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HEALTH QUARTERLY STATEMENT

As of September 30, 2011

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. Gray Donald Dillard #	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
Steven Aaron Spaulding
James Sterling Adamson Jr., MD
David Frank Bridges
Richard Shelby Cooper
Gray Donald Dillard
James Robert Heard III
Samuel Patterson Partin III
Joseph Steven Smith
Toni Lairry Starks

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	Gray Donald Dillard
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	245,911,160		245,911,160	294,426,101
2. Stocks:				
2.1 Preferred stocks	260,496		260,496	367,642
2.2 Common stocks	285,329,147	18,803,401	266,525,746	293,704,743
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)	25,087,855		25,087,855	26,425,504
4.2 Properties held for the production of income (less $.....0 encumbrances)	14,565,287		14,565,287	14,864,832
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....38,814,538), cash equivalents ($.....0) and short-term investments ($.....292,997,165)	331,811,703		331,811,703	203,533,563
6. Contract loans (including $.....0 premium notes)			0	
7. Derivatives			0	
8. Other invested assets	69,667,215		69,667,215	67,804,330
9. Receivables for securities	142,226		142,226	46,920
10. Securities lending reinvested collateral assets			0	
11. Aggregate write-ins for invested assets	2,807,074	0	2,807,074	2,833,543
12. Subtotals, cash and invested assets (Lines 1 to 11)	975,582,163	18,803,401	956,778,762	904,007,178
13. Title plants less $.....0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	4,038,666		4,038,666	3,464,944
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	97,197,296	2,016,690	95,180,606	87,894,873
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums			0	
16. Reinsurance:				
161. Amounts recoverable from reinsurers	2,195,753		2,195,753	1,622,181
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans	26,660,976		26,660,976	31,046,232
18.1 Current federal and foreign income tax recoverable and interest thereon	48,958		48,958	10,941,074
18.2 Net deferred tax asset	78,184,368	77,461,146	723,222	
19. Guaranty funds receivable or on deposit	384,296		384,296	614,873
20. Electronic data processing equipment and software	12,378,428	4,900,564	7,477,864	6,961,139
21. Furniture and equipment, including health care delivery assets ($.....0)	9,180,535	9,180,535	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	13,576,826		13,576,826	15,881,907
24. Health care ($.....6,945,826) and other amounts receivable	32,137,096	3,776,670	28,360,426	27,119,661
25. Aggregate write-ins for other than invested assets	64,346,585	13,407,762	50,938,823	49,427,587
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	1,315,911,946	129,546,768	1,186,365,178	1,138,981,649
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. Total (Lines 26 and 27)	1,315,911,946	129,546,768	1,186,365,178	1,138,981,649

DETAILS OF WRITE-INS

1101. Deposits with National Accounts	2,807,074		2,807,074	2,833,543
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	2,807,074	0	2,807,074	2,833,543
2501. Supplemental Savings Plan	36,257,968		36,257,968	37,044,795
2502. Other Assets	14,680,855		14,680,855	12,382,792
2503. Other Nonadmitted Assets	13,407,762	13,407,762	0	
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	64,346,585	13,407,762	50,938,823	49,427,587

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $.....3,098,024 reinsurance ceded)	123,309,451	578,193	123,887,644	116,950,880
2. Accrued medical incentive pool and bonus amounts			0	39,993
3. Unpaid claims adjustment expenses	4,695,507		4,695,507	4,369,835
4. Aggregate health policy reserves	120,681,262		120,681,262	104,928,168
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	30,987,499		30,987,499	12,305,766
9. General expenses due or accrued	208,286,547		208,286,547	209,722,566
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses))			0	
10.2 Net deferred tax liability			0	13,484,580
11. Ceded reinsurance premiums payable	2,911,730		2,911,730	2,977,091
12. Amounts withheld or retained for the account of others	39,958,000		39,958,000	45,766,758
13. Remittances and items not allocated	121,260		121,260	367,402
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	1,617,029		1,617,029	1,735,098
16. Derivatives			0	
17. Payable for securities			0	
18. Payable for securities lending			0	
19. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
20. Reinsurance in unauthorized companies			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	
22. Liability for amounts held under uninsured plans	57,037,893		57,037,893	33,627,186
23. Aggregate write-ins for other liabilities (including $.....0 current)	20,273,964	0	20,273,964	20,659,460
24. Total liabilities (Lines 1 to 23)	609,880,142	578,193	610,458,335	566,934,783
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX		
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	575,906,843	572,046,866
32. Less treasury stock, at cost:				
32.1 .....0.000 shares common (value included in Line 26 $.....0)	XXX	XXX		
32.2 .....0.000 shares preferred (value included in Line 27 $.....0)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	575,906,843	572,046,866
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,186,365,178	1,138,981,649

DETAILS OF WRITE-INS

2301. Miscellaneous Liabilities	656,279		656,279	1,041,775
2302. Claims Payable for Self-Insured Plans			0	
2303. Deferred Gain on Capitalization of Joint Venture	19,617,685		19,617,685	19,617,685
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	20,273,964	0	20,273,964	20,659,460
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.				
3002.				
3003.				
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 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	3,883,081	3,824,071	5,093,797
2. Net premium income (including $.....0 non-health premium income)	XXX	953,588,620	911,929,321	1,213,714,171
3. Change in unearned premium reserves and reserve for rate credits	XXX	(7,578,485)	(14,015,322)	(15,779,865)
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	946,010,135	897,913,999	1,197,934,306
Hospital and Medical:				
9. Hospital/medical benefits		485,060,650	454,626,261	595,063,967
10. Other professional services				
11. Outside referrals				
12. Emergency room and out-of-area		106,561,672	91,128,521	125,696,495
13. Prescription drugs		151,398,601	152,962,564	201,632,518
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	743,020,923	698,717,346	922,392,980
Less:				
17. Net reinsurance recoveries		(35,982,073)	(34,688,248)	(48,425,631)
18. Total hospital and medical (Lines 16 minus 17)	0	779,002,996	733,405,594	970,818,611
19. Non-health claims (net)				
20. Claims adjustment expenses, including $.....(31,973,562) cost containment expenses		46,905,360	42,682,238	62,760,548
21. General administrative expenses		72,747,185	67,576,356	88,306,721
22. Increase in reserves for life and accident and health contracts (including $.....0 increase in reserves for life only)		5,552,842	5,275,000	5,857,668
23. Total underwriting deductions (Lines 18 through 22)	0	904,208,383	848,939,188	1,127,743,548
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	41,801,752	48,974,811	70,190,758
25. Net investment income earned		9,611,089	8,929,804	11,967,496
26. Net realized capital gains (losses) less capital gains tax of $.....3,889,646		8,473,111	404,634	2,847,015
27. Net investment gains or (losses) (Lines 25 plus 26)	0	18,084,200	9,334,438	14,814,511
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	(1,205,513)	(2,177,844)	(3,465,085)
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	58,680,439	56,131,405	81,540,184
31. Federal and foreign income taxes incurred	XXX	22,829,674	22,689,305	18,197,370
32. Net income (loss) (Lines 30 minus 31)	XXX	35,850,765	33,442,100	63,342,814

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. Miscellaneous Income/Expense		(228,143)	(281,248)	(420,074)
2902. Regional Management Fees		(977,370)	(1,896,596)	(3,045,011)
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	(1,205,513)	(2,177,844)	(3,465,085)

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	572,046,869	482,504,368	482,504,368
34. Net income or (loss) from Line 32	35,850,765	33,442,100	63,342,814
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	(24,782,849)	8,073,573	28,774,571
37. Change in net unrealized foreign exchange capital gain or (loss)	(2,746,933)		3,398,086
38. Change in net deferred income tax	2,227,773	2,871,815	7,096
39. Change in nonadmitted assets	(7,603,580)	13,288,466	(7,404,827)
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	914,801	852,238	1,424,761
48. Net change in capital and surplus (Lines 34 to 47)	3,859,977	58,528,192	89,542,501
49. Capital and surplus end of reporting period (Line 33 plus 48)	575,906,846	541,032,560	572,046,869

DETAILS OF WRITE-INS

4701. Change in Unrecognized OPEB liability			
4702. Capital Lease Adjustment	914,801	852,238	1,424,761
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)	914,801	852,238	1,424,761

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	963,237,865	897,987,122	1,197,223,423
2. Net investment income	12,621,270	10,207,433	14,674,439
3. Miscellaneous income			
4. Total (Lines 1 through 3)	975,859,135	908,194,555	1,211,897,862
5. Benefit and loss related payments	772,679,797	721,500,690	969,762,172
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	92,788,001	71,491,128	111,921,348
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	15,827,204	28,426,344	29,702,668
10. Total (Lines 5 through 9)	881,295,002	821,418,162	1,111,386,188
11. Net cash from operations (Line 4 minus Line 10)	94,564,133	86,776,393	100,511,674
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	127,316,192	38,793,601	40,596,127
12.2 Stocks	16,283,168	1,058,528	14,857,585
12.3 Mortgage loans			
12.4 Real estate			180,713
12.5 Other invested assets			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds	26,469	531	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	143,625,829	39,852,660	55,634,425
13. Cost of investments acquired (long-term only):			
13.1 Bonds	79,752,499	48,722,479	92,648,310
13.2 Stocks	17,943,291	12,810,354	14,569,688
13.3 Mortgage loans			
13.4 Real estate	767,943	1,116,252	441,647
13.5 Other invested assets			9,400,000
13.6 Miscellaneous applications	95,306	2,098,287	2,246,831
13.7 Total investments acquired (Lines 13.1 to 13.6)	98,559,039	64,747,372	119,306,476
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)	45,066,790	(24,894,712)	(63,672,051)
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)	(11,352,782)	28,120,242	28,268,682
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	(11,352,782)	28,120,242	28,268,682
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)	128,278,141	90,001,923	65,108,305
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	203,533,562	138,425,257	138,425,257
19.2 End of period (Line 18 plus Line 19.1)	331,811,703	228,427,180	203,533,562

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
		2	3							
	Total	Individual	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	425,324	91,499	122,449	103,245	6,421	15,747	55,054	9,824		21,085
2. First Quarter	431,170	92,175	122,688	103,416	7,076	16,689	56,301	12,363		20,462
3. Second Quarter	431,824	91,799	123,526	103,288	6,992	17,267	56,159	12,507		20,286
4. Third Quarter	433,719	91,751	124,393	103,842	6,953	17,758	56,066	12,662		20,294
5. Current Year	0									
6. Current Year Member Months	3,883,081	826,888	1,109,250	931,657	63,189	153,483	503,661	112,192		182,761
Total Member Ambulatory Encounters for Period:										
7. Physician	1,290,419	98,398	213,059	670,371		308,591				
8. Non-Physician	1,994,851	356,554	797,692	840,605						
9. Total	3,285,270	454,952	1,010,751	1,510,976	0	308,591	0	0	0	0
10. Hospital Patient Days Incurred	1,994,851	356,554	797,692	840,605						
11. Number of Inpatient Admissions	38,502	2,799	6,696	29,007						
12. Health Premiums Written (a)	907,926,248	140,756,257	290,257,921	161,442,556	504,089	22,006,513	172,520,376	76,746,574		43,691,962
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	900,347,763	140,427,961	290,257,920	161,260,337	504,089	21,872,059	165,586,861	76,746,574		43,691,962
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	738,162,063	113,356,091	230,870,084	127,712,236	381,341	17,347,972	154,542,747	56,976,349		36,975,243
18. Amount Incurred for Provision of Health Care Services	743,020,923	110,697,085	225,454,541	138,691,961	392,338	17,504,972	154,542,747	58,541,789		37,195,490

(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	10,680,121	80,695	56,276	15,223	18,539	10,850,854
0499999. Subtotals	10,680,121	80,695	56,276	15,223	18,539	10,850,854
0599999. Unreported Claims and Other Claim Reserves						116,134,814
0799999. Total Claims Unpaid						126,985,668

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)	54,443,970	334,210,721	727,896	63,903,102	55,171,866	70,409,969
2. Medicare Supplement	16,053,588	111,658,648	36,100	28,609,350	16,089,688	17,665,725
3. Dental only	1,700,622	15,647,350	28,675	1,622,325	1,729,297	1,494,000
4. Vision only		381,341		35,164	0	24,167
5. Federal Employees Health Benefits Plan	14,891,649	139,651,098	265,894	16,157,946	15,157,543	16,423,840
6. Title XVIII - Medicare	7,703,203	49,273,146	229,811	12,152,289	7,933,014	10,816,660
7. Title XIX - Medicaid					0	
8. Other health		36,975,243		119,093	0	116,520
9. Health subtotal (Lines 1 to 8)	94,793,032	687,797,547	1,288,376	122,599,269	96,081,408	116,950,881
10. Healthcare receivables (a)	1,269,941	9,214,413			1,269,941	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts					0	39,993
13. Totals (Lines 9-10+11+12)	93,523,091	678,583,134	1,288,376	122,599,269	94,811,467	116,990,874

(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

D. 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

USAble Mutual Insurance Company files a consolidated federal income tax return with its other eligible domestic subsidiaries, USAble Corporation, Pinnacle Business Solutions, Inc. and Group Services Underwriters, 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.

NOTES TO FINANCIAL STATEMENTS

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 liabilites, and loss companies are credited with the tax
benefit realized due to the utiliazation 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.

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, 2010, the Company had $0 of operating loss carry forwards.

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

	Ordinary	Capital	Total
2011	40,646	3,889,646	3,930,291
2010	20,046,907	698,082	20,744,989
2009	0	2,257,032	2,257,032

The components of current income tax expense are as follows:

	2011	2010
Federal	$ 23,502,470	$ 18,197,370
Foreign	$ -	$ -
Federal Income Tax on net capital gains	$ 3,889,646	$ 1,194,182
Utilization of capital loss carry-forwards		
Federal & Foreign income tax incurred	$ 27,392,116	$ 19,391,552

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:

	Sept 30, 2011	Effective Tax Rate
Provision computed at statutory rate	$ 22,135,009	35.0%
Tax exempt income deduction	0	0
Dividends received deduction	(420,531)	-0.7%
Tax differentials on foreign earnings	0	0
Nondeductible expenses	897,745	1.4%
Tax Credits	(125,946)	-0.2%
Rate Differential	0	0.0%
Other	2,678,066	4.2%
Total	$ 25,164,344	39.8%
Federal and foreign income taxes incurred	$ 27,392,116	43.3%
Change in net deferred income taxes	(2,227,772)	-3.5%
Total statutory income taxes	$ 25,164,344	39.8%

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

	Sept 30, 2011			December 31, 2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Total of all deferred tax assets (admitted and nonadmitted)	90,798,475	11,658,808	102,457,283	87,062,233	11,871,040	98,933,273	3,736,242	(212,232)	3,524,010

NOTES TO FINANCIAL STATEMENTS

Total of all deferred tax liabilities	474,870	23,798,047	24,272,917	457,386	37,931,370	38,388,756	17,484	(14,133,323)	(14,115,839)
Net deferred tax asset (liability)	90,323,605	(12,139,239)	78,184,366	86,604,847	(26,060,330)	60,544,517	3,718,758	13,921,091	17,639,849
Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	77,461,146	0	77,461,146	74,029,098	0	74,029,098	3,432,048	0	3,432,048
Net admitted deferred tax asset/(liability)	12,862,458	(12,139,239)	723,220	12,575,749	(26,060,330)	(13,484,581)	286,709	13,921,091	14,207,801

The Company has elected to admit DTAs pursuant to paragraph 10.e. in the current year. This election is consistent with the prior year. The components of the calculation are as follows:

Admission Calculation Components: SSAP No. 10R, Paragraphs 10.a., 10.b., and 10.c.:

	Sept 30, 2011			December 31, 2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP No. 10R, Paragraph 10.a	8,640,448	0	8,640,448	8,305,641	0	8,305,641	334,807	0	334,807
SSAP No. 10R, Paragraph 10.b (the lesser of paragraph 10.b.i and 10.b.ii. below)	0	0	0	0	0	0	0	0	0
SSAP No. 10R, Paragraph 10.b.i.	0	0	0	0	0	0	0	0	0
SSAP No. 10R, Paragraph 10.b.ii.	0	0	0	0	0	0	0	0	0
SSAP No. 10R, Paragraph 10.c.	474,870	11,658,808	12,133,678	457,386	11,871,040	12,328,426	17,484	(212,232)	(194,748)
Total	9,115,318	11,658,808	20,774,126	8,763,027	11,871,040	20,634,067	352,291	(212,232)	140,059

Admission Calculation Components: SSAP No. 10R, Paragraphs 10.e.

	Sept 30, 2011			December 31, 2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP No. 10R, Paragraph 10.e.i.	12,862,458	0	12,862,458	12,575,749	0	12,575,749	286,709	0	286,709
SSAP No. 10R, Paragraph 10.e.ii. (the lesser of paragraph 10.e.ii.a and 10.e.ii.b. below)	0	0	0	0	0	0	0	0	0
SSAP No. 10R, Paragraph 10.e.ii.a	0	0	0	0	0	0	0	0	0
SSAP No. 10R, Paragraph 10.e.ii.b	0	0	0	0	0	0	0	0	0
SSAP No. 10R, Paragraph 10.e.iii.	474,870	11,658,808	12,133,678	457,386	11,871,040	12,328,426	17,484	(212,232)	(194,748)
Total	13,337,329	11,658,808	24,996,136	13,033,135	11,871,040	24,904,175	304,194	(212,232)	91,961

Used in SSAP No. 10R, Paragraph 10.d.

	Sept 30, 2011			December 31, 2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Total Adjusted Capital	XXXX	XXXX	482,504,370	XXXX	XXXX	482,504,370	XXXX	XXXX	0
Authorized Control Level	XXXX	XXXX	55,306,593	XXXX	XXXX	55,306,593	XXXX	XXXX	0

Increase in Admitted Deferred Tax Asset due to SSAP No.10R, Paragraph 10.e.

	Sept 30, 2011			December 31, 2010			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted DTA under paragraph 10.a., 10.b., and 10.c.	9,115,318	11,658,808	20,774,126	8,763,027	11,871,040	20,634,067	352,291	(212,232)	140,059
Admitted DTA under paragraph 10.e	13,337,329	11,658,808	24,996,136	13,033,135	11,871,040	24,904,175	304,194	(212,232)	91,961
Increase	4,222,010	0	4,222,010	4,270,108	0	4,270,108	(48,098)	0	(48,098)

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:

	Sept 30, 2011	December 31, 2010	Change
Deferred Tax Assets:			
(a) ***Ordinary***			
Tax basis discount on unpaid losses	738,502	726,179	12,322
Adjustment for deferred acquisition costs	6,474,591	6,367,277	107,314
Accrued deferred compensation	19,846,905	18,746,567	1,100,338
Other Post Employment Benefits	54,318,166	52,090,502	2,227,664
Depreciable assets	7,921,766	7,921,766	0
Other	1,498,545	1,209,942	288,603
Total ordinary deferred tax assets	90,798,475	87,062,233	3,736,242
Total deferred ordinary tax assets non-admitted	77,461,146	74,029,098	3,432,048

NOTES TO FINANCIAL STATEMENTS

Admitted ordinary deferred tax assets	13,337,329	13,033,135	304,193
(b) ***Capital***			
Intangibles	3,232,468	3,326,559	(94,091)
Basis difference in partnership investments	1,714,069	1,820,257	(106,188)
Basis difference in partnership investments-LSV	-	-	-
Unrealized Gain/Loss on partnerships-LSV	-	-	-
Other than Temp Investment Impairments	4,457,531	4,457,531	-
Other	2,254,740	2,266,693	(11,954)
Total capital deferred tax assets	11,658,808	11,871,040	(212,232)
Total deferred capital tax assets non-admitted	-	-	-
Admitted capital deferred tax assets	11,658,808	11,871,040	(212,232)
Total admitted deferred tax assets	24,996,136	24,904,175	91,961
Deferred Tax Liabilities:			
(a) ***Ordinary***			
Accrued dividends	122,476	104,992	17,484
Discount Amortization	352,394	352,394	-
Total ordinary deferred tax liabilities	474,870	457,386	17,484
(b) ***Capital***			
Unrealized Capital Gains	6,405,184	20,608,270	(14,203,085)
Basis difference in partnership investments-LSV	3,454,246	3,453,470	776
Unrealized Gain/Loss on partnerships-LSV	(55,670)	9,599	(65,269)
Basis diff in Unconsolidated Subs	13,909,542	13,608,956	300,586
Unrealized Gain/Loss on Unconsolid Subs	84,745	251,075	(166,330)
Total capital deferred tax liabilities	23,798,047	37,931,369	(14,133,323)
Total deferred tax liabilities	24,272,917	38,388,755	(14,115,838)
Net admitted deferred tax asset/(liability)	723,220	(13,484,581)	14,207,799

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

	Sept 30, 2011	December 31, 2010	Change
Total deferred tax assets	$ 102,457,283	$ 98,933,273	$ 3,524,009
Total deferred tax liabilities	24,272,917	38,388,755	(14,115,838)
Net deferred tax asset (liability)	$ 78,184,366	$ 60,544,518	$ 17,639,848
Tax effect of unreal gains (losses)-portfolio			(14,203,085)
Tax effect of unreal gains (losses)-other inv			(231,599)
Tax effect of unreal gains (losses)-SSP	738,198	(246,194)	(984,392)
Tax effect of unreal gains (losses)-FAS 158	14,618,800	14,625,800	7,000
Tax effect of transfer of subsidiary liability			-
Change in net deferred income tax			$ 2,227,771

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

No significant change.

Note 11 - Debt

No significant change.

NOTES TO FINANCIAL STATEMENTS

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.

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 - Fair Value

A. 1. Fair Value Measurements at Reporting Date

Description	Level 1	Level 2	Level 3	Total
a. Assets at Fair Value				
Common Stock	$63,654,847	$30,874,770	$5,119,098	$99,648,715
Preferred Stock	$ -0-	$ 260,496	-0-	$ 260,496
Supplemental Savings Plan	$36,257,968		-0-	$ 36,257,968
Total Assets at Fair Value	$99,912,815	$31,135,266	$5,119,098	$99,909,211

2.

Balance at 1/1/2011	Gains/Losses Included in Net Income or Surplus	Purchases/(Sales)	Balance at 09/30/11
$5,126,630	$(7,532)	-0-	$5,119,098

3. The company does not have any transfers between levels of fair value measurement.

4. As of September 30, 2011, the reported fair value of the reporting entities investments in Level 2 common stock was $30,874,770. Of these securities, $30,874,770 are foreign common stock. To measure their fair value the reporting entity used current market prices in U.S. dollars.

Note 21 - Other Items

No significant change.

Note 22 - Events Subsequent

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 23 - Reinsurance

No significant change.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2010 were $116,950,881. As of September 30, 2011, $94,793,032 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now $1,288,376 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on all lines of insurance. Therefore, there has been a $20,869,473 (favorable) prior year development since December 31, 2010 to September 30, 2011. The increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this increase, the Company experienced $0 of unfavorable/favorable prior year claim development on retrospectively rated policies. However, the business to which it relates is subject to premium adjustments.

Note 26 - Intercompany Pooling Arrangements

No significant change.

Note 27 - Structured Settlements

Not applicable.

Note 28 - Health Care Receivables

No significant change.

Note 29 - Participating Policies

No significant change.

NOTES TO FINANCIAL STATEMENTS

Note 30 - Premium Deficiency Reserves

No significant change.

Note 31 - 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 [X] No [ ]

2.2 If yes, date of change: 3/21/2011

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. 12/31/2010

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2005

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	$ 186,926,822	$ 185,680,432
14.24 Short-Term Investments	$ 0	$ 0
14.25 Mortgage Loans on Real Estate	$ 0	$ 0
14.26 All Other	$ 67,804,330	$ 69,667,215
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 254,731,152	$ 255,347,647
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 & Custody	PO Box 387, St. Louis, MO 63166-0387

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	401 W. Capitol, Suite 501, Little Rock, AR 72201

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	87.0 %
1.2 A&H cost containment percent	4.0 %
1.3 A&H expense percent excluding cost containment expenses	5.0 %

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 health 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 Domiciliary Jurisdiction	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	729,542,916	5,862,957		172,520,376			907,926,249	
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	729,542,916	5,862,957	0	172,520,376	0	0	907,926,249	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	729,542,916	5,862,957	0	172,520,376	0	0	907,926,249	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

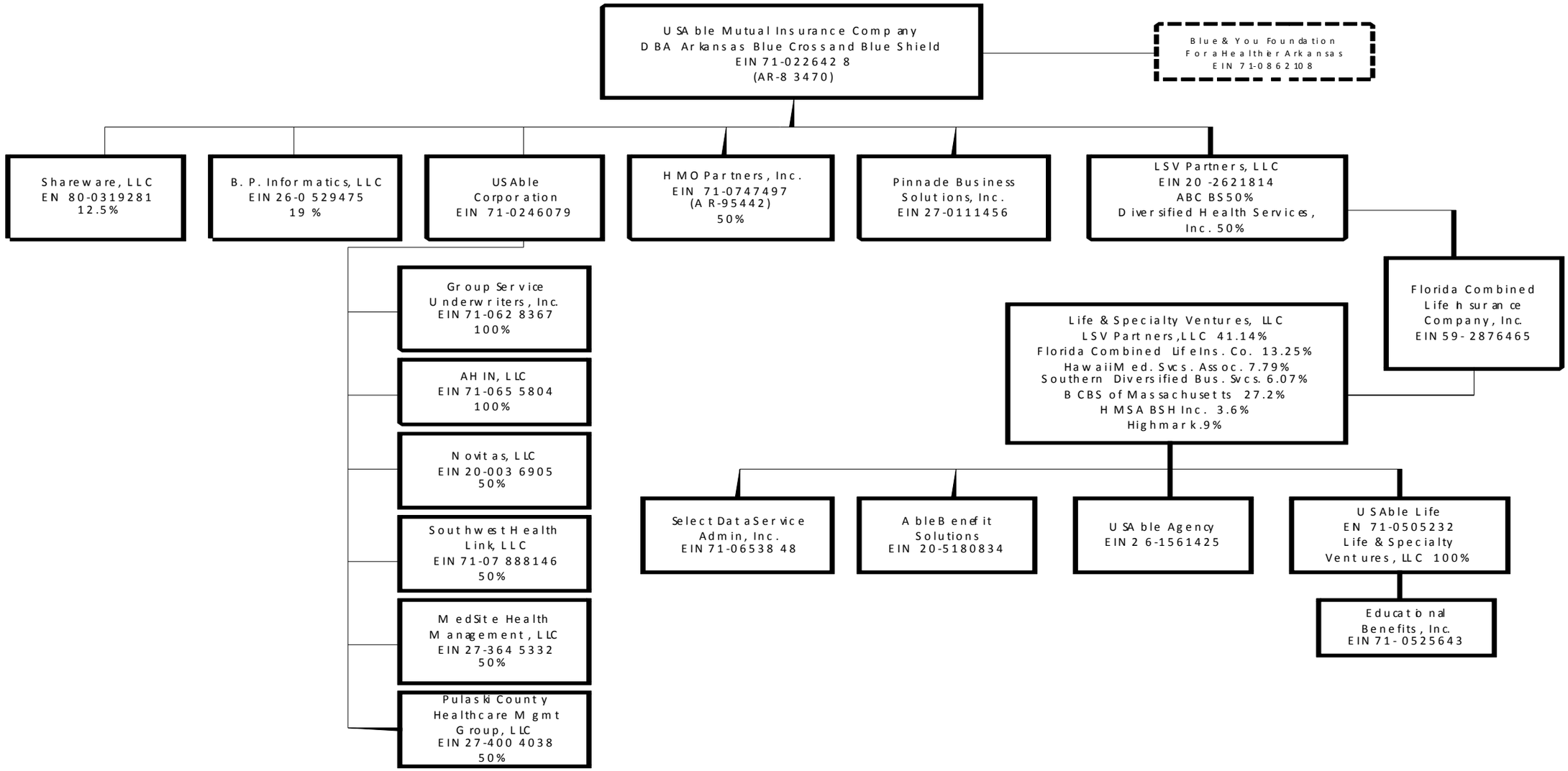
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domicilied RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(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



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

PART 1 – ORGANIZATIONAL CHART

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

	Response
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	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
2504. National Accounts Receivable			0	
2597. Summary of remaining write-ins for Line 25	0	0	0	0

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	41,290,338	43,284,915
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		441,647
2.2 Additional investment made after acquisition	767,943	
3. Current year change in encumbrances		916,137
4. Total gain (loss) on disposals		97,822
5. Deduct amounts received on disposals		180,713
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	2,405,139	3,269,469
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8)	39,653,142	41,290,338
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	39,653,142	41,290,338

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	67,804,330	56,004,467
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		400,000
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	1,862,885	11,399,863
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)	69,667,215	67,804,330
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	69,667,215	67,804,330

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	607,371,042	521,344,025
2. Cost of bonds and stocks acquired	97,695,792	107,217,998
3. Accrual of discount	328,944	469,967
4. Unrealized valuation increase (decrease)	(20,303,367)	28,132,090
5. Total gain (loss) on disposals	13,037,874	4,770,832
6. Deduct consideration for bonds and stocks disposed of	143,599,362	55,453,712
7. Deduct amortization of premium	1,507,708	1,710,146
8. Total foreign exchange change in book/adjusted carrying value	(2,746,932)	3,398,086
9. Deduct current year's other than temporary impairment recognized		798,098
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	550,276,283	607,371,042
11. Deduct total nonadmitted amounts	37,578,881	18,872,556
12. Statement value at end of current period (Line 10 minus Line 11)	512,697,402	588,498,486

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)	495,650,893	352,593,556	334,935,326	(6,921,586)	443,512,815	495,650,893	506,387,536	435,152,519
2. Class 2 (a)	30,545,762	5,018,838	3,307,376	(36,435)	31,459,707	30,545,762	32,220,789	37,863,745
3. Class 3 (a)	640,053		340,000	(53)	940,158	640,053	300,000	940,261
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	526,836,708	357,612,394	338,582,702	(6,958,074)	475,912,680	526,836,708	538,908,325	473,956,525
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5				260,496			260,496	
13. Class 6	365,587			(365,587)	361,965	365,587		367,642
14. Total Preferred Stock	365,587	0	0	(105,091)	361,965	365,587	260,496	367,642
15. Total Bonds and Preferred Stock	527,202,295	357,612,394	338,582,702	(7,063,165)	476,274,645	527,202,295	539,168,821	474,324,167

(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 $.....50,656,532; 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	292,997,165	XXX	292,997,165		

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	179,780,428	144,986,030
2. Cost of short-term investments acquired	932,474,611	1,030,459,048
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	819,257,874	995,664,650
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)	292,997,165	179,780,428
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	292,997,165	179,780,428

SCHEDULE DB - PART A - VERIFICATION

Options, Caps, Floors, Collars, Swaps and Forwards

NONE

1.	Book/Adjusted Carrying Value, December 31, prior year (Line 9, prior year)	
2.	Cost paid/(consideration received) on additions	
3.	Unrealized valuation increase (decrease)	
4.	Total gain (loss) on termination recognized	
5.	Considerations received (paid) on terminations	
6.	Amortization	
7.	Adjustment to the Book/Adjusted Carrying Value of hedge item	
8.	Total foreign exchange change in Book/Adjusted Carrying Value	
9.	Book/Adjusted Carrying Value, December 31, current year (Lines 1 + 2 + 3 + 4 - 5 + 6 + 7 + 8)	0
10.	Deduct nonadmitted assets	
11.	Statement value at end of current period (Line 9 minus Line 10)	0

SCHEDULE DB - PART B - VERIFICATION

Futures Contracts

NONE

1.	Book/Adjusted Carrying Value, December 31, prior year			
2.	Net cash deposits (Section 1, Broker Name/Net Cash Deposits footnote)			
3.1	Change in variation margin on open contracts			
3.2	Add:			
	Change in adjustment to basis of hedged item:			
3.21	Section 1, Column 17, current year to date minus			
3.22	Section 1, Column 17, prior year		0	
	Change in amount recognized:			
3.23	Section 1, Column 16, current year to date minus			
3.24	Section 1, Column 16, prior year	0		0
3.3	Subtotal (line 3.1 minus Line 3.2)			0
4.1	Variation margin on terminated contracts during the year			
4.2	Less:			
4.21	Amount used to adjust basis of hedged item			
4.22	Amount recognized		0	
4.3	Subtotal (line 4.1 minus Line 4.2)			0
5.	Dispositions gains (losses) on contracts terminated in prior year:			
5.1	Recognized			
5.2	Used to adjust basis of hedged items			
6.	Book/Adjusted Carrying Value at end of current period (Lines 1 + 2 + 3.3 - 4.3 - 5.1 - 5.2)			0
7.	Deduct nonadmitted assets			
8.	Statement value at end of current period (Line 6 minus Line 7)			0

SCHEDULE DB - PART C - SECTION 1

Replicated (Synthetic) Assets Open as of Current Statement Date

Replicated (Synthetic) Asset								Components of the Replicated (Synthetic) Asset							
								Derivative Instruments Open			Cash Instrument(s) Held				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Number	Description	NAIC Designation or Other Description	Notional Amount	Book/Adjusted Carrying Value	Fair Value	Effective Date	Maturity Date	Description	Book/Adjusted Carrying Value	Fair Value	CUSIP	Description	NAIC Desig. or Other Description	Book/Adjusted Carrying Value	Fair Value

NONE

SCHEDULE DB - PART C - SECTION 2

Reconciliation of Replicated (Synthetic) Assets Open

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year-To-Date	
	1 Number of Positions	2 Total Replicated (Synthetic) Assets Statement Value	3 Number of Positions	4 Total Replicated (Synthetic) Assets Statement Value	5 Number of Positions	6 Total Replicated (Synthetic) Assets Statement Value	7 Number of Positions	8 Total Replicated (Synthetic) Assets Statement Value	9 Number of Positions	10 Total Replicated (Synthetic) Assets Statement Value
1. Beginning Inventory			0	0	0	0	0	0	0	0
2. Add: Opened or Acquired Transactions									0	0
3. Add: Increases in Replicated Asset Statement Value	XXX		XXX		XXX		XXX		XXX	0
4. Less: Closed or Disposed of Transactions									0	0
5. Less: Positions Disposed of for Failing Effectiveness Criteria									0	0
6. Less: Decreases in Replicated (Synthetic) Asset Statement Value	XXX		XXX		XXX		XXX		XXX	0
7. Ending inventory	0	0	0	0	0	0	0	0	0	0

NONE

SCHEDULE DB - VERIFICATION

Verification of Book/Adjusted Carrying Value, Fair Value and Potential Exposure of all Open Derivative Contracts

NONE

		Book/Adjusted Carrying Value Check
1.	Part A, Section 1, Column 14	
2.	Part B, Section 1, Column 14	
3.	Total (Line 1 plus Line 2)	0
4.	Part D, Column 5	
5.	Part D, Column 6	
6.	Total (Line 3 minus Line 4 minus Line 5)	0
		Fair Value Check
7.	Part A, Section 1, Column 16	
8.	Part B, Section 1, Column 13	
9.	Total (Line 7 plus Line 8)	0
10.	Part D, Column 8	
11.	Part D, Column 9	
12.	Total (Line 9 minus Line 10 minus Line 11)	0
		Potential Exposure Check
13.	Part A, Section 1, Column 21	
14.	Part B, Section 1, Column 19	
15.	Part D, Column 11	
16.	Total (Line 13 plus Line 14 minus Line 15)	0

SCHEDULE E- VERIFICATION

Cash Equivalents

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	
2. Cost of cash equivalents acquired		
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals		
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)	0	0
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	0	0

NONE

SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter

1	Location		4	5	6	7	8	9
	2	3						
Description of Property	City	State	Date Acquired	Name of Vendor	Actual Cost at Time of Acquisition	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Additional Investment Made After Acquisition

NONE

QE01

SCHEDULE A - PART 3

Showing all Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract "

1	Location		4	5	6	7	8	Change in Book/Adjusted Carrying Value Less Encumbrances					14	15	16	17	18	19	20
	2	3						9	10	11	12	13							
Description of Property	City	State	Disposal Date	Name of Purchaser	Actual Cost	Expended for Additions, Permanent Improvements and Changes in Encumbrances	Book/Adjusted Carrying Value Less Encumbrances Prior Year	Current Year's Depreciation	Current Year's Other Than Temporary Impairment Recognized	Current Year's Change in Encumbrances	Total Change in B./A.C.V. (11 - 9 - 10)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Amounts Received During Year	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Gross Income Earned Less Interest Incurred on Encumbrances	Taxes, Repairs, and Expenses Incurred

NONE

SCHEDULE B - PART 2

Showing all Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Quarter

1	Location		4	5	6	7	8	9
	2	3						
Loan Number	City	State	Loan Type	Date Acquired	Rate of Interest	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Value of Land and Buildings

NONE

SCHEDULE B - PART 3

Showing all Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

1	Location		4	5	6	7	Change in Book Value/Recorded Investment						14	15	16	17	18
	2	3					8	9	10	11	12	13					
Loan Number	City	State	Loan Type	Date Acquired	Disposal Date	Book Value/ Recorded Investment Excluding Accrued Interest Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in Book Value (8+9-10+11)	Total Foreign Exchange Change in Book Value	Book Value/ Recorded Investment Excluding Accrued Interest on Disposal	Consideration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal

NONE

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

1	2	Location		5	6	7	8	9	10	11	12	13
		3	4									
CUSIP Identification	Name or Description	City	State	Name of Vendor or General Partner	NAIC Desig-nation	Date Originally Acquired	Type and Strategy	Actual Cost at Time of Acquisition	Additional Investment Made After Acquisition	Amount of Encumbrances	Commitment for Additional Investment	Percentage of Ownership

NONE

QE03

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1	2	Location		5	6	7	8	Changes in Book/Adjusted Carrying Value						15	16	17	18	19	20
		3	4					9	10	11	12	13	14						
CUSIP Identification	Name or Description	City	State	Name of Purchaser or Nature of Disposal	Date Originally Acquired	Disposal Date	Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Unrealized Valuation Increase (Decrease)	Current Year's (Depreciation) or (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Capitalized Deferred Interest and Other	Total Change in B./A.C.V (9+10-11+12)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value Less Encumbrances on Disposal	Consideration	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Investment Income

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 - Industrial and Miscellaneous									
698900 AF 4	Encana (was PanCanadian)	I	09/20/2011	CitiGroup		2,514,500	2,500,000	62,125	2FE
149123 BU 4	Caterpillar Inc.		08/24/2011	Morgan Keegan		1,410,360	1,400,000	4,919	1FE
191216 AS 9	Coca-Cola Co.		08/03/2011	CitiGroup		999,800	1,000,000		1FE
24702R AP 6	Dell Inc.		09/14/2011	JP Morgan		2,066,530	2,000,000	29,106	1FE
35671D AS 4	Freeport McMoRan Copper & Gold		09/22/2011	JP Morgan Chase Bank		1,364,368	1,268,000	51,918	2FE
369550 AQ 1	General Dynamics		07/07/2011	Sterne,Agee & Leach, Inc.		455,910	455,000		1FE
481165 AF 5	Joy Global Inc.		09/15/2011	Crews & Associates		1,139,970	1,000,000	20,833	2FE
670346 AG 0	Nucor Corp.		09/09/2011	JP Morgan		929,869	780,000	12,832	1FE
863667 AC 5	Stryker Corp.		09/13/2011	CitiGroup		499,070	500,000		1FE
3899999.	Total - Bonds - Industrial & Miscellaneous					11,380,377	10,903,000	181,733	XXX
8399997.	Total - Bonds - Part 3					11,380,377	10,903,000	181,733	XXX
8399999.	Total - Bonds					11,380,377	10,903,000	181,733	XXX
Common Stocks - Industrial and Miscellaneous									
457983 10 4	Inmet Mining	A	08/18/2011	Merrill Lynch	800.000	46,142	XXX		L
55278T 10 5	MFC Industries Ltd.	I	09/30/2011	Cantor Fitzgerald	75,000.000	566,669	XXX		L
88102D 10 3	Terra Nova Royalty Corp.		08/05/2011	Cantor Fitzgerald	75,000.000	566,669	XXX		L
364730 10 1	Gannett Inc.		09/01/2011	Union Bank Switzerland	102,100.000	1,162,480	XXX		L
527288 10 4	Leucadia National Corp.		08/18/2011	Union Bank Switzerland	59,300.000	1,618,694	XXX		L
690368 10 5	Overseas Shipholding Group		08/05/2011	Union Bank Switzerland	106,700.000	2,209,036	XXX		L
9099999.	Total - Common Stocks - Industrial & Miscellaneous					6,169,690	XXX	0	XXX
9799997.	Total - Common Stocks - Part 3					6,169,690	XXX	0	XXX
9799999.	Total - Common Stocks					6,169,690	XXX	0	XXX
9899999.	Total - Preferred and Common Stocks					6,169,690	XXX	0	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					17,550,067	XXX	181,733	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																					
912828 FU 9	U.S. Treasury Note		09/30/2011	MATURITY		15,000,000	15,000,000	14,824,219	14,970,891		29,109		29,109		15,000,000			0	675,000	09/30/2011	1
0599999.	Total - Bonds - U.S. Government					15,000,000	15,000,000	14,824,219	14,970,891	0	29,109	0	29,109	0	15,000,000	0	0	0	675,000	XXX	XXX
Bonds - All Other Government																					
135087 ZD 9	Canadian Government	A	08/31/2011	Union Bank Switzerland		36,311,871	35,941,672	35,974,825			15,222		15,222		35,990,047	(96,230)	418,054	321,824	314,383	03/01/2013	1FE
135087 ZE 7	Canadian Government	C	08/31/2011	Union Bank Switzerland		25,759,910	25,672,623	24,573,710	25,063,467		(1,660)		(1,660)	(490,044)	24,571,763	1,102,756	85,391	1,188,147	289,053	06/01/2012	1FE
Q0819A CJ 7	Australian Govt Bond	F	09/08/2011	Merrill Lynch		4,601,561	4,250,904	3,884,355	4,232,930		(21,861)		(21,861)	(374,085)	3,836,984	543,095	221,482	764,577	240,443	04/15/2015	1FE
Q6750X GB 8	New Zealand Government	F	09/08/2011	Merrill Lynch		2,483,466	2,362,371	2,110,651	2,291,162		(26,349)		(26,349)	(210,757)	2,054,056	374,980	54,430	429,410	136,098	04/15/2013	1FE
1099999.	Total - Bonds - All Other Government					69,156,808	68,227,569	66,543,541	31,587,559	0	(34,648)	0	(34,648)	(1,074,886)	66,452,850	1,924,601	779,357	2,703,958	979,977	XXX	XXX
Bonds - U.S. States, Territories and Possessions																					
041042 GP 1	Arkansas State GO Taxable		07/01/2011	MATURITY		500,000	500,000	498,580	499,851		149		149		500,000			0	25,000	07/01/2011	1FE
54242V DQ 6	Long Beach CA Pension Obl Taxable		09/01/2011	MATURITY		1,075,000	1,075,000	1,195,153	1,111,906		(36,906)		(36,906)		1,075,000			0	77,830	09/01/2011	1FE
882720 U9 4	Texas St GO Rfdng Taxable		08/01/2011	MATURITY		1,390,000	1,390,000	1,265,665	1,374,244		15,756		15,756		1,390,000			0	48,650	08/01/2011	1FE
1799999.	Total - Bonds - U.S. States, Territories & Possessions					2,965,000	2,965,000	2,959,398	2,986,001	0	(21,001)	0	(21,001)	0	2,965,000	0	0	0	151,480	XXX	XXX
Bonds - Industrial and Miscellaneous																					
05565Q BF 4	BP Capital Markets PLC	F	09/07/2011	Morgan Keegan		1,082,450	1,000,000	1,084,480			(13,879)		(13,879)		1,070,601		11,849	11,849	44,479	11/01/2013	1FE
13645R AG 9	Canadian Pacific Railroad Co	A	09/30/2011	Called		1,867,226	1,725,000	1,681,120	1,700,005		7,371		7,371		1,707,376		159,851	159,851	86,789	05/15/2013	2FE
718448 AB 9	Philips Electronics NV	R	09/07/2011	Morgan Keegan		935,550	840,000	968,663	937,299		(24,716)		(24,716)		912,584		22,966	22,966	65,468	08/15/2013	1FE
12189T AT 1	Burlington Northern/Santa Fe RR		07/15/2011	MATURITY		1,100,000	1,100,000	1,100,272	1,100,061		(61)		(61)		1,100,000			0	74,250	07/15/2011	2FE
811845 AP 1	Seagrams Debs		09/15/2011	MATURITY		350,000	350,000	404,145	358,546		(8,546)		(8,546)		350,000			0	31,063	09/15/2011	1FE
833034 AC 5	Snap On Inc		08/15/2011	MATURITY		500,000	500,000	536,330	510,702		(10,702)		(10,702)		500,000			0	31,250	08/15/2011	2FE
858155 AC 8	Steelcase Inc		08/15/2011	MATURITY		340,000	340,000	340,850	340,261		(261)		(261)		340,000			0	22,100	08/15/2011	3FE
3899999.	Total - Bonds - Industrial & Miscellaneous					6,175,226	5,855,000	6,115,860	4,946,874	0	(50,794)	0	(50,794)	0	5,980,561	0	194,666	194,666	355,399	XXX	XXX
8399997.	Total - Bonds - Part 4					93,297,034	92,047,569	90,443,018	54,491,325	0	(77,334)	0	(77,334)	(1,074,886)	90,398,411	1,924,601	974,023	2,898,624	2,161,856	XXX	XXX
8399999.	Total - Bonds					93,297,034	92,047,569	90,443,018	54,491,325	0	(77,334)	0	(77,334)	(1,074,886)	90,398,411	1,924,601	974,023	2,898,624	2,161,856	XXX	XXX
Common Stocks - Industrial and Miscellaneous																					
88102D 10 3	Terra Nova Royalty Corp		09/30/2011	Cantor Fitzgerald	75,000.000	566,669	XXX	566,669					0		566,669			0		XXX	L
887147 13 0	Timberwest Forest	A	07/14/2011	Tender Offer	172,423.000	1,092,087	XXX	534,062	684,052	(213,895)			(213,895)		534,062		558,025	558,025	56,158	XXX	L
88018T 10 1	Templeton Dragon Fund-Closed End		09/13/2011	CAPITAL GAIN		72,587	XXX						0				72,587	72,587		XXX	L
9099999.	Total - Common Stocks - Industrial & Miscellaneous					1,731,343	XXX	1,100,731	684,052	(213,895)	0	0	(213,895)	0	1,100,731	0	630,612	630,612	56,158	XXX	XXX
9799997	Total - Common Stocks - Part 4					1,731,343	XXX	1,100,731	684,052	(213,895)	0	0	(213,895)	0	1,100,731	0	630,612	630,612	56,158	XXX	XXX
9799999.	Total - Common Stocks					1,731,343	XXX	1,100,731	684,052	(213,895)	0	0	(213,895)	0	1,100,731	0	630,612	630,612	56,158	XXX	XXX
9899999.	Total - Preferred and Common Stocks					1,731,343	XXX	1,100,731	684,052	(213,895)	0	0	(213,895)	0	1,100,731	0	630,612	630,612	56,158	XXX	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					95,028,377	XXX	91,543,749	55,175,377	(213,895)	(77,334)	0	(291,229)	(1,074,886)	91,499,142	1,924,601	1,604,635	3,529,236	2,218,014	XXX	XXX

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

SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of Current Statement Date

1 Description	2 Description of Items Hedged or Used for Income Generation	3 Schedule /Exhibit Identifier	4 Type(s) of Risk	5 Exchange or Counterparty	6 Trade Date	7 Date of Maturity or Expiration	8 Number of Contracts	9 Notional Amount	10 Strike Price, Rate of Indexed Received (Paid)	11 Prior Year Initial Cost of Premium (Received) Paid	12 Current Year Initial Cost of Premium (Received) Paid	13 Current Year Income	14 Book/ Adjusted Carrying Value	15 Code	16 Fair Value	17 Unrealized Valuation Increase (Decrease)	18 Total Foreign Exchange Change in B./A.C.V.	19 Current Year's (Amortization) Accretion	20 Adjustment to Carrying Value of Hedged Items	21 Potential Exposure	22 Credit Quality of Reference Entity	23 Hedge Effectiveness at Inception and at Quarter-end (a)

NONE

QE06

(a)

Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period

NONE

SCHEDULE DB - PART B - SECTION 1

Futures Contracts Open as of Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	Change in Variation Margin				19	20
														15	16	17	18		
Ticker Symbol	Number of Contracts	Notional Amount	Description	Description of Hedged Item(s)	Schedule/ Exhibit Identifier	Type(s) of Risk	Date of Maturity or Expiration	Exchange	Trade Date	Transaction Price	Reporting Date Price	Fair Value	Book/ Adjusted Carrying Value	Cumulative	Gain (Loss) Recognized in Current Year	Gain (Loss) Used to Adjust Basis of Hedged Item	Deferred	Potential Exposure	Hedge Effectiveness at Inception and at Quarter-end (a)

NONE

(a)

Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period

QE07

NONE

Broker Name			Net Cash Deposits
Brokers			
Total Net Cash Deposits			0

NONE

SCHEDULE DB - PART D

Showing Counterparty Exposure for Derivative Instruments Open as of Current Statement Date

1	2	3	4	Book Adjusted Carrying Value			Fair Value			11	12
				5	6	7	8	9	10		
Description Counterparty or Exchange Traded	Master Agreement (Y or N)	Credit Support Annex (Y or N)	Fair Value of Acceptable Collateral	Contracts With Book Adjusted Carrying Value > 0	Contracts With Book Adjusted Carrying Value < 0	Exposure Net of Collateral	Contracts Fair Value > 0	Contracts Fair Value < 0	Exposure Net of Collateral	Potential Exposure	Off-Balance Sheet Exposure

NONE

SCHEDULE DL - PART 1
SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

1 CUSIP Identification	2 Description	3 NAIC Designation /Market Indicator	4 Fair Value	5 Book/Adjusted Carrying Value	6 Maturity Dates

General Interrogatory:

1. The activity for the year to date: Fair Value $.....0 Book/Adjusted Carrying Value $.....0
2. Average balance for the year to date: Fair Value $.....0 Book/Adjusted Carrying Value $.....0
3. Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation:
   NAIC 1: $.....0 NAIC 2: $.....0 NAIC 3: $.....0 NAIC 4: $.....0 NAIC 5: $.....0 NAIC 6: $.....0

NONE

SCHEDULE DL - PART 2
SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

1 CUSIP Identification	2 Description	3 NAIC Designation /Market Indicator	4 Fair Value	5 Book/Adjusted Carrying Value	6 Maturity Dates

General Interrogatory:

1. The activity for the year to date: Fair Value $.....0 Book/Adjusted Carrying Value $.....0
2. Average balance for the year to date: Fair Value $.....0 Book/Adjusted Carrying Value $.....0
3. Grand Total Schedule DL Part 1 and Part 2: Fair Value $.....0 Book/Adjusted Carrying Value $.....0

NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository		2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter 6 First Month	7 Second Month	8 Third Month	9 *
Open Depositories									
Bank of America	Little Rock, AR								XXX
MAPD ACH						7,257	6,213	8,683,249	XXX
MAPD Lockbox						54,227	65,516	62,408	XXX
MAPD Claim Refunds									XXX
MAPD Claims						(536,749)	(249,483)	(534,266)	XXX
MAPD EFT									XXX
CASH-PART D ACH						6,931	3,849	7,230,826	XXX
CASH-PART D LOCKBOX						372,028	374,852	381,096	XXX
General						336,949	257,912	270,961	XXX
Payroll						757,858	759,607	(3,191,906)	XXX
PCIP Claims Account						(37,164)	(36)	16,133	XXX
PCIP Lockbox Account						2,953	3,167	13,536	XXX
Worker's Compensation									XXX
FEP Standard EFT						16	16	16	XXX
FEP EFT Basic Option									XXX
Assigned Medipak EFT									XXX
Long Term Care						169,053	184,203	174,011	XXX
Medicare Part D									XXX
USAA NON BRANDED TPA									XXX
CASH-BOATMEN'S OPER A						5,269,386	4,285,277	5,234,895	XXX
CASH-BOATMEN'S REFUND						203,841	123,627	144,586	XXX
CASH-AMISYS TPA CLAIMS						2,110,386	(1,534,942)	4,532,395	XXX
CASH-CHIP ACCOUNT						1,060,940	1,032,327	1,087,775	XXX
CASH-WALMART CLAIMS A						20,783,372	29,432,881	19,650,808	XXX
CASH-USABLE CORP CHIP						9,574	5,580	167,093	XXX
Bank of America	Vandalia, MO								XXX
Accounts Payable						(2,665,629)	(969,316)	(3,527,225)	XXX
Assigned Benefits EFT						(1,018,339)	(752,944)	(1,110,765)	XXX
Unassigned Benefits						(346,987)	(382,580)	(377,834)	XXX
Simmons	Pine Bluff, AR								XXX
Hospital						(2,147,675)	(2,581,333)	(2,197,711)	XXX
Assigned Medipak						(1,358,477)	(1,223,268)	(1,406,496)	XXX
Unassigned Medipak						(333,769)	(291,902)	(362,747)	XXX
Bank Fund Account						85,860	52,358	85,725	XXX
Accounts Payable						(25)			XXX
FEP Investment Acct						410,695	408,935	402,916	XXX
FEP Standard Option						(805,758)	(908,799)	(822,426)	XXX
FEP Basic Option						(301,925)	(321,673)	(302,506)	XXX
U.S. Bank	St. Louis, MO								XXX
Membrs Lockbox						1,688,591	2,750,962	2,096,919	XXX
0199998. Deposits in.....59 depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories		XXX	XXX	5,837		2,355,000	2,355,000	2,405,000	XXX
0199999. Total Open Depositories		XXX	XXX	5,837	0	26,132,420	32,886,005	38,806,468	XXX
0399999. Total Cash on Deposit		XXX	XXX	5,837	0	26,132,420	32,886,005	38,806,468	XXX
0499999. Cash in Company's Office		XXX	XXX	XXX	XXX	8,070	8,070	8,070	XXX
0599999. Total Cash		XXX	XXX	5,837	0	26,140,490	32,894,075	38,814,538	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	42,810,812	XXX		XXX	42,810,812
2. Earned premiums	42,820,902	XXX		XXX	XXX
3. Claims paid	45,252,734	XXX		XXX	45,252,734
4. Claims incurred	36,970,258	XXX		XXX	XXX
5. Reinsurance coverage and low income cost sharing - claims paid net of reimbursements applied (a)	XXX		XXX		0
6. Aggregate policy reserves - change		XXX		XXX	XXX
7. Expenses paid	6,441,167	XXX		XXX	6,441,167
8. Expenses incurred	6,443,463	XXX		XXX	XXX
9. Underwriting gain or loss	(592,819)	XXX	0	XXX	XXX
10. Cash flow results	XXX	XXX	XXX	XXX	(8,883,089)

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