Written (a)	79,926,914							79,926,914		
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	79,926,914							79,926,914		
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	58,964,113							58,964,113		
18. Amount Incurred for Provision of Health Care Services	60,109,288							60,109,288		

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees $ 79,926,914

STATEMENT AS OF SEPTEMBER 30, 2010 OF THE ARKANSAS COMMUNITY CARE, INC.

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

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0299999 Aggregate accounts not individually listed-uncovered	255,853	1,834	0			257,687
0399999 Aggregate accounts not individually listed-covered	2,853,727	168,260	0			3,021,987
0499999 Subtotals	3,109,580	170,094	0	0	0	3,279,674
0599999 Unreported claims and other claim reserves						6,628,582
0699999 Total amounts withheld						
0799999 Total claims unpaid						9,908,256
0899999 Accrued medical incentive pool and bonus amounts						509,044

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 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)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	8,489,218	51,427,062	98,662	9,809,595	8,587,880	8,865,278
7 Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	8,489,218	51,427,062	98,662	9,809,595	8,587,880	8,865,278
10. Healthcare receivables (a)	835,651	336,833			835,651	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	220,317		329,723	179,321	550,040	475,504
13. Totals	7,873,884	51,090,229	428,385	9,988,916	8,302,269	9,340,782

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

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Arkansas Community Care, Inc. ("ACC" or "The Company") have been prepared in conformity with the Statutory Accounting Practices ("SAP") set forth in the National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures Manual,* version effective March 2010.

The Arkansas Insurance Department ("ARDOI") requires that insurance companies domiciled in Arkansas prepare their statutory basis financial statements in accordance with NAIC SAP to the extent that the practices and procedures contained in the manual do not conflict with any other provisions of Arkansas Insurance Code. Title 23, subtitle of the Arkansas Insurance Code contains differences from NAIC SAP. These sections that supersede the NAIC SAP rules pertain primarily to limitations on investments, and reserve requirements.

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

The preparation of financial statements as prescribed by SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Investments

Investments are stated in accordance with methods and values adopted by the NAIC and, as such, bonds are generally stated at amortized cost. The retrospective method is used to value mortgage-backed securities. Premiums and discounts on fixed maturity investments are accreted to income using the modified scientific method over the anticipated life of the security. Short-term investments and U.S. Treasury Bills are carried at amortized cost, which approximates fair market value. Market values are determined using prices published by the NAIC Securities Valuation Office ("SVO"), IDC or Bloomberg. Residential mortgage-backed securities with an NAIC rating below a 2 are carried at market value as of the statement date. The value of these securities are calculated in accordance with SSAP 43R.

Net investment income earned consists of interest less investment related expense. Interest is recognized on an accrual basis. Realized gains or losses on the sale of investments are determined on the specific identification method. Unrealized gains or losses are reflected directly in unassigned surplus and, accordingly, do not affect the statements of income.

Cash and Short-Term Investments

Cash includes balances held in banks and certificates of deposit with maturities of less than one year. Investments which have a maturity of one year or less, at the date of purchase, including money market mutual funds, are considered short-term investments and are carried at cost or amortized cost.

Other Accounting Policies

Unpaid claims adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not yet reported. Such estimates are based on assumptions and while management believes the amount to be adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and establishing the resulting liabilities are continually reviewed and adjustments are reflected in the period determined.

Expenses incurred in connection with acquiring new insurance business are charged to operations as incurred.

2. Accounting Changes and Correction of Errors

There have been no changes since the 2009 annual filing.

3. **Business Combinations and Goodwill**

Not Applicable

4. **Discontinued Operations**

Not Applicable

5. **Investments**

A, B & C. The Company had no mortgage loans, debt restructuring or reverse mortgages at September 30, 2010.

D. The Company currently has no other-than-temporarily impaired loan-backed securities. All lower rated mortgage securities have been tested and there is no case where the cash flows are less than the amortized cost. However, securities that meet these criteria would be handled as follows. Any loan-backed security rated NAIC6 would be considered impaired if the present value of discounted future cash flows were less than amortized cost. Bloomberg or Intex cash flows would be used and default rates and severities assumed as the actual values of the last six months. These assumptions are conservative due to the significant issues experienced with mortgage loans during this period.

E, F & G. The Company had no repurchase agreements, real estate investments or Low Income Housing Tax Credit investments at September 30, 2010.

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

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

7. **Investment Income**

At September 30, 2010 the Company reported net investment income due and accrued of $172,706, all of which has been admitted.

8. **Derivative Instruments**

Not Applicable

9. **Income Taxes**

A. The Company has deferred tax assets that consist of the following:

	Revised for Audit December 31, 2009	In Annual December 31, 2009
Total deferred tax asset	$ 851,924	$ 860,755
Non-admitted deferred tax asset	(238,555)	(259,409)
Accrued market discount	(14,253)	-
Admitted deferred tax asset	599,116	601,346
Change in non-admitted deferred tax asset	$ 20,854	$ 46,584

B. Not Applicable

C. The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets were as follows:

	Revised for Audit December 31, 2009	In Annual December 31, 2009	Change
Depreciation and amortization	$ 277,850	$ 277,850	$ -
Unpaid losses and LAE	524,694	526,603	(1,909)
Accruals and reserves	35,191	56,366	(21,175)
Other	14,189	(64)	14,253
Total deferred tax assets	851,924	860,755	(8,831)
Non-admitted deferred tax assets	(238,555)	(259,409)	20,854
Accrued market discount	(14,253)	-	(14,253)
Net deferred tax assets	$ 599,116	$ 601,346	$ (2,230)

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

	Revised for Audit December 31, 2009	Percent	In Annual December 31, 2009	Percent
Income (loss) before taxes	$ 8,710,870		$9,117,542	
U.S. tax (benefit) at statutory rate	2,961,696	34.00%	3,099,964	34.00%
Expenses deducted on books not deducted on the return	(311,252)	(3.57)%	(313,161)	(3.43)%
Change in non-admitted deferred tax	(232,488)	(2.67)%	(46,584)	(.51)%
Deferred tax	(206,792)	(2.37)%	(369,613)	(4.05)%
Tax expense (benefit)	**$ 2,211,164**	**25.39%**	**$ 2,370,606**	**26.00 %**

E. At September 30, 2010 the Company did not have any operating loss carry-forwards.

F. The Company's federal income tax return is consolidated with Arcadian Management Services, Inc. ("AMS"), Arcadian Health Plan, Inc. ("AHP"), Arcadian Health Plan of Georgia, Inc. ("AHPGA"), Arcadian Health Plan of Louisiana, Inc. ("AHPLA") Arcadian Health Plan of North Carolina, Inc. ("AHPNC") and Arcadian Health Plan of New York, Inc. ("AHPNY"). The agreement established among the companies is to use a pure separate company approach with no current credit for any net operating losses or other items utilized in the consolidated tax return. This arrangement is discussed further in Note 10.F.

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

A. The Company is owned 60% by AHP and 40% by AMS. The Company was granted a Certificate of Authority by the Arkansas Insurance Commissioner on March 21, 2005.

B & C. Not Applicable

D. At September 30, 2010, the Company had the following receivables and payables, net from its parent and affiliated companies:

	Receivable	Payable
AMS	$ -	$ 530,109
AHP	-	2,483,484
AHPGA	4,302	-
Total	**$ 4,302**	**$ 3,013,593**

The majority of the amounts owed by the Company are a combination of pharmacy costs and broker commissions paid from AHP's bank account on behalf of its affiliate and subsidiary companies. Also, included in the amount due to affiliates are management fees and general and administrative expenses that are initially borne on AHP and subsequently allocated to its affiliate companies – one of which is ACC (see note 10.F, paragraph 2).

The terms of all intercompany agreements amongst the affiliates require that these balances be settled monthly.

E. Not Applicable

F. AMS provides certain services to the Company under an Administrative Services Agreement. Those services include enrollment processing, claims processing, professional credentialing, information technology, treasury, financial and tax services. Total compensation under this contract is on a per member per month basis with additional flat rate fees. Effective October, 2010, the compensation under the contract will be based on actual costs incurred by AMS related to the services supplied.

All of the departmental costs associated with finance/accounting, health/member/physician services, pharmacy management, corporate sales, regulatory compliance, and new market development are originally recorded on the books of AHP and then allocated to the company's subsidiary and affiliates based on membership (enrollment). The costs being allocated include the salaries, bonuses, expenses, and benefits of all employees that are listed as AHP employees that perform job functions for AHP, ACC, AHPGA, AHPLA, AHPNC and AHPNY. Other costs that are allocated to the subsidiary and affiliate health plans include, but are not limited to: postage, utilities, general consulting and legal fees, temporary help and employee recruitment for the previously mentioned departments, as well as office supplies and depreciation on office furniture/equipment, software licenses, and overhead costs associated with overall design and production of health plan marketing materials.

The Company remits current federal income taxes to its parent, AMS under a tax allocation agreement which became effective on January 1, 2009. This agreement permits the Company to remit taxes to its parent that would otherwise be payable to the federal government if taxes were calculated on a single-entity basis. AMS files a consolidated federal income tax return in which income generated by the Company is sheltered by subsidiary, affiliate and parent company losses.

G. 60% of the outstanding shares of the Company are owned by AHP, a health maintenance organization domiciled in Washington. The remaining 40% is owned by AMS, a management services organization domiciled in Delaware.

H. Not Applicable

I, J & K. The Company does not have an investment in a Subsidiary Controlled or Affiliated Entity that exceeds 10% of the company's admitted assets. The company likewise has no investments in foreign insurance subsidiaries.

11. **Debt**

A. In 2004, AMS borrowed a total of $3,000,000 from its then Chief Executive Officer and Senior Vice President of Finance. Warrants for 75,000 shares were issued in connection with this funding at $1.00 per share. These warrants were exercised in 2005 and 2006 and there were no outstanding warrants at September 30, 2010. The debt (including accrued interest) was originally due on August 17, 2008. However, as of November 27, 2006, this debt was subordinated to the Three Arch Partners debt (discussed below), effectively extending the due date to July, 2011.

	Amount	Interest Rate
(Former) Chief Executive Officer	$ 1,070,000	32.5%
Senior Vice President of Finance	430,000	32.5%
Total Notes Payable	**$ 1,500,000**	

On February 7, 2007, AMS entered into an agreement with Morgan Stanley Senior Funding for a $20.0 million loan. The loan was originally a three-year facility with interest accruing at LIBOR rates plus 7%, with both principal and interest due at the end of three years. On December 17, 2009 AMS amended the loan agreement with Morgan Stanley which resulted in the maturity date for the loan being extended to October 8, 2010. The loan maturity date was further extended to December 7, 2010 on October 8, 2010. The amendment also changed the interest rate on the loan to 19%, 10% of which is due and payable at the end of each month. The remaining 9% of interest is due on the revised maturity date. The amendments to the loan agreement with Morgan Stanley resulted in two separate charges of $43,687 and $1,616,028 both of which were converted to debt obligations and included in the outstanding principle. The loan is secured by the stock of AMS and its subsidiaries and included a warrant for 108,973 shares of common stock exercisable immediately after the close. The warrants were valued at fair market value of $432,537 and this amount was treated as a discount to the note and as an addition to paid in capital. The discount has been fully amortized as of the current period.

On July 5, 2007, AMS entered into agreements with Three Arch Partners for $15.0 million in loans. The loans are four-year facilities with interest accruing at LIBOR plus 16.5%, with both principal and interest due at the end of four years. At September 30, 2010, the interest rate was 21.89%. The loans are secured by the stock of the AMS and its subsidiaries. The security interest is a second lien subordinate to the Morgan Stanley Senior funding.

On May 23, 2008 AMS entered into agreements with Morgan Stanley Dean Witter Venture Partners IV, LP and various stockholders for $4.74 million in loans. The loans are six month facilities with interest accruing at 22.5% for six months. Pursuant to the agreement, the maturity date will automatically be extended for six month periods until the earlier of a private placement debt offering or October 31, 2010. Per the terms of the loan, the interest rate beyond the first six-month anniversary date was increased to 32.5% for the remaining term of the facility beginning November 1, 2008. There are no warrants associated with this facility. The security interest is fully perfected in all existing and after-acquired assets of AMS and any unrestricted subsidiaries.

No events of default have occurred with respect to any of AMS's debt agreements as of September 30, 2010. Additionally, the company was in compliance with all debt covenants as of September 30, 2010.

B. Not applicable.

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

A, B & C. Not applicable.

D. The Company participates in a qualified, 401(k) plan sponsored by its parent company, AMS. All employees with three or more months of service in the previous calendar year are eligible for a Company match of up to 5% of their annual income that is contributed to the plan. Employer match contributions are made on a yearly basis, in March following the plan year. The liability for this contribution is reflected in the balance of the amounts withheld on or retained for the account of others on page 3 of this filing. The Company's employer match liability at September 30, 2010 is $5,639.

The 401(k) plan is administered by Fidelity Investments and therefore the Company assumes none of the liabilities associated with its administration.

E. The Company accrues a liability for paid time off for its employees on a monthly basis. The liability for compensated absences can be reasonably estimated and is reflected as part of the general expenses due and accrued on page 3 of this quarterly filing.

F. Not applicable.

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

1. The Company has 10 shares authorized and 5 shares issued and outstanding of $0.01 par value common stock as of the current period.

2. The Company has no preferred stock authorized.

3. Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, Arkansas, to the greater of 10% of insurer's equity or the net income, excluding realized capital gains, as of year end.

4. The Company paid out $1,450,000 in dividends to stockholders as of September 30, 2010 based on 2009 financial results. Dividends issued in 2009 totaled $1,000,000.

5. Within the limitations of (13.3) above, there are no restrictions placed on the portion of the Company profits that may be paid as ordinary dividends to stockholder.

6. Not Applicable.

7. Not Applicable

8. The Company does not have any stock held for special purposes such as conversion of preferred stock, employee stock options, or stock purchase warrants.

9. There were no changes to any special surplus funds from the prior period.

10. Unassigned surplus includes a reduction of $1,110,637 for non-admitted assets, of which $238,555 is the non-admitted portion of deferred tax. The remainder of this reduction primarily represents provider receivables greater than 90-days old, prepaid expenses, prepaid brokers commissions, office furniture and equipment, and non-statutory deposits.

11, 12 & 13. The Company does not have any surplus notes and has not entered into any quasi-reorganizations.

14. **Contingencies**

A. Not Applicable.

B, C, D & E. The Company has not had any assessments, gain contingencies, contractual or bad faith losses related to lawsuits or any other contingencies.

15. **Leases**

A. The Company leases office equipment under various non-cancelable operating agreements that expire on, or before 2013. In addition, the Company has entered into a lease for office space that expires in 2013. Total equipment and rental expenses related to lease payments was $57,047 as of September 30, 2010.

B. As of September 30, 2010, the Company has the following aggregate non-cancelable lease commitments:

Year	Amount
2010	$ 17,602
2011	70,047
2012	69.831
2013	25,069
2014	-
Total	**$ 182,549**

C. Leasing is not a significant part of the Company's business activities in terms of revenue, net income or assets.

16. **Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations 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**

A. ASO Plans - Not applicable

B. ASC Plans – Not applicable

C. Medicare Plans – Low Income Cost Sharing ("LICS") reconciliation payable.

The Company receives LICS advance payments from the Center of Medicare and Medicaid Services ("CMS") on a monthly basis. These payments represent the difference in dollar amount that CMS pays on behalf of low income beneficiaries for their prescriptions versus non-low income beneficiaries. It is paid to ACC on a prospective basis. Plans are paid dollar for dollar for the low income subsidy cost sharing, and since plans are paid prospectively, an annual reconciliation will be performed. The difference between the actual LICS pharmacy costs incurred for the 2010 plan service year and the advance payments received will be recognized as a payable (if advance payments are higher than costs) or a receivable (if advance payments are less than costs), and settled with CMS approximately six-months after year end.

The Company receives Reinsurance advance payments from CMS on a monthly basis. These payments represent the anticipated catastrophic coverage amounts that CMS will cover as projected in bids for all the Company's beneficiaries. The Company tracks the catastrophic spend amounts, also known as Actual Reinsurance Subsidy, which is 80 percent of allowable drug costs above the out-of-pocket threshold, net of any other remuneration (e.g., rebates, coupons, discounts collectively referred to as direct and indirect remuneration), spent within the plan for the benefit year. Reinsurance reconciliation is the difference between the sum of all prospective reinsurance payments received for the coverage year and the actual Reinsurance subsidy amount within the same coverage year. CMS will collect the amount of Reinsurance dollars that exceed subsidized Reinsurance amounts. Conversely, CMS will pay the difference in the final reconciliation if the Reinsurance subsidy is less than the Reinsurance amounts received.

At September 30, 2010, the Company's receivables related to LICS and Reinsurance were $1,821,003 and $645,306, respectively.

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

Not Applicable

20. **Other Items**

Not Applicable

21. **Events Subsequent**

Not Applicable.

22. **Reinsurance**

A. Section 1 – General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% of controlled, either directly or indirectly, by the Company or by any representative, officer, trustee or director of the Company?
Yes ( ) No (**X**)

(2) Have any policies issued by the Company been reinsured with a company chartered in a country other than United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?
Yes ( ) No (**X**)

A. Section 2 – Ceded Reinsurance Report – Part A

(1) Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for non-payment of premium or other similar credit?
Yes ( ) No (**X**)

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?
Yes ( ) No (**X**)

A. Section 3 – Ceded Reinsurance Report – Part B

(1) What is the estimated amount of aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected on Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of business reinsured in making this estimate. $75,528.

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?
Yes ( ) No (**X**)

B. Uncollectible Reinsurance – Not Applicable (None)

C. Commutation of Ceded Reinsurance – Not Applicable (None)

23. **Retrospectively Rated Contracts & Contracts Subject to Redetermination**

A. The Company estimates accrued retrospective premium adjustments through a mathematical approach using an algorithm provided by CMS in the CMS Prescription Drug Event Data Training Participant Guide.

B. The Company records accrued retrospective premium as an adjustment of earned premium.

C. The amount of net premiums written by the Company at September 30, 2010 that are subject to retrospective rating features was $515,937, that represented 0.6% of the total net premiums written. No other net premiums written by the Company are subject to retrospective rating features.

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

Reserves for incurred losses and loss adjustment expenses attributable to insured events has increased by $1,123,925 from $9,575,124 as of December 31, 2009 to $10,699,049 as of

September 30, 2010 as a result of changes in estimates of unpaid losses and loss adjustment expenses. This increase is driven primarily by the result of ongoing analysis of recent loss development trends and increased membership. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

25. **Intercompany Pooling Arrangements**

Not Applicable

26. **Structured Settlements**

Not Applicable

27. **Health Care Receivables**

A. Pharmaceutical Rebate Receivables – The Company booked pharmacy rebates for prior years expenses that it expects to receive from its pharmaceutical vendor. Total pharmaceutical rebate receivables at September 30, 2010 are $311,048.

In addition, the Company had incurred pharmacy claims on members that were subsequently transferred to other health plans by CMS. Pursuant to Medicare Part D reimbursement regulations, the Company is able to bill the other plans for these claims and report any non-payment to CMS after 30-days. Accordingly, the Company has admitted a net receivable for plan to plan receivables of $752 as of September 20, 2010.

B. Risk Sharing Receivables – Risk sharing can fluctuate between a liability (reported on page 3, line 4 of the financials) or an asset (reported on page 2, line 23 of the financials). CMS advances funds to the Company for pharmacy expenses based on bids submitted by the Company in the previous year. A portion of the difference between actual pharmacy expenses paid and the amounts received from CMS is listed as either a payable or receivable and is settled up with CMS the following year. The table below summarizes the Company's risk sharing receivables at September 30, 2010.

.

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed
2010	2009-2010	$ 639,485	$ -	$ 639,485	$ -

C. Other – (Claims Receivable Due from Providers and A/R –P2P)

The Company paid medical and hospital claims on members that were subsequently terminated retroactively by CMS. As most of the claims paid were with contracted providers, the Company is able to seek reimbursement from the providers for these non-eligible members' claims per provisions of the contracts. The receivable is recorded when billed and an allowance for doubtful accounts is provided based on historical collection rates and other factors. At September 30, 2010, the Company admitted a net receivable due from providers of $530.

As of September 30, 2010, the Company had a receivable, net of allowances for doubtful accounts and over 90-day non-admitted, due from its agents of $10,096. This receivable is driven primarily by commissions paid on retroactively terminated members. The Company expects that it will be able to fully recover these agent balances as it will be able to offset them against its ongoing payment of retention and renewal commissions.

28. **Participating Policies**

Not Applicable

29. **Premium Deficiency Reserves**

Not Applicable

30. **Anticipated Salvage and Subrogation**

Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

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

2.2 If yes, date of change:

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]
If yes, complete the Schedule Y - Part 1 - organizational chart.

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

4.2 If yes, provide 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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [X] No [ ] N/A [ ]
If yes, attach an explanation.
The Company amended its administrative services agreement to include reimbursement to its parent entity based on actual costs incurred for services rendered. The prior contract included set reimbursement rates charged on a per member per month basis with additional flat-rate fees.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2010

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2007

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 09/26/2008

6.4 By what department or departments?
Arkansas Department of Insurance

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

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

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

7.2 If yes, give full information:

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

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

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

FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 0

INVESTMENT

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

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

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

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

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

14.2 If yes, please complete the following:

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

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

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

GENERAL INTERROGATORIES

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

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

1 Name of Custodian(s)	2 Custodian Address
Morgan Keegan	Memphis TN

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

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

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

16.4 If yes, give full information relating thereto:

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

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

1 Central Registration Depository	2 Name(s)	3 Address
112629	Parkway Advisors, LLP	6550 Directors Parkway Abilene, TX 79606

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

17.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages:

1.1 A&H loss percent ..... %

1.2 A&H cost containment percent ..... %

1.3 A&H expense percent excluding cost containment expenses ..... %

2.1 Do you act as a custodian for health savings accounts? ..... Yes [ ] No [X]

2.2 If yes, please provide the amount of custodial funds held as of the reporting date ..... $.....

2.3 Do you act as an administrator for health savings accounts? ..... Yes [ ] No [X]

2.4 If yes, please provide the balance of the funds administered as of the reporting date ..... $.....

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
92711	35-1817054	01/01/2010	HCC Life Insurance Company	255 TownPark Drive, Suite 145 Kennesaw, GA 30144 Domiciled in Indiana	SSL/A/I	YES

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
	States, etc.	Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama AL	N							0	
2.	Alaska AK	N							0	
3.	Arizona AZ	N							0	
4.	Arkansas AR	L		63,129,263					63,129,263	
5.	California CA	N							0	
6.	Colorado CO	N							0	
7.	Connecticut CT	N							0	
8.	Delaware DE	N							0	
9.	District of Columbia DC	N							0	
10.	Florida FL	N							0	
11.	Georgia GA	N							0	
12.	Hawaii HI	N							0	
13.	Idaho ID	N							0	
14.	Illinois IL	N							0	
15.	Indiana IN	N							0	
16.	Iowa IA	N							0	
17.	Kansas KS	N							0	
18.	Kentucky KY	N							0	
19.	Louisiana LA	N							0	
20.	Maine ME	N							0	
21.	Maryland MD	N							0	
22.	Massachusetts MA	N							0	
23.	Michigan MI	N							0	
24.	Minnesota MN	N							0	
25.	Mississippi MS	N							0	
26.	Missouri MO	N							0	
27.	Montana MT	N							0	
28.	Nebraska NE	N							0	
29.	Nevada NV	N							0	
30.	New Hampshire NH	N							0	
31.	New Jersey NJ	N							0	
32.	New Mexico NM	N							0	
33.	New York NY	N							0	
34.	North Carolina NC	N							0	
35.	North Dakota ND	N							0	
36.	Ohio OH	N							0	
37.	Oklahoma OK	L		8,995,158					8,995,158	
38.	Oregon OR	N							0	
39.	Pennsylvania PA	N							0	
40.	Rhode Island RI	N							0	
41.	South Carolina SC	N							0	
42.	South Dakota SD	N							0	
43.	Tennessee TN	N							0	
44.	Texas TX	L		7,802,493					7,802,493	
45.	Utah UT	N							0	
46.	Vermont VT	N							0	
47.	Virginia VA	N							0	
48.	Washington WA	N							0	
49.	West Virginia WV	N							0	
50.	Wisconsin WI	N							0	
51.	Wyoming WY	N							0	
52.	American Samoa AS	N							0	
53.	Guam GU	N							0	
54.	Puerto Rico PR	N							0	
55.	U.S. Virgin Islands VI	N							0	
56.	Nothern Mariana Islands MP	N							0	
57.	Canada CN	N							0	
58.	Aggregate Other Aliens OT	XXX	0	0	0	0	0	0	0	0
59.	Subtotal	XXX	0	79,926,914	0	0	0	0	79,926,914	0
60.	Reporting Entity Contributions for Employee Benefit Plans	XXX							0	
61.	Totals (Direct Business)	(a) 3	0	79,926,914	0	0	0	0	79,926,914	0
	DETAILS OF WRITE-INS									
5801.		XXX								
5802.		XXX								
5803.		XXX								
5898.	Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899.	Totals (Lines 5801 through 5803 plus 5898)(Line 58 above)	XXX	0	0	0	0	0	0	0	0

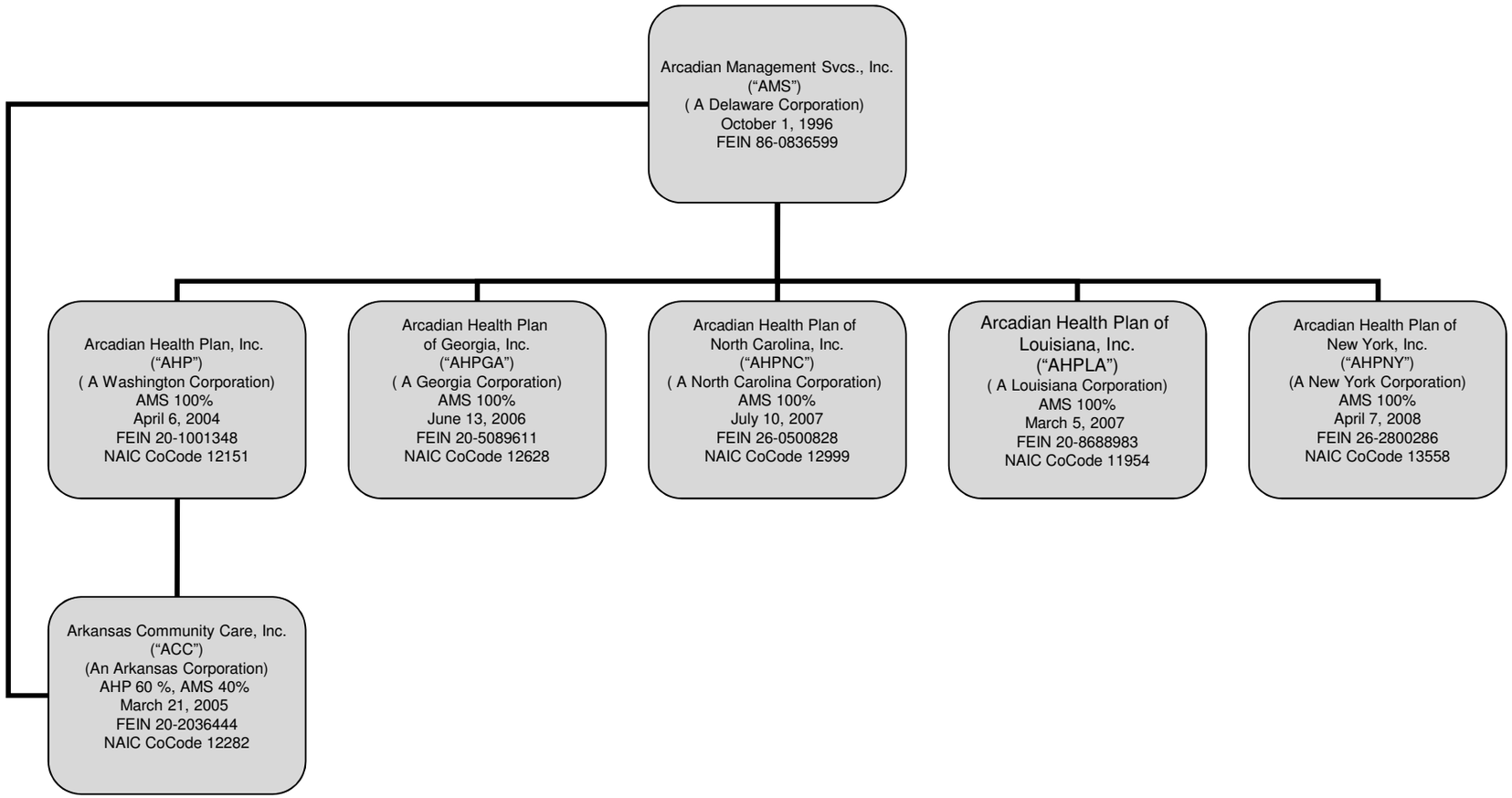
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

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

STATEMENT AS OF SEPTEMBER 30, 2010

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

PART 1 ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

	Response
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

1. Part D coverage is provided through a Medicare Advantage Plan.

Bar Code:

1. Medicare Part D Coverage Supplement [Document Identifier 365]

OVERFLOW PAGE FOR WRITE-INS

NONE

SCHEDULE A - VERIFICATION

Real Estate

NONE

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

SCHEDULE B - VERIFICATION

Mortgage Loans

NONE

		1 Year to Date	2 Prior Year Ended December 31
1.	Book value/recorded investment excluding accrued interest, December 31 of prior year		
2.	Cost of acquired:		
	2.1 Actual cost at time of acquisition		
	2.2 Additional investment made after acquisition		
3.	Capitalized deferred interest and other		
4.	Accrual of discount		
5.	Unrealized valuation increase (decrease)		
6.	Total gain (loss) on disposals		
7.	Deduct amounts received on disposals		
8.	Deduct amortization of premium and mortgage interest points and commitment fees		
9.	Total foreign exchange change in book value/recorded investment excluding accrued interest		
10.	Deduct current year's other than temporary impairment recognized		
11.	Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)		
12.	Total valuation allowance		
13.	Subtotal (Line 11 plus Line 12)		
14.	Deduct total nonadmitted amounts		
15.	Statement value at end of current period (Line 13 minus Line 14)		

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

NONE

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

SCHEDULE D - VERIFICATION

Bonds and Stocks

		1 Year to Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value of bonds and stocks, December 31 of prior year	15,301,254	14,292,337
2.	Cost of bonds and stocks acquired	4,720,868	9,473,753
3.	Accrual of discount	11,811	13,878
4.	Unrealized valuation increase (decrease)	21,220	(21,220)
5.	Total gain (loss) on disposals	3,542	15,739
6.	Deduct consideration for bonds and stocks disposed of	4,219,619	8,397,100
7.	Deduct amortization of premium	52,779	76,133
8.	Total foreign exchange change in book/adjusted carrying value	0	0
9.	Deduct current year's other than temporary impairment recognized	0	0
10.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	15,786,297	15,301,254
11.	Deduct total nonadmitted amounts	0	0
12.	Statement value at end of current period (Line 10 minus Line 11)	15,786,297	15,301,254

SCHEDULE D - PART 1B

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	20,313,538	13,842,211	12,701,510	(20,332)	21,431,153	20,313,538	21,433,907	19,458,210
2. Class 2 (a)	692,619	0	0	(181)	577,926	692,619	692,438	577,544
3. Class 3 (a)	0	0	0	0	0	0	0	79,020
4. Class 4 (a)	0	0	0	0	94,250	0	0	0
5. Class 5 (a)	0	0	0	0	0	0	0	0
6. Class 6 (a)	0	0	0	0	0	0	0	0
7. Total Bonds	21,006,157	13,842,211	12,701,510	(20,513)	22,103,329	21,006,157	22,126,345	20,114,774
PREFERRED STOCK								
8. Class 1	0	0	0	0	0	0	0	0
9. Class 2	0	0	0	0	0	0	0	0
10. Class 3	0	0	0	0	0	0	0	0
11. Class 4	0	0	0	0	0	0	0	0
12. Class 5	0	0	0	0	0	0	0	0
13. Class 6	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	21,006,157	13,842,211	12,701,510	(20,513)	22,103,329	21,006,157	22,126,345	20,114,774

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

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year-to-Date	5 Paid for Accrued Interest Year-to-Date
9199999 Totals	6,340,046	XXX	6,340,046	39	0

SCHEDULE DA - VERIFICATION

Short-Term Investments

		1 Year To Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	4,313,545	4,236,438
2.	Cost of short-term investments acquired	25,530,861	35,289,386
3.	Accrual of discount	0	0
4.	Unrealized valuation increase (decrease)	0	0
5.	Total gain (loss) on disposals	0	4,742
6.	Deduct consideration received on disposals	23,493,627	35,207,083
7.	Deduct amortization of premium	10,731	9,938
8.	Total foreign exchange change in book/adjusted carrying value	0	0
9.	Deduct current year's other than temporary impairment recognized	0	0
10.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	6,340,048	4,313,545
11.	Deduct total nonadmitted amounts	0	0
12.	Statement value at end of current period (Line 10 minus Line 11)	6,340,048	4,313,545

Schedule DB - Part A - Verification - Options, Caps, Floors, Collars, Swaps and Forwards

N O N E

Schedule DB - Part B - Verification - Futures Contracts

N O N E

Schedule DB - Part C - Section 1 - Replication (Synthetic Asset) Transactions (RSATs) Open

N O N E

Schedule DB - Part C - Section 2 - Reconciliation of Replication (Synthetic Asset) Transactions Open

N O N E

Schedule DB - Verification - Book/Adjusted Carrying Value, Fair Value and Potential Exposure of Derivatives

N O N E

SCHEDULE E - VERIFICATION

(Cash Equivalents)

		1 Year To Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	499,974	0
2.	Cost of cash equivalents acquired	0	799,966
3.	Accrual of discount	1	8
4.	Unrealized valuation increase (decrease)	0	0
5.	Total gain (loss) on disposals	0	0
6.	Deduct consideration received on disposals	499,975	300,000
7.	Deduct amortization of premium	0	0
8.	Total foreign exchange change in book/adjusted carrying value	0	0
9.	Deduct current year's other than temporary impairment recognized	0	0
10.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	0	499,974
11.	Deduct total nonadmitted amounts	0	0
12.	Statement value at end of current period (Line 10 minus Line 11)	0	499,974

Schedule A - Part 2 - Real Estate Acquired and Additions Made

N O N E

Schedule A - Part 3 - Real Estate Disposed

N O N E

Schedule B - Part 2 - Mortgage Loans Acquired

N O N E

Schedule B - Part 3 - Mortgage Loans Disposed, Transferred or Repaid

N O N E

Schedule BA - Part 2 - Other Long-Term Invested Assets Acquired

N O N E

Schedule BA - Part 3 - Other Long-Term Invested Assets Disposed, Transferred or Repaid

N O N E

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
31331Q-PM-3	FFCB 4.97% 1/8/18		07/21/2010	Suntrust Capital Markets		115,465	100,000	193	1FE
31331L-3B-2	FFCB 5.7% 7/3/17		07/21/2010	Clarke GX & Co.		119,312	100,000	301	1FE
31331X-Q7-0	FFCB 5.8% 12/30/26		07/29/2010	Suntrust Capital Markets		601,125	500,000	2,417	1FE
3133XV-NT-4	FHLB 1.75% 12/14/12		07/19/2010	Clarke GX & Co.		102,112	100,000	175	1FE
3133XW-KV-0	FHLB 2.375% 3/14/14		07/20/2010	Morgan Keegan		103,671	100,000	838	1FE
3133XV-NU-1	FHLB 2.75% 12/12/14		07/20/2010	Clarke GX & Co.		104,424	100,000	298	1FE
313370-6K-9	FHLB 3.6% 7/21/20		07/29/2010	Morgan Keegan		500,695	500,000	700	1FE
3133XS-R5-9	FHLB 3.75% 12/14/18		07/20/2010	Morgan Keegan		105,528	100,000	385	1FE
313370-DU-9	FHLB 3.75% 8/4/22		07/21/2010	Suntrust Capital Markets		500,000	500,000	0	1FE
313370-DA-3	FHLB 4.05% 8/12/25		07/21/2010	Suntrust Capital Markets		500,000	500,000	0	1FE
3133XT-B2-1	FHLB 4.3% 3/6/19		07/20/2010	Morgan Keegan		108,860	100,000	1,613	1FE
3133XH-ZK-1	FHLB 4.75% 12/16/16		07/21/2010	Morgan Keegan		113,811	100,000	475	1FE
3133XL-JP-9	FHLB 5.5% 8/13/14		07/20/2010	Morgan Keegan		116,229	100,000	2,414	1FE
31398A-U3-4	FNMA 2.375% 7/28/15		07/20/2010	Morgan Keegan		102,491	100,000	244	1FE
31398A-UJ-9	FNMA 2.875% 12/11/13		07/19/2010	Morgan Keegan		105,444	100,000	311	1FE
3136F9-4C-4	FNMA 3.275% 1/14/19		07/21/2010	Morgan Keegan		101,669	100,000	73	1FE
3136F9-CD-3	FNMA 4.05% 3/18/13		07/21/2010	Suntrust Capital Markets		108,255	100,000	1,395	1FE
31359M-SD-6	FNMA 4.6% 6/5/18		07/20/2010	Clarke GX & Co.		111,542	100,000	588	1FE
3137EA-CD-9	Freddie Mac 3% 7/28/17		07/20/2010	Morgan Keegan		105,922	100,000	1,442	1FE
3137EA-AD-1	Freddie Mac 5.25% 4/18/16		07/20/2010	Morgan Keegan		116,833	100,000	1,356	1FE
3128X2-RL-1	Freddie Mac 5.35% 8/1/15		07/21/2010	Suntrust Capital Markets		116,250	100,000	2,541	1FE
911759-KU-1	Housing Urban Development		07/21/2010	Morgan Keegan		515,000	500,000	287	1FE
0399999. Bonds - U.S. Governments						4,474,638	4,200,000	18,046	XXX
447025-KC-0	Huntsville Ala		09/01/2010	Morgan Keegan		200,000	200,000	0	1FE
3199999. Bonds - U.S. Special Revenues						200,000	200,000	0	XXX
8399997. Total - Bonds - Part 3						4,674,638	4,400,000	18,046	XXX
8399998. Total - Bonds - Part 5						XXX	XXX	XXX	XXX
8399999. Total - Bonds						4,674,638	4,400,000	18,046	XXX
8999997. Total - Preferred Stocks - Part 3						0	XXX	0	XXX
8999998. Total - Preferred Stocks - Part 5						XXX	XXX	XXX	XXX
8999999. Total - Preferred Stocks						0	XXX	0	XXX
9799997. Total - Common Stocks - Part 3						0	XXX	0	XXX
9799998. Total - Common Stocks - Part 5						XXX	XXX	XXX	XXX
9799999. Total - Common Stocks						0	XXX	0	XXX
9899999. Total - Preferred and Common Stocks						0	XXX	0	XXX
9999999 - Totals						4,674,638	XXX	18,046	XXX

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

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Maturity Date	NAIC Desig-nation or Market In-dicator (a)
3133XT-K9-6	FHLB 4.10% 5/13/2019		07/02/2010	CALLED @ 100.0000000		200,000	200,000	200,000	200,000	0	0	0	0	0	200,000	0	0	0	5,216	05/13/2019	1FE
3133XT-GE-0	FHLB 4.25% 4/15/2019		07/14/2010	CALLED @ 100.0000000		100,000	100,000	100,000	100,000	0	0	0	0	0	100,000	0	0	0	3,176	04/15/2019	1FE
3128X6-6L-5	FHLMC 3.125% 9/10/10		09/10/2010	MATURITY		100,000	100,000	102,685	101,695	0	(1,695)	0	(1,695)	0	100,000	0	0	0	3,125	09/10/2010	1FE
3128X8-MA-7	FHLMC 5.00% 3/4/2024		09/04/2010	CALLED @ 100.0000000		300,000	300,000	299,775	299,783	0	7	0	7	0	299,791	0	209	209	15,000	03/04/2024	1FE
3136F3-F6-8	FNMA 5% 7/14/23		07/14/2010	CALLED @ 100.0000000		100,000	100,000	100,000	100,000	0	0	0	0	0	100,000	0	0	0	5,000	07/14/2023	1FE
3136F6-UD-9	FNMA 7/20/2010 Step Up		07/28/2010	MATURITY		100,000	100,000	105,054	102,450	0	(2,450)	0	(2,450)	0	100,000	0	0	0	5,000	07/28/2010	1FE
36202E-LJ-6	GNMA II Pool #3929		09/20/2010	PRINCIPAL RECEIPT		4,035	4,035	3,979	3,986	0	49	0	49	0	4,035	0	0	0	138	12/20/2036	1FE
36241K-KV-9	GNMA Pool # 782108		09/15/2010	PRINCIPAL RECEIPT		9,549	9,549	9,433	9,465	0	84	0	84	0	9,549	0	0	0	347	08/15/2021	1FE
36297A-KC-6	GNMA POOL#705991		09/15/2010	PRINCIPAL RECEIPT		5,545	5,545	5,739	5,707	0	(162)	0	(162)	0	5,545	0	0	0	167	01/15/2024	1FE
0399999. Bonds - U.S. Governments						919,129	919,129	926,665	923,086	0	(4,167)	0	(4,167)	0	918,920	0	209	209	37,169	XXX	XXX
3133XD-DP-3	FHLB 00-0582 H		09/25/2010	PRINCIPAL RECEIPT		2,693	2,693	2,685	2,692	0	1	0	1	0	2,693	0	0	0	86	10/25/2010	1FE
38375Q-WC-9	GNR 2008-50 QA		09/16/2010	PRINCIPAL RECEIPT		9,144	9,144	9,202	9,161	0	(16)	0	(16)	0	9,144	0	0	0	337	06/16/2038	1FE
38375P-LQ-2	GNR 2008-9 DE		09/20/2010	PRINCIPAL RECEIPT		68,114	68,114	68,284	68,028	0	86	0	86	0	68,114	0	0	0	2,294	02/20/2038	1FE
3199999. Bonds - U.S. Special Revenues						79,951	79,951	80,171	79,881	0	71	0	71	0	79,951	0	0	0	2,717	XXX	XXX
17311A-AD-7	CMSI 2006-7 2A1		09/25/2010	PRINCIPAL RECEIPT		4,086	4,086	4,076	4,076	0	11	0	11	0	4,086	0	0	0	135	12/25/2021	
89233P-B8-8	Toyota Motor Credit Corp		08/05/2010	CALLED @ 100.0000000		100,000	100,000	100,000	100,000	0	0	0	0	0	100,000	0	0	0	5,984	02/01/2022	1FE
89233P-C4-6	Toyota Motor Credit Corp		08/17/2010	CALLED @ 100.0000000		100,000	100,000	100,000	100,000	0	0	0	0	0	100,000	0	0	0	5,750	02/17/2017	1FE
94985C-AB-1	WFMBS 2006-17 A2		09/25/2010	PRINCIPAL RECEIPT		3,448	3,448	3,439	3,437	0	12	0	12	0	3,448	0	0	0	133	11/25/2021	
3899999. Bonds - Industrial and Miscellaneous (Unaffiliated)						207,534	207,535	207,515	207,513	0	23	0	23	0	207,534	0	0	0	12,002	XXX	XXX
8399997. Total - Bonds - Part 4						1,206,614	1,206,614	1,214,351	1,210,480	0	(4,073)	0	(4,073)	0	1,206,405	0	209	209	51,888	XXX	XXX
8399998. Total - Bonds - Part 5						XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8399999. Total - Bonds						1,206,614	1,206,614	1,214,351	1,210,480	0	(4,073)	0	(4,073)	0	1,206,405	0	209	209	51,888	XXX	XXX
8999997. Total - Preferred Stocks - Part 4						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
8999998. Total - Preferred Stocks - Part 5						XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8999999. Total - Preferred Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9799997. Total - Common Stocks - Part 4						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9799998. Total - Common Stocks - Part 5						XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
9799999. Total - Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9899999. Total - Preferred and Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9999999 - Totals						1,206,614	XXX	1,214,351	1,210,480	0	(4,073)	0	(4,073)	0	1,206,405	0	209	209	51,888	XXX	XXX

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

Schedule DB - Part A - Section 1 - Options, Caps, Floors, Collars, Swaps and Forwards Open

N O N E

Schedule DB - Part B - Section 1 - Futures Contracts Open

N O N E

Schedule DB - Part B - Section 1B - Brokers with whom cash deposits have been made

N O N E

Schedule DB - Part D - Counterparty Exposure for Derivative Instruments Open

N O N E

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Bank of the West Oakland, CA 94607		0.000	0	0	2,651,573	3,164,017	3,549,497	XXX
0199998. Deposits in ... 2 depositories that do not exceed the allowable limit in any one depository (See instructions) - Open Depositories	XXX	XXX			39,283	50,461	54,783	XXX
0199999. Totals - Open Depositories	XXX	XXX	0	0	2,690,856	3,214,478	3,604,280	XXX
0299998. Deposits in ... 0 depositories that do not exceed the allowable limit in any one depository (See instructions) - Suspended Depositories	XXX	XXX						XXX
0299999. Totals - Suspended Depositories	XXX	XXX	0	0	0	0	0	XXX
0399999. Total Cash on Deposit	XXX	XXX	0	0	2,690,856	3,214,478	3,604,280	XXX
0499999. Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0599999. Total - Cash	XXX	XXX	0	0	2,690,856	3,214,478	3,604,280	XXX

Schedule E - Part 2 - Cash Equivalents - Investments Owned End of Current Quarter

N O N E