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HEALTH QUARTERLY STATEMENT

As of March 31, 2010

of the Condition and Affairs of the

HMO Partners, Inc

NAIC Group Code.....876, 876 (Current Period) (Prior Period) NAIC Company Code..... 95442 Employer's ID Number..... 71-0747497

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

Licensed as Business Type Is HMO Federally Qualified? Yes [X] No [ ]

Incorporated/Organized..... November 8, 1993 Commenced Business..... January 1, 1994

Statutory Home Office	320 West Capitol….. Little Rock ..... AR ..... 72203-8069 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	320 West Capitol….. Little Rock ..... AR ..... 72203-8069 *(Street and Number) (City or Town, State and Zip Code)*	501-221-1800 *(Area Code) (Telephone Number)*
Mail Address	320 West Capitol….. Little Rock ..... AR ..... 72203-8069 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	601 S. Gaines….. Little Rock ..... AR ..... 72201 *(Street and Number) (City or Town, State and Zip Code)*	501-378-2000 *(Area Code) (Telephone Number)*
Internet Web Site Address	healthadvantage-hmo.com	
Statutory Statement Contact	Scott Bradley Winter *(Name)*	501-399-3951 *(Area Code) (Telephone Number) (Extension)*
	sbwinter@arkbluecross.com *(E-Mail Address)*	501-378-3258 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. David Frank Bridges	President	2. Gray Donald Dillard	Vice President/CFO
3. Scott Bradley Winter	Assistant Treasurer	4. Kathleen O'Dea Ryan	Vice President

OTHER

James Sterling Adamson Jr. MD	Chairman	Robert Cecil Roberts	Vice Chairman
Russell Doyne Harrington Jr.	Secretary	Steven James Short	Treasurer
Clement Wade Fox MD	Assistant Secretary		

DIRECTORS OR TRUSTEES

James Sterling Adamson Jr. MD	Sharon Kay Allen	Richard Allen Calhoun Jr. MD	David Warren Cobb R.PH.
Richard Loyd Gore DDS	Russell Doyne Harrington Jr.	Nikita Jean Wilson RN	William Patton Phillips MD
Steven James Short	Robert Cecil Roberts	Michael David Voss	Paul Mark White
James Robert Bailey	David Frank Bridges	Michael Wayne Brown	James Bruce Hazlewood MD
Merlin Moody Hagan	Clement Wade Fox MD	Robert Lee Trammel	Randy Allan Jordan MD #
Jim Loyd English MD #			

State of..... Arkansas
County of..... Pulaski

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

(Signature)	(Signature)	(Signature)
David Frank Bridges	Gray Donald Dillard	Scott Bradley Winter
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Vice President/CFO	Assistant Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This _____ day of _____

a. Is this an original filing? Yes [X] No [ ]

b. If no: 1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds	44,437,185		44,437,185	40,444,133
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks	21,407,837		21,407,837	21,108,717
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate:				
4.1 Properties occupied by the company (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....9,302,812), cash equivalents ($.....0) and short-term investments ($.....37,372,047)	46,674,859		46,674,859	54,716,338
6. Contract loans (including $.....0 premium notes)			0	
7. Derivatives			0	
8. Other invested assets			0	
9. Receivables for securities			0	
10 Aggregate write-ins for invested assets	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10)	112,519,881	0	112,519,881	116,269,188
12. Title plants less $.....0 charged off (for Title insurers only)			0	
13. Investment income due and accrued	592,986		592,986	525,373
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	2,035,118		2,035,118	1,819,494
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
14.3 Accrued retrospective premiums			0	
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers	1,364,665		1,364,665	224,984
15.2 Funds held by or deposited with reinsured companies			0	
15.3 Other amounts receivable under reinsurance contracts			0	
16. Amounts receivable relating to uninsured plans	3,476,846	346,373	3,130,473	6,292,551
17.1 Current federal and foreign income tax recoverable and interest thereon	513,160		513,160	513,160
17.2 Net deferred tax asset			0	
18. Guaranty funds receivable or on deposit			0	
19. Electronic data processing equipment and software			0	
20. Furniture and equipment, including health care delivery assets ($.....0)			0	
21. Net adjustment in assets and liabilities due to foreign exchange rates			0	
22. Receivables from parent, subsidiaries and affiliates	40,003		40,003	
23. Health care ($.....969,859) and other amounts receivable	2,013,964	952,545	1,061,419	1,086,693
24. Aggregate write-ins for other than invested assets	1,626,838	0	1,626,838	1,626,838
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 through 24)	124,183,461	1,298,918	122,884,543	128,358,281
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
27. Total (Lines 25 and 26)	124,183,461	1,298,918	122,884,543	128,358,281

DETAILS OF WRITE-INS

1001			0	
1002			0	
1003.			0	
1098. Summary of remaining write-ins for Line 10 from overflow page	0	0	0	0
1099. Totals (Lines 1001 thru 1003 plus 1098) (Line 10 above)	0	0	0	0
2401. Supplemental Savings Plan	1,626,838		1,626,838	1,626,838
2402.			0	
2403.			0	
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	1,626,838	0	1,626,838	1,626,838

LIABILITIES, CAPITAL AND SURPLUS

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $.....6,599,665 reinsurance ceded)	16,471,344		16,471,344	21,569,980
2. Accrued medical incentive pool and bonus amounts			0	
3. Unpaid claims adjustment expenses	957,060		957,060	874,301
4. Aggregate health policy reserves			0	
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	2,977,933		2,977,933	2,364,305
9. General expenses due or accrued	300,409		300,409	108,334
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses))	1,111,157		1,111,157	
10.2 Net deferred tax liability	1,226,455		1,226,455	1,067,496
11. Ceded reinsurance premiums payable	145,926		145,926	114,092
12. Amounts withheld or retained for the account of others	4,908,307		4,908,307	4,666,850
13. Remittances and items not allocated	1,047,888		1,047,888	246,328
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	5,103,706		5,103,706	6,208,126
16. Derivatives			0	
17. Payable for securities			0	
18. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
19. Reinsurance in unauthorized companies			0	
20. Net adjustments in assets and liabilities due to foreign exchange rates			0	
21. Liability for amounts held under uninsured plans	2,816,523		2,816,523	6,600,536
22. Aggregate write-ins for other liabilities (including $.....0 current)	(304,470)	0	(304,470)	442,256
23. Total liabilities (Lines 1 to 22)	36,762,238	0	36,762,238	44,262,604
24. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
25. Common capital stock	XXX	XXX	10,000	10,000
26. Preferred capital stock	XXX	XXX		
27. Gross paid in and contributed surplus	XXX	XXX	1,919,153	1,919,153
28. Surplus notes	XXX	XXX		
29. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
30. Unassigned funds (surplus)	XXX	XXX	84,193,153	82,166,524
31. Less treasury stock, at cost:				
31.1 .....0.000 shares common (value included in Line 25 $.....0)	XXX	XXX		
31.2 .....0.000 shares preferred (value included in Line 26 $.....0)	XXX	XXX		
32. Total capital and surplus (Lines 24 to 30 minus Line 31)	XXX	XXX	86,122,306	84,095,677
33. Total liabilities, capital and surplus (Lines 23 and 32)	XXX	XXX	122,884,544	128,358,281

DETAILS OF WRITE-INS

2201. Unclaimed property	260,316		260,316	260,316
2202. Miscellaneous payables	(564,786)		(564,786)	181,940
2203.			0	
2298. Summary of remaining write-ins for Line 22 from overflow page	0	0	0	0
2299. Totals (Lines 2201 thru 2203 plus 2298) (Line 22 above)	(304,470)	0	(304,470)	442,256
2401.				
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page	XXX	XXX	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	XXX	XXX	0	0
2901.				
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page	XXX	XXX	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member months	XXX	135,187	130,187	514,989
2. Net premium income (including $.....0 non-health premium income)	XXX	33,982,867	30,995,171	122,798,650
3. Change in unearned premium reserves and reserve for rate credits	XXX			
4. Fee-for-service (net of $.....0 medical expenses)	XXX			
5. Risk revenue	XXX			
6. Aggregate write-ins for other health care related revenues	XXX	0	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	33,982,867	30,995,171	122,798,650
Hospital and Medical:				
9. Hospital/medical benefits		30,444,893	31,628,716	119,712,647
10. Other professional services				
11. Outside referrals		421,593	476,495	2,318,436
12. Emergency room and out-of-area		2,724,542	2,069,050	9,808,668
13. Prescription drugs		7,513,069	7,407,255	30,892,411
14. Aggregate write-ins for other hospital and medical	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts				
16. Subtotal (Lines 9 to 15)	0	41,104,097	41,581,516	162,732,162
Less:				
17. Net reinsurance recoveries		13,744,771	15,729,114	61,823,759
18. Total hospital and medical (Lines 16 minus 17)	0	27,359,326	25,852,402	100,908,403
19. Non-health claims (net)				
20. Claims adjustment expenses, including $.....646,529 cost containment expenses		1,013,591	1,087,553	3,666,090
21. General administrative expenses		3,157,566	2,420,682	11,567,134
22. Increase in reserves for life and accident and health contracts (including $.....0 increase in reserves for life only)				
23. Total underwriting deductions (Lines 18 through 22)	0	31,530,483	29,360,637	116,141,627
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	2,452,384	1,634,534	6,657,023
25. Net investment income earned		575,015	510,938	1,801,120
26. Net realized capital gains (losses) less capital gains tax of $.....66,705		123,880	1,075	(137,842)
27. Net investment gains or (losses) (Lines 25 plus 26)	0	698,895	512,013	1,663,278
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]				
29. Aggregate write-ins for other income or expenses	0	55,814	56,935	288,002
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	3,207,093	2,203,482	8,608,303
31. Federal and foreign income taxes incurred	XXX	1,054,704	787,522	3,214,014
32. Net income (loss) (Lines 30 minus 31)	XXX	2,152,389	1,415,960	5,394,289

DETAILS OF WRITE-INS

0601.	XXX			
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0	0
0701.	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0	0
2901. Licensing fee income		39,999	39,999	160,000
2902. Miscellaneous Income		15,815	16,936	128,002
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	55,814	56,935	288,002

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
33. Capital and surplus prior reporting year	84,095,681	74,902,244	74,902,244
34. Net income or (loss) from Line 32	2,152,389	1,415,960	5,394,289
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of $.....0	339,463	(1,286,728)	4,283,809
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax	23,827	69,943	380,001
39. Change in nonadmitted assets	50,375	(900,093)	(319,758)
40. Change in unauthorized reinsurance			
41. Change in treasury stock			
42. Change in surplus notes			
43. Cumulative effect of changes in accounting principles			
44. Capital changes:			
44.1 Paid in			
44.2 Transferred from surplus (Stock Dividend)			
44.3 Transferred to surplus			
45. Surplus adjustments:			
45.1 Paid in			
45.2 Transferred to capital (Stock Dividend)			
45.3 Transferred from capital			
46. Dividends to stockholders	(539,429)	(544,904)	(544,904)
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital and surplus (Lines 34 to 47)	2,026,625	(1,245,822)	9,193,437
49. Capital and surplus end of reporting period (Line 33 plus 48)	86,122,306	73,656,422	84,095,681

DETAILS OF WRITE-INS

4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
CASH FROM OPERATIONS			
1. Premiums collected net of reinsurance	34,569,706	31,175,154	121,416,551
2. Net investment income	563,828	676,181	2,074,773
3. Miscellaneous income			
4. Total (Lines 1 through 3)	35,133,534	31,851,335	123,491,324
5. Benefit and loss related payments	33,597,643	31,381,689	100,726,482
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	5,166,198	7,224,132	14,168,308
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of $.....66,705 tax on capital gains (losses)	10,252		3,212,703
10. Total (Lines 5 through 9)	38,774,093	38,605,821	118,107,493
11. Net cash from operations (Line 4 minus Line 10)	(3,640,559)	(6,754,486)	5,383,831
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	5,400,445	2,500,000	15,768,600
12.2 Stocks	370,605	1,655	168,263
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds			
12.8 Total investment proceeds (Lines 12.1 to 12.7)	5,771,050	2,501,655	15,936,863
13. Cost of investments acquired (long-term only):			
13.1 Bonds	9,406,813	4,382,780	30,417,737
13.2 Stocks		558,426	1,594,752
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications		314,890	314,890
13.7 Total investments acquired (Lines 13.1 to 13.6)	9,406,813	5,256,096	32,327,379
14. Net increase (decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(3,635,763)	(2,754,441)	(16,390,516)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock			
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders	539,429	544,904	544,904
16.6 Other cash provided (applied)	(225,728)	(1,239,331)	1,528,169
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	(765,157)	(1,784,235)	983,265
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(8,041,479)	(11,293,162)	(10,023,420)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	54,716,338	64,739,758	64,739,758
19.2 End of period (Line 18 plus Line 19.1)	46,674,859	53,446,596	54,716,338

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

20.0001			

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at End of:										
1. Prior Year	66,724		66,724							
2. First Quarter	66,623		66,623							
3. Second Quarter	0									
4. Third Quarter	0									
5. Current Year	0									
6. Current Year Member Months	201,043		201,043							
Total Member Ambulatory Encounters for Period:										
7. Physician	13,495		13,495							
8. Non-Physician	15,070		15,070							
9. Total	28,565	0	28,565	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	3,300		3,300							
11. Number of Inpatient Admissions	986		986							
12. Health Premiums Written (a)	51,771,163		51,771,163							
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	51,771,163		51,771,163							
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	45,928,671		45,928,671							
18. Amount Incurred for Provision of Health Care Services	41,104,097		41,104,097							

(a) For health premiums written: Amount of Medicare Title XVIII exempt from state taxes or fees $.....0.

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

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0399999. Aggregate Accounts Not Individually Listed-Covered	2,798,218	567,206	75,628	340,324		3,781,376
0499999. Subtotals	2,798,218	567,206	75,628	340,324	0	3,781,376
0599999. Unreported Claims and Other Claim Reserves						16,850,243
0699999. Total Amounts Withheld						2,439,389
0799999. Total Claims Unpaid						23,071,008

UNDERWRITING AND INVESTMENT EXHIBIT

Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	16,139,559	17,369,068	1,498,049	14,973,294	17,637,608	21,569,979
2. Medicare Supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal Employees Health Benefits Plan					0	
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid					0	
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	16,139,559	17,369,068	1,498,049	14,973,294	17,637,608	21,569,979
10. Healthcare receivables (a)		1,050,665			0	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts					0	
13. Totals	16,139,559	16,318,403	1,498,049	14,973,294	17,637,608	21,569,979

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

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The financial statements of the company are presented on the basis of accounting practices prescribed or permitted by the Arkansas Insurance Department. There have been no changes since The Company's 2009 Annual Statement.

Note 2 - Accounting Changes and Corrections of Errors

No significant change.

Note 3 - Business Combinations and Goodwill

No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

The Company has no loan-backed securities at this time.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

Note 7 - Investment Income

No significant change.

Note 8 - Derivative Instruments

No significant change.

Note 9 - Income Taxes

The Company files a stand-alone federal income tax return.

When available, the Company utilizes net operating loss carry forwards to offset taxable income. At December 31, 2009, the Company had $0 of operating loss carry forwards.

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

2010	$ 989,000
2009	$3,143,000
2008	$ 559,000

The components of current income tax expense are as follows:

	2010	2009
Federal	$1,044,452	$3,144,296
Foreign	$	
Federal Income Tax on net capital gains	$ 66,705	$ (4,504)
Utilization of capital loss carry-forwards	-	
Federal income tax incurred	$1,111,157	$3,139,792

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

	March 31, 2010	Effective Tax Rate
Provision computed at statutory rate	$ 1,183,944	35.0%
Dividends received deduction	$ (17,959)	-.5%
Nondeductible expenses	$ (41,702)	-1.2%
Benefit of Surtax Bracket	$ (32,983)	
Other	$ (3,970)	-0.1%
Total	$ 1,087,331	32.1%

NOTES TO FINANCIAL STATEMENTS

Federal and foreign income taxes incurred	$ 1,111,157	32.8%
Change in net deferred incomes taxes	$ (23,826)	-0.7%
Total statutory incomes taxes	$ 1,087,331	32.1%

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

	March 31, 2010	December 31, 2009
Total of all deferred tax asset (admitted and nonadmitted)	$ 2,283,278	$2,255,001
Total of all deferred tax liabilities	3,509,733	3,322,495
Net deferred tax asset/(liability)	(1,226,456)	(1,067,494)
Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes		
Net admitted deferred tax asset/(liability)	(1,226,456)	(1,067,494)
Increase (decrease) in deferred tax assets nonadmitted	$	

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

	March 31, 2010	December 31, 2009
Deferred Tax Assets:		
Tax basis discount on unpaid losses	$ 113,443	$ 148,004
Unearned premium discounting	208,455	165,501
Accrued deferred compensation	1,171,950	1,138,819
Bad debts	41,702	54,950
Depreciation		
Impairment of Assets	708,876	708,876
Unrealized Capital Losses	38,850	38,850
Total deferred tax assets	2,283,278	2,255,001
Total deferred tax assets non-admitted	0	0
Admitted deferred tax assets	2,283,278	2,255,001
Deferred Tax Liabilities:		
Unrealized Capital Gains	3,497,241	3,314,454
Accrued dividends	12,492	8,042
Other		
Total deferred tax liabilities	3,509,733	3,322,495
Net admitted deferred tax asset/(liability)	(1,226,456)	(1,067,494)

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

	March 31, 2010	December 31, 2009	Change
Total deferred tax assets	$ 2,283,278	$ 2,255,001	$ 28,277
Total deferred tax liabilities	3,509,733	3,322,495	187,238
Net deferred tax asset (liability)	$ (1,226,456)	$ (1,067,494)	(158,962)
Tax effect of unrealized gains (losses)			182,788
Change in net deferred income tax			$ 23,826

Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

On January 1, 2010, Arkansas Blue Cross assumed the role of third party administrator of those employee health benefit plans that were formerly administered by its subsidiary, USAble Corporation. State laws in almost every state require that a third party administrator that administers health benefit plans that cover citizens of the state be registered with or be licensed by state regulatory authorities. Because of a concern that using a legal name that includes the Blue Cross® or Blue Shield® brands in these TPA filings would result in confusion with the local Blue Cross or Blue Shield Plan in those respective states, the Board of Directors recommended and the members of the company at their Annual Meeting on March 15, 2010 voted to approve an amendment to the Articles of Incorporation changing the legal name of the company to “USAble Mutual Insurance Company." The new name became effective on March 23, 2010 when the Arkansas Insurance Commissioner approved the amendment to the Articles of Incorporation.

Note 11 - Debt

No significant change.

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

No significant change.

NOTES TO FINANCIAL STATEMENTS

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

No significant change.

Note 14 - Contingencies

No significant change.

Note 15 - Leases

No significant change.

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

No significant change.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

There was no sale, transfer, or servicing of Financial Assets or Extinguishments of Liabilities

Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

No significant change.

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

No significant change.

Note 20 - Other Items

No significant change.

Note 21 - Events Subsequent

No significant change.

Note 22 - Reinsurance

No significant change.

Note 23 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

Note 24 - Change in Incurred Losses and Loss Adjustment Expenses

The Company does not have any changes in the provision for incurred claims and claim adjustment expenses attributable to insured events of prior years.

Note 25 - Intercompany Pooling Arrangements

No significant change.

Note 26 - Structured Settlements

Not applicable.

Note 27 - Health Care Receivables

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 28 - Participating Policies

No significant change.

Note 29 - Premium Deficiency Reserves

No significant change.

Note 30 - Anticipated Salvage and Subrogation

No significant change.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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

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

2.2 If yes, date of change: .....

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

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

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

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [X] N/A [ ]
If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008.....

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2008.....

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 4/25/2007.....

6.4 By what department or departments?
Arkansas Insurance Department

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

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

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

7.2 If yes, give full information:

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $.....40,003

INVESTMENT

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

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

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

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

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

14.2 If yes, please complete the following:

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian Address
US Bank Institutional Trust and Custody	St. Louis, Missouri

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

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

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

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
116359	Foundation Resource Management	Little Rock, Arkansas

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

17.2 If no, list exceptions:

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH

1. Operating Percentages:

1.1 A&H loss percent		81.0 %
1.2 A&H cost containment percent		1.3 %
1.3 A&H expense percent excluding cost containment expenses		6.8 %
2.1 Do you act as a custodian for health savings accounts?	Yes [ ]	No [X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date.		0
2.3 Do you act as an administrator for heatlh savings accounts?	Yes [ ]	No [X]
2.4 If yes, please provide the amount of funds administered as of the reporting date.		0

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (YES or NO)

NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 through 7	Deposit-Type Contracts
1. Alabama AL	N							0	
2. Alaska AK	N							0	
3. Arizona AZ	N							0	
4. Arkansas AR	L	51,615,814						51,615,814	
5. California CA	N							0	
6. Colorado CO	N							0	
7. Connecticut CT	N							0	
8. Delaware DE	N							0	
9. District of Columbia DC	N							0	
10. Florida FL	N							0	
11. Georgia GA	N							0	
12. Hawaii HI	N							0	
13. Idaho ID	N							0	
14. Illinois IL	N							0	
15. Indiana IN	N							0	
16. Iowa IA	N							0	
17. Kansas KS	N							0	
18. Kentucky KY	N							0	
19. Louisiana LA	N							0	
20. Maine ME	N							0	
21. Maryland MD	N							0	
22. Massachusetts MA	N							0	
23. Michigan MI	N							0	
24. Minnesota MN	N							0	
25. Mississippi MS	N							0	
26. Missouri MO	N							0	
27. Montana MT	N							0	
28. Nebraska NE	N							0	
29. Nevada NV	N							0	
30. New Hampshire NH	N							0	
31. New Jersey NJ	N							0	
32. New Mexico NM	N							0	
33. New York NY	N							0	
34. North Carolina NC	N							0	
35. North Dakota ND	N							0	
36. Ohio OH	N							0	
37. Oklahoma OK	N							0	
38. Oregon OR	N							0	
39. Pennsylvania PA	N							0	
40. Rhode Island RI	N							0	
41. South Carolina SC	N							0	
42. South Dakota SD	N							0	
43. Tennessee TN	N							0	
44. Texas TX	N							0	
45. Utah UT	N							0	
46. Vermont VT	N							0	
47. Virginia VA	N							0	
48. Washington WA	N							0	
49. West Virginia WV	N							0	
50. Wisconsin WI	N							0	
51. Wyoming WY	N							0	
52. American Samoa AS	N							0	
53. Guam GU	N							0	
54. Puerto Rico PR	N							0	
55. U.S. Virgin Islands VI	N							0	
56. Northern Mariana Islands MP	N							0	
57. Canada CN	N							0	
58. Aggregate Other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	51,615,814	0	0	0	0	0	51,615,814	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	155,349						155,349	
61. Total (Direct Business)	(a) 1	51,771,163	0	0	0	0	0	51,771,163	0

DETAILS OF WRITE-INS

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

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domicilied RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

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

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

PART 1 – ORGANIZATIONAL CHART

NONE

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanation:

1.

Bar Code:

Overflow Page for Write-Ins

NONE

SCHEDULE A - VERIFICATION

Real Estate

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B - VERIFICATION

Mortgage Loans

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	61,552,372	39,606,768
2. Cost of bonds and stocks acquired	9,406,813	32,012,487
3. Accrual of discount	12,400	58,197
4. Unrealized valuation increase (decrease)	479,595	6,338,211
5. Total gain (loss) on disposals	190,585	(12,869)
6. Deduct consideration for bonds and stocks disposed of	5,771,050	15,936,863
7. Deduct amortization of premium	68,826	314,364
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		199,195
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	65,801,889	61,552,372
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	65,801,889	61,552,372

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	80,735,052	16,229,922	27,883,019	(46,621)	69,035,334			80,735,052
2. Class 2 (a)	8,858,034	604,500	465	(5,941)	9,456,128			8,858,034
3. Class 3 (a)	300,000				300,000			300,000
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)		2,978,504		(3,863)	2,974,641			
7. Total Bonds	89,893,086	19,812,926	27,883,484	(56,425)	81,766,103	0	0	89,893,086
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	89,893,086	19,812,926	27,883,484	(56,425)	81,766,103	0	0	89,893,086

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 $.....1,900,689; NAIC 2 $.....0; NAIC 3 $.....0; NAIC 4 $.....0; NAIC 5 $.....0; NAIC 6 $.....0.

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals	37,372,047	XXX	37,372,047	18	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	49,458,852	50,681,483
2. Cost of short-term investments acquired	10,406,113	144,935,063
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	22,492,918	146,157,694
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	37,372,047	49,458,852
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	37,372,047	49,458,852

Sch. DB-Pt A-Verification
NONE

Sch. DB-Pt B-Verification
NONE

Sch. DB-Pt C-Sn 1
NONE

Sch. DB-Pt C-Sn 2
NONE

Sch. DB-Verification
NONE

Sch. E-Verification
NONE

Sch. A-Pt 2
NONE

Sch. A-Pt 3
NONE

Sch. B-Pt 2
NONE

Sch. B-Pt 3
NONE

Sch. BA-Pt 2
NONE

Sch. BA-Pt 3
NONE

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Government									
912828 MH 0	U.S. Treasury Note		02/12/2010	Merrill Lynch		4,983,594	5,000,000	4,972	1
0399999.	Total - Bonds - U.S. Government					4,983,594	5,000,000	4,972	XXX
Bonds - All Other Government									
AU1504 04 5	Australia Govt Bond	F	02/19/2010	Merrill Lynch		1,876,659	1,785,866	40,468	6FE
NZ1301 04 1	New Zealand Govt Bond	F	02/19/2010	Merrill Lynch		1,101,845	1,042,920	24,397	6FE
1099999.	Total - Bonds - All Other Government					2,978,504	2,828,786	64,865	XXX
Bonds - U.S. States, Territories and Possessions									
04108K UW 6	ADFA Rev Bld America Taxable St Ag		03/03/2010	Morgan Keegan		385,000	385,000	355	1FE
1799999.	Total - Bonds - U.S. States, Territories & Possessions					385,000	385,000	355	XXX
Bonds - Industrial and Miscellaneous									
500472 AA 3	Philips Electronics NV	R	02/12/2010	SW Securities		455,215	430,000	8,673	1FE
73755L AG 2	Potash Corp Sr Nt	I	02/18/2010	Morgan Keegan		604,500	600,000	9,063	2FE
3899999.	Total - Bonds - Industrial & Miscellaneous					1,059,715	1,030,000	17,736	XXX
8399997.	Total - Bonds - Part 3					9,406,813	9,243,786	87,928	XXX
8399999.	Total - Bonds					9,406,813	9,243,786	87,928	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					9,406,813	XXX	87,928	XXX

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

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Government																					
912827 5Z 1	U. S. Treasury Note		02/16/2010	MATURITY		5,000,000	5,000,000	5,678,125	5,017,683		(17,683)		(17,683)		5,000,000			0	162,500	02/15/2010	1
0399999.	Total - Bonds - U.S. Government					5,000,000	5,000,000	5,678,125	5,017,683	0	(17,683)	0	(17,683)	0	5,000,000	0	0	0	162,500	XXX	XXX
Bonds - U.S. States, Territories and Possessions																					
880541 DL 8	Tennessee State GO (Taxable)		03/01/2010	CALLED @ 100.0000000		400,000	400,000	398,540	399,914		86		86		400,000			0	9,640	03/01/2029	1FE
1799999.	Total - Bonds - U.S. States, Territories & Possessions					400,000	400,000	398,540	399,914	0	86	0	86	0	400,000	0	0	0	9,640	XXX	XXX
Bonds - Industrial and Miscellaneous																					
84474E AB 6	Southwest Airlines 93-A Trust		01/14/2010	Same As Description		445	445	467	465				0		465		(20)	(20)		06/29/2015	2FE
3899999.	Total - Bonds - Industrial & Miscellaneous					445	445	467	465	0	0	0	0	0	465	0	(20)	(20)	0	XXX	XXX
8399997.	Total - Bonds - Part 4					5,400,445	5,400,445	6,077,132	5,418,062	0	(17,597)	0	(17,597)	0	5,400,465	0	(20)	(20)	172,140	XXX	XXX
8399999.	Total - Bonds					5,400,445	5,400,445	6,077,132	5,418,062	0	(17,597)	0	(17,597)	0	5,400,465	0	(20)	(20)	172,140	XXX	XXX
Common Stocks - Industrial and Miscellaneous																					
885535 10 4	3 Com Corp		01/28/2010	Merrill Lynch	50,000.000	370,605	XXX	180,000	375,000	(195,000)			(195,000)		180,000		190,605	190,605		XXX	L
9099999.	Total - Common Stocks - Industrial & Miscellaneous					370,605	XXX	180,000	375,000	(195,000)	0	0	(195,000)	0	180,000	0	190,605	190,605	0	XXX	XXX
9799997	Total - Common Stocks - Part 4					370,605	XXX	180,000	375,000	(195,000)	0	0	(195,000)	0	180,000	0	190,605	190,605	0	XXX	XXX
9799999.	Total - Common Stocks					370,605	XXX	180,000	375,000	(195,000)	0	0	(195,000)	0	180,000	0	190,605	190,605	0	XXX	XXX
9899999.	Total - Preferred and Common Stocks					370,605	XXX	180,000	375,000	(195,000)	0	0	(195,000)	0	180,000	0	190,605	190,605	0	XXX	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					5,771,050	XXX	6,257,132	5,793,062	(195,000)	(17,597)	0	(212,597)	0	5,580,465	0	190,585	190,585	172,140	XXX	XXX

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

Sch. DB-Pt A-Sn 1
NONE

Sch. DB-Pt A-Sn 1
NONE

Sch. DB-Pt B-Sn 1
NONE

Sch. DB-Pt B-Sn 1
NONE

Sch. DB-Pt B-Sn 1B
NONE

Sch. DB-Pt D
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories								
Bank of America		0.010	162		9,903,271	16,721,326	9,302,812	XXX
0199999. Total Open Depositories	XXX	XXX	162	0	9,903,271	16,721,326	9,302,812	XXX
0399999. Total Cash on Deposit	XXX	XXX	162	0	9,903,271	16,721,326	9,302,812	XXX
0599999. Total Cash	XXX	XXX	162	0	9,903,271	16,721,326	9,302,812	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year

NONE