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HEALTH QUARTERLY STATEMENT

As of March 31, 2010

of the Condition and Affairs of the

USAble Mutual Insurance Company

NAIC Group Code.....876, 876 (Current Period) (Prior Period) NAIC Company Code..... 83470 Employer's ID Number..... 71-0226428

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

Licensed as Business Type Life, Accident & Health Is HMO Federally Qualified? Yes [ ] No [ ]

Incorporated/Organized..... December 10, 1948 Commenced Business..... March 2, 1949

Statutory Home Office	601 S. Gaines….. Little Rock ..... AR ..... 72201 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	601 S. Gaines….. Little Rock ..... AR ..... 72201 *(Street and Number) (City or Town, State and Zip Code)*	501-378-2000 *(Area Code) (Telephone Number)*
Mail Address	601 S. Gaines….. Little Rock ..... AR ..... 72201 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	601 S. Gaines….. Little Rock ..... AR ..... 72201 *(Street and Number) (City or Town, State and Zip Code)*	501-378-2000 *(Area Code) (Telephone Number)*
Internet Web Site Address	www.arkansasbluecross.com	
Statutory Statement Contact	Gray Donald Dillard *(Name)*	501-378-2436 *(Area Code) (Telephone Number) (Extension)*
	gddillard@arkbluecross.com *(E-Mail Address)*	501-378-5633 *(Fax Number)*

OFFICERS

Name	Title	Name	Title
1. Paul Mark White	Chief Executive Officer	2. James Lee Douglass	Secretary
3. Steven James Short	Treasurer	4. Michael Wayne Brown	Chief Operating Officer

OTHER

Stephen William Abell
James Robert Bailey
Michael Wayne Brown
Ronald Walter DeBerry
James Lee Douglass
Calvin Eugene Kellogg
Karen Cox Raley
Joseph Steven Smith
Toni Lairry Starks
James Sterling Adamson Jr., MD
David Frank Bridges
Richard Shelby Cooper
Gray Donald Dillard
James Robert Heard III
Samuel Patterson Partin III
Steven James Short
Steven Aaron Spaulding

DIRECTORS OR TRUSTEES

Carolyn Frazier Blakely PhD
Bradley Dean Jesson
Hayes Candour McClerkin
Ben Edwin Owens
Paul Mark White
Susan Glover Brittain
James Virgil Kelley
George Key Mitchell MD
Robert Lee Shoptaw
James Leslie Wyatt PhD
Robert Vincent Brothers
Mahlon Ogden Maris MD
Robert Daniel Nabholz
Patty Fulbright Smith
Mark William Greenway
James Thomas May
Marla Johnson Norris
Sherman Ellis Tate

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

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (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)
Paul Mark White	James Lee Douglass	Steven James Short
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
Chief Executive Officer	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____

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

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds	261,608,440		261,608,440	240,178,637
2. Stocks:				
2.1 Preferred stocks	296,515		296,515	256,400
2.2 Common stocks	288,616,647	18,582,693	270,033,954	261,748,171
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)	27,523,044		27,523,044	27,947,479
4.2 Properties held for the production of income (less $.....0 encumbrances)	15,230,069		15,230,069	15,337,436
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....33,607,586), cash equivalents ($.....0) and short-term investments ($.....146,556,063)	180,163,649		180,163,649	138,425,259
6. Contract loans (including $.....0 premium notes)			0	
7. Derivatives			0	
8. Other invested assets	55,431,289		55,431,289	56,004,467
9. Receivables for securities			0	46,920
10 Aggregate write-ins for invested assets	655,659	0	655,659	616,712
11. Subtotals, cash and invested assets (Lines 1 to 10)	829,525,312	18,582,693	810,942,619	740,561,480
12. Title plants less $.....0 charged off (for Title insurers only)			0	
13. Investment income due and accrued	4,000,583		4,000,583	3,138,053
14. Premiums and considerations:				
14.1 Uncollected premiums and agents' balances in the course of collection	73,717,230	186,023	73,531,207	72,133,471
14.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
14.3 Accrued retrospective premiums			0	
15. Reinsurance:				
15.1 Amounts recoverable from reinsurers	3,814,623		3,814,623	1,517,346
15.2 Funds held by or deposited with reinsured companies			0	
15.3 Other amounts receivable under reinsurance contracts			0	
16. Amounts receivable relating to uninsured plans	21,307,643		21,307,643	11,788,601
17.1 Current federal and foreign income tax recoverable and interest thereon			0	629,960
17.2 Net deferred tax asset	67,070,031	57,264,333	9,805,698	9,154,428
18. Guaranty funds receivable or on deposit	845,451		845,451	922,310
19. Electronic data processing equipment and software	15,989,525	2,317,698	13,671,827	8,142,800
20. Furniture and equipment, including health care delivery assets ($.....0)	14,110,480	14,110,480	0	
21. Net adjustment in assets and liabilities due to foreign exchange rates			0	
22. Receivables from parent, subsidiaries and affiliates	29,282,428		29,282,428	35,724,034
23. Health care ($.....4,805,641) and other amounts receivable	31,249,217	3,070,308	28,178,909	28,864,103
24. Aggregate write-ins for other than invested assets	63,604,497	13,009,493	50,595,004	39,296,785
25. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 11 through 24)	1,154,517,020	108,541,028	1,045,975,992	951,873,371
26. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
27. Total (Lines 25 and 26)	1,154,517,020	108,541,028	1,045,975,992	951,873,371

DETAILS OF WRITE-INS

1001 Deposits with National Accounts	655,659		655,659	616,712
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)	655,659	0	655,659	616,712
2401. Supplemental Savings Plan	35,538,268		35,538,268	32,140,094
2402. Other Assets	8,371,305		8,371,305	6,865,696
2403. Other Nonadmitted Assets	13,009,493	13,009,493	0	
2498. Summary of remaining write-ins for Line 24 from overflow page	6,685,431	0	6,685,431	290,995
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	63,604,497	13,009,493	50,595,004	39,296,785

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $.....2,274,027 reinsurance ceded)	123,978,643	335,217	124,313,860	115,782,612
2. Accrued medical incentive pool and bonus amounts	57,318		57,318	46,987
3. Unpaid claims adjustment expenses	5,718,795		5,718,795	5,266,357
4. Aggregate health policy reserves	85,179,697		85,179,697	83,290,635
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	15,615,714		15,615,714	13,487,462
9. General expenses due or accrued	170,543,517		170,543,517	186,574,758
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses))	8,979,855		8,979,855	
10.2 Net deferred tax liability			0	
11. Ceded reinsurance premiums payable	4,867,581		4,867,581	2,416,232
12. Amounts withheld or retained for the account of others	42,922,945		42,922,945	39,006,401
13. Remittances and items not allocated			0	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	4,271,304		4,271,304	734,828
16. Derivatives			0	
17. Payable for securities	14,014,075		14,014,075	30,000
18. Funds held under reinsurance treaties with ($.....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	41,296,360		41,296,360	1,145,243
22. Aggregate write-ins for other liabilities (including $.....0 current)	21,630,217	0	21,630,217	21,587,489
23. Total liabilities (Lines 1 to 22)	539,076,021	335,217	539,411,238	469,369,004
24. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
25. Common capital stock	XXX	XXX		
26. Preferred capital stock	XXX	XXX		
27. Gross paid in and contributed surplus	XXX	XXX		
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	506,564,755	482,504,370
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	506,564,755	482,504,370
33. Total liabilities, capital and surplus (Lines 23 and 32)	XXX	XXX	1,045,975,993	951,873,374

DETAILS OF WRITE-INS

2201. Miscellaneous Liabilities	562,532		562,532	519,804
2202. Claims Payable for Self-Insured Plans	1,450,000		1,450,000	1,450,000
2203. Deferred Gain on Capitalization of Joint Venture	19,617,685		19,617,685	19,617,685
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)	21,630,217	0	21,630,217	21,587,489
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	1,276,556	1,302,280	5,094,780
2. Net premium income (including $.....0 non-health premium income)	XXX	296,761,790	287,277,403	1,148,299,223
3. Change in unearned premium reserves and reserve for rate credits	XXX	(1,889,062)	(655,927)	(13,920,334)
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	(125,484)	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	294,747,244	286,621,476	1,134,378,889
Hospital and Medical:				
9. Hospital/medical benefits		152,278,398	149,915,481	582,811,364
10. Other professional services				
11. Outside referrals				
12. Emergency room and out-of-area		27,426,591	27,877,622	122,264,747
13. Prescription drugs		51,429,012	48,163,762	187,594,942
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	231,134,001	225,956,865	892,671,053
Less:				
17. Net reinsurance recoveries		(12,156,784)	(13,702,230)	(56,017,901)
18. Total hospital and medical (Lines 16 minus 17)	0	243,290,785	239,659,095	948,688,954
19. Non-health claims (net)				
20. Claims adjustment expenses, including $.....2,642,867 cost containment expenses		12,451,784	9,145,377	35,978,955
21. General administrative expenses		18,622,460	28,773,672	131,434,276
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	274,365,029	277,578,144	1,116,102,185
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	20,382,215	9,043,332	18,276,704
25. Net investment income earned		2,960,431	2,879,029	11,184,470
26. Net realized capital gains (losses) less capital gains tax of $.....187,040		347,360	487,235	7,667,460
27. Net investment gains or (losses) (Lines 25 plus 26)	0	3,307,791	3,366,264	18,851,930
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	0	(296,937)	(1,050,235)
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	23,690,006	12,112,659	36,078,399
31. Federal and foreign income taxes incurred	XXX	9,417,999	3,258,875	12,027,631
32. Net income (loss) (Lines 30 minus 31)	XXX	14,272,007	8,853,784	24,050,768

DETAILS OF WRITE-INS

0601. Miscellaneous Income	XXX	(92,150)		
0602. Regional Management Fees	XXX	(33,334)		
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	(125,484)	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. Miscellaneous Income			3,063	10,568
2902. Regional Management Fees			(300,000)	(1,060,803)
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	0	(296,937)	(1,050,235)

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	482,504,368	463,396,783	463,396,783
34. Net income or (loss) from Line 32	14,272,007	8,853,784	24,050,768
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	3,754,914	(17,327,215)	(1,421,039)
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax	1,985,240	(5,404,826)	8,689,766
39. Change in nonadmitted assets	4,340,441	(7,733,053)	(10,899,995)
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			
47. Aggregate write-ins for gains or (losses) in surplus	(292,216)	53,443	(1,311,916)
48. Net change in capital and surplus (Lines 34 to 47)	24,060,386	(21,557,867)	19,107,584
49. Capital and surplus end of reporting period (Line 33 plus 48)	506,564,754	441,838,916	482,504,368

DETAILS OF WRITE-INS

4701. Change in Unrecognized OPEB liability			(2,793,248)
4702. Capital Lease Adjustment	(292,216)	53,443	1,481,332
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)	(292,216)	53,443	(1,311,916)

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	299,984,419	285,808,901	1,134,549,139
2. Net investment income	3,152,968	4,085,590	12,994,959
3. Miscellaneous income	(125,484)		
4. Total (Lines 1 through 3)	303,011,903	289,894,491	1,147,544,098
5. Benefit and loss related payments	236,711,266	235,591,629	944,388,184
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	15,901,385	40,814,958	145,136,978
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	(4,776)		8,221,631
10. Total (Lines 5 through 9)	252,607,875	276,406,587	1,097,746,792
11. Net cash from operations (Line 4 minus Line 10)	50,404,028	13,487,904	49,797,306
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	16,681,115	14,417,114	70,413,778
12.2 Stocks	1,000,634	11,102	23,773,355
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets			1,117,605
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds	14,030,995		558,390
12.8 Total investment proceeds (Lines 12.1 to 12.7)	31,712,744	14,428,216	95,863,128
13. Cost of investments acquired (long-term only):			
13.1 Bonds	38,761,394	16,492,100	77,261,143
13.2 Stocks	3,013,000	2,906,095	17,616,136
13.3 Mortgage loans			
13.4 Real estate	221,462	886,940	1,047,135
13.5 Other invested assets		1,166,000	3,832,750
13.6 Miscellaneous applications	38,947	25,897,431	25,641,038
13.7 Total investments acquired (Lines 13.1 to 13.6)	42,034,803	47,348,566	125,398,202
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)	(10,322,059)	(32,920,350)	(29,535,074)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock			
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	1,656,422	(17,311,352)	(14,030,936)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	1,656,422	(17,311,352)	(14,030,936)
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)	41,738,391	(36,743,798)	6,231,296
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	138,425,257	132,193,962	132,193,962
19.2 End of period (Line 18 plus Line 19.1)	180,163,648	95,450,164	138,425,257

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	414,618	90,542	120,876	103,681	5,923	15,505	55,928	5,411		16,752
2. First Quarter	419,079	90,230	121,704	103,727	6,480	15,435	55,590	7,012		18,901
3. Second Quarter	0									
4. Third Quarter	0									
5. Current Year	0									
6. Current Year Member Months	1,257,740	270,414	365,290	312,148	19,437	46,338	167,114	20,659		56,340
Total Member Ambulatory Encounters for Period:										
7. Physician	295,313	30,662	65,895	110,319		88,437				
8. Non-Physician	809,451	89,664	194,118	525,669						
9. Total	1,104,764	120,326	260,013	635,988	0	88,437	0	0	0	0
10. Hospital Patient Days Incurred	878,089	111,396	262,870	503,823						
11. Number of Inpatient Admissions	12,252	819	2,187	9,246						
12. Health Premiums Written (a)	280,035,898	62,084,907	91,910,400	52,452,169	149,677	6,297,887	53,628,190	1,012,607		12,500,061
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	282,264,484	62,578,993	92,641,844	52,869,594	150,868	6,348,006	54,054,975	1,020,665		12,599,539
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	221,137,820	41,408,888	79,618,708	28,657,603	94,028	4,875,934	50,200,378	1,210,487		15,071,794
18. Amount Incurred for Provision of Health Care Services	231,134,001	41,052,687	77,040,550	41,389,353	113,328	5,047,934	50,200,378	1,212,266		15,077,505

(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	8,208,717	81,222	20,399	4,212	264	8,314,814
0499999. Subtotals	8,208,717	81,222	20,399	4,212	264	8,314,814
0599999. Unreported Claims and Other Claim Reserves						118,273,074
0799999. Total Claims Unpaid						126,587,887
0899999. Accrued Medical Incentive Pool and Bonus Amounts						57,318

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)	51,937,018	90,213,985	13,144,179	62,545,847	65,081,197	80,089,317
2. Medicare Supplement	8,167,418	20,490,185	2,167,445	28,358,255	10,334,863	17,793,950
3. Dental only	1,109,644	3,766,290	201,256	1,201,744	1,310,900	1,231,000
4. Vision only		94,028		42,522	0	23,222
5. Federal Employees Health Benefits Plan	11,922,413	38,277,965	3,508,351	13,020,246	15,430,764	16,528,597
6. Title XVIII - Medicare		1,210,487		6,620	0	4,841
7. Title XIX - Medicaid					0	
8. Other health		15,071,794		117,396	0	111,685
9. Health subtotal (Lines 1 to 8)	73,136,493	169,124,734	19,021,231	105,292,630	92,157,724	115,782,612
10. Healthcare receivables (a)	2,267,812	5,244,209			2,267,812	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts				57,318	0	46,987
13. Totals	70,868,681	163,880,525	19,021,231	105,349,948	89,889,912	115,829,599

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

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Arkansas Blue Cross and Blue Shield are presented on the basis of accounting practices prescribed or permitted by the Arkansas Insurance Department.

The Arkansas Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Arkansas for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under Arkansas Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective January 1, 2001, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the Arkansas Insurance Department.

For reporting periods ending on December 31, 2004 and later, Arkansas Blue Cross and Blue Shield is reporting its post-employment liabilities and expenses using accounting principles generally accepted in the United States of America. These principles are governed primarily by Financial Accounting Standard 106. This departure from statutory accounting principles was approved by the Arkansas Insurance Department in a letter dated December 30, 2004 in accordance with ACA Sec 23-61-108. Arkansas Blue Cross and Blue Shield adopted Financial Accounting Standard 158 for its 2007 fiscal year end. FAS 158 improves financial reporting by requiring an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in requiring an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. For postretirement benefit plans other than pension, the benefit obligation is the accumulated postretirement benefit obligation (APBO).

B. No significant change.
C. No significant change.

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

No significant change.

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

Arkansas Blue Cross Blue Shield files a consolidated federal income tax return with its other eligible subsidiaries as follows: USAble Corporation and Pinnacle Business Solutions, Inc. The Company is party to a federal income tax allocation agreement. Under the tax sharing agreement, the Company pays to or receives from each subsidiary the amount, if any, by which the group's federal income tax liability was affected by virtue of inclusion of the subsidiary in the consolidated federal return. Effectively, this results in the Company's annual income tax provision being computed, with adjustments, as if the Company filed a separate return.

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

NOTES TO FINANCIAL STATEMENTS

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	$ 9,667,000
2009	$ 2,962,000
2008	$ 2,926,000

The components of current income tax expense are as follows:

	2010	2009
Federal	$ 9,417,999	$ 10,806,135
Foreign		26,366
Federal Income Tax on net capital gains	$ 187,040	$ 5,350,128
Utilization of capital loss carry-forwards	-	
Federal & Foreign income tax incurred	$ 9,631,405	$ 16,156,263

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	$ 7,914,845	35.0%
Tax exempt income deduction	$ 0	0
Dividends received deduction	$ (144,012)	-0.6%
Tax differentials on foreign earnings	$ 0	0
Nondeductible expenses	$ 295,111	1.3%
Tax Credits	$ (195,000)	-0.9%
Transfer of Subsidiary liability	$ 0	0.0%
Other	$ (211,972)	- .9%
Total	$ 7,658,972	33.9%
Federal and foreign income taxes incurred	$ 9,631,405	42.6%
Change in net deferred incomes taxes	$ (1,972,433)	- 8.7%
Total statutory incomes taxes	$ 7,658,972	33.9%

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)	$95,384,790	$ 93,597,091
Total of all deferred tax liabilities	28,314,758	26,887,886
Net deferred tax asset (liability)	67,070,033	66,709,206
Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	57,264,333	57,554,777
Net admitted deferred tax asset/(liability)	9,805,700	9,158,270
Increase (decrease) in deferred tax assets nonadmitted	$ (299,410)	$ (172,481)

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	$ 777,353	$ 714,576
Adjustment for deferred acquisitions costs	6,211,194	6,173,226
Accrued deferred compensation	17,360,809	16,649,887
Unrealized Gain/Losses on deferred comp	485,258	763,447
Other Post Employment Benefits	35,718,030	34,985,655
FAS 158 - OPEB	11,916,800	11,916,800
Basis difference in investments	9,706,181	9,706,181
Unrealized Gain/Loss on partnerships	214,431	214,431
Depreciable assets	8,230,068	8,217,260
Intangibles	3,359,790	3,359,790
Other	1,404,876	895,837
Total deferred tax assets	95,384,790	93,597,091
Total deferred tax assets non-admitted	57,264,333	57,554,777
Admitted deferred tax assets	38,120,457	36,046,156
Deferred Tax Liabilities:		
Unrealized Capital Gains	14,435,184	13,093,068
Accrued dividends	63,576	29,924
Basis diff in Unconsolidated Subs	13,419,274	13,372,280
Unrealized Gain/Loss on Unconsolid Subs	136,081	131,972
Other	260,642	260,642
Total deferred tax liabilities	28,314,758	26,887,886
Net admitted deferred tax asset	9,805,700	9,158,271

NOTES TO FINANCIAL STATEMENTS

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	$ 95,384,790	$ 93,597,091	$ 1,787,699
Total deferred tax liabilities	28,314,758	26,887,886	1,426,872
Net deferred tax asset (liability)	$ 67,070,033	$ 66,709,206	$ 360,827
Tax effect of unrealized gains (losses)-portfolio			1,342,116
Tax effect of unreal gains (losses)-other inv			4,109
Tax effect of unreal gains (losses)-SSP			278,189
Tax effect of unreal gains (losses)-FAS 158			
Tax effect of transfer of subsidiary liability			
Change in net deferred income tax			$ 1,985,241

The method of allocation of consolidated tax liability between the companies has been approved by the required authorized officers. The method of allocation chosen is in accordance with Internal Revenue Service Regulation 1.1502-33 (d) (2) (I) whereby profitable companies pay tax according to their separate return liabilities, and loss companies are credited with the tax benefit realized due to the utilization of their losses and investment tax credit. Intercompany tax balances are paid quarterly based on estimates and settled annually upon the completion of the consolidated tax return.

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.

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

C. There were no wash sales.

NOTES TO FINANCIAL STATEMENTS

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

B. ASC Plans

The gain from operations from Administrative Services Contract (ASC) uninsured plans was as follows during 2010:

		ASC Uninsured Plans
a.	Gross reimbursement for medical cost incurred	$ 506,927,869
b.	Gross administrative fees accrued	$ 52,276,102
c.	Other income or expenses	$ 0
d.	Gross expenses incurred (claims and adminstrative)	$ 549,774,980
e.	Total net gain or loss from operations	$ 9,428,991

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

No significant change.

Note 25 - Intercompany Pooling Arrangements

No significant change.

Note 26 - Structured Settlements

Not applicable.

Note 27 - Health Care Receivables

No significant change.

Note 28 - Participating Policies

No significant change.

Note 29 - Premium Deficiency Reserves

No significant change.

NOTES TO FINANCIAL STATEMENTS

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 [X]

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 [X] No [ ]

2.2 If yes, date of change: 3/23/2010

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 [ ] N/A [X]
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. 12/31/2005

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. 12/31/2005

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). 5/9/2007

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: $.....0

INVESTMENT

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

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

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

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

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

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	$ 176,905,237	$ 177,958,586
14.24 Short-Term Investments	$ 0	$ 0
14.25 Mortgage Loans on Real Estate	$ 0	$ 0
14.26 All Other	$ 56,004,467	$ 55,431,289
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 232,909,704	$ 233,389,875
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
U.S. Bank Institutional Trust & 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		82.8 %
	1.2 A&H cost containment percent		0.9 %
	1.3 A&H expense percent excluding cost containment expenses		6.6 %
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	279,551,332	1,017,131		53,628,190			334,196,653	
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	279,551,332	1,017,131	0	53,628,190	0	0	334,196,653	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	279,551,332	1,017,131	0	53,628,190	0	0	334,196,653	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?	YES

Explanation:

1.

Bar Code:

Overflow Page for Write-Ins

Additional Write-ins for Assets:

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	December 31, Prior Year Net Admitted Assets
2404. National Accounts Receivable	6,685,431		6,685,431	290,995
2497. Summary of remaining write-ins for Line 24	6,685,431	0	6,685,431	290,995

SCHEDULE A - VERIFICATION

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	43,284,915	43,359,024
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		1,047,135
2.2 Additional investment made after acquisition	221,462	
3. Current year change in encumbrances		2,486,960
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	753,263	3,608,205
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8)	42,753,114	43,284,915
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	42,753,114	43,284,915

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

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	56,004,467	55,346,017
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		10,000
2.2 Additional investment made after acquisition		3,822,750
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	(573,178)	(323,847)
6. Total gain (loss) on disposals		(1,732,848)
7. Deduct amounts received on disposals		1,117,605
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)	55,431,289	56,004,467
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	55,431,289	56,004,467

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	521,344,025	506,813,130
2. Cost of bonds and stocks acquired	41,774,394	94,877,279
3. Accrual of discount	106,893	451,490
4. Unrealized valuation increase (decrease)	5,653,337	1,423,213
5. Total gain (loss) on disposals	534,399	15,286,080
6. Deduct consideration for bonds and stocks disposed of	17,681,749	94,187,133
7. Deduct amortization of premium	408,697	1,577,853
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized	801,000	1,742,181
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	550,521,602	521,344,025
11. Deduct total nonadmitted amounts	18,582,693	19,160,817
12. Statement value at end of current period (Line 10 minus Line 11)	531,938,909	502,183,208

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)	349,139,223	239,578,311	244,190,912	(214,159)	344,312,462			349,139,223
2. Class 2 (a)	35,084,786	1,732,590	250,882	(35,516)	36,530,978			35,084,786
3. Class 3 (a)	940,660			(97)	940,563			940,660
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)		26,800,970		(420,470)	26,380,500			
7. Total Bonds	385,164,669	268,111,871	244,441,794	(670,242)	408,164,503	0	0	385,164,669
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5	515,258			(515,258)				515,258
13. Class 6	256,400			40,116	296,515			256,400
14. Total Preferred Stock	771,658	0	0	(475,142)	296,515	0	0	771,658
15. Total Bonds and Preferred Stock	385,936,327	268,111,871	244,441,794	(1,145,384)	408,461,018	0	0	385,936,327

(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 $.....24,669,187; 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	146,556,063	XXX	146,556,063		

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	144,986,030	110,660,412
2. Cost of short-term investments acquired	229,350,477	801,382,471
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	227,780,444	767,056,853
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)	146,556,063	144,986,030
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	146,556,063	144,986,030

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		6,977,031	7,000,000	6,961	1
0399999.	Total - Bonds - U.S. Government					6,977,031	7,000,000	6,961	XXX
Bonds - All Other Government									
AU1504 01 1	Australia Govt Bond	F	01/14/2010	Merrill Lynch		16,188,049	15,528,105	255,903	6FE
NZ1304 01 1	New Zealand Govt Bond	F	01/27/2010	Merrill Lynch		10,612,921	10,063,456	190,487	6FE
1099999.	Total - Bonds - All Other Government					26,800,970	25,591,561	446,390	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
452874 EE 6	Imperial Irr Dist CA Taxable Wtr S		01/15/2010	Morgan Keegan		2,282,140	2,000,000	5,922	1FE
2499999.	Total - Bonds - U.S. Political Subdivision of States, Territories & Possessions					2,282,140	2,000,000	5,922	XXX
Bonds - Industrial and Miscellaneous									
718448 AB 9	Philips Electronics NV	R	02/12/2010	SW Securities		968,663	840,000	508	1FE
98385X AA 4	XTO Energy Inc		01/13/2010	SW Securities		1,128,090	1,000,000	19,583	2FE
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					2,701,253	2,440,000	29,154	XXX
8399997.	Total - Bonds - Part 3					38,761,394	37,031,561	488,427	XXX
8399999.	Total - Bonds					38,761,394	37,031,561	488,427	XXX
Common Stocks - Industrial and Miscellaneous									
303901 10 2	Fairfax Financial		01/20/2010	Union Bank Switzerland	7,900.000	3,013,000	XXX		U
9099999.	Total - Common Stocks - Industrial & Miscellaneous					3,013,000	XXX	0	XXX
9799997.	Total - Common Stocks - Part 3					3,013,000	XXX	0	XXX
9799999.	Total - Common Stocks					3,013,000	XXX	0	XXX
9899999.	Total - Preferred and Common Stocks					3,013,000	XXX	0	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					41,774,394	XXX	488,427	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues: 1.

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	VARIOUS		12,021,875	12,000,000	13,627,500	12,042,440		(31,972)		(31,972)		12,010,468		11,407	11,407	367,038	02/15/2010	1
0399999.	Total - Bonds - U.S. Government					12,021,875	12,000,000	13,627,500	12,042,440	0	(31,972)	0	(31,972)	0	12,010,468	0	11,407	11,407	367,038	XXX	XXX
Bonds - U.S. States, Territories and Possessions																					
235218 J2 1	Dallas, TX Unlim G.O. (Taxable)		02/16/2010	MATURITY		1,000,000	1,000,000	1,000,000	1,000,000				0		1,000,000			0	20,700	02/15/2010	1FE
880541 DL 8	Tennessee State GO (Taxable)		03/01/2010	CALLED @ 100.0000000		2,400,000	2,400,000	2,391,240	2,399,484		516		516		2,400,000			0	57,840	03/01/2029	1FE
1799999.	Total - Bonds - U.S. States, Territories & Possessions					3,400,000	3,400,000	3,391,240	3,399,484	0	516	0	516	0	3,400,000	0	0	0	78,540	XXX	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions																					
167673 AY 8	Chicago IL Pub Bldg Spl Obl-Taxab		01/04/2010	MATURITY		1,000,000	1,000,000	1,083,880	1,000,000				0		1,000,000			0	35,625	01/01/2010	1FE
2499999.	Total - Bonds - U.S. Political Subdivisions of States, Territories & Possessions					1,000,000	1,000,000	1,083,880	1,000,000	0	0	0	0	0	1,000,000	0	0	0	35,625	XXX	XXX
Bonds - Industrial and Miscellaneous																					
31331F AN 1	FedEx Corp 1995 Pass Tst		01/06/2010	Same As Description		257,415	257,415	247,119	248,949		25		25		248,974		8,441	8,441		01/02/2014	2FE
84474E AB 6	Southwest Airlines 93-A Trust		01/14/2010	Same As Description		1,825	1,825	1,915	1,908				0		1,908		(83)	(83)		06/29/2015	2FE
3899999.	Total - Bonds - Industrial & Miscellaneous					259,240	259,241	249,034	250,857	0	25	0	25	0	250,882	0	8,358	8,358	0	XXX	XXX
8399997.	Total - Bonds - Part 4					16,681,115	16,659,241	18,351,654	16,692,781	0	(31,431)	0	(31,431)	0	16,661,350	0	19,765	19,765	481,203	XXX	XXX
8399999.	Total - Bonds					16,681,115	16,659,241	18,351,654	16,692,781	0	(31,431)	0	(31,431)	0	16,661,350	0	19,765	19,765	481,203	XXX	XXX
Common Stocks - Industrial and Miscellaneous																					
885535 10 4	3 Com Corp		01/28/2010	Merrill Lynch	135,000.000	1,000,634	XXX	486,000	1,012,500	(526,500)			(526,500)		486,000		514,634	514,634		XXX	L
9099999.	Total - Common Stocks - Industrial & Miscellaneous					1,000,634	XXX	486,000	1,012,500	(526,500)	0	0	(526,500)	0	486,000	0	514,634	514,634	0	XXX	XXX
9799997	Total - Common Stocks - Part 4					1,000,634	XXX	486,000	1,012,500	(526,500)	0	0	(526,500)	0	486,000	0	514,634	514,634	0	XXX	XXX
9799999.	Total - Common Stocks					1,000,634	XXX	486,000	1,012,500	(526,500)	0	0	(526,500)	0	486,000	0	514,634	514,634	0	XXX	XXX
9899999.	Total - Preferred and Common Stocks					1,000,634	XXX	486,000	1,012,500	(526,500)	0	0	(526,500)	0	486,000	0	514,634	514,634	0	XXX	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					17,681,749	XXX	18,837,654	17,705,281	(526,500)	(31,431)	0	(557,931)	0	17,147,350	0	534,399	534,399	481,203	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	Little Rock, AR								XXX
MAPD ACH						12,129	38,328	4,158	XXX
MAPD Lockbox						58,494	49,135	58,004	XXX
MAPD Claim Refunds									XXX
MAPD Claims						(1,673,958)	(1,526,107)	(2,059,706)	XXX
CASH-PART D ACH						9,111	710,384	6,415	XXX
CASH-PART D LOCKBOX						399,487	34,365	351,048	XXX
General						1,890,238	2,135,076	10,028,539	XXX
Payroll						905,350	906,193	906,468	XXX
Workers Compensation									XXX
Long Term Care						151,974	209,192	169,833	XXX
Medicare Part D						(2,366)	(2,366)	(2,366)	XXX
USAA NON BRANDED TPA								(249)	XXX
CASH-BOATMEN's OPER A						(1,195,554)	17,916,647	(425,698)	XXX
CASH-BOATMEN's REFUND						253,838	196,269	172,180	XXX
CASH-AMISYS TPA CLAIMS						11,046,187	7,732,366	(316,915)	XXX
CASH-CHIP ACCOUNT						981,504	981,729	1,268,787	XXX
CASH-WALMART CLAIMS A						21,116,161	22,462,485	29,285,575	XXX
CASH-USABLE CORP CHIP						147,068	136,859	45,174	XXX
Bank of America	Vandalia, MO								XXX
Accounts Payable						(2,424,463)	(2,399,501)	(1,606,166)	XXX
Assigned Benefits EFT						(1,281,595)	(1,349,272)	(852,964)	XXX
Unassigned Benefits						(259,895)	(156,123)	(165,551)	XXX
Simmons	Pine Bluff, AR								XXX
Hospital						(2,385,196)	(2,616,009)	(3,137,349)	XXX
Assigned Medipak						(1,594,157)	(1,898,883)	(1,815,847)	XXX
Unassigned Medipak						(263,348)	(281,053)	(298,038)	XXX
Bank Fund Account						45,112	99,494	79,420	XXX
Accounts Payable						(9,548)			XXX
FEP Investment Acct						600,261	607,587	306,910	XXX
FEP Standard Option						(779,147)	(1,039,815)	(1,332,413)	XXX
FEP Basic Option						(228,507)	(270,437)	(266,373)	XXX
FEP Standard EFT						(158,180)			XXX
FEP EFT Basic Option						(54,890)			XXX
U.S. Bank	St. Louis, MO								XXX
Membrs Lockbox						494,847	651,277	641,662	XXX
Regions Bank	Little Rock, AR								XXX
Non-Negotiable CD			1.730	534		125,000	125,000	125,000	XXX
0199998. Deposits in 58 depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories		XXX	XXX	11,251		2,430,000	2,430,000	2,430,000	XXX
0199999. Total Open Depositories		XXX	XXX	11,785	0	28,355,955	45,882,817	33,599,536	XXX
0399999. Total Cash on Deposit		XXX	XXX	11,785	0	28,355,955	45,882,817	33,599,536	XXX
0499999. Cash in Company's Office		XXX	XXX	XXX	XXX	8,050	8,050	8,050	XXX
0599999. Total Cash		XXX	XXX	11,785	0	28,364,005	45,890,867	33,607,586	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

MEDICARE PART D COVERAGE SUPPLEMENT

(Net of Reinsurance)

NAIC Group Code.....876 NAIC Company Code.....83470

	Individual Coverage		Group Coverage		5
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	Total Cash
1. Premiums collected	13,303,686	XXX		XXX	13,303,686
2. Earned premiums	12,368,027	XXX		XXX	XXX
3. Claims paid	17,178,127	XXX		XXX	17,178,127
4. Claims incurred	15,077,505	XXX		XXX	XXX
5. Reinsurance coverage and low income cost sharing - claims paid net of reimbursements applied (a)	XXX	152,830	XXX		152,830
6. Aggregate policy reserves - change		XXX		XXX	XXX
7. Expenses paid	2,469,015	XXX		XXX	2,469,015
8. Expenses incurred	2,483,913	XXX		XXX	XXX
9. Underwriting gain or loss	(5,193,392)	XXX	0	XXX	XXX
10. Cash flow results	XXX	XXX	XXX	XXX	(6,496,286)

(a) Uninsured Receivable/Payable with CMS at End of Quarter $.....0 due from CMS or $.....0 due to CMS.