



LIFE AND ACCIDENT AND HEALTH COMPANIES - ASSOCIATION EDITION

# ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2010  
OF THE CONDITION AND AFFAIRS OF THE

## HealthSpring Life & Health Insurance Company, Inc.

NAIC Group Code 3477 (Current) (Prior) NAIC Company Code 12902 Employer's ID Number 20-8534298

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

Country of Domicile United States of America

Incorporated/Organized 02/27/2007 Commenced Business 02/27/2007

Statutory Home Office 2900 North Loop West, Suite 1300, Houston, TX 77092  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 601 Mainstream Dr.  
(Street and Number)  
Nashville, TN 37228, 615-291-7000  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 601 Mainstream Dr., Nashville, TN 37228  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 601 Mainstream Dr.  
(Street and Number)  
Nashville, TN 37228, 615-291-7000  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.healthspring.com

Statutory Statement Contact Franklin Stewart Warren, 615-236-6100  
(Name) (Area Code) (Telephone Number)  
stu.warren@healthspring.com, 615-401-4566  
(E-mail Address) (FAX Number)

### OFFICERS

President, Chairman & CEO Michael Glenn Mirt Vice President & Secretary Mark Andrew Tulloch  
Chief Financial Officer Franklin Stewart Warren Vice President Clifton Scott Jacobson

### OTHER

Jay Landon Hurt Vice President Dirk Oliver Wales MD Corporate Medical Director Dana Michelle Fields Compliance Officer  
James Russell Hailey President - Pharmaceutical Operations Brian Thomas McCullough Treasurer Jack Lankford Wade Senior Vice President  
David Lowell Terry Chief Actuary Scott Christian Huebner Divisional President Matthew Shawn Morris Divisional President  
Gregory James Allen Vice President

### DIRECTORS OR TRUSTEES

Randy Karl Fike Scott Christian Huebner Robert Lamdin Dawson  
Matthew Shawn Morris Michael Glenn Mirt Mark Andrew Tulloch

State of Tennessee SS:  
County of Davidson

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.

Michael Glenn Mirt  
President, Chairman & CEO

Mark Andrew Tulloch  
Vice President & Secretary

Franklin Stewart Warren  
Chief Financial Officer

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

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

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	86,284,405		86,284,405	1,217,057
2. Stocks (Schedule D):				
2.1 Preferred stocks .....			0	
2.2 Common stocks .....			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	
3.2 Other than first liens .....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances) .....			0	
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	
4.3 Properties held for sale (less \$ encumbrances) .....			0	
5. Cash (\$ .....15,065,720 , Schedule E - Part 1), cash equivalents (\$ .....14,340,081 , Schedule E - Part 2) and short-term investments (\$ .....5,570,560 , Schedule DA) .....	34,976,361		34,976,361	158,274,664
6. Contract loans (including \$ ..... premium notes) .....			0	
7. Derivatives .....			0	
8. Other invested assets (Schedule BA) .....			0	
9. Receivables for securities .....			0	
10. Securities lending reinvested collateral assets .....			0	
11. Aggregate write-ins for invested assets .....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	121,260,766	0	121,260,766	159,491,721
13. Title plants less \$ ..... charged off (for Title insurers only) .....			0	
14. Investment income due and accrued .....	804,885	0	804,885	104,463
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	12,721,246		12,721,246	14,338,028
15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....			0	
15.3 Accrued retrospective premiums .....			0	5,098
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....			0	
16.2 Funds held by or deposited with reinsured companies .....			0	
16.3 Other amounts receivable under reinsurance contracts .....			0	
17. Amounts receivable relating to uninsured plans .....	90,971,945	10,017	90,961,928	13,039,968
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0	48,409
18.2 Net deferred tax asset .....	7,870,217	5,452,341	2,417,876	1,890,398
19. Guaranty funds receivable or on deposit .....			0	
20. Electronic data processing equipment and software .....			0	
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	
23. Receivables from parent, subsidiaries and affiliates .....			0	0
24. Health care (\$ .....36,910,074 ) and other amounts receivable .....	36,910,074		36,910,074	31,741,649
25. Aggregate write-ins for other than invested assets .....	0	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	270,539,133	5,462,358	265,076,775	220,659,734
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	
28. Total (Lines 26 and 27)	270,539,133	5,462,358	265,076,775	220,659,734
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. ....				
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0	0

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$ ..... (Exh. 5, Line 999999) less \$ ..... included in Line 6.3 (including \$ ..... Modco Reserve) .....	0	
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1) (including \$ ..... Modco Reserve) .....		
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$ ..... Modco Reserve) .....		
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11) .....	0	
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11) .....	70,078,404	80,244,794
5. Policyholders' dividends \$ ..... and coupons \$ ..... due and unpaid (Exhibit 4, Line 10) .....	0	
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment (including \$ ..... Modco) .....		
6.2 Dividends not yet apportioned (including \$ ..... Modco) .....		
6.3 Coupons and similar benefits (including \$ ..... Modco) .....		
7. Amount provisionally held for deferred dividend policies not included in Line 6 .....		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ ..... discount; including \$ ..... 160,816 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of lines 4 and 14) .....	160,816	
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts .....		
9.2 Provision for experience rating refunds, including \$ ..... accident and health experience rating refunds .....		
9.3 Other amounts payable on reinsurance including \$ ..... assumed and \$ ..... ceded .....	0	
9.4 Interest maintenance reserve (IMR, Line 6) .....	0	
10. Commissions to agents due or accrued-life and annuity contracts \$ ..... accident and health \$ ..... and deposit-type contract funds \$ .....		
11. Commissions and expense allowances payable on reinsurance assumed .....		
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6) .....	438,722	205,728
13. Transfers to Separate Accounts due or accrued (net) (including \$ ..... accrued for expense allowances recognized in reserves, net of reinsured allowances) .....		0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5) .....	187,918	22,515
15.1 Current federal and foreign income taxes including \$ ..... 40,398 on realized capital gains (losses) .....	14,470,155	0
15.2 Net deferred tax liability .....		281,369
16. Unearned investment income .....		
17. Amounts withheld or retained by company as agent or trustee .....		
18. Amounts held for agents' account, including \$ ..... agents' credit balances .....		
19. Remittances and items not allocated .....		
20. Net adjustment in assets and liabilities due to foreign exchange rates .....		
21. Liability for benefits for employees and agents if not included above .....		
22. Borrowed money \$ ..... and interest thereon \$ .....		
23. Dividends to stockholders declared and unpaid .....		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve (AVR, Line 16, Col. 7) .....	82,091	
24.02 Reinsurance in unauthorized companies .....	0	
24.03 Funds held under reinsurance treaties with unauthorized reinsurers .....		
24.04 Payable to parent, subsidiaries and affiliates .....	35,614,424	18,300,174
24.05 Drafts outstanding .....		
24.06 Liability for amounts held under uninsured plans .....	2,919,412	11,054,809
24.07 Funds held under coinsurance .....		
24.08 Derivatives .....		
24.09 Payable for securities .....		
24.10 Payable for securities lending .....		
24.11 Capital notes \$ ..... and interest thereon \$ .....		
25. Aggregate write-ins for liabilities .....	58,500	0
26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25) .....	124,010,442	110,109,389
27. From Separate Accounts Statement .....		
28. Total Liabilities (Lines 26 and 27) .....	124,010,442	110,109,389
29. Common capital stock .....	2,500,000	2,500,000
30. Preferred capital stock .....		
31. Aggregate write-ins for other than special surplus funds .....	0	0
32. Surplus notes .....	0	
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1) .....	36,200,465	26,200,465
34. Aggregate write-ins for special surplus funds .....	0	0
35. Unassigned funds (surplus) .....	102,365,868	81,849,880
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 29 \$ ..... ) .....		
36.2 ..... shares preferred (value included in Line 30 \$ ..... ) .....		
37. Surplus (Total Lines 31+32+33+34+35-36) (including \$ ..... in Separate Accounts Statement) .....	138,566,333	108,050,345
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55) .....	141,066,333	110,550,345
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3) .....	265,076,775	220,659,734
<b>DETAILS OF WRITE-INS</b>		
2501. Other liability - penalties and fines .....	58,500	
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	58,500	0
3101. ....		
3102. ....		
3103. ....		
3198. Summary of remaining write-ins for Line 31 from overflow page .....	0	0
3199. Totals (Lines 3101 thru 3103 plus 3198)(Line 31 above) .....	0	0
3401. ....		
3402. ....		
3403. ....		
3498. Summary of remaining write-ins for Line 34 from overflow page .....	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above) .....	0	0

**SUMMARY OF OPERATIONS**

	1 Current Year	2 Prior Year
1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11) .....	1,111,740,234	773,986,790
2. Considerations for supplementary contracts with life contingencies .....	0	
3. Net investment income (Exhibit of Net Investment Income, Line 17) .....	1,525,012	564,101
4. Amortization of interest maintenance reserve (IMR, Line 5) .....		
5. Separate Accounts net gain from operations excluding unrealized gains or losses .....	0	
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1) .....		
7. Reserve adjustments on reinsurance ceded .....	0	
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts .....	0	
8.2 Charges and fees for deposit-type contracts .....	0	
8.3 Aggregate write-ins for miscellaneous income .....	0	0
9. Total (Lines 1 to 8.3) .....	1,113,265,246	774,550,891
10. Death benefits .....	0	
11. Matured endowments (excluding guaranteed annual pure endowments) .....	0	
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8) .....	0	
13. Disability benefits and benefits under accident and health contracts .....	891,691,508	613,209,741
14. Coupons, guaranteed annual pure endowments and similar benefits .....	0	
15. Surrender benefits and withdrawals for life contracts .....	0	
16. Group conversions .....	0	
17. Interest and adjustments on contract or deposit-type contract funds .....	0	
18. Payments on supplementary contracts with life contingencies .....	0	
19. Increase in aggregate reserves for life and accident and health contracts .....	0	
20. Totals (Lines 10 to 19) .....	891,691,508	613,209,741
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1) .....		
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1) .....		
23. General insurance expenses (Exhibit 2, Line 10, Cols. 1, 2, 3 and 4) .....	121,565,119	90,888,619
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3) .....	478,995	132,430
25. Increase in loading on deferred and uncollected premiums .....	0	
26. Net transfers to or (from) Separate Accounts net of reinsurance .....	0	
27. Aggregate write-ins for deductions .....	181,492	0
28. Totals (Lines 20 to 27) .....	1,013,917,114	704,230,790
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28) .....	99,348,132	70,320,101
30. Dividends to policyholders .....	0	
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30) .....	99,348,132	70,320,101
32. Federal and foreign income taxes incurred (excluding tax on capital gains) .....	34,320,946	27,709,131
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32) .....	65,027,186	42,610,970
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ 40,398 (excluding taxes of \$ ..... transferred to the IMR) .....	76,013	
35. Net income (Line 33 plus Line 34) .....	65,103,199	42,610,970
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2) .....	110,550,345	70,265,231
37. Net income (Line 35) .....	65,103,199	42,610,970
38. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....		
39. Change in net unrealized foreign exchange capital gain (loss) .....		
40. Change in net deferred income tax .....	(344,035)	4,808,890
41. Change in nonadmitted assets .....	1,448,765	(6,669,027)
42. Change in liability for reinsurance in unauthorized companies .....		
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exh. 5A, Line 9999999, Col. 4) .....	0	
44. Change in asset valuation reserve .....	(82,091)	
45. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Col. 2 minus Col. 1) .....	0	
46. Surplus (contributed to) withdrawn from Separate Accounts during period .....		
47. Other changes in surplus in Separate Accounts Statement .....		
48. Change in surplus notes .....		
49. Cumulative effect of changes in accounting principles .....		
50. Capital changes:		
50.1 Paid in .....		
50.2 Transferred from surplus (Stock Dividend) .....		
50.3 Transferred to surplus .....		
51. Surplus adjustment:		
51.1 Paid in .....	10,000,000	7,488,721
51.2 Transferred to capital (Stock Dividend) .....		
51.3 Transferred from capital .....		
51.4 Change in surplus as a result of reinsurance .....		
52. Dividends to stockholders .....	(45,000,000)	(15,000,000)
53. Aggregate write-ins for gains and losses in surplus .....	(609,850)	7,045,560
54. Net change in capital and surplus for the year (Lines 37 through 53) .....	30,515,988	40,285,114
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38) .....	141,066,333	110,550,345
<b>DETAILS OF WRITE-INS</b>		
08.301. ....		
08.302. ....		
08.303. ....		
08.398. Summary of remaining write-ins for Line 8.3 from overflow page .....	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398)(Line 8.3 above) .....	0	0
2701. Penalties and fines .....	181,492	
2702. ....		
2703. ....		
2798. Summary of remaining write-ins for Line 27 from overflow page .....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798)(Line 27 above) .....	181,492	0
5301. Deferred tax assets related to novation .....		7,294,111
5302. Valley Baptist deferred payment .....	(609,850)	(248,551)
5303. ....		
5398. Summary of remaining write-ins for Line 53 from overflow page .....	0	0
5399. Totals (Lines 5301 thru 5303 plus 5398)(Line 53 above) .....	(609,850)	7,045,560

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	1,113,522,930	779,552,535
2. Net investment income .....	1,861,303	578,969
3. Miscellaneous income .....	0	
4. Total (Lines 1 through 3) .....	1,115,384,233	780,131,504
5. Benefit and loss related payments .....	901,857,898	574,503,630
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	
7. Commissions, expenses paid and aggregate write-ins for deductions .....	207,837,865	118,308,470
8. Dividends paid to policyholders .....	0	
9. Federal and foreign income taxes paid (recovered) net of \$ ..... 0 tax on capital gains (losses) .....	19,842,780	36,759,566
10. Total (Lines 5 through 9) .....	1,129,538,543	729,571,666
11. Net cash from operations (Line 4 minus Line 10) .....	(14,154,310)	50,559,838
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	9,227,849	555,000
12.2 Stocks .....	0	
12.3 Mortgage loans .....	0	
12.4 Real estate .....	0	
12.5 Other invested assets .....	0	
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	
12.7 Miscellaneous proceeds .....	0	203,246
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	9,227,849	758,246
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	95,213,716	728,172
13.2 Stocks .....	0	
13.3 Mortgage loans .....	0	
13.4 Real estate .....	0	
13.5 Other invested assets .....	0	
13.6 Miscellaneous applications .....	0	
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	95,213,716	728,172
14. Net increase (decrease) in contract loans and premium notes .....	0	
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(85,985,867)	30,074
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	
16.2 Capital and paid in surplus, less treasury stock .....	10,000,000	7,488,721
16.3 Borrowed funds .....	0	
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	
16.5 Dividends to stockholders .....	45,000,000	15,000,000
16.6 Other cash provided (applied) .....	11,841,874	21,190,237
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(23,158,126)	13,678,958
<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) .....	(123,298,303)	64,268,870
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	158,274,664	94,005,794
19.2 End of year (Line 18 plus Line 19.1) .....	34,976,361	158,274,664

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

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ANNUAL STATEMENT FOR THE YEAR 2010 OF THE HealthSpring Life & Health Insurance Company, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health			12 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other	
1. Premiums and annuity considerations for life and accident and health contracts	1,111,740,234	0	0	0	0	0	0	0	0	0	1,111,740,234	0
2. Considerations for supplementary contracts with life contingencies	0											
3. Net investment income	1,525,012										1,525,012	
4. Amortization of Interest Maintenance Reserve (IMR)	0											
5. Separate Accounts net gain from operations excluding unrealized gains or losses	0											
6. Commissions and expense allowances on reinsurance ceded	0											
7. Reserve adjustments on reinsurance ceded	0											
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts	0											
8.2 Charges and fees for deposit-type contracts	0											
8.3 Aggregate write-ins for miscellaneous income	0	0	0	0	0	0	0	0	0	0	0	0
9. Totals (Lines 1 to 8.3)	1,113,265,246	0	0	0	0	0	0	0	0	0	1,113,265,246	0
10. Death benefits	0											
11. Matured endowments (excluding guaranteed annual pure endowments)	0											
12. Annuity benefits	0											
13. Disability benefits and benefits under accident and health contracts	891,691,508							0	0		891,691,508	
14. Coupons, guaranteed annual pure endowments and similar benefits	0											
15. Surrender benefits and withdrawals for life contracts	0											
16. Group conversions	0											
17. Interest and adjustments on contract or deposit-type contract funds	0											
18. Payments on supplementary contracts with life contingencies	0											
19. Increase in aggregate reserves for life and accident and health contracts	0											
20. Totals (Lines 10 to 19)	891,691,508	0	0	0	0	0	0	0	0	0	891,691,508	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	0											
22. Commissions and expense allowances on reinsurance assumed	0											
23. General insurance expenses	121,565,119							0	0		121,565,119	
24. Insurance taxes, licenses and fees, excluding federal income taxes	478,995										478,995	
25. Increase in loading on deferred and uncollected premiums	0											
26. Net transfers to or (from) Separate Accounts net of reinsurance	0											
27. Aggregate write-ins for deductions	181,492	0	0	0	0	0	0	0	0	0	181,492	0
28. Totals (Lines 20 to 27)	1,013,917,114	0	0	0	0	0	0	0	0	0	1,013,917,114	0
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	99,348,132	0	0	0	0	0	0	0	0	0	99,348,132	0
30. Dividends to policyholders	0										0	
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	99,348,132	0	0	0	0	0	0	0	0	0	99,348,132	0
32. Federal income taxes incurred (excluding tax on capital gains)	34,320,946										34,320,946	
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	65,027,186	0	0	0	0	0	0	0	0	0	65,027,186	0
<b>DETAILS OF WRITE-INS</b>												
08.301.												
08.302.												
08.303.												
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above)	0	0	0	0	0	0	0	0	0	0	0	0
2701. Penalties and fines	181,492										181,492	
2702.												
2703.												
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	181,492	0	0	0	0	0	0	0	0	0	181,492	0

(a) Includes the following amounts for FEGLI/SGLI: Line 1, Line 10, Line 16, Line 23, Line 24

**ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR**

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group	
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities
Involving Life or Disability Contingencies (Reserves)								
(Net of Reinsurance Ceded)								
1. Reserve December 31, prior year .....								
2. Tabular net premiums or considerations .....								
3. Present value of disability claims incurred .....					XXX			
4. Tabular interest .....								
5. Tabular less actual reserve released .....								
6. Increase in reserve on account of change in valuation basis .....								
7. Other increases (net) .....								
8. Totals (Lines 1 to 7) .....								
9. Tabular cost .....					XXX			
10. Reserves released by death .....				XXX	XXX			XXX
11. Reserves released by other terminations (net) .....								
12. Annuity, supplementary contract and disability payments involving life contingencies .....								
13. Net transfers to or (from) Separate Accounts .....								
14. Total Deductions (Lines 9 to 13) .....								
15. Reserve December 31, current year								

**NONE**

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 161,035	173,430
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 689,684	1,073,683
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) 1,034,778	282,712
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	1,885,497	1,529,825
11. Investment expenses		(g) 4,813
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		4,813
17. Net investment income (Line 10 minus Line 16)		1,525,012
<b>DETAILS OF WRITE-INS</b>		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ ..... accrual of discount less \$ .....1,034,930 amortization of premium and less \$ .....631,224 paid for accrued interest on purchases.
- (b) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued dividends on purchases.
- (c) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.
- (d) Includes \$ ..... for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.
- (e) Includes \$ .....1,590 accrual of discount less \$ .....3,118 amortization of premium and less \$ ..... paid for accrued interest on purchases.
- (f) Includes \$ ..... accrual of discount less \$ ..... amortization of premium.
- (g) Includes \$ ..... investment expenses and \$ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ ..... interest on surplus notes and \$ ..... interest on capital notes.
- (i) Includes \$ ..... depreciation on real estate and \$ ..... depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	0	0	0	0	0
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	116,411	0	116,411	0	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	116,411	0	116,411	0	0
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE HealthSpring Life & Health Insurance Company, Inc.

**EXHIBIT - 1 PART 1 - PREMIUMS AND ANNUITY CONSIDERATIONS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS**

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
<b>FIRST YEAR (other than single)</b>											
1. Uncollected	12,721,246										12,721,246
2. Deferred and accrued	0										
3. Deferred, accrued and uncollected:											
3.1 Direct	12,721,246										12,721,246
3.2 Reinsurance assumed	0										
3.3 Reinsurance ceded	0										
3.4 Net (Line 1 + Line 2)	12,721,246	0	0	0	0	0	0	0	0	0	12,721,246
4. Advance	160,816										160,816
5. Line 3.4 - Line 4	12,560,430	0	0	0	0	0	0	0	0	0	12,560,430
6. Collected during year:											
6.1 Direct	1,113,522,930										1,113,522,930
6.2 Reinsurance assumed	0										
6.3 Reinsurance ceded	0										
6.4 Net	1,113,522,930	0	0	0	0	0	0	0	0	0	1,113,522,930
7. Line 5 + Line 6.4	1,126,083,360	0	0	0	0	0	0	0	0	0	1,126,083,360
8. Prior year (uncollected + deferred and accrued - advance)	14,343,126										14,343,126
9. First year premiums and considerations:											
9.1 Direct	1,111,740,234										1,111,740,234
9.2 Reinsurance assumed	0										
9.3 Reinsurance ceded	0										
9.4 Net (Line 7 - Line 8)	1,111,740,234	0	0	0	0	0	0	0	0	0	1,111,740,234
<b>SINGLE</b>											
10. Single premiums and considerations:											
10.1 Direct	0										0
10.2 Reinsurance assumed	0										
10.3 Reinsurance ceded	0										
10.4 Net	0	0	0	0	0	0	0	0	0	0	0
<b>RENEWAL</b>											
11. Uncollected	0										0
12. Deferred and accrued	0										
13. Deferred, accrued and uncollected:											
13.1 Direct	0										0
13.2 Reinsurance assumed	0										
13.3 Reinsurance ceded	0										
13.4 Net (Line 11 + Line 12)	0	0	0	0	0	0	0	0	0	0	0
14. Advance	0										0
15. Line 13.4 - Line 14	0	0	0	0	0	0	0	0	0	0	0
16. Collected during year:											
16.1 Direct	0										0
16.2 Reinsurance assumed	0										
16.3 Reinsurance ceded	0										
16.4 Net	0	0	0	0	0	0	0	0	0	0	0
17. Line 15 + Line 16.4	0	0	0	0	0	0	0	0	0	0	0
18. Prior year (uncollected + deferred and accrued - advance)	0										0
19. Renewal premiums and considerations:											
19.1 Direct	0										0
19.2 Reinsurance assumed	0										
19.3 Reinsurance ceded	0										
19.4 Net (Line 17 - Line 18)	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>											
20. Total premiums and annuity considerations:											
20.1 Direct	1,111,740,234	0	0	0	0	0	0	0	0	0	1,111,740,234
20.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
20.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0
20.4 Net (Lines 9.4 + 10.4 + 19.4)	1,111,740,234	0	0	0	0	0	0	0	0	0	1,111,740,234

**EXHIBIT - 1 PART 2 - DIVIDENDS AND COUPONS APPLIED, REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES AND COMMISSIONS INCURRED (Direct Business Only)**

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
<b>DIVIDENDS AND COUPONS APPLIED (included in Part 1)</b>											
21. To pay renewal premiums .....											
22. All other .....											
<b>REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED</b>											
23. First year (other than single):											
23.1 Reinsurance ceded .....											
23.2 Reinsurance assumed .....											
23.3 Net ceded less assumed .....											
24. Single:											
24.1 Reinsurance ceded .....											
24.2 Reinsurance assumed .....											
24.3 Net ceded less assumed .....											
25. Renewal:											
25.1 Reinsurance ceded .....											
25.2 Reinsurance assumed .....											
25.3 Net ceded less assumed .....											
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6) .....											
26.2 Reinsurance assumed (Page 6, Line 22) .....											
26.3 Net ceded less assumed .....											
<b>COMMISSIONS INCURRED (direct business only)</b>											
27. First year (other than single) .....											
28. Single .....											
29. Renewal .....											
30. Deposit-type contract funds .....											
31. Totals (to agree with Page 6, Line 21)											

NONE

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE HealthSpring Life & Health Insurance Company, Inc.

**EXHIBIT 2 - GENERAL EXPENSES**

	Insurance				5 Investment	6 Total
	1 Life	2 Accident and Health		4 All Other Lines of Business		
		2 Cost Containment	3 All Other			
1. Rent			3,070,842			3,070,842
2. Salaries and wages			66,730,749			66,730,749
3.11 Contributions for benefit plans for employees						0
3.12 Contributions for benefit plans for agents						0
3.21 Payments to employees under non-funded benefit plans			4,820,168			4,820,168
3.22 Payments to agents under non-funded benefit plans						0
3.31 Other employee welfare			383,368			383,368
3.32 Other agent welfare						0
4.1 Legal fees and expenses						0
4.2 Medical examination fees						0
4.3 Inspection report fees						0
4.4 Fees of public accountants and consulting actuaries			3,496,934			3,496,934
4.5 Expense of investigation and settlement of policy claims						0
5.1 Traveling expenses			1,741,832			1,741,832
5.2 Advertising			4,713,646			4,713,646
5.3 Postage, express, telegraph and telephone			1,942,720			1,942,720
5.4 Printing and stationery			17,009,974			17,009,974
5.5 Cost or depreciation of furniture and equipment			140,541			140,541
5.6 Rental of equipment						0
5.7 Cost or depreciation of EDP equipment and software						0
6.1 Books and periodicals			286,449			286,449
6.2 Bureau and association fees						0
6.3 Insurance, except on real estate						0
6.4 Miscellaneous losses						0
6.5 Collection and bank service charges			235,521			235,521
6.6 Sundry general expenses			3,009,596			3,009,596
6.7 Group service and administration fees						0
6.8 Reimbursements by uninsured plans						0
7.1 Agency expense allowance						0
7.2 Agents' balances charged off (less \$ recovered)						0
7.3 Agency conferences other than local meetings						0
9.1 Real estate expenses						0
9.2 Investment expenses not included elsewhere					4,813	4,813
9.3 Aggregate write-ins for expenses	0	0	13,982,779	0	0	13,982,779
10. General expenses incurred	0	0	121,565,119	0	4,813	(a) 121,569,932
11. General expenses unpaid December 31, prior year			205,728		0	205,728
12. General expenses unpaid December 31, current year			436,940		1,782	438,722
13. Amounts receivable relating to uninsured plans, prior year			13,039,968			13,039,968
14. Amounts receivable relating to uninsured plans, current year			90,961,928			90,961,928
15. General expenses paid during year (Lines 10+11-12-13+14)	0	0	199,255,867	0	3,031	199,258,898
<b>DETAILS OF WRITE-INS</b>						
09.301. Professional services			11,231,022			11,231,022
09.302. Contract labor			2,751,757			2,751,757
09.303. ....						0
09.398. Summary of remaining write-ins for Line 9.3 from overflow page	0	0	0	0	0	0
09.399. Totals (Lines 09.301 thru 09.303 plus 09.398) (Line 9.3 above)	0	0	13,982,779	0	0	13,982,779

(a) Includes management fees of \$ 120,639,198 to affiliates and \$ to non-affiliates.

**EXHIBIT 3 - TAXES, LICENSES AND FEES (EXCLUDING FEDERAL INCOME TAXES)**

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes					0
2. State insurance department licenses and fees		124,892			124,892
3. State taxes on premiums		1,558			1,558
4. Other state taxes, including \$ for employee benefits		345,521			345,521
5. U.S. Social Security taxes					0
6. All other taxes		7,024			7,024
7. Taxes, licenses and fees incurred	0	478,995	0	0	478,995
8. Taxes, licenses and fees unpaid December 31, prior year		22,515			22,515
9. Taxes, licenses and fees unpaid December 31, current year		187,918			187,918
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)	0	313,592	0	0	313,592

**EXHIBIT 4 - DIVIDENDS OR REFUNDS**

	1 Life	2 Accident and Health
1. Applied to pay renewal premiums		
2. Applied to shorten the endowment or premium-paying period		
3. Applied to provide paid-up additions		
4. Applied to provide paid-up annuities		
5. Total Lines 1 through 4		
6. Paid in cash		
7. Left on deposit		
8. Aggregate write-ins for dividend or refund options		
9. Total Lines 5 through 8		
10. Amount due and unpaid		
11. Provision for dividends or refunds payable in the following calendar year		
12. Terminal dividends		
13. Provision for deferred dividend contracts		
14. Amount provisionally held for deferred dividend contracts not included in Line 13		
15. Total Lines 10 through 14		
16. Total from prior year		
17. Total dividends or refunds (Lines 9 + 15 - 16)		
<b>DETAILS OF WRITE-INS</b>		
0801. ....		
0802. ....		
0803. ....		
0898. Summary of remaining write-ins for Line 8 from overflow page		
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)		

NONE

Exhibit 5 - Aggregate Reserve for Life Contracts

**N O N E**

**EXHIBIT 5 - INTERROGATORIES**

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts?..... Yes [ ] No [ ]
- 1.2 If not, state which kind is issued.  
.....
- 2.1 Does the reporting entity at present issue both participating and non-participating contracts?..... Yes [ ] No [ ]
- 2.2 If not, state which kind is issued.  
.....
3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements?..... Yes [ ] No [ ]  
If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.
4. Has the reporting entity any assessment or stipulated premium contracts in force? Yes [ ] No [ ]  
If so, state:  
4.1 Amount of insurance? ..... \$ .....  
4.2 Amount of reserve? ..... \$ .....  
4.3 Basis of reserve:  
.....  
4.4 Basis of regular assessments:  
.....  
4.5 Basis of special assessments:  
.....  
4.6 Assessments collected during the year ..... \$ .....
5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.  
.....
6. Does the reporting entity hold reserves for any annuity contracts that are less than the reserves that would be held on a standard basis? ..... Yes [ ] No [ ]
- 6.1 If so, state the amount of reserve on such contracts on the basis actually held: ..... \$ .....
- 6.2 That would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits: ..... \$ .....
- Attach statement of methods employed in their valuation.
7. Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year? ..... Yes [ ] No [ ]
- 7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements ..... \$ .....
- 7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount:  
.....
- 7.3 State the amount of reserves established for this business: ..... \$ .....
- 7.4 Identify where the reserves are reported in the blank:  
.....

**EXHIBIT 5A - CHANGES IN BASES OF VALUATION DURING THE YEAR**

1 Description of Valuation Class	Valuation Basis		4 Increase in Actuarial Reserve Due to Change
	2 Changed From	3 Changed To	
<b>NONE</b>			
9999999 - Total (Column 4, only)			

Exhibit 6 - Aggregate Reserves for Accident and Health Contracts

**N O N E**

Exhibit 7 - Deposit-Type Contracts

**N O N E**

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE HealthSpring Life & Health Insurance Company, Inc.

**EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS**

**PART 1 - Liability End of Current Year**

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Due and unpaid:											
1.1 Direct .....	0										
1.2 Reinsurance assumed .....	0										
1.3 Reinsurance ceded .....	0										
1.4 Net .....	0	0	0	0	0	0	0	0	0	0	0
2. In course of settlement:											
2.1 Resisted .....											
2.11 Direct .....	0									0	
2.12 Reinsurance assumed .....	0										
2.13 Reinsurance ceded .....	0										
2.14 Net .....	0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	0	0	0	0
2.2 Other .....	11,662,284										11,662,284
2.21 Direct .....	11,662,284	0	(b) 0	(b) 0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	(b) 11,662,284
2.22 Reinsurance assumed .....	0										
2.23 Reinsurance ceded .....	0										
2.24 Net .....	11,662,284	0	(b) 0	(b) 0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	(b) 11,662,284
3. Incurred but unreported:											
3.1 Direct .....	58,416,120										58,416,120
3.2 Reinsurance assumed .....	0										
3.3 Reinsurance ceded .....	0										
3.4 Net .....	58,416,120	0	(b) 0	(b) 0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	(b) 58,416,120
4. TOTALS .....	70,078,404	0	0	0	0	0	0	0	0	0	70,078,404
4.1 Direct .....	70,078,404	0	0	0	0	0	0	0	0	0	70,078,404
4.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0
4.4 Net .....	70,078,404	(a) 0	(a) 0	0	0	0	(a) 0	0	0	0	70,078,404

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$ \_\_\_\_\_ in Column 2, \$ \_\_\_\_\_ in Column 3 and \$ \_\_\_\_\_ in Column 7.

(b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserves (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for Ordinary Life Insurance \$ \_\_\_\_\_, Individual Annuities \$ \_\_\_\_\_, Credit Life (Group and Individual) \$ \_\_\_\_\_, and Group Life \$ \_\_\_\_\_, are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$ \_\_\_\_\_, Credit (Group and Individual) Accident and Health \$ \_\_\_\_\_, and Other Accident and Health \$ \_\_\_\_\_ are included in Page 3, Line 2 (See Exhibit 6, Claim Reserve).

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE HealthSpring Life & Health Insurance Company, Inc.  
**EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS**

**PART 2 - Incurred During the Year**

	1 Total	2 Industrial Life (a)	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance (b)	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (c)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Settlements During the Year:											
1.1 Direct .....	901,857,898										901,857,898
1.2 Reinsurance assumed .....	0										
1.3 Reinsurance ceded .....	0										
1.4 Net (d) .....	901,857,898	0	0	0	0	0	0	0	0	0	901,857,898
2. Liability December 31, current year from Part 1:											
2.1 Direct .....	70,078,404	0	0	0	0	0	0	0	0	0	70,078,404
2.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0
2.4 Net .....	70,078,404	0	0	0	0	0	0	0	0	0	70,078,404
3. Amounts recoverable from reinsurers December 31, current year .....	0										
4. Liability December 31, prior year:											
4.1 Direct .....	80,244,794										80,244,794
4.2 Reinsurance assumed .....	0										
4.3 Reinsurance ceded .....	0										
4.4 Net .....	80,244,794	0	0	0	0	0	0	0	0	0	80,244,794
5. Amounts recoverable from reinsurers December 31, prior year .....	0										
6. Incurred Benefits											
6.1 Direct .....	891,691,508	0	0	0	0	0	0	0	0	0	891,691,508
6.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0
6.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0
6.4 Net .....	891,691,508	0	0	0	0	0	0	0	0	0	891,691,508

- (a) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ ..... in Line 1.1, \$ ..... in Line 1.4.  
 \$ ..... in Line 6.1, and \$ ..... in Line 6.4.
- (b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ ..... in Line 1.1, \$ ..... in Line 1.4.  
 \$ ..... in Line 6.1, and \$ ..... in Line 6.4.
- (c) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ ..... in Line 1.1, \$ ..... in Line 1.4.  
 \$ ..... in Line 6.1, and \$ ..... in Line 6.4.
- (d) Includes \$ ..... premiums waived under total and permanent disability benefits.

**EXHIBIT OF NON-ADMITTED 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) .....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			0
2.2 Common stocks .....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			0
3.2 Other than first liens .....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			0
4.2 Properties held for the production of income .....			0
4.3 Properties held for sale .....			0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA) .....			0
6. Contract loans .....			0
7. Derivatives .....			0
8. Other invested assets (Schedule BA) .....			0
9. Receivables for securities .....			0
10. Securities lending reinvested collateral assets .....			0
11. Aggregate write-ins for invested assets .....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	0	0	0
13. Title plants (for Title insurers only) .....			0
14. Investment income due and accrued .....	0		0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			0
15.3 Accrued retrospective premiums .....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....			0
16.2 Funds held by or deposited with reinsured companies .....			0
16.3 Other amounts receivable under reinsurance contracts .....			0
17. Amounts receivable relating to uninsured plans .....	10,017		(10,017)
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0
18.2 Net deferred tax asset .....	5,452,341	6,605,223	1,152,882
19. Guaranty funds receivable or on deposit .....			0
20. Electronic data processing equipment and software .....			0
21. Furniture and equipment, including health care delivery assets .....			0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0
23. Receivables from parent, subsidiaries and affiliates .....			0
24. Health care and other amounts receivable .....		305,900	305,900
25. Aggregate write-ins for other than invested assets .....	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	5,462,358	6,911,123	1,448,765
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0
28. Total (Lines 26 and 27) .....	5,462,358	6,911,123	1,448,765
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) .....	0	0	0
2501. ....			
2502. ....			
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	0	0	0

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of HealthSpring Life & Health Insurance Company, Inc. (the “Company”) are presented on the basis of accounting practices prescribed or permitted by the Texas Department of Insurance (the “Department”). The Department recognizes only statutory accounting practices (“SAP”) prescribed or permitted by the state of Texas for determining and reporting the financial condition and results of operations of an insurance company, for determining solvency under Texas Insurance Law. The National Association of Insurance Commissioners’ (the “NAIC”) *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed or permitted practices by the state of Texas. While the Department has adopted certain prescribed accounting practices that differ from those found in SAP, the Company’s financials were not affected by those differences in 2010 or 2009.

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

The preparation of financial statements in conformity with 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 Policies

The Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized cost using the interest method.
3. Common stocks – not applicable.
4. Preferred stocks – not applicable.
5. Mortgage loans – not applicable.
6. Loan-backed securities are stated at either amortized cost using the interest method including anticipated pre-payments, which are obtained from dealer surveys or internal estimates or the lower of amortized cost or fair value. The retrospective adjustment method is used to value these bonds.
7. Investments in subsidiaries, controlled, and affiliated (SCA) entities – not applicable.
8. Investments in joint ventures, partnerships, and limited liabilities companies – not applicable.
9. Derivatives – not applicable.
10. The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
11. Unpaid claims and claims adjustment expenses represent the Company’s liability for services that have been performed by providers for members that have not been settled. These liabilities include medical claims reported to the Company, as well as an actuarially determined estimate of claims that have been incurred by not yet reported (IBNR) to the Company. IBNR is based upon the Company’s historical claims data, current enrollment, health services utilization statistics and other related information. The Company develops its estimate of IBNR using standard actuarial development methodologies, including the completion factor method. This method estimates liabilities for claims based upon the historical lag between the month when services are rendered and the month claims are paid and takes into consideration factors such as expected medical cost inflation, seasonality patterns, product mix, and

membership changes. The completion factor is a measure of how complete the claims paid to date are relative to the estimate of the total claims for services rendered for a given reporting period. Although the completion factors are generally reliable for older service periods, they are more volatile, and hence less reliable, for more recent periods, given that the typical billing lag for services can range from a week to as much as 90 days from the date of service. As a result, for the most recent two to four months, the estimate for incurred claims is developed from a trend factor analysis based upon per member per month claims trends experienced in the preceding months. The determination of IBNR is complex and involves a significant amount of judgment. Changes in this estimate can materially affect, either favorably or unfavorably, the Company's statement of operation and financial position.

12. The Company has not modified its capitalization policy from the prior period.
13. Pharmacy rebates receivable consist of reasonably estimable amounts, based upon utilization data and past history, and billed amounts to pharmaceutical companies. The income from pharmacy rebates are reported as a reduction of claims expense in the summary of operations. Generally, rebate amounts are paid on a quarterly basis thirty days after the end of each quarter. Pharmaceutical rebates collected within 90 days of invoice date have been admitted.

Additional accounting policies are as follows:

Premiums are due monthly and are recognized as revenue during the period in which the Company is obligated to provide services to members. Premiums collected in advance are deferred and recorded as advance payments.

Cash equivalents include all short-term, highly liquid investments which have original maturities of three months or less at acquisition.

Health premiums due and uncollected are recorded during the period the Company is obligated to provide services to members and do not bear interest. The allowance for doubtful accounts in the Company's best estimate of the amount of probable losses in the Company's existing health premiums due and unpaid and is based on past-due balances greater than 90 days. Balances greater than 90 days past due which are not reserved are included in nonadmitted assets. Account balances are charged off after all means of collection have been exhausted and the potential for recovery is considered remote. Amounts receivable under government-insured plans, including amounts over 90 days due, that qualify as accident and health contracts in accordance with Statement of Statutory Accounting Principles (SSAP) No. 50, *Classifications and Definitions of Insurance or Managed Care Contracts in Force*, are included in admitted assets. At December 31, 2010 and 2009, the Company has \$11,695,717 and \$13,559,175 net receivable under government-insured plans included in health premiums due and uncollected, respectively. These receivables include \$12,587,659 and \$13,071,622 recorded for the Final CMS Settlements for 2010 and 2009, respectively.

Realized capital gains and losses are determined using the specific-identification method. Investment income is accrued as earned and legally due to be paid to the Company. Investments and investment income due and accrued are evaluated in accordance with SSAP No. 5, *Liabilities, Contingencies and Impairment of Assets* (SSAP No. 5) to determine whether an impairment exists.

The Company's results of operations are included in the federal consolidated tax return of HealthSpring, Inc. Income taxes are accounted for under the asset and liability method. Deferred income taxes are recognized, subject to statutory limitations, for temporary differences between the financial reporting basis and the income tax basis of assets and liabilities based on enacted tax laws and statutory tax rates applicable to the periods in which the temporary differences are expected to reverse. Gross deferred tax assets are first reduced by a statutory valuation allowance adjustment if, based on the weight of available evidence, it is more likely than not that some portion or all gross deferred tax assets will not realized.

Generally, adjusted deferred tax assets are limited to 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse by the end of the subsequent calendar year, plus 2) the lesser of the remaining gross deferred tax assets expected to be realized within one year of the balance sheet date or 10% of capital and surplus excluding any net deferred tax assets, EDP equipment and operating software and any net positive goodwill, plus 3) the amount of remaining gross deferred tax assets that can be offset against existing gross deferred tax liabilities. The remaining deferred tax assets are non-admitted.

The Company is subject to risk-based capital requirements and satisfies the risk-based capital thresholds for electing to admit a higher amount of adjusted gross deferred tax assets. Consequently, adjusted deferred tax assets are limited to 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse during a timeframe corresponding with IRS tax loss carryback provisions, not to exceed three years, plus 2) the lesser of the remaining gross deferred tax assets expected to be realized within three years of the balance sheet date or 15% of capital and surplus excluding any net deferred tax assets, EDP equipment and operating software and any net positive goodwill, plus 3) the amount of remaining gross deferred tax assets that can be offset against existing gross deferred tax liabilities after considering character.

The Company accrues for medical incentive pools and provider bonuses based upon contractual terms and the most recent claims data available.

The Company is a plan sponsor offering Medicare Part D prescription drug insurance coverage under a contract with the Centers for Medicare & Medicaid Services ("CMS"). The CMS Premium, the Member Premium, and the Low-Income Premium Subsidy represent payments for the Company's insurance risk coverage under the Medicare Part D program and therefore are recorded as premium revenues in operations. Premium revenues are recognized ratably over the period in which eligible individuals are entitled to receive prescription drug benefits. Subsidies from CMS represent cost reimbursements under the Medicare Part D program. Amounts received for these subsidies are not reflected as premium revenues, but rather are accounted for as deposits, with the related asset or liability recorded as *Amounts Receivable for Uninsured Plans or Liability for Amounts Held under Uninsured Plans* in the balance sheet. Pharmacy benefit costs and administrative costs under the contract are expensed as incurred. As discussed below, the Company received through an asset transfer and novation agreement its stand alone Part D membership along with the related Assets and Liabilities of the PDP line of business from one of its affiliates.

2. Accounting Changes and Corrections of Errors

A. Material Changes in Accounting Principles and/or Correction of Errors – not applicable

1. Description of Change – not applicable.
2. Impact of Change – not applicable.
3. Effect on Future Periods – not applicable.
4. Subsequent Financial Statements that are Restated – not applicable.

3. Business Combinations and Goodwill

A. Statutory Purchase Method – not applicable.

B. Statutory Merger

1. Texas HealthSpring, LLC (TXHS), a Texas domiciled company, merged with its affiliate, HealthSpring Life and Health Insurance Company (HSLHIC), a Texas domiciled company, on December 31, 2010.
2. The transaction was accounted for as a statutory merger.

3. Each share of capital stock of TXHS (\$10,000 par value per share), whether issued, outstanding or held in treasury, was canceled upon the effectiveness of the merger. There was no change in the capital stock of HSLHIC as a result of the merger. The outstanding capital stock of HSLHIC as of December 31, 2010 consists of 2,500,000 shares of common stock (\$1 par value per share).
  4. As the merger was effective as of December 31, 2010, the pre-merger revenue, net income, and surplus and surplus adjustments for TXHS and HSLHIC are not presented separately. All prior period information has been restated to reflect the merger.
  5. No adjustments were made directly to surplus, as both companies prepared statutory basis financial statements previously.
- C. Assumption Reinsurance – not applicable.
- D. Impairment Loss – not applicable.
4. Discontinued Operations
1. Identity of Segment Discontinued – not applicable.
  2. Expected Disposal Date – not applicable.
  3. Expected Manner of Disposal – not applicable.
  4. Description of Remaining Assets and Liabilities – not applicable.
  5. Amounts Related to Discontinued Operations – not applicable.
5. Investments
- A. Mortgage Loans – not applicable.
- B. Debt Restructuring – not applicable.
- C. Reverse Mortgages – not applicable.
- D. Loan-Backed Securities
1. Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from broker dealer survey values.
  2. All securities with a recognized other-than-temporary impairment (OTTI), classified on the basis of the OTTI – none
  3. Each security by CUSIP with a recognized OTTI for which the present value of cash flows expected to be collected is less than the amortized cost of the security – not applicable
  4. All impaired securities (fair value is less than amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):
    - a. Aggregate amount of unrealized losses: \$224,416 less than 12 months, and none that are 12 months or longer
    - b. The aggregate related fair value of securities with unrealized losses: \$16,437,083 less than 12 months, and none that are 12 months or longer.
- E. Repurchase Agreements – not applicable.
- F. Real Estate – not applicable.
- G. Investments in Low Income Housing Tax Credits – not applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies
  - A. Investments in Joint Ventures, Partnerships and Limited Liability Companies – not applicable.
  - B. Impaired Investments in Joint Ventures, Partnerships and Limited Liability Companies – not applicable.
7. Investment Income
  - A. Basis for Non-Admitting Any Investment Income Due and Accrued – not applicable.
  - B. Total Amount Excluded – not applicable.
8. Derivative Instruments
  - A. Market Risk, Credit Risk, and Cash Requirements for Derivatives – not applicable.
  - B. Objectives for the Use of Derivatives – not applicable.
  - C. Description of Accounting Policies for Derivatives – not applicable.
  - D&E. Net Gain or Loss from Derivatives – not applicable.
  - E. Cash Flow Hedges – not applicable.

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE HealthSpring Life & Health Insurance Company, Inc.**

9. Income Taxes

The Company adopted SSAP 10R effective December 31, 2009. The December 31, 2010 and 2009 balances and related disclosures are calculated and presented pursuant to SSAP 10R.

A. The net deferred tax asset/(liability) at December 31, 2010 and the change from the prior year ended December 31, 2009 are comprised of the following components:

	12/31/10			12/31/09			Change Ordinary	Change Capital	Change Total
	Ordinary	Capital	Total	Ordinary	Capital	Total			
(1) Total gross deferred tax assets	9,996,910	-	9,996,910	11,019,793	-	11,019,793	(1,022,883)	-	(1,022,883)
Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
Adjusted gross deferred tax assets	9,996,910	-	9,996,910	11,019,793	-	11,019,793	(1,022,883)	-	(1,022,883)
(2) Total gross deferred tax liabilities	(2,126,693)	-	(2,126,693)	(2,805,541)	-	(2,805,541)	678,848	-	678,848
(3) Net deferred tax assets /(liabilities)	7,870,217	-	7,870,217	8,214,252	-	8,214,252	(344,035)	-	(344,035)
(4) Total Deferred tax assets nonadmitted	(5,452,341)	-	(5,452,341)	(6,605,223)	-	(6,605,223)	1,152,882	-	1,152,882
(5) Net admitted deferred tax assets / (liabilities)	2,417,876	-	2,417,876	1,609,029	-	1,609,029	808,847	-	808,847

(7) The Company adopted SSAP No. 10R effective December 31, 2009. The Company is subject to the risk-based capital requirements, and has elected not to admit deferred tax assets pursuant to paragraph 10.e under SSAP No. 10R for December 31, 2010 and 2009. The Company calculated admitted adjusted gross deferred tax assets equal to the sum of paragraphs 10.a, 10.b and 10.c.

(8) The amount of admitted adjusted gross deferred tax assets admitted under each component of SSAP 10R:

	12/31/10			12/31/09			Change Ordinary	Change Capital	Change Total
	Ordinary	Capital	Total	Ordinary	Capital	Total			
Admitted under paragraph 10.a. from prior years income taxes paid that can be recovered through loss carrybacks	2,417,876	-	2,417,876	2,817,575	-	2,817,575	(399,699)	-	(399,699)
Deferred tax asset, Paragraph 10.b., lesser of:									
Expected to be recognized within one year, admitted under paragraph 10.b.i	-	-	-	-	-	-	-	-	-
10% of adjusted capital and surplus, admitted under paragraph 10.b.ii	10,446,763	-	10,446,763	8,530,011	-	8,530,011	1,916,752	-	1,916,752
Admitted under paragraph 10.b. (lesser of b.i. or b.ii)	-	-	-	-	-	-	-	-	-
Adjusted gross DTAs offsetting existing DTLs, admitted under paragraph 10.c.	2,126,693	-	2,126,693	1,596,995	-	1,596,995	529,698	-	529,698
Total admitted from the application of paragraph 10.a - 10.c.	4,544,569	-	4,544,569	4,414,570	-	4,414,570	129,999	-	129,999
Admitted under paragraph 10.e.i. from prior years income taxes paid that can be recovered through loss carrybacks	-	-	-	-	-	-	-	-	-
Paragraph 10.e.ii., lesser of:									
Expected to be recognized within three years, admitted under paragraph 10.e.ii.a	-	-	-	-	-	-	-	-	-
15% of adjusted capital and surplus, admitted under paragraph 10.e.ii.b	-	-	-	-	-	-	-	-	-
Admitted under paragraph 10.e.ii. (lesser of e.ii.a or e.ii.b)	-	-	-	-	-	-	-	-	-
Adjusted gross DTAs offsetting existing DTLs, admitted under paragraph 10.e.iii.	-	-	-	-	-	-	-	-	-
Total admitted from the application of paragraph 10.e.	-	-	-	-	-	-	-	-	-
Total admitted adjusted gross deferred tax assets	4,544,569	-	4,544,569	4,414,570	-	4,414,570	129,999	-	129,999

(9) The change in deferred income taxes reported in surplus before consideration of nonadmitted assets is comprised of the following components:

	12/31/10	12/31/09	Change	12/31/09	12/31/08	Change
Net adjusted deferred tax asset (liability)	7,870,217	8,214,252	(344,035)	8,214,252	(3,888,749)	12,103,001
Tax-effect of unrealized gains and losses	-	7,294,111	(7,294,111)	7,294,111	-	7,294,111
Net tax effect without unrealized gains and losses	7,870,217	920,141	6,950,076	920,141	(3,888,749)	4,808,890
Change in deferred income tax			344,035			(4,808,890)

B. Unrecognized deferred tax liabilities

(1) There are no temporary differences for which deferred tax liabilities are not recognized.

C. Current income taxes incurred consist of the following major components:

	12/31/10	12/31/09	Change
Current year tax expense (benefit)- ordinary income	34,320,946	27,717,129	6,603,817
Tax contingency reserve	-	(7,998)	7,998
Current year tax expense (benefit)- realized gains(losses)	40,398	-	40,398
Current year tax expense (benefit) incurred	34,361,344	27,709,131	6,652,213
Investment tax credits	-	-	-
Benefits of operating loss carry forwards	-	-	-
Prior year adjustments	-	-	-
Current income taxes incurred	34,361,344	27,709,131	6,652,213

Deferred income tax assets and liabilities consist of the following major components:

	12/31/10			12/31/09			Change Ordinary	Change Capital	Change Total
	Ordinary	Capital	Total	Ordinary	Capital	Total			
Deferred tax assets:									
Unpaid claims	422,182	-	422,182	533,749	-	533,749	(111,567)	-	(111,567)
Amortization of intangibles	8,407,457	-	8,407,457	8,825,401	-	8,825,401	(417,944)	-	(417,944)
Unearned premiums	11,257	-	11,257	-	-	-	11,257	-	11,257
Accrued Legal Fees	-	-	-	348,027	-	348,027	(348,027)	-	(348,027)
Allowance for doubtful accounts	1,152,508	-	1,152,508	1,205,551	-	1,205,551	(53,043)	-	(53,043)
Accrued expenses, due to timing of deduction or income exclusion	-	-	-	-	-	-	-	-	-
Nonadmitted asset	3,506	-	3,506	107,065	-	107,065	(103,559)	-	(103,559)
Total gross deferred tax assets	9,996,910	-	9,996,910	11,019,793	-	11,019,793	(1,022,883)	-	(1,022,883)
Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
Total adjusted gross deferred tax assets	9,996,910	-	9,996,910	11,019,793	-	11,019,793	(1,022,883)	-	(1,022,883)
Nonadmitted deferred tax assets	(5,452,341)	-	(5,452,341)	(6,605,223)	-	(6,605,223)	1,152,882	-	1,152,882
Admitted deferred tax assets	4,544,569	-	4,544,569	4,414,570	-	4,414,570	129,999	-	129,999
Deferred tax liabilities:									
Revenues, due to timing of income inclusion	(2,126,693)	-	(2,126,693)	(2,805,541)	-	(2,805,541)	678,848	-	678,848
Unrealized <Gains> Losses	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total deferred tax liabilities	(2,126,693)	-	(2,126,693)	(2,805,541)	-	(2,805,541)	678,848	-	678,848
Net admitted deferred tax asset (liability)	2,417,876	-	2,417,876	1,609,029	-	1,609,029	808,847	-	808,847

# ANNUAL STATEMENT FOR THE YEAR 2010 OF THE HealthSpring Life & Health Insurance Company, Inc.

- D. (1) The Company believes based on the weight of available evidence that the gross deferred tax assets will be realized and statutory valuation allowance is not warranted.  
 (2) Tax planning strategies did not have an effect on the Company's net admitted deferred tax assets.

The Company's income tax incurred and change in deferred income tax differs from the amount obtained by applying the federal statutory rate of 35% to income before income taxes as follows:

	12/31/10 Total	12/31/09 Total
Current income taxes incurred	34,361,344	27,709,131
Change in deferred income tax (without tax on unrealized gains and losses)	344,035	(4,808,890)
Total income tax reported	34,705,379	22,900,241
Income before taxes	99,464,549	70,320,100
Expected Income tax expense (benefit) at 35% statutory rate	34,812,592	24,612,035
Increase (decrease) in actual tax reported resulting from:		
a. Unrecognized tax benefits	-	(7,998)
b. Nondeductible expenses for meals, penalties, and lobbying	58,018	12,506
c. Tax-exempt income	(55,341)	(21,088)
d. Change in deferred taxes on nonadmitted assets	103,559	(28,937)
e. Change in valuation allowance adjustment	-	-
f. Other	(213,449)	(1,666,277)
Total income tax reported	34,705,379	22,900,241

E. Operating loss carryforward

- (1) As of December 31, 2010, there were no net operating carryforwards available for tax purposes.  
 (2) The amount of Federal income taxes incurred that are available for recoupment in the event of future net losses are:

	Ordinary	Capital	Total
2010	34,361,344	-	34,361,344
2009	27,392,176	-	27,392,176

F. Consolidated federal income tax return

- (1) The Company's federal income tax return is consolidated with:

HealthSpring, Inc. (Parent)  
 NewQuest, LLC (a)  
 HealthSpring Management, Inc.  
 HealthSpring Employer Services, Inc.  
 HealthSpring USA, LLC (a)  
 NewQuest Management of Alabama, LLC (a)  
 NewQuest Management of Illinois, LLC (a)  
 GulfQuest, LP (a)  
 HealthSpring of Tennessee, Inc.  
 HealthSpring of Florida, Inc. (d/b/a Leon Medical Center Health Plans, Inc.)  
 HealthSpring of Alabama, Inc.  
 NewQuest Management of Florida, LLC (a)  
 HealthSpring Management of America, LLC (a)  
 Tennessee Quest, LLC (b)  
 HealthSpring Pharmacy Services, LLC (a)  
 HealthSpring Pharmacy of Tennessee, LLC (c)  
 Bravo Health, Inc. (e)  
 Bravo Health Mid-Atlantic, Inc. (e)  
 Bravo Health Texas, Inc. (e)  
 Bravo Health of Pennsylvania, Inc. (e)  
 Bravo Health Insurance Company, Inc. (e)  
 Bravo Health California, Inc. (e)  
 Managed Care Services, LLC (d)

- (a) Treated as a division of HealthSpring, Inc. for federal tax purposes  
 (b) Treated as a division of HealthSpring Management, Inc. for federal tax purposes  
 (c) Treated as a division of HealthSpring Pharmacy Services, LLC for federal tax purposes  
 (d) Treated as a division of Bravo Health, Inc. for federal tax purposes  
 (e) Prior to December 1, 2010 these entities filed as part of a separate consolidated federal income tax return

- (2) The method of tax allocation among the regulated companies and HealthSpring, Inc. is subject to a written agreement, approved by the Board of Directors, whereby an allocation is made primarily on a separate-return basis with current credit for net operating losses or other items utilized in the consolidated tax return. Intercompany balances are settled periodically, usually monthly, or when deemed necessary. At December 31, 2010 and December 31, 2009, amounts due to (from) HealthSpring, Inc. per the tax sharing arrangements were \$14,470,155 and \$(48,409), respectively.

The Company accounts for tax contingencies as prescribed in SSAP No. 5, *Impairments-of-Asset* as well as the adopted portions of Financial Accounting Standards Board Accounting Standards Codification Topic 450, Contingencies. As of December 31, 2010 and December 31, 2009, no provision for tax contingencies was required.

A reconciliation of the beginning and ending amount of unrecognized benefits is as follows:

	2010	2009
Unrecognized tax benefits balance at beginning of year	-	7,998
Increases in tax positions for prior years	-	(7,998)
Increases in tax positions for current year	-	-
Lapse in statute of limitations	-	-
Unrecognized tax benefits balance at end of year	-	-

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. B. and C. TXHS merged with its affiliate, HSLHIC, a Texas domiciled insurance company, on December 31, 2010 and HealthSpring Life and Health Insurance Company, Inc. became the surviving entity. The transaction was accounted for as a statutory merger between entities under common control. Assets and liabilities transferred between entities under common control are accounted for at historical cost. The accompanying financial statements were adjusted to include the financial position, operating results, and cash flows of TXH for all periods presented. In accordance with SSAP No. 68, "Business Combinations and Goodwill", amounts in the statutory financial statements and accompanying notes have been restated as if the merger had occurred January 1, 2009. The merger resulted in an increase in unassigned surplus of \$62,212,000 as of December 31, 2009.

In 2010, the Company paid \$45,000,000 in dividends to its parent, NewQuest, LLC. During the second quarter of 2010, the Company received a \$10,000,000 surplus infusion from its parent, NewQuest, LLC.

Effective August 1, 2009, the Company received, through an asset transfer and novation agreement, stand alone Prescription Drug Plan (PDP) membership along with the related Assets and Liabilities of the PDP line of business from one of its affiliates, HealthSpring of Tennessee, Inc (HSTN). Prior to the effective date, the Company and its affiliate obtained approvals or acknowledgements as appropriate for this novation from the Centers for Medicare and Medicaid Services (CMS) and each domicile state. As the Assets received exceeded the Liabilities received from HSTN, the Company recorded a Capital Contribution of \$4,988,721 in Quarter 3, 2009 as a result of this transaction.

- D. At December 31, 2010 and 2009, the Company reported \$35,614,000 and \$18,300,000, respectively, as amounts due to the parent, subsidiaries and affiliates, respectively. These amounts are settled periodically, usually monthly.
- E. Guarantees Resulting in a Material Contingent Exposure – not applicable.
- F. Management Services Agreement - The Company have management agreements with HealthSpring Management of America, LLC and GulfQuest, LP to provide management, administrative, marketing, and certain clerical services subject to the review of the Company's Board of Directors.
- G. Ownership - All outstanding shares of the Company are owned by NewQuest, LLC, which is ultimately owned by HealthSpring, Inc. HealthSpring, Inc. conducted an IPO of common shares and began trading on the NYSE on Feb. 3, 2006.
- H. Upstream Intermediate Entity – not applicable.
- I. Investment in SCA Entity that Exceeds 10% of Admitted Assets – not applicable.
- J. Investments in Impaired SCA's – not applicable.
- K. Investments in Foreign Insurance Subsidiaries – not applicable.
- L. Investment in a Downstream Non-Insurance Holding Company – not applicable.

11. Debt

- A. Debt and Capital Notes – not applicable.
- B. FHLB Agreements – not applicable.

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

- A. Defined Benefit Plan – not applicable.
- B. Defined Contribution Plan – not applicable.
- C. Mutli-Employer Plan – not applicable.
- D. Consolidated/Holding Company Plans – not applicable.

- E. Postemployment Benefits and Compensated Absences – not applicable.
  - F. Impact of Medicare Modernization Act on Postretirement Benefits – not applicable.
13. Capital and Surplus, Shareholders' Dividend Restriction and Quasi-Reorganizations
- 1. The Company has 5,000,000 shares authorized, 2,500,000 shares issued and outstanding of \$1 par value Common Stock, owned entirely by NewQuest, LLC.
  - 2. The Company has no preferred stock outstanding.
  - 3. The payment of dividends by the Company to shareholders is limited and can only be made from earned profits unless prior approval is received from the Department. The maximum amount of dividends that may be paid by insurance companies without prior approval is also subject to restrictions relating to statutory surplus and net income. In 2010, the Company paid \$45,000,000 in dividends to its parent, NewQuest, LLC.
  - 4. During the second quarter of 2010, the Company received a \$10,000,000 surplus infusion from its parent, NewQuest, LLC.
  - 5. Within the limits of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
  - 6. Restrictions on Unassigned Surplus – none.
  - 7. For Mutual Companies, Advances to Surplus Not Repaid – not applicable.
  - 8. Stock Held by the Company, Including Stock of Affiliated Companies – not applicable.
  - 9. Special Surplus Funds – not applicable.
  - 10. Cumulative Unrealized Gains and Losses in Surplus – none.
  - 11. Surplus Note – none.
  - 12. Quasi-Reorganization – not applicable.
  - 13. Date of a Quasi –Reorganization – not applicable.
14. Contingencies
- A. Contingent Commitments – none.
  - B. Assessments – none.
  - C. Gain Contingencies – none.
  - D. Claims-Related Extra-contractual Obligations – none.
  - E. All Other Contingencies – Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. The Company has no assets that it considers to be impaired.
15. Leases
- A. Lessee Operating Leases – none
  - B. Lessor Leases – none

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk
  1. Financial Instruments with Off-Balance Sheet Risk – not applicable.
  2. Nature and Terms of Financial Instruments with Off-Balance Sheet Risk – not applicable.
  3. Amount of Loss – not applicable.
  4. Policy for Requiring Collateral – not applicable.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
  - A. Transfer of Receivables Reported as Sales – not applicable.
  - B. Transfer and Servicing of Financial Assets – not applicable.
  - C. Wash Sales – none.
18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans
  - A. ASO Plans – not applicable.
  - B. ASC Plans – not applicable.
  - C. Medicare or Similarly Structured Cost Based Reimbursement Contracts – not applicable.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators  
(A)-(F) Not applicable.
20. Fair Value Measurements
  - A. Assets and Liabilities Measured at Fair Value on a Recurring Basis (e.g. common stock, preferred stock, derivatives – not applicable.
  - B. Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis (e.g. bonds, common stock) – none.
21. Other Items
  - A. Extraordinary Items – none.
  - B. Troubled Debt Restructuring: Debtors – none.
  - C. Other Disclosures –Assets in the amount of \$9,130,000 and \$5,529,000 at December 31, 2010 and 2009, respectively, were on deposit with government authorities or trustees as required by law.
  - D. Uncollectible Amounts for Assets Covered by SSAP No. 6, No. 47 and No. 66 – none.
  - E. Business Interruption Insurance Recoveries – none.
  - F. State Transferable Tax Credits – none.
  - G. Subprime Mortgage-Related Risk Exposure
    1. Direct Exposure through Investments in Subprime Loans – not applicable.
    2. Direct Exposure through Other Investments – not applicable.
    3. Underwriting Exposure to Subprime Mortgage Risk – not applicable.
22. Events Subsequent  

Subsequent events have been considered through February 28, 2011 for the statutory statement filed on February 28, 2011.

23. Reinsurance

A. General Interrogatories

Section 1

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or 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 the 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)

Section 2

(1) Does the Company have any reinsurance contracts in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment 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)

Section 3

(1) What is the estimated amount of the 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 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 the business reinsured in making this estimate. \$0

(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 – None.

C. Commutation of Ceded Reinsurance – None.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method Used to Estimate Accrued Retrospective Premium Adjustments – not applicable.

B. Where Accrued Retrospective Premium Adjustments are Recorded – not applicable.

C. Amount of Net Written Premiums Subject to Retrospective Rating Features – not applicable.

25. Change in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2009 were \$80,244,794. During 2010, \$74,717,521 has been paid on these liabilities. Reserves remaining for prior years are now \$558,003, as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a favorable prior year development of \$4,969,271 since December 31, 2009. This release is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

A.-G. – None.

27. Structure Settlements

Not applicable.

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

The information below includes the stand alone prescription drug plan line of business subsequent to the novation of the Part D business effective August 1, 2009.

Quarter Ended	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received Within More Than 180 Days of Billing
12/31/2010	36,910,074	36,902,499	-	-	-
9/30/2010	40,115,063	34,471,949	34,464,373	-	-
6/30/2010	61,056,391	32,367,214	26,887,596	5,479,618	-
3/31/2010	49,603,542	29,585,289	1,397,579	28,160,584	27,125
12/31/2009	27,465,333	24,868,683	3,830,555	20,882,191	155,938
9/30/2009	26,275,490	23,369,496	19,848,113	3,376,959	144,424
6/30/2009	3,437,156	2,590,958	1,948,774	630,816	11,368
3/31/2009	2,615,452	2,125,030	1,185,229	942,791	(2,990)
		186,281,118	89,562,220	59,472,959	335,865

B. Risk Sharing Receivables – not applicable.

C. Other Healthcare Receivables – not applicable.

29. Participating Policies

None.

30. Premium Deficiency Reserves

None.

31. Reserve for Life Contracts and Annuity Contracts

None.

32. Analysis of Annuity Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics.

None.

33. Premium and Annuity Considerations Deferred and Uncollected

None.

34. Separate Accounts

None.

35. Loss/Claim Adjustment Expenses

None.

# 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? ..... Texas
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [ X ]
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2009
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/2007
- 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). .... 08/14/2008
- 3.4 By what department or departments?  
Texas Department of Insurance .....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [ X ] No [ ] N/A [ ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [ X ] No [ ] N/A [ ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.11 sales of new business? ..... Yes [ ] No [ X ]  
4.12 renewals? ..... Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.21 sales of new business? ..... Yes [ ] No [ X ]  
4.22 renewals? ..... Yes [ ] No [ X ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ X ] No [ ]
- 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
Texas HealthSpring, LLC .....	11593 .....	TX .....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [ X ]
- 6.2 If yes, give full information: .....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? ..... Yes [ ] No [ X ]
- 7.2 If yes,  
7.21 State the percentage of foreign control; ..... %  
7.22 State the nationality(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 or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
.....	.....

## GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [ X ]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [ X ]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
KPMG  
511 Union Street, Ste 1900  
Nashville, TN 37219
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:  
.....
- 10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:  
.....
- 10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.6 If the response to 10.5 is yes, provide information related to this exemption:  
.....
- 10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? ..... Yes [ X ] No [ ] N/A [ ]
- 10.8 If the response to 10.7 is no or n/a, please explain  
.....
11. 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?  
David Terry  
Chief Actuary - HealthSpring  
9009 Carothers Pkwy, Ste 501  
Franklin, TN 37067
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
- 12.11 Name of real estate holding company .....
- 12.12 Number of parcels involved .....
- 12.13 Total book/adjusted carrying value ..... \$ .....
- 12.2 If, yes provide explanation:  
.....
- 13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
None .....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] N/A [ ]
- 14.1 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.
- 14.11 If the response to 14.1 is No, please explain:  
.....
- 14.2 Has the code of ethics for senior managers been amended? ..... Yes [ X ] No [ ]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
The Code of Ethics was amended to reflect changes in regulatory requirements and to more fully support our Corporate Compliance Program.
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [ X ]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).  
.....

## GENERAL INTERROGATORIES

### BOARD OF DIRECTORS

15. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? ..... Yes  No
16. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? ..... Yes  No
17. 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 with the official duties of such person? ..... Yes  No

### FINANCIAL

18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? ..... Yes  No
- 19.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- |  |   |          |   |
|--|---|----------|---|
|  | 19.11 To directors or other officers.....               | \$ ..... | 0 |
|  | 19.12 To stockholders not officers.....                 | \$ ..... | 0 |
|  | 19.13 Trustees, supreme or grand (Fraternal Only) ..... | \$ ..... | 0 |
- 19.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- |  |   |          |   |
|--|---|----------|---|
|  | 19.21 To directors or other officers.....               | \$ ..... | 0 |
|  | 19.22 To stockholders not officers.....                 | \$ ..... | 0 |
|  | 19.23 Trustees, supreme or grand (Fraternal Only) ..... | \$ ..... | 0 |
- 20.1 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
- 20.2 If yes, state the amount thereof at December 31 of the current year:
- |  |                                 |          |  |
|--|---------------------------------|----------|--|
|  | 20.21 Rented from others.....   | \$ ..... |  |
|  | 20.22 Borrowed from others..... | \$ ..... |  |
|  | 20.23 Leased from others.....   | \$ ..... |  |
|  | 20.24 Other .....               | \$ ..... |  |
- 21.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? ..... Yes  No
- 21.2 If answer is yes:
- |  |   |          |  |
|--|---|----------|--|
|  | 21.21 Amount paid as losses or risk adjustment \$ ..... |          |  |
|  | 21.22 Amount paid as expenses .....                     | \$ ..... |  |
|  | 21.23 Other amounts paid .....                          | \$ ..... |  |
- 22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes  No
- 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....

### INVESTMENT

- 23.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 23.3)..... Yes  No
- 23.2 If no, give full and complete information relating thereto  
.....
- 23.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided) The Company does not have a security lending program. ....
- 23.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? ..... Yes  No  N/A
- 23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. .... \$ .....
- 23.6 If answer to 23.4 is no, report amount of collateral for other programs. .... \$ .....
- 23.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? ..... Yes  No  N/A
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? ..... Yes  No  N/A
- 23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? ..... Yes  No  N/A

## GENERAL INTERROGATORIES

24.1 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 20.1 and 23.3). Yes [ X ] No [ ]

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

	24.21 Subject to repurchase agreements	\$
	24.22 Subject to reverse repurchase agreements	\$
	24.23 Subject to dollar repurchase agreements	\$
	24.24 Subject to reverse dollar repurchase agreements	\$
	24.25 Pledged as collateral	\$
	24.26 Placed under option agreements	\$
	24.27 Letter stock or other securities restricted as to sale	\$
	24.28 On deposit with state or other regulatory body	\$ 9,129,907
	24.29 Other	\$

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

25.2 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.

26.1 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 ]

26.2 If yes, state the amount thereof at December 31 of the current year. \$

27. 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 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [ X ] No [ ]

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

1 Name of Custodian(s)	2 Custodian's Address
Banc of America Securities, LLC	200 N. College Street, 3rd Floor Charlotte, NC 28255
USBank NA	Wachovia Building One West Fourth Street, 7th Floor Winston-Salem, NC 27101
USBank NA	1025 Connecticut Ave., NW Ste 517, Washington, DC 20036
CitiBank NA	111 Wall Street New York, NY 10043

27.02 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)

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year? Yes [ X ] No [ ]

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Amegy Bank of Texas	USBank NA	02/01/2010	Provide investment efficiencies.
Banc of America Securities, LLC	USBank NA	02/01/2010	Provide investment efficiencies.

27.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/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
	General Re-New England Asset Management, Inc.	76 Batterson Park Road, Farmington, CT 06032

## GENERAL INTERROGATORIES

- 28.1 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 ]
- 28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
28.2999 - Total		0

- 28.3 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

29. 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 (+)
29.1 Bonds .....	90,054,965	90,881,199	826,234
29.2 Preferred stocks .....	.0		.0
29.3 Totals	90,054,965	90,881,199	826,234

- 29.4 Describe the sources or methods utilized in determining the fair values:

Brokerage Statement .....

- 30.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ X ] No [ ]

- 30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ X ] No [ ]

- 30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:  
.....

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

- 31.2 If no, list exceptions:  
.....

## GENERAL INTERROGATORIES

### OTHER

32.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? .....\$ .....0

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

1 Name	2 Amount Paid

33.1 Amount of payments for legal expenses, if any? .....\$ .....0

33.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? .....\$ .....0

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

1 Name	2 Amount Paid

# GENERAL INTERROGATORIES

## PART 2 - LIFE INTERROGATORIES

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

1.2 If yes, indicate premium earned on U.S. business only ..... \$

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

1.31 Reason for excluding:  
.....

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .... \$

1.5 Indicate total incurred claims on all Medicare Supplement insurance. .... \$ 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	2	
		Current Year	Prior Year	
2.1	Premium Numerator	1,111,740,234	773,986,790	
2.2	Premium Denominator	1,111,740,234	773,986,790	
2.3	Premium Ratio (2.1/2.2)	1.000	1.000	
2.4	Reserve Numerator	70,078,404	80,244,794	
2.5	Reserve Denominator	70,078,404	80,244,794	
2.6	Reserve Ratio (2.4/2.5)	1.000	1.000	

3.1 Does this reporting entity have Separate Accounts? ..... Yes [ ] No [ X ]

3.2 If yes, has a Separate Accounts Statement been filed with this Department? ..... Yes [ ] No [ ] N/A [ X ]

3.3 What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account? ..... \$

3.4 State the authority under which Separate Accounts are maintained:  
.....

3.5 Was any of the reporting entity's Separate Accounts business reinsured as of December 31? ..... Yes [ ] No [ ]

3.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31? ..... Yes [ ] No [ ]

3.7 If the reporting entity has assumed Separate Accounts business, how much, if any, reinsurance assumed receivable for reinsurance of Separate Accounts reserve expense allowances is included as a negative amount in the liability for "Transfers to Separate Accounts due or accrued (net)" ..... \$

4.1 Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)? ..... Yes [ X ] No [ ]

4.2 Net reimbursement of such expenses between reporting entities:

4.21 Paid ..... \$ 120,639,198

4.22 Received ..... \$ 0

5.1 Does the reporting entity write any guaranteed interest contracts? ..... Yes [ ] No [ X ]

5.2 If yes, what amount pertaining to these lines is included in:

5.21 Page 3, Line 1 ..... \$

5.22 Page 4, Line 1 ..... \$

6. FOR STOCK REPORTING ENTITIES ONLY:

6.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: ..... \$ 36,200,465

7. Total dividends paid stockholders since organization of the reporting entity:

7.11 Cash ..... \$ 133,899,390

7.12 Stock ..... \$

## GENERAL INTERROGATORIES

8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as: ..... Yes [ ] No [ X ]  
 Reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employers liability exposures, of business originally written as workers' compensation insurance.

8.2 If yes, has the reporting entity completed the Workers' Compensation Carve-Out Supplement to the Annual Statement? ..... Yes [ ] No [ ]

8.3 If 8.1 is yes, the amounts of earned premiums and claims incurred in this statement are:

	1 Reinsurance Assumed	2 Reinsurance Ceded	3 Net Retained
8.31 Earned premium .....	.....	.....	.....0
8.32 Paid claims .....	.....	.....	.....0
8.33 Claim liability and reserve (beginning of year) .....	.....	.....	.....0
8.34 Claim liability and reserve (end of year) .....	.....	.....	.....0
8.35 Incurred claims .....	.....0	.....0	.....0

8.4 If reinsurance assumed included amounts with attachment points below \$1,000,000, the distribution of the amounts reported in Lines 8.31 and 8.34 for Column (1) are:

	Attachment Point	1 Earned Premium	2 Claim Liability and Reserve
8.41	<\$25,000	.....	.....
8.42	\$25,000 - 99,999	.....	.....
8.43	\$100,000 - 249,999	.....	.....
8.44	\$250,000 - 999,999	.....	.....
8.45	\$1,000,000 or more	.....	.....

8.5 What portion of earned premium reported in 8.31, Column 1 was assumed from pools? ..... \$ .....

9.1 Does the company have variable annuities with guaranteed benefits? ..... Yes [ ] No [ X ]

9.2 If 9.1 is yes, complete the following table for each type of guaranteed benefit.

Type		3	4	5	6	7	8	9
1 Guaranteed Death Benefit	2 Guaranteed Living Benefit	Waiting Period Remaining	Account Value Related to Col. 3	Total Related Account Values	Gross Amount of Reserve	Location of Reserve	Portion Reinsured	Reinsurance Reserve Credit
.....	.....	.....	.....	.....	.....	.....	.....	.....

10. For reporting entities having sold annuities to another insurer where the insurer purchasing the annuities has obtained a release of liability from the claimant (payee) as the result of the purchase of an annuity from the reporting entity only:

10.1 Amount of loss reserves established by these annuities during the current year: ..... \$ .....

10.2 List the name and location of the insurance company purchasing the annuities and the statement value on the purchase date of the annuities.

1	2 Statement Value on Purchase Date of Annuities (i.e., Present Value)
P&C Insurance Company And Location	.....

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

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

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

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

**FIVE-YEAR HISTORICAL DATA**

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

Show amounts of life insurance in this exhibit in thousands (OMIT \$000)

	1 2010	2 2009	3 2008	4 2007	5 2006
<b>Life Insurance in Force</b> (Exhibit of Life Insurance)					
1. Ordinary - whole life and endowment (Line 34, Col. 4) .....					
2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4) .....	0				
3. Credit life (Line 21, Col. 6) .....					
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4) .....	0				
5. Industrial (Line 21, Col. 2) .....					
6. FEGLI/SGLI (Lines 43 & 44, Col. 4) .....	0				
7. Total (Line 21, Col. 10) .....	0	0	0	0	0
<b>New Business Issued</b> (Exhibit of Life Insurance)					
8. Ordinary - whole life and endowment (Line 34, Col. 2) .....					
9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2) .....	0				
10. Credit life (Line 2, Col. 6) .....					
11. Group (Line 2, Col. 9) .....					
12. Industrial (Line 2, Col. 2) .....					
13. Total (Line 2, Col. 10) .....	0	0	0	0	0
<b>Premium Income - Lines of Business</b> (Exhibit 1 - Part 1)					
14. Industrial life (Line 20.4, Col. 2) .....	0				
15.1 Ordinary-life insurance (Line 20.4, Col. 3) .....	0				
15.2 Ordinary-individual annuities (Line 20.4, Col. 4) .....	0				
16. Credit life (group and individual) (Line 20.4, Col. 5) .....	0				
17.1 Group life insurance (Line 20.4, Col. 6) .....	0				
17.2 Group annuities (Line 20.4, Col. 7) .....	0				
18.1 A & H-group (Line 20.4, Col. 8) .....	0				
18.2 A & H-credit (group and individual) (Line 20.4, Col. 9) .....	0				
18.3 A & H-other (Line 20.4, Col. 10) .....	1,111,740,234	773,986,790			
19. Aggregate of all other lines of business (Line 20.4, Col. 11) .....	0				
20. Total .....	1,111,740,234	773,986,790	0	0	0
<b>Balance Sheet (Pages 2 &amp; 3)</b>					
21. Total admitted assets excluding Separate Accounts business (Page 2, Line 26, Col. 3) .....	265,076,775	220,659,734			
22. Total liabilities excluding Separate Accounts business (Page 3, Line 26) .....	124,010,442	110,109,389			
23. Aggregate life reserves (Page 3, Line 1) .....	0				
24. Aggregate A & H reserves (Page 3, Line 2) .....					
25. Deposit-type contract funds (Page 3, Line 3) .....					
26. Asset valuation reserve (Page 3, Line 24.01) .....	82,091				
27. Capital (Page 3, Lines 29 and 30) .....	2,500,000	2,500,000			
28. Surplus (Page 3, Line 37) .....	138,566,333	26,200,465			
<b>Cash Flow (Page 5)</b>					
29. Net Cash from Operations (Line 11) .....	(14,154,310)	50,559,838			
<b>Risk-Based Capital Analysis</b>					
30. Total adjusted capital .....	141,148,424	110,550,345			
31. Authorized control level risk - based capital .....	34,059,053	26,504,290			
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Line No. /Page 2, Line 12, Col. 3) x 100.0					
32. Bonds (Line 1) .....	71.2	0.8			
33. Stocks (Lines 2.1 and 2.2) .....	0.0				
34. Mortgage loans on real estate(Lines 3.1 and 3.2) .....	0.0				
35. Real estate (Lines 4.1, 4.2 and 4.3) .....	0.0				
36. Cash, cash equivalents and short-term investments (Line 5) .....	28.8	99.2			
37. Contract loans (Line 6) .....	0.0				
38. Derivatives (Page 2, Line 7) .....	0.0	XXX	XXX	XXX	XXX
39. Other invested assets (Line 8) .....	0.0				
40. Receivables for securities (Line 9) .....	0.0				
41. Securities lending reinvested collateral assets (Line 10) .....	0.0	XXX	XXX	XXX	XXX
42. Aggregate write-ins for invested assets (Line 11) .....	0.0				
43. Cash, cash equivalents and invested assets (Line 12) .....	100.0	100.0	100.0	100.0	100.0

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1 2010	2 2009	3 2008	4 2007	5 2006
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
44. Affiliated bonds (Schedule D Summary, Line 12, Col. 1) .....	0				
45. Affiliated preferred stocks (Schedule D Summary, Line 18, Col. 1) .....					
46. Affiliated common stocks (Schedule D Summary Line 24, Col. 1), .....					
47. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10) .....	0				
48. Affiliated mortgage loans on real estate .....					
49. All other affiliated .....					
50. Total of above Lines 44 to 49 .....	0	0	0	0	0
<b>Total Nonadmitted and Admitted Assets</b>					
51. Total nonadmitted assets (Page 2, Line 28, Col. 2) ..	5,462,358	6,911,123			
52. Total admitted assets (Page 2, Line 28, Col. 3) .....	265,076,775	200,659,734			
<b>Investment Data</b>					
53. Net investment income (Exhibit of Net Investment Income) .....	1,525,012	564,101			
54. Realized capital gains (losses) .....	116,411				
55. Unrealized capital gains (losses) .....	0				
56. Total of above Lines 53, 54 and 55 .....	1,641,423	564,101	0	0	0
<b>Benefits and Reserve Increases (Page 6)</b>					
57. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and 15 Col. 1, minus Lines 10, 11, 12, 13, 14 and 15 Cols. 9, 10 and 11) .....	0				
58. Total contract benefits - A & H (Lines 13 & 14, Cols. 9, 10 & 11) .....	891,691,508	613,209,741			
59. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 and 3) .....	0				
60. Increase in A & H reserves (Line 19, Cols. 9, 10 & 11) .....	0				
61. Dividends to policyholders (Line 30, Col. 1) .....	0				
<b>Operating Percentages</b>					
62. Insurance expense percent (Page 6, Col. 1, Lines 21, 22 & 23, less Line 6)/(Page 6, Col. 1, Line 1 plus Exhibit 7, Col. 2, Line 2) x 100.0 .....	10.9	11.7			
63. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Col. 4, Lines 14 & 15) / 1/2 (Exhibit of Life Insurance, Col. 4, Lines 1 & 21)] x 100.0 .....	0.0				
64. A & H loss percent (Schedule H, Part 1, Lines 5 and 6, Col. 2) .....	80.2	78.9			
65. A & H cost containment percent (Schedule H, Pt. 1, Line 4, Col. 2) .....	0.0				
66. A & H expense percent excluding cost containment expenses (Schedule H, Pt. 1, Line 10, Col. 2) .....	11.0	11.7			
<b>A &amp; H Claim Reserve Adequacy</b>					
67. Incurred losses on prior years' claims - group health (Schedule H, Part 3, Line 3.1 Col. 2) .....	0				
68. Prior years' claim liability and reserve - group health (Schedule H, Part 3, Line 3.2 Col. 2) .....					
69. Incurred losses on prior years' claims-health other than group (Schedule H, Part 3, Line 3.1 Col. 1 less Col. 2) .....	75,275,524	37,941,345			
70. Prior years' claim liability and reserve-health other than group (Schedule H, Part 3, Line 3.2 Col. 1 less Col. 2) .....	80,244,794	38,261,106			
<b>Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)</b>					
71. Industrial life (Col. 2) .....	0				
72. Ordinary - life (Col. 3) .....	0				
73. Ordinary - individual annuities (Col. 4) .....	0				
74. Ordinary-supplementary contracts (Col. 5) .....	0				
75. Credit life (Col. 6) .....	0				
76. Group life (Col. 7) .....	0				
77. Group annuities (Col. 8) .....	0				
78. A & H-group (Col. 9) .....	0				
79. A & H-credit (Col. 10) .....	0				
80. A & H-other (Col. 11) .....	65,027,186	58,591,167			
81. Aggregate of all other lines of business (Col. 12) ....	0				
82. Total (Col. 1) .....	65,027,186	58,591,167	0	0	0

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [ X ] No [ ]  
 If no, please explain: .....

Exhibit of Life Insurance

**N O N E**

Exhibit of Life Insurance - Part 2

**N O N E**

Exhibit of Life Insurance - Part 3

**N O N E**

Exhibit of Life Insurance - Part 4

**N O N E**

Exhibit of Life Insurance - Part 5

**N O N E**

Exhibit of Life Insurance - Part 6

**N O N E**

Exhibit of Life Insurance - Part 7

**N O N E**

Exhibit of Life Insurance - Policies with Disability Provisions

**N O N E**

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE HealthSpring Life & Health Insurance Company, Inc.  
**EXHIBIT OF NUMBER OF POLICIES, CONTRACTS, CERTIFICATES, INCOME PAYABLE AND ACCOUNT VALUES IN FORCE FOR SUPPLEMENTARY CONTRACTS, ANNUITIES, ACCIDENT & HEALTH AND OTHER POLICIES**

**SUPPLEMENTARY CONTRACTS**

	Ordinary		Group	
	1 Involving Life Contingencies	2 Not Involving Life Contingencies	3 Involving Life Contingencies	4 Not Involving Life Contingencies
1. In force end of prior year .....				
2. Issued during year .....				
3. Reinsurance assumed .....				
4. Increased during year (net) .....				
5. Total (Lines 1 to 4) .....				
Deductions during year:				
6. Decreased (net) .....				
7. Reinsurance ceded .....				
8. Totals (Lines 6 and 7) .....				
9. In force end of year .....				
10. Amount on deposit .....		(a)		(a)
11. Income now payable .....		(a)	(a)	(a)
12. Amount of income payable .....	(a)	(a)	(a)	(a)

**NONE**

**ANNUITIES**

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year .....				
2. Issued during year .....				
3. Reinsurance assumed .....				
4. Increased during year (net) .....				
5. Total (Lines 1 to 4) .....				
Deductions during year:				
6. Decreased (net) .....				
7. Reinsurance ceded .....				
8. Totals (Lines 6 and 7) .....				
9. In force end of year .....				
Income now payable:				
10. Amount of income payable .....	(a)	XXX	XXX	(a)
Deferred fully paid:				
11. Account balance .....	XXX	(a)	XXX	(a)
Deferred not fully paid:				
12. Account balance .....	XXX	(a)	XXX	(a)

**NONE**

**ACCIDENT AND HEALTH INSURANCE**

	Group		Credit		Other	
	1 Certificates	2 Premiums in Force	3 Policies	4 Premiums in Force	5 Policies	6 Premiums in Force
1. In force end of prior year .....					365,886	773,986,990
2. Issued during year .....					146,651	
3. Reinsurance assumed .....						
4. Increased during year (net) .....		XXX		XXX		XXX
5. Total (Lines 1 to 4) .....	0	XXX	0	XXX	512,537	XXX
Deductions during year:						
6. Conversions .....		XXX	XXX	XXX	XXX	XXX
7. Decreased (net) .....		XXX		XXX	40,787	XXX
8. Reinsurance ceded .....		XXX		XXX		XXX
9. Total (Lines 6 to 8) .....	0	XXX	0	XXX	40,787	XXX
10. In force end of year .....	0 (a)		0 (a)		471,750	(a) 1,111,740,234

**DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS**

	1	2
	Deposit Funds Contracts	Dividend Accumulations Contracts
1. In force end of prior year .....		
2. Issued during year .....		
3. Reinsurance assumed .....		
4. Increased during year (net) .....		
5. Total (Lines 1 to 4) .....		
Deductions During Year:		
6. Decreased (net) .....		
7. Reinsurance ceded .....		
8. Totals (Lines 6 and 7) .....		
9. In force end of year .....		
10. Amount of account balance .....	(a)	(a)

**NONE**

(a) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the annual statement instructions.

**ANNUAL STATEMENT FOR THE YEAR 2010 OF THE HealthSpring Life & Health Insurance Company, Inc.**  
**SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS**

Allocated by States and Territories

States, Etc.	1 Active Status	Life Contracts		Direct Business Only			7 Deposit-Type Contracts
		2 Life Insurance Premiums	3 Annuity Considerations	4 Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	5 Other Considerations	6 Total Columns 2 through 5	
1. Alabama	AL	L		18,676,294		18,676,294	
2. Alaska	AK	L		1,606,552		1,606,552	
3. Arizona	AZ	L		462,265		462,265	
4. Arkansas	AR	L		1,812,775		1,812,775	
5. California	CA	L		5,567,089		5,567,089	
6. Colorado	CO	N		9,806,104		9,806,104	
7. Connecticut	CT	L		6,637,830		6,637,830	
8. Delaware	DE	L		1,547,584		1,547,584	
9. District of Columbia	DC	L		1,946,870		1,946,870	
10. Florida	FL	N		1,587,151		1,587,151	
11. Georgia	GA	L		6,815,374		6,815,374	
12. Hawaii	HI	L		3,572,249		3,572,249	
13. Idaho	ID	L		2,783,964		2,783,964	
14. Illinois	IL	L		41,053,295		41,053,295	
15. Indiana	IN	L		12,318,119		12,318,119	
16. Iowa	IA	L		5,952,870		5,952,870	
17. Kansas	KS	L		5,529,549		5,529,549	
18. Kentucky	KY	L		11,278,777		11,278,777	
19. Louisiana	LA	L		17,880,385		17,880,385	
20. Maine	ME	L		216,241		216,241	
21. Maryland	MD	L		8,174,392		8,174,392	
22. Massachusetts	MA	L		17,502,723		17,502,723	
23. Michigan	MI	L		26,563,721		26,563,721	
24. Minnesota	MN	L		7,472,179		7,472,179	
25. Mississippi	MS	L		18,784,199		18,784,199	
26. Missouri	MO	L		10,471,313		10,471,313	
27. Montana	MT	L		1,756,064		1,756,064	
28. Nebraska	NE	L		3,484,730		3,484,730	
29. Nevada	NV	L		5,512,515		5,512,515	
30. New Hampshire	NH	L		510,928		510,928	
31. New Jersey	NJ	L		1,679,493		1,679,493	
32. New Mexico	NM	N		202,972		202,972	
33. New York	NY	L		3,031,298		3,031,298	
34. North Carolina	NC	L		2,621,232		2,621,232	
35. North Dakota	ND	L		936,523		936,523	
36. Ohio	OH	L		26,316,649		26,316,649	
37. Oklahoma	OK	L		11,652,581		11,652,581	
38. Oregon	OR	L		4,893,614		4,893,614	
39. Pennsylvania	PA	L		1,165,622		1,165,622	
40. Rhode Island	RI	L		2,595,029		2,595,029	
41. South Carolina	SC	L		9,372,922		9,372,922	
42. South Dakota	SD	L		1,416,487		1,416,487	
43. Tennessee	TN	L		35,261,959		35,261,959	
44. Texas	TX	L		710,761,412		710,761,412	
45. Utah	UT	L		3,029,332		3,029,332	
46. Vermont	VT	L		1,612,728		1,612,728	
47. Virginia	VA	N		12,091,288		12,091,288	
48. Washington	WA	N		13,364,598		13,364,598	
49. West Virginia	WV	L		366,085		366,085	
50. Wisconsin	WI	L		11,195,035		11,195,035	
51. Wyoming	WY	N		798,757		798,757	
52. American Samoa	AS	N		17,093		17,093	
53. Guam	GU	N		2,324		2,324	
54. Puerto Rico	PR	N		70,236		70,236	
55. U.S. Virgin Islands	VI	N		864		864	
56. Northern Mariana Islands	MP	N				0	
57. Canada	CN	N				0	
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0
59. Subtotal	(a)	45	0	0	1,111,740,234	0	1,111,740,234
90. Reporting entity contributions for employee benefits plans	XXX					0	
91. Dividends or refunds applied to purchase paid-up additions and annuities	XXX					0	
92. Dividends or refunds applied to shorten endowment or premium paying period	XXX					0	
93. Premium or annuity considerations waived under disability or other contract provisions	XXX					0	
94. Aggregate or other amounts not allocable by State	XXX	0	0	0	0	0	0
95. Totals (Direct Business)	XXX	0	0	1,111,740,234	0	1,111,740,234	0
96. Plus reinsurance assumed	XXX					0	
97. Totals (All Business)	XXX	0	0	1,111,740,234	0	1,111,740,234	0
98. Less reinsurance ceded	XXX					0	
99. Totals (All Business) less Reinsurance Ceded	XXX	0	0	(b) 1,111,740,234	0	1,111,740,234	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
5899. Totals (Lines 5801 through 5803 plus 5898)(Line 58 above)	XXX	0	0	0	0	0	0
9401.	XXX						
9402.	XXX						
9403.	XXX						
9498. Summary of remaining write-ins for Line 94 from overflow page	XXX	0	0	0	0	0	0
9499. Totals (Lines 9401 through 9403 plus 9498)(Line 94 above)	XXX	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.

Explanation of basis of allocation by states, etc., of premiums and annuity considerations

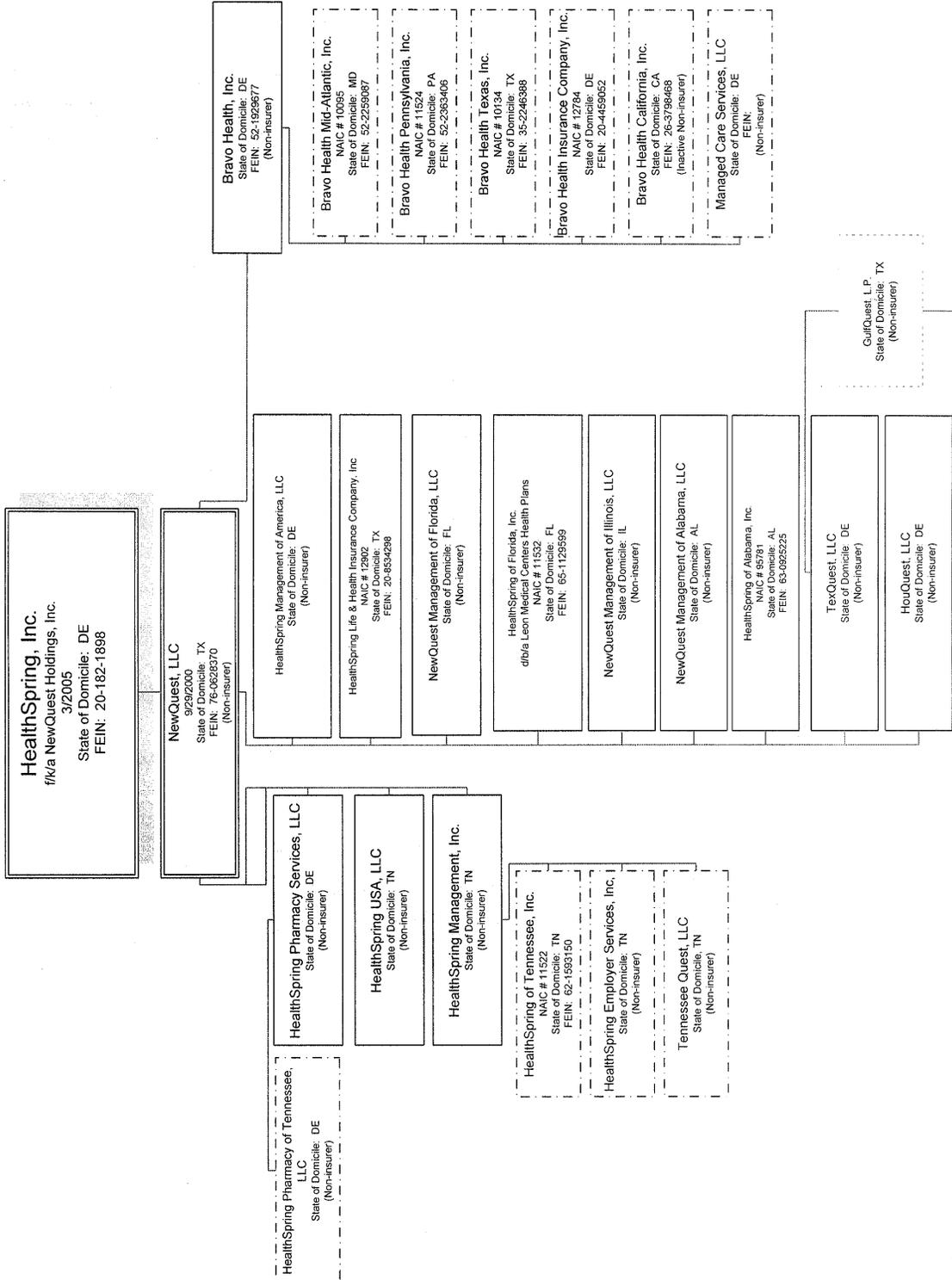
Premiums are allocated based upon database PTD basic premium and direct subsidy collections.

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

(b) Column 4 should balance with Exhibit 1, Lines 6.4, 10.4, and 16.4, Cols. 8, 9, 10, or with Schedule H, Part 1, Line 1, indicate which: Schedule H, Part 1, Line 1.

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE HealthSpring Life & Health Insurance Company, Inc.

ANNUAL STATEMENT FOR THE YEAR 2010 OF THE HealthSpring Life Health Insurance Company, Inc.



**OVERFLOW PAGE FOR WRITE-INS**

**NONE**

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