HEALTH QUARTERLY STATEMENT

AS OF MARCH 31, 2007
OF THE CONDITION AND AFFAIRS OF THE

Arkansas Community Care, Inc.

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

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

Country of Domicile United States of America

Licensed as business type: Health Maintenance Organization

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

Incorporated/Organized 01/31/2005 Commenced Business 03/21/2005

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

Main Administrative Office 825 Washington St #300 (Street and Number)
Oakland , CA 94607 (City or Town, State and Zip Code), 510-832-0311 (Area Code) (Telephone Number)

Mail Address 825 Washington St #300 (Street and Number or P.O. Box), Oakland , CA 94607 (City or Town, State and Zip Code)

Primary Location of Books and Records 825 Washington St #300 (Street and Number)
Oakland , CA 94607 (City or Town, State and Zip Code), 510-832-0311 (Area Code) (Telephone Number)

Internet Website Address www.arkansascommunitycare.com

Statutory Statement Contact Bradley Raymond Luke (Name), 510-817-1038 (Area Code) (Telephone Number)
bluke@arcadianhp.com (E-mail Address), 510-817-1039 (FAX Number)

Policyowner Relations Contact 825 Washington St #300 (Street and Number)
Oakland , CA 94607 (City or Town, State and Zip Code), 510-832-0311 (Area Code) (Telephone Number)

OFFICERS

CEO John Harvey Austin CFO Kenneth Benjamin Zimmerman
President Nancy Ellen Freeman

OTHER

DIRECTORS OR TRUSTEES

John Harvey Austin, Nancy Ellen Freeman, Chase Spencer Milbrandt
Cheryl Yvonne Perkins, Kenneth Benjamin Zimmerman

State of California
County of Alameda SS:

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

John Harvey Austin
CEO

Kenneth Benjamin Zimmerman
CFO

Subscribed and sworn to before me this
____ day of ____

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

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Prior Year Net Admitted Assets
1. Bonds	6,559,622		6,559,622	2,447,191
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less $ ..... encumbrances)			0	0
4.2 Properties held for the production of income (less $ ..... encumbrances)			0	0
4.3 Properties held for sale (less $ ..... encumbrances)			0	0
5. Cash ($ (104,311)), cash equivalents ($ 296,317), and short-term investments ($ 9,738,640)	9,930,646		9,930,646	5,980,463
6. Contract loans, (including $ ..... premium notes)			0	0
7. Other invested assets			0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	16,490,268	0	16,490,268	8,427,654
11. Title plants less $ ..... charged off (for Title insurers only)			0	0
12. Investment income due and accrued	93,870		93,870	66,144
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	834,411	34,863	799,548	296,672
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ..... earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets ($ .....)	48,873	48,873	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	57,588		57,588	0
22. Health care ($ .....) and other amounts receivable			0	0
23. Aggregate write-ins for other than invested assets	10,856	10,856	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	17,535,866	94,592	17,441,274	8,790,470
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	17,535,866	94,592	17,441,274	8,790,470
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Deposits	9,369	9,369	0	0
2302. Pre Paids	1,487	1,487	0	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	10,856	10,856	0	0

LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less $ ..... reinsurance ceded)	4,024,438	798,963	4,823,401	3,288,007
2.	Accrued medical incentive pool and bonus amounts	120,098		120,098	120,098
3.	Unpaid claims adjustment expenses	193,467		193,467	131,878
4.	Aggregate health policy reserves	2,083,134		2,083,134	1,305,926
5.	Aggregate life policy reserves			0	0
6.	Property/casualty unearned premium reserve			0	0
7.	Aggregate health claim reserves			0	0
8.	Premiums received in advance	4,942,731		4,942,731	0
9.	General expenses due or accrued	513,369		513,369	207,387
10.1	Current federal and foreign income tax payable and interest thereon (including $ ..... on realized gains (losses))			0	0
10.2	Net deferred tax liability			0	0
11.	Ceded reinsurance premiums payable			0	0
12.	Amounts withheld or retained for the account of others			0	0
13.	Remittances and items not allocated			0	0
14.	Borrowed money (including $ ..... current) and interest thereon $ ..... (including $ ..... current)			0	0
15.	Amounts due to parent, subsidiaries and affiliates	421,550		421,550	85,802
16.	Payable for securities			0	0
17.	Funds held under reinsurance treaties (with $ ..... authorized reinsurers and $ ..... unauthorized reinsurers)			0	0
18.	Reinsurance in unauthorized companies			0	0
19.	Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20.	Liability for amounts held under uninsured plans	1,333,166		1,333,166	896,010
21.	Aggregate write-ins for other liabilities (including $ ..... current)	0	0	0	0
22.	Total liabilities (Lines 1 to 21)	13,631,953	798,963	14,430,916	6,035,108
23.	Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24.	Common capital stock	XXX	XXX		
25.	Preferred capital stock	XXX	XXX		
26.	Gross paid in and contributed surplus	XXX	XXX	8,169,452	6,169,452
27.	Surplus notes	XXX	XXX		
28.	Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29.	Unassigned funds (surplus)	XXX	XXX	(5,159,094)	(3,414,090)
30.	Less treasury stock, at cost:				
	30.1 ..... shares common (value included in Line 24 $ .....)	XXX	XXX		
	30.2 ..... shares preferred (value included in Line 25 $ .....)	XXX	XXX		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	3,010,358	2,755,362
32.	Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	17,441,274	8,790,470
	DETAILS OF WRITE-INS				
2101.					
2102.					
2103.					
2198.	Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199.	Totals (Lines 2101 through 2103 plus 2198)(Line 21 above)	0	0	0	0
2301.		XXX	XXX		
2302.		XXX	XXX		
2303.		XXX	XXX		
2398.	Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399.	Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	XXX	XXX	0	0
2801.		XXX	XXX		
2802.		XXX	XXX		
2803.		XXX	XXX		
2898.	Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899.	Totals (Lines 2801 through 2803 plus 2898)(Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date
		1 Uncovered	2 Total	3 Total
1.	Member Months	XXX	15,445	1,308
2.	Net premium income (including $ non-health premium income)	XXX	10,709,590	1,009,079
3.	Change in unearned premium reserves and reserve for rate credits	XXX		
4.	Fee-for-service (net of $ medical expenses)	XXX		
5.	Risk revenue	XXX		
6.	Aggregate write-ins for other health care related revenues	XXX	0	0
7.	Aggregate write-ins for other non-health revenues	XXX	0	0
8.	Total revenues (Lines 2 to 7)	XXX	10,709,590	1,009,079
	Hospital and Medical:			
9.	Hospital/medical benefits		5,224,619	554,098
10.	Other professional services		500,830	41,198
11.	Outside referrals	1,103,526	1,103,526	154,228
12.	Emergency room and out-of-area	38,673	119,834	8,841
13.	Prescription drugs		1,001,694	68,016
14.	Aggregate write-ins for other hospital and medical	0	0	0
15.	Incentive pool, withhold adjustments and bonus amounts			
16.	Subtotal (Lines 9 to 15)	1,142,199	7,950,503	826,381
	Less:			
17.	Net reinsurance recoveries			
18.	Total hospital and medical (Lines 16 minus 17)	1,142,199	7,950,503	826,381
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including $ cost containment expenses		723,088	197,747
21.	General administrative expenses		3,882,569	796,120
22.	Increase in reserves for life and accident and health contracts (including $ increase in reserves for life only)			
23.	Total underwriting deductions (Lines 18 through 22)	1,142,199	12,556,160	1,820,248
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(1,846,570)	(811,169)
25.	Net investment income earned		139,008	45,806
26.	Net realized capital gains (losses) less capital gains tax of $			
27.	Net investment gains (losses) (Lines 25 plus 26)	0	139,008	45,806
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $) (amount charged off $)]			
29.	Aggregate write-ins for other income or expenses	0	0	0
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(1,707,562)	(765,363)
31.	Federal and foreign income taxes incurred	XXX		
32.	Net income (loss) (Lines 30 minus 31)	XXX	(1,707,562)	(765,363)
	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
0699.	Totals (Lines 0601 through 0603 plus 0698)(Line 6 above)	XXX	0	0
0701.		XXX		
0702.		XXX		
0703.		XXX		
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799.	Totals (Lines 0701 through 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.				
1402.				
1403				
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499.	Totals (Lines 1401 through 1403 plus 1498)(Line 14 above)	0	0	0
2901.				
2902.				
2903				
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999.	Totals (Lines 2901 through 2903 plus 2998)(Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year to Date	2 Prior Year to Date	3 Prior Year
	CAPITAL AND SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	2,755,362	5,005,587	5,005,587
34.	Net income or (loss) from Line 32	(1,707,562)	(765,363)	(2,322,898)
35.	Change in valuation basis of aggregate policy and claim reserves			
36.	Change in net unrealized capital gains (losses) less capital gains tax of $			
37.	Change in net unrealized foreign exchange capital gain or (loss)			
38.	Change in net deferred income tax			
39.	Change in nonadmitted assets	(37,441)	(64,895)	(1,835)
40	Change in unauthorized reinsurance	0	0	0
41.	Change in treasury stock	0	0	0
42.	Change in surplus notes	0	0	0
43.	Cumulative effect of changes in accounting principles			
44.	Capital Changes:			
	44.1 Paid in	0	0	0
	44.2 Transferred from surplus (Stock Dividend)	0	0	0
	44.3 Transferred to surplus			
45.	Surplus adjustments:			
	45.1 Paid in	2,000,000	0	1,169,452
	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	0	0	(1,094,943)
48.	Net change in capital & surplus (Lines 34 to 47)	254,997	(830,258)	(2,250,224)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	3,010,359	4,175,329	2,755,363
	DETAILS OF WRITE-INS			
4701.	Correction of Error - See Footnotes to Financials			(1,094,943)
4702.				
4703.				
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799.	Totals (Lines 4701 through 4703 plus 4798)(Line 47 above)	0	0	(1,094,943)

CASH FLOW

		1 Current Year To Date	2 Prior Year Ended December 31
	Cash from Operations		
1.	Premiums collected net of reinsurance	15,891,790	15,592,026
2.	Net investment income	106,850	230,840
3.	Miscellaneous income	0	0
4.	Total (Lines 1 to 3)	15,998,640	15,822,866
5.	Benefit and loss related payments	6,415,109	7,402,265
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	3,800,930	5,150,147
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of $ ..... tax on capital gains (losses)	0	0
10.	Total (Lines 5 through 9)	10,216,039	12,552,412
11.	Net cash from operations (Line 4 minus Line 10)	5,782,601	3,270,454
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	459,048	115,067
	12.2 Stocks	0	0
	12.3 Mortgage loans	0	0
	12.4 Real estate	0	0
	12.5 Other invested assets	0	0
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
	12.7 Miscellaneous proceeds	0	0
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	459,048	115,067
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	4,567,047	2,208,746
	13.2 Stocks	0	0
	13.3 Mortgage loans	0	0
	13.4 Real estate	0	0
	13.5 Other invested assets	0	0
	13.6 Miscellaneous applications	0	0
	13.7 Total investments acquired (Lines 13.1 to 13.6)	4,567,047	2,208,746
14.	Net increase (or decrease) in contract loans and premium notes	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(4,107,999)	(2,093,679)
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes	0	0
	16.2 Capital and paid in surplus, less treasury stock	2,000,000	1,169,452
	16.3 Borrowed funds	0	0
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
	16.5 Dividends to stockholders	0	0
	16.6 Other cash provided (applied)	275,581	(1,072,890)
17.	Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	2,275,581	96,562
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	3,950,183	1,273,337
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	5,980,463	4,707,126
	19.2 End of period (Line 18 plus Line 19.1)	9,930,646	5,980,463

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

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	2,739	0	0	0	0	0	0	2,739	0	0
2. First Quarter	5,629							5,629		
3. Second Quarter	0									
4. Third Quarter	0									
5. Current Year	0									
6. Current Year Member Months	15,445							15,445		
Total Member Ambulatory Encounters for Period:										
7 Physician	8,049							8,049		
8. Non-Physician	3,543							3,543		
9. Total	11,592	0	0	0	0	0	0	11,592	0	0
10. Hospital Patient Days Incurred	1,104							1,104		
11. Number of Inpatient Admissions	138							138		
12. Health Premiums Written (a)	10,709,590							10,709,590		
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	10,709,590							10,709,590		
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	3,647,158							3,647,158		
18. Amount Incurred for Provision of Health Care Services	7,950,504							7,950,504		

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

STATEMENT AS OF MARCH 31, 2007 OF THE ARKANSAS COMMUNITY CARE, INC.

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

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0299999 Aggregate accounts not individually listed-uncovered	426,260					426,260
0399999 Aggregate accounts not individually listed-covered	1,544,732					1,544,732
0499999 Subtotals	1,970,992	0	0	0	0	1,970,992
0599999 Unreported claims and other claim reserves						2,852,409
0699999 Total amounts withheld						
0799999 Total claims unpaid						4,823,401
0899999 Accrued medical incentive pool and bonus amounts						120,098

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	2,757,951	3,657,158	520,055	4,303,346	3,278,006	3,288,007
7 Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	2,757,951	3,657,158	520,055	4,303,346	3,278,006	3,288,007
10. Healthcare receivables (a)					0	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts			120,098		120,098	120,098
13. Totals	2,757,951	3,657,158	640,153	4,303,346	3,398,104	3,408,105

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

1. Summary of Significant Accounting Policies

The accompanying financial statements of the Company have been prepared in conformity with the statutory accounting practices set forth in the National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures manual,* version effective March 2005 ("NAIC").

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

Use of Estimates in the Preparation of the Financial Statements

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

Investments

Investments are stated in accordance with methods and values adopted by the NAIC and, as such, bonds are generally stated at amortized cost. The retrospective method is used to value mortgage-backed securities. Prepayment assumptions and market values for mortgage-backed securities were obtained from IDC or Bloomberg as of March 31, 2007. Premiums and discounts on fixed maturity investments are accreted to income using the modified scientific method over the anticipated life of the security. Short-term investments and U.S. Treasury Bills are carried at amortized cost, which approximates fair market value. Market values are determined using market prices published by the NAIC Securities Valuation Office ("SVO), IDC or Bloomberg.

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

Cash and Short-Term Investments

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

Other Accounting Policies

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

The costs to acquire new members, acquisition costs, are expensed as incurred.

2. **Accounting Changes and Correction of Errors**

There have been no accounting changes or corrections to prior year periods.

3. **Business Combinations and Goodwill**

Not Applicable

4. **Discontinued Operations**

Not Applicable

5. **Investments**

As of March 31, 2007, the company did not have any mortgage loans, restructured loans, reverse mortgages, loan-backed securities, or repurchase agreements as investments.

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

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

7. **Investment Income**

For the three months ended March 31, 2007 reported net investment income earned was $139,008. Investment income due or accrued as of March 31, 2007 was $93,870.

8. **Derivative Instruments**

Not Applicable

9. **Income Taxes**

Not Applicable

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

The Company is owned 60% by Arcadian Health Plan, Inc. (AHP) and 40% by Arcadian Management Services, Inc. (AMS). The Company was granted a certificate of Authority by the Arkansas Insurance Commissioner on March 21, 2005.

The Company began operations on January 1, 2006 and operates solely in the Medicare market place offering Medicare Advantage products in the state of Arkansas.

AMS supplies certain services to the Company. Those services include enrollment processing, claims processing, professional credentialing, information technology, treasury, financial and tax services. Compensation under this contract is on a per member per month basis and totaled $279,261 for the three months ended March 31, 2007. At March 31, 2007, the Company had $57,588 due from AMS, and $421,550 due to AHP.

11. **Debt**

The Company has no outstanding debt as of March 31, 2007.

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

The Company participates in a qualified, 401k plan sponsored by the Parent Company, Arcadian Management Services, Inc. Non-highly compensated employees are eligible for a Company match of their contributions to the plan up to 5% of their eligible compensation.

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

The Company has 10 shares authorized and 5 shares issued and outstanding of $0.01 par value common stock as of 12/31/06. The Company has no preferred stock authorized.

14. **Contingencies**

None as of 12/31/06.

15. **Leases**

The Company entered into two office leases which expire on August 31, 2011. Lease payments by Arkansas Community Care, Inc. began January 1, 2006

15. **Leases (Continued)**

As of December 31, 2006 the Company had the following aggregate rental commitments:

2007	$ 77,880
2008	49,778
2009	6,990
2010	1,152
2011	288

.

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

Not Applicable

17. **Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

Not Applicable

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

Not Applicable

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

Not Applicable

20. **September 11 Events**

Not Applicable

21. **Other Items**

As of March 31, 2007, there was $794,968 in accounts receivable primarily due from the Department of Health and Human Services.

22. **Events Subsequent**

Not Applicable

23. **Reinsurance**

The Company has reinsured with Ace American Insurance Company for specific excess loss reinsurance. Total payments to Ace American Insurance Company for the three months ended March 31, 2007 were $73,182.

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

The company offers Part D benefits as a part of their Medicare Advantage contract with CMS and a component of the part D payment methodology includes a year-end risk sharing reconciliation to be performed by CMS. The total written and earned premium subject to this reconciliation for the three months ended March 31, 2007 was $2,045,176 and was 17.8 % of the total written premium. The liability related to this reconciliation at March 31, 2007 was $2,083,134.

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

Not Applicable

26. **Intercompany Pooling Arrangements**

Not Applicable

27. **Structured Settlements**

Not Applicable

28. **Health Care Receivables**

Not Applicable

29. **Participating Policies**

Not Applicable

30. **Premium Deficiency Reserves**

Not Applicable

31. **Anticipated Salvage and Subrogation**

Not Applicable

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES
GENERAL

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

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

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

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

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

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

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

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

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

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 02/23/2005

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. 02/23/2005

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). 02/23/2005

6.4 By what department or departments?

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

7.2 If yes, give full information:

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

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

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

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

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

GENERAL INTERROGATORIES

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

9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]
9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]
9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]
10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 57,588

INVESTMENT

11.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [ ] No [X]
11.2 If yes, explain:

12.1 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]
12.2 If yes, give full and complete information relating thereto:

13. Amount of real estate and mortgages held in other invested assets in Schedule BA: $ 0
14. Amount of real estate and mortgages held in short-term investments: $ 0
15.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [X]
15.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
15.21 Bonds	$	$
15.22 Preferred Stock	$	$
15.23 Common Stock	$	$
15.24 Short-Term Investments	$	$
15.25 Mortgage Loans on Real Estate	$	$
15.26 All Other	$	$
15.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 15.21 to 15.26)	$ 0	$ 0
15.28 Total Investment in Parent included in Lines 15.21 to 15.26 above	$	$

16.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]
16.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ]
If no, attach a description with this statement.

GENERAL INTERROGATORIES

17. Excluding items in Schedule E, 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 Part 1 - General, Section IV.J - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

17.1 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
Metropolitian National Bank	PO Box 8010 Little Rock, AR 72203
Morgan Keegan	50 N. Front St Memphis, TN 38103

17.2 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)

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [ ] No [X]

17.4 If yes, give full information relating thereto:

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

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

1 Central Registration Depository	2 Name(s)	3 Address

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

18.2 If no, list exceptions:

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		
2.	Increase (decrease) by adjustment		
3.	Cost of acquired		
4.	Cost of additions to and permanent improvements		
5.	Total profit (loss) on sales		
6.	Increase (decrease) by foreign exchange adjustment		
7.	Amount received on sales		
8.	Book/adjusted carrying value at end of current period		
9.	Total valuation allowance		
10.	Subtotal (Lines 8 plus 9)		
11.	Total nonadmitted amounts		
12.	Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)		

NONE

SCHEDULE B - VERIFICATION

Mortgage Loans

		1 Year to Date	2 Prior Year Ended December 31
1.	Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year		
2.	Amount loaned during period:		
	2.1. Actual cost at time of acquisitions		
	2.2. Additional investment made after acquisitions		
3.	Accrual of discount and mortgage interest points and commitment fees		
4.	Increase (decrease) by adjustment		
5.	Total profit (loss) on sale		
6.	Amounts paid on account or in full during the period		
7.	Amortization of premium		
8.	Increase (decrease) by foreign exchange adjustment		
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period		
10.	Total valuation allowance		
11.	Subtotal (Lines 9 plus 10)		
12.	Total nonadmitted amounts		
13.	Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)		

NONE

SCHEDULE BA - VERIFICATION

Other Invested Assets

		1 Year to Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year		
2.	Cost of acquisitions during period:		
	2.1. Actual cost at time of acquisitions		
	2.2. Additional investment made after acquisitions		
3.	Accrual of discount		
4.	Increase (decrease) by adjustment		
5.	Total profit (loss) on sale		
6.	Amounts paid on account or in full during the period		
7.	Amortization of premium		
8.	Increase (decrease) by foreign exchange adjustment		
9.	Book/adjusted carrying value of long-term invested assets at end of current period		
10.	Total valuation allowance		
11.	Subtotal (Lines 9 plus 10)		
12.	Total nonadmitted amounts		
13.	Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)		

NONE

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	2,447,191	348,528
2.	Cost of bonds and stocks acquired	4,567,047	2,208,746
3.	Accrual of discount	4,954	5,050
4.	Increase (decrease) by adjustment		
5.	Increase (decrease) by foreign exchange adjustment		
6.	Total profit (loss) on disposal		96
7.	Consideration for bonds and stocks disposed of	459,048	115,067
8.	Amortization of premium	522	162
9.	Book value/adjusted carrying value, current period	6,559,622	2,447,191
10.	Total valuation allowance		
11.	Subtotal (Lines 9 plus 10)	6,559,622	2,447,191
12.	Total nonadmitted amounts		
13.	Statement value	6,559,622	2,447,191

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	8,258,131	12,164,415	3,841,451	9,136	16,590,231	0	0	8,258,131
2. Class 2	0				0	0	0	
3. Class 3	0				0	0	0	
4. Class 4	0				0	0	0	
5. Class 5	0				0	0	0	
6. Class 6	0				0	0	0	
7. Total Bonds	8,258,131	12,164,415	3,841,451	9,136	16,590,231	0	0	8,258,131
PREFERRED STOCK								
8. Class 1	0				0	0	0	0
9. Class 2	0				0	0	0	0
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	8,258,131	12,164,415	3,841,451	9,136	16,590,231	0	0	8,258,131

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	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
8299999 Totals	9,738,640	XXX	9,727,055	44,527	9,681

SCHEDULE DA - PART 2 - Verification

Short-Term Investments Owned

		1 Year to Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	5,812,876	0
2.	Cost of short-term investments acquired	6,903,947	11,464,232
3.	Increase (decrease) by adjustment	7,115	15,161
4.	Increase (decrease) by foreign exchange adjustment		
5.	Total profit (loss) on disposal of short-term investments		
6.	Consideration received on disposal of short-term investments	2,985,298	5,666,517
7.	Book/adjusted carrying value, current period	9,738,640	5,812,876
8.	Total valuation allowance		
9.	Subtotal (Lines 7 plus 8)	9,738,640	5,812,876
10.	Total nonadmitted amounts		
11.	Statement value (Lines 9 minus 10)	9,738,640	5,812,876
12.	Income collected during period	82,081	151,265
13.	Income earned during period	80,812	190,085

Schedule DB - Part F - Section 1

N O N E

Schedule DB - Part F - Section 2

N O N E

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)
22667	95-2371728	01/01/2007	Ace American Insurance Company	Philadelphia, PA	SSL/A/G	YES

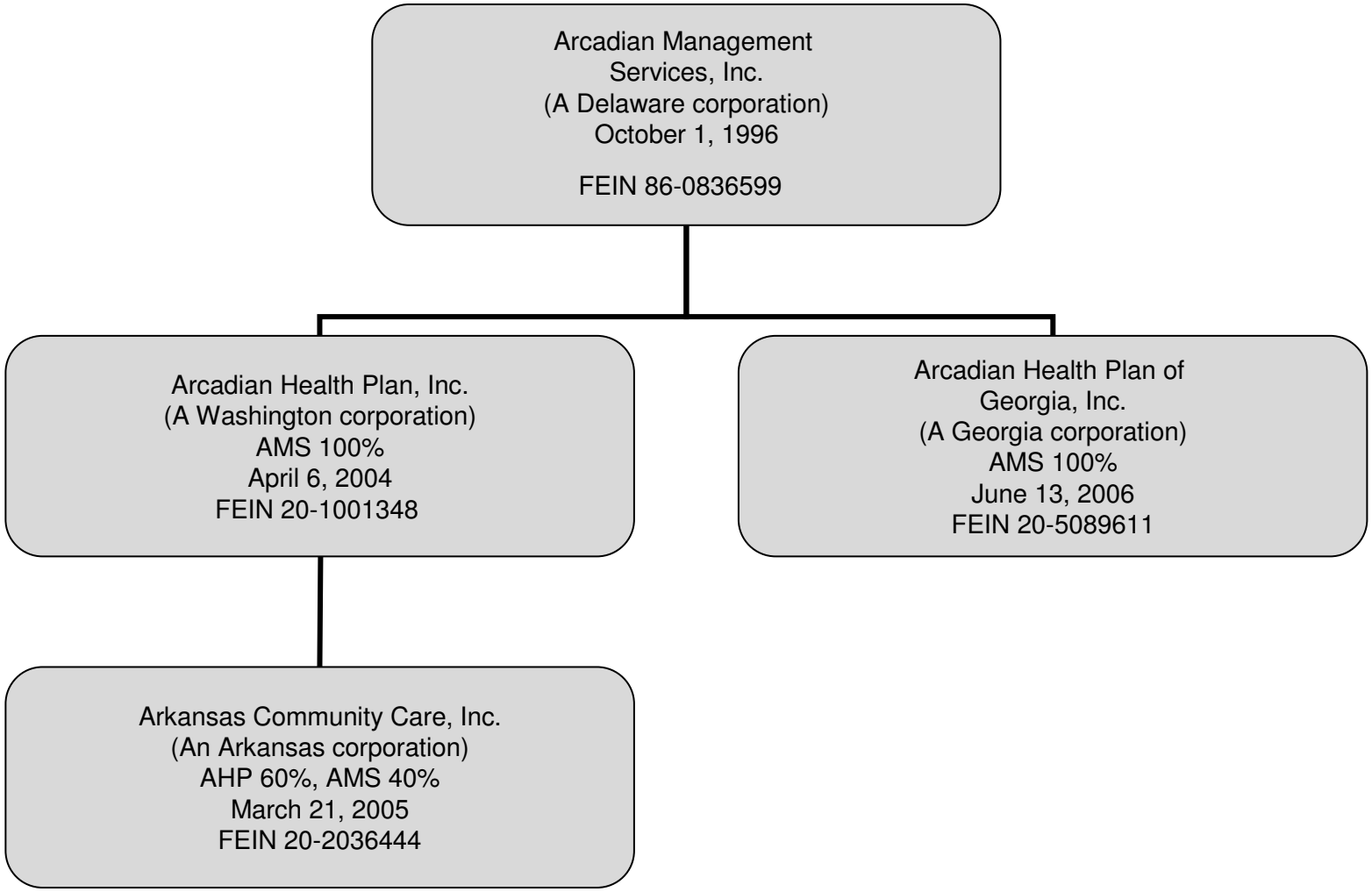
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
	States, etc.	IsInsurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama AL	NO							0	
2.	Alaska AK	NO							0	
3.	Arizona AZ	NO							0	
4.	Arkansas AR	YES		8,562,662					8,562,662	
5.	California CA	NO							0	
6.	Colorado CO	NO							0	
7.	Connecticut CT	NO							0	
8.	Delaware DE	NO							0	
9.	District of Columbia DC	NO							0	
10.	Florida FL	NO							0	
11.	Georgia GA	NO							0	
12.	Hawaii HI	NO							0	
13.	Idaho ID	NO							0	
14.	Illinois IL	NO							0	
15.	Indiana IN	NO							0	
16.	Iowa IA	NO							0	
17.	Kansas KS	NO							0	
18.	Kentucky KY	NO							0	
19.	Louisiana LA	NO							0	
20.	Maine ME	NO							0	
21.	Maryland MD	NO							0	
22.	Massachusetts MA	NO							0	
23.	Michigan MI	NO							0	
24.	Minnesota MN	NO							0	
25.	Mississippi MS	NO							0	
26.	Missouri MO	NO							0	
27.	Montana MT	NO							0	
28.	Nebraska NE	NO							0	
29.	Nevada NV	NO							0	
30.	New Hampshire NH	NO							0	
31.	New Jersey NJ	NO							0	
32.	New Mexico NM	NO							0	
33.	New York NY	NO							0	
34.	North Carolina NC	NO							0	
35.	North Dakota ND	NO							0	
36.	Ohio OH	NO							0	
37.	Oklahoma OK	YES		1,387,772					1,387,772	
38.	Oregon OR	NO							0	
39.	Pennsylvania PA	NO							0	
40.	Rhode Island RI	NO							0	
41.	South Carolina SC	NO							0	
42.	South Dakota SD	NO							0	
43.	Tennessee TN	NO							0	
44.	Texas TX	YES		832,339					832,339	
45.	Utah UT	NO							0	
46.	Vermont VT	NO							0	
47.	Virginia VA	NO							0	
48.	Washington WA	NO							0	
49.	West Virginia WV	NO							0	
50.	Wisconsin WI	NO							0	
51.	Wyoming WY	NO							0	
52.	American Samoa AS	NO							0	
53.	Guam GU	NO							0	
54.	Puerto Rico PR	NO							0	
55.	U.S. Virgin Islands VI	NO							0	
56.	Nothern Mariana Islands MP	NO							0	
57.	Canada CN	NO							0	
58.	Aggregate Other Aliens OT	XXX	0	0	0	0	0	0	0	0
59.	Subtotal	XXX	0	10,782,773	0	0	0	0	10,782,773	0
60.	Reporting Entity Contributions for Employee Benefit Plans	XXX							0	
61.	Totals (Direct Business)	(a) 3	0	10,782,773	0	0	0	0	10,782,773	0
	DETAILS OF WRITE-INS									
5801.		XXX								
5802.		XXX								
5803.		XXX								
5898.	Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899.	Totals (Lines 5801 through 5803 plus 5898)(Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanation:

1. ACC does not offer a stand alone Part D product, only a Medicare Advantage product

Bar Code:

1. 1 2 2 8 2 2 0 0 7 3 6 5 0 0 0 0 1

Medicare Part D Coverage Supplement [Document Identifier 365]

Overflow Page for Write-ins

N O N E

Schedule A - Part 2

N O N E

Schedule A - Part 3

N O N E

Schedule B - Part 1

N O N E

Schedule B - Part 2

N O N E

Schedule BA - Part 1

N O N E

Schedule BA - Part 2

N O N E

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company 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)
31315P-GV-5	FAMCA 1/2/2017 (Float)		02/21/2007	Suntrust Capital Markets		100,000	100,000	1,058	1FE
31331T-ND-9	FFCB 3.97% 6/17/2008		01/11/2007	Griffin, Kubic, Step		98,398	100,000	276	1FE
31331X-LU-4	FFCB 6.05% 1/23/2020		02/21/2007	Coastal Securities Inc.		99,950	100,000	487	1FE
31331X-NM-0	FFCB 6.10% 2/7/2019		02/07/2007	Coastal Securities Inc.		199,930	200,000	34	1FE
31331X-NX-6	FFCB 6.2% 2/8/21		02/07/2007	Coastal Securities Inc.		299,925	300,000	0	1FE
31339X-BJ-2	FHLB 3.355% 12/18/2008		01/11/2007	Griffin, Kubic, Step		96,782	100,000	224	1FE
31339Y-ZV-7	FHLB 3.505 8/4/2008		01/12/2007	Raymond James		97,530	100,000	1,577	1FE
3133X6-GL-4	FHLB 3.57% 4/28/2008		01/12/2007	Raymond James		98,100	100,000	774	1FE
3133XB-DR-3	FHLB 4.515% 4/15/08		02/06/2007	Morgan Keegan		99,125	100,000	1,405	1FE
3133XC-JU-8	FHLB 4.56% 8/12/08		02/06/2007	Morgan Keegan		99,047	100,000	2,217	1FE
3133XH-RG-9	FHLB 5.125% 11/28/2008		01/11/2007	Morgan Keegan		99,922	100,000	626	1FE
3128X1-HJ-9	FHLMC 3.15% 6/4/08		02/06/2007	Coastal Securities Inc.		97,368	100,000	551	1FE
3128X5-XC-7	FHLMC 5.70% 1/16/2014		01/11/2007	UBS Financial Services		200,000	200,000	0	1FE
3128X5-US-5	FHLMC 6.125% 12/28/2021		01/11/2007	Dain Rauscher		300,000	300,000	715	1FE
3128X5-YG-7	FHLMC 6% 2/9/22		02/07/2007	Morgan Keegan		300,000	300,000	0	1FE
3128X5-YH-5	FHLMC 6% 8/8/18		02/07/2007	Morgan Keegan		300,000	300,000	0	1FE
3128X1-M7-9	FHLMC 9/29/2008 (Step Up)		02/06/2007	Wachovia Corp		98,950	100,000	1,422	1FE
3128X4-NG-2	FHLMC 9/29/2008 (Step Up)		01/11/2007	Raymond James		99,330	100,000	1,359	1FE
3136F3-C9-5	FNMA 3.12% 12/30/08		02/06/2007	Coastal Securities Inc.		96,284	100,000	321	1FE
3136F3-TM-8	FNMA 4.00% 5/20/2008		02/06/2007	Coastal Securities Inc.		98,504	100,000	856	1FE
31359M-YA-5	FNMA 4.2% 3/24/08		02/06/2007	Morgan Keegan		98,869	100,000	1,552	1FE
31359M-Y6-4	FNMA 5.125% 10/3/2008		02/06/2007	Morgan Keegan		99,828	100,000	1,765	1FE
31359M-2G-7	FNMA 5.25% 11/20/2008		02/06/2007	Morgan Keegan		199,984	200,000	1,881	1FE
31359M-Z9-7	FNMA 5.5% 11/17/2016		03/27/2007	Suntrust Capital Markets		199,920	200,000	4,003	1FE
31359M-U8-4	FNMA 5.75% 8/7/2009		01/11/2007	Morgan Keegan		100,328	100,000	2,476	1FE
3136F8-ES-0	FNMA 6.125% 1/25/2022		01/17/2007	Coastal Securities Inc.		100,000	100,000	0	1FE
912828-GJ-3	US Treasury Note		03/12/2007	Morgan Keegan		401,125	400,000	671	1FE
0399999. Bonds - U.S. Governments						4,179,199	4,200,000	26,250	XXX
17311A-AD-7	CMSI 2006-7 2A1		01/16/2007	Morgan Keegan		99,335	99,584	243	1FE
8336P0-DQ-2	Societe Generale NY		01/26/2007	Morgan Keegan		97,000	100,000	2,344	1FE
89233P-B8-8	Toyota Motor Credit Corp		02/01/2007	Suntrust Capital Markets		100,000	100,000	110	1FE
94985C-AB-1	WFMBS 2006-17 A2		01/11/2007	UBS Financial Services		91,513	91,771	224	1FE
4599999. Bonds - Industrial and Miscellaneous						387,848	391,355	2,921	XXX
6099997. Total - Bonds - Part 3						4,567,047	4,591,355	29,171	XXX
6099998. Total - Bonds - Part 5						XXX	XXX	XXX	XXX
6099999. Total - Bonds						4,567,047	4,591,355	29,171	XXX
6599997. Total - Preferred Stocks - Part 3						0	XXX	0	XXX
6599998. Total - Preferred Stocks - Part 5						XXX	XXX	XXX	XXX
6599999. Total - Preferred Stocks						0	XXX	0	XXX
7299997. Total - Common Stocks - Part 3						0	XXX	0	XXX
7299998. Total - Common Stocks - Part 5						XXX	XXX	XXX	XXX
7299999. Total - Common Stocks						0	XXX	0	XXX
7399999. Total - Preferred and Common Stocks						0	XXX	0	XXX
7499999 - Totals						4,567,047	XXX	29,171	XXX

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

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident-ification	Description	For-eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid-eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor-tization)/ Accretion	Current Year's Other Than Temporary Impairment Recog-nized	Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received DuringYear	Maturity Date	NAIC Desig-nation or Market In-dicator (a)
3133XE-J5-9	FHLB 4.75% 2/16/2007		02/16/2007	MATURITY		100,000	100,000	100,000	100,000	0	0	0	0	0	100,000	0	0	0	2,375	02/16/2007	1FE
912828-DN-7	US Treasury Note		02/28/2007	MATURITY		350,000	350,000	347,594	349,797	0	203	0	203	0	350,000	0	0	0	5,906	02/27/2007	1
0399999. Bonds - U.S. Governments						450,000	450,000	447,594	449,797	0	203	0	203	0	450,000	0	0	0	8,281	XXX	XXX
3133XD-DP-3	FHLB 00-0582 H		03/25/2007	PRINCIPAL RECEIPT		2,515	2,515	2,507	2,509	0	6	0	6	0	2,515	0	0	0	13	10/25/2010	1FE
3199999. Bonds - Special Revenues						2,515	2,515	2,507	2,509	0	6	0	6	0	2,515	0	0	0	13	XXX	XXX
17311A-AD-7	CMSI 2006-7 2A1		03/25/2007	PRINCIPAL RECEIPT		2,196	2,196	2,190	0	0	5	0	5	0	2,196	0	0	0	16	12/25/2021	1FE
94985C-AB-1	WFMBS 2006-17 A2		03/25/2007	PRINCIPAL RECEIPT		4,337	4,337	4,325	0	0	12	0	12	0	4,337	0	0	0	29	11/25/2021	1FE
4599999. Bonds - Industrial and Miscellaneous						6,533	6,533	6,515	0	0	17	0	17	0	6,533	0	0	0	45	XXX	XXX
6099997. Total - Bonds - Part 4						459,048	459,048	456,616	452,306	0	226	0	226	0	459,048	0	0	0	8,339	XXX	XXX
6099998. Total - Bonds - Part 5						XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
6099999. Total - Bonds						459,048	459,048	456,616	452,306	0	226	0	226	0	459,048	0	0	0	8,339	XXX	XXX
6599997. Total - Preferred Stocks - Part 4						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
6599998. Total - Preferred Stocks - Part 5						XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
6599999. Total - Preferred Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
7299997. Total - Common Stocks - Part 4						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
7299998. Total - Common Stocks - Part 5						XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
7299999. Total - Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
7399999. Total - Preferred and Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
7499999 - Totals						459,048	XXX	456,616	452,306	0	226	0	226	0	459,048	0	0	0	8,339	XXX	XXX

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

Schedule DB - Part A - Section 1

N O N E

Schedule DB - Part B - Section 1

N O N E

Schedule DB - Part C - Section 1

N O N E

Schedule DB - Part D - Section 1

N O N E

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Bank of the West Oakland, CA					(563,888)	(938,403)	(1,103,341)	
US Bank Bellevue, WA					8,080	8,080	8,259	
Metropolitian National Bank Little Rock, AR		1.700	2,757	0	638,989	639,818	990,771	
0199998. Deposits in ... depositories that do not exceed the allowable limit in any one depository (See instructions) - Open Depositories	XXX	XXX						XXX
0199999. Totals - Open Depositories	XXX	XXX	2,757	0	83,181	(290,505)	(104,311)	XXX
0299998. Deposits in ... depositories that do not exceed the allowable limit in any one depository (See instructions) - Suspended Depositories	XXX	XXX						XXX
0299999. Totals - Suspended Depositories	XXX	XXX	0	0	0	0	0	XXX
0399999. Total Cash on Deposit	XXX	XXX	2,757	0	83,181	(290,505)	(104,311)	XXX
0499999. Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0599999. Total - Cash	XXX	XXX	2,757	0	83,181	(290,505)	(104,311)	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 and Accrued	8 Gross Investment Income
FHLMC Discount Note		01/11/2007	0.000	04/09/2007	296,317	3,298	0
0199999 - Total Cash Equivalents					296,317	3,298	0