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ANNUAL STATEMENT

For the Year Ended December 31, 2013

of the Condition and Affairs of the

HMO Partners, Inc

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

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

Licensed as Business Type.....Health Maintenance Organization Is HMO Federally Qualified? Yes [X] No [ ]

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

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

OFFICERS

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

OTHER

James Sterling Adamson Jr. MD	Chairman	John Charles Glassford Jr.	Assistant Secretary
Russell Doyne Harrington Jr.	Secretary	Robert Cecil Roberts	Vice Chairman

DIRECTORS OR TRUSTEES

James Sterling Adamson Jr. MD	Sharon Kay Allen	James Robert Bailey	David Frank Bridges
Michael Wayne Brown	Richard Allen Calhoun Jr. MD	David Warren Cobb R.PH.	Jim Loyd English MD
John Charles Glassford Jr.	Richard Loyd Gore DDS	Merlin Moody Hagan	Russell Doyne Harrington Jr.
James Bruce Hazlewood MD	Thomas Matthew Kovaleski MD	Robert Cecil Roberts	Kathleen O'Dea Ryan #
Sherman Ellis Tate	Robert Lee Trammel	Michael David Voss	Paul Mark White
Nikita Jean Wilson RN			

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

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

(Signature)	(Signature)	(Signature)
David Frank Bridges	Gray Donald Dillard	Scott Bradley Winter
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
Chief Executive Officer	Treasurer	Assistant Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____ 2014

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

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	75,093,516		75,093,516	62,272,015
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks	25,506,976		25,506,976	23,098,869
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....12,584,364, Schedule E-Part 1), cash equivalents ($.....0, Schedule E-Part 2) and short-term investments ($.....32,950,062, Schedule DA)	45,534,426		45,534,426	53,170,666
6. Contract loans (including $.....0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)			0	
9. Receivables for securities			0	
10. Securities lending reinvested collateral assets (Schedule DL)			0	
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	146,134,918	0	146,134,918	138,541,550
13. Title plants less $.....0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	693,715		693,715	653,204
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection			0	
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums	2,498,975	140,640	2,358,335	2,641,582
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	136,340		136,340	
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans	3,455,621	160,077	3,295,544	2,738,988
18.1 Current federal and foreign income tax recoverable and interest thereon	1,174,075		1,174,075	235,535
18.2 Net deferred tax asset	734,907	734,907	0	
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software			0	
21. Furniture and equipment, including health care delivery assets ($.....0)			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates			0	80,002
24. Health care ($.....938,388) and other amounts receivable	1,593,700	655,312	938,388	868,765
25. Aggregate write-ins for other than invested assets	2,502,249	0	2,502,249	2,277,669
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	158,924,500	1,690,936	157,233,564	148,037,295
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTALS (Lines 26 and 27)	158,924,500	1,690,936	157,233,564	148,037,295

DETAILS OF WRITE-INS

1101.			0	
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)	0	0	0	0
2501. Supplemental Savings Plan	2,502,249		2,502,249	2,277,669
2502.			0	
2503.			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)	2,502,249	0	2,502,249	2,277,669

LIABILITIES, CAPITAL AND SURPLUS

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $.....6,501,166 reinsurance ceded)	15,317,208		15,317,208	16,639,177
2. Accrued medical incentive pool and bonus amounts			0	
3. Unpaid claims adjustment expenses	320,980		320,980	920,710
4. Aggregate health policy reserves, including the liability of $.....0 for medical loss ratio rebate per the Public Health Service Act	124,137		124,137	
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	3,482,196		3,482,196	2,000,810
9. General expenses due or accrued	1,565,476		1,565,476	1,520,065
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized capital gains (losses))			0	
10.2 Net deferred tax liability	2,173,980		2,173,980	1,959,610
11. Ceded reinsurance premiums payable	194,280		194,280	180,187
12. Amounts withheld or retained for the account of others	5,059,000		5,059,000	4,673,378
13. Remittances and items not allocated	50,320		50,320	67,840
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	8,022,752		8,022,752	7,789,633
16. Derivatives			0	
17. Payable for securities			0	
18. Payable for securities lending			0	
19. Funds held under reinsurance treaties with ($.....0 authorized reinsurers, $.....0 unauthorized and $.....0 certified reinsurers)			0	
20. Reinsurance in unauthorized and certified ($.....0) companies			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	
22. Liability for amounts held under uninsured plans	3,963,523		3,963,523	2,772,741
23. Aggregate write-ins for other liabilities (including $.....0 current)	105,636	0	105,636	171,536
24. Total liabilities (Lines 1 to 23)	40,379,488	0	40,379,488	38,695,687
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	10,000	10,000
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	1,919,153	1,919,153
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	114,924,923	107,412,455
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	116,854,076	109,341,608
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	157,233,564	148,037,295

DETAILS OF WRITE-INS

2301. Unclaimed property	155,139		155,139	142,417
2302. Miscellaneous payables	(49,503)		(49,503)	29,119
2303.			0	
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)	105,636	0	105,636	171,536
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
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.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
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 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1. Member months	XXX	562,363	532,266
2. Net premium income (including $.....0 non-health premium income)	XXX	153,817,848	143,168,298
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of $.....0 medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	153,817,848	143,168,298
Hospital and Medical:			
9. Hospital/medical benefits		121,685,937	116,088,044
10. Other professional services			
11. Outside referrals		2,737,165	2,110,736
12. Emergency room and out-of-area		30,014,492	26,005,707
13. Prescription drugs		48,643,825	41,922,543
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		(4,875,424)	(4,681,495)
16. Subtotal (Lines 9 to 15)	0	198,205,995	181,445,535
Less:			
17. Net reinsurance recoveries		69,807,075	63,290,806
18. Total hospital and medical (Lines 16 minus 17)	0	128,398,920	118,154,729
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....2,454,227 cost containment expenses		2,835,867	3,782,929
21. General administrative expenses		15,135,044	12,944,562
22. Increase in reserves for life and accident and health contracts including $.....0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	0	146,369,831	134,882,220
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	7,448,017	8,286,078
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		2,141,425	2,221,468
26. Net realized capital gains or (losses) less capital gains tax of $.....906,843		948,243	907,286
27. Net investment gains or (losses) (Lines 25 plus 26)	0	3,089,668	3,128,754
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	392,805	711,900
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	10,930,490	12,126,732
31. Federal and foreign income taxes incurred	XXX	3,404,617	3,747,125
32. Net income (loss) (Lines 30 minus 31)	XXX	7,525,873	8,379,607

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 thru 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 thru 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 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901. Licensing fee income		160,000	160,000
2902. Miscellaneous Income		232,805	551,900
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	392,805	711,900

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	109,341,607	102,004,530
34. Net income or (loss) from Line 32	7,525,873	8,379,607
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains and (losses) less capital gains tax of $.....0	1,215,680	154,343
37. Change in net unrealized foreign exchange capital gain or (loss)	(367,601)	140,226
38. Change in net deferred income tax	168,079	(154,379)
39. Change in nonadmitted assets	(157,056)	(277,758)
40. Change in unauthorized and certified 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	(872,508)	(904,962)
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	7,512,467	7,337,077
49. Capital and surplus end of reporting period (Line 33 plus 48)	116,854,074	109,341,607

DETAILS OF WRITE-INS

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

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	155,607,972	141,479,299
2. Net investment income	2,986,477	2,782,962
3. Miscellaneous income		
4. Total (Lines 1 through 3)	158,594,449	144,262,261
5. Benefit and loss related payments	130,106,704	121,775,196
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	17,563,157	1,776,109
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	5,120,195	2,000,000
10. Total (Lines 5 through 9)	152,790,056	125,551,305
11. Net cash from operations (Line 4 minus Line 10)	5,804,393	18,710,956
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	11,042,272	12,213,653
12.2 Stocks	6,585,003	2,981,733
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	405	(214)
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	17,627,680	15,195,172
13. Cost of investments acquired (long-term only):		
13.1 Bonds	25,192,321	18,157,462
13.2 Stocks	5,462,153	2,739,174
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	30,654,474	20,896,636
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14)	(13,026,794)	(5,701,464)
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	872,508	904,962
16.6 Other cash provided (applied)	458,668	94,423
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(413,840)	(810,539)
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)	(7,636,240)	12,198,953
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	53,170,667	40,971,713
19.2 End of year (Line 18 plus Line 19.1)	45,534,426	53,170,667

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

20.0001		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plans	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	153,817,848	153,817,848								
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of $.....0 medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	153,817,848	153,817,848	0	0	0	0	0	0	0	0
8. Hospital/medical benefits	121,685,937	121,685,937								XXX
9. Other professional services	0									XXX
10. Outside referrals	2,737,165	2,737,165								XXX
11. Emergency room and out-of-area	30,014,492	30,014,492								XXX
12. Prescription drugs	48,643,825	48,643,825								XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	(4,875,424)	(4,875,424)								XXX
15. Subtotal (Lines 8 to 14)	198,205,995	198,205,995	0	0	0	0	0	0	0	XXX
16. Net reinsurance recoveries	69,807,075	69,807,075								XXX
17. Total hospital and medical (Lines 15 minus 16)	128,398,920	128,398,920	0	0	0	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $.....2,454,227 cost containment expenses	2,835,867	3,385,786							(549,919)	
20. General administrative expenses	15,135,044	16,862,182							(1,727,138)	
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserve for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	146,369,831	148,646,888	0	0	0	0	0	0	(2,277,057)	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	7,448,017	5,170,960	0	0	0	0	0	0	2,277,057	0

DETAILS OF WRITE-INS

0501.	0									XXX
0502.	0									XXX
0503.	0									XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Total (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Total (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.	0									XXX
1302.	0									XXX
1303.	0									XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Total (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	240,379,749		86,561,901	153,817,848
2. Medicare supplement				0
3. Dental only				0
4. Vision only				0
5. Federal employees health benefits plan				0
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid				0
8. Other health				0
9. Health subtotal (Lines 1 through 8)	240,379,749	0	86,561,901	153,817,848
10. Life				0
11. Property/casualty				0
12. Totals (Lines 9 to 11)	240,379,749	0	86,561,901	153,817,848

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	204,073,251	204,073,251								
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	69,087,563	69,087,563								
1.4 Net	134,985,688	134,985,688	0	0	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses	(4,875,424)	(4,875,424)								
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	21,818,374	21,818,374								
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	6,501,166	6,501,166								
3.4 Net	15,317,208	15,317,208	0	0	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0									
6. Net healthcare receivables (a)	253,035	253,035								
7. Amounts recoverable from reinsurers December 31, current year	136,340	136,340								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	22,557,171	22,557,171								
8.2 Reinsurance assumed	0									
8.3 Reinsurance ceded	5,917,994	5,917,994								
8.4 Net	16,639,177	16,639,177	0	0	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0									
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0									
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred benefits:										
12.1 Direct	203,081,419	203,081,419	0	0	0	0	0	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	69,807,075	69,807,075	0	0	0	0	0	0	0	0
12.4 Net	133,274,344	133,274,344	0	0	0	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	(4,875,424)	(4,875,424)	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Medical and Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in process of adjustment:										
1.1 Direct	1,793,746	1,793,746								
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	754,654	754,654								
1.4 Net	1,039,092	1,039,092	0	0	0	0	0	0	0	0
2. Incurred but unreported:										
2.1 Direct	16,304,124	16,304,124								
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	5,746,512	5,746,512								
2.4 Net	10,557,612	10,557,612	0	0	0	0	0	0	0	0
3. Amounts withheld from paid claims and capitations:										
3.1 Direct	3,720,503	3,720,503								
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	3,720,503	3,720,503	0	0	0	0	0	0	0	0
4. Totals:										
4.1 Direct	21,818,373	21,818,373	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	6,501,166	6,501,166	0	0	0	0	0	0	0	0
4.4 Net	15,317,207	15,317,207	0	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		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)	13,178,724	122,370,882	(582,088)	15,899,296	12,596,636	16,639,178
2. Medicare supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan					0	
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid					0	
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	13,178,724	122,370,882	(582,088)	15,899,296	12,596,636	16,639,178
10. Healthcare receivables (a)		953,293			0	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts		(4,875,424)			0	
13. Totals (Lines 9 - 10 + 11 + 12)	13,178,724	116,542,165	(582,088)	15,899,296	12,596,636	16,639,178

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	95,062	95,235			
2. 2009	84,453	100,911	100,960		
3. 2010	XXX	91,779	109,142	109,137	
4. 2011	XXX	XXX	98,986	117,202	117,288
5. 2012	XXX	XXX	XXX	109,242	123,951
6. 2013	XXX	XXX	XXX	XXX	120,754

SECTION B - INCURRED HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	94,590	95,235			
2. 2009	105,949	100,959	100,960		
3. 2010	XXX	112,344	108,424	109,137	
4. 2011	XXX	XXX	120,220	117,475,892	117,288
5. 2012	XXX	XXX	XXX	126,420	123,995
6. 2013	XXX	XXX	XXX	XXX	136,653

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - GRAND TOTAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2009	122,799	100,960	3,636	3.6	104,596	85.2			104,596	85.2
2. 2010	136,034	109,137	4,081	3.7	113,218	83.2			113,218	83.2
3. 2011	143,846	117,288	4,052	3.5	121,340	84.4			121,340	84.4
4. 2012	143,207	123,951	3,654	2.9	127,605	89.1	(582)		127,023	88.7
5. 2013	153,894	120,754		0.0	120,754	78.5	15,899	321	136,974	89.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	17,195	(65,698)	(160,933)	(160,933)	
2. 2009	84,453	100,911	100,960		
3. 2010	XXX	91,779	109,142	109,137	
4. 2011	XXX	XXX	98,986	116,533	117,288
5. 2012	XXX	XXX	XXX	105,229	122,334
6. 2013	XXX	XXX	XXX	XXX	122,371

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	94,590	95,235			
2. 2009	105,949	100,959	100,960		
3. 2010	XXX	112,344	108,424	109,137	
4. 2011	XXX	XXX	120,220	117,475,892	117,288
5. 2012	XXX	XXX	XXX	126,420	122,378
6. 2013	XXX	XXX	XXX	XXX	138,270

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - HOSPITAL AND MEDICAL

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2009	122,799	100,960	3,636	3.6	104,596	85.2			104,596	85.2
2. 2010	136,034	109,137	4,081	3.7	113,218	83.2			113,218	83.2
3. 2011	143,846	117,288	4,052	3.5	121,340	84.4			121,340	84.4
4. 2012	143,207	123,951	3,654	2.9	127,605	89.1	(582)		127,023	88.7
5. 2013	153,894	120,754		0.0	120,754	78.5	15,899	321	136,974	89.0

U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare Supp.
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Dental
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Dental
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Dental
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Vision
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Vision
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Vision
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Fed Emp Health
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicare
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicare
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicare
NONE

U & I Ex.-Pt.2C-Sn A-Paid Claims-Medicaid
NONE

U & I Ex.-Pt.2C-Sn B-Incurred Claims-Medicaid
NONE

U & I Ex.-Pt.2C-Sn C-Expense Ratio-Medicaid
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

NONE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	XXX				
4. 2011	XXX	XXX			
5. 2012	XXX	XXX	XXX		
6. 2013	XXX	XXX	XXX	XXX	

SECTION B - INCURRED HEALTH CLAIMS - OTHER

NONE

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	XXX				
4. 2011	XXX	XXX			
5. 2012	XXX	XXX	XXX		
6. 2013	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

NONE

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2009					0	0.0			0	0.0
2. 2010				0.0	0	0.0			0	0.0
3. 2011				0.0	0	0.0			0	0.0
4. 2012				0.0	0	0.0			0	0.0
5. 2013				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
1. Unearned premium reserves	0								
2. Additional policy reserves (a)	124,137	124,137							
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including $.....0) for investment income	0								
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	124,137	124,137	0	0	0	0	0	0	0
7. Reinsurance ceded	0								
8. Totals (net) (Page 3, Line 4)	124,137	124,137	0	0	0	0	0	0	0
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	0								
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0								
14. Totals (net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0

DETAILS OF WRITE-INS

0501.	0								
0502.	0								
0503.	0								
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.	0								
1102.	0								
1103.	0								
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes $.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($.....0 for occupancy of own building)	19,642	(45)	224,271		243,868
2. Salaries, wages and other benefits	5,309,565	1,974,510	23,351,185		30,635,260
3. Commissions (less $.....0 ceded plus $.....0 assumed)			6,573,666		6,573,666
4. Legal fees and expenses			137,325		137,325
5. Certifications and accreditation fees	1,534				1,534
6. Auditing, actuarial and other consulting services	19,549	43	740,371		759,963
7. Traveling expenses	112,970	3,426	362,915		479,311
8. Marketing and advertising	7,962	3	288,852		296,817
9. Postage, express and telephone	79,952	616,573	992,429		1,688,954
10. Printing and office supplies	89,884	42,479	409,137		541,500
11. Occupancy, depreciation and amortization	43,020	22,140	209,619		274,779
12. Equipment	35,462	9,194	309,523		354,179
13. Cost or depreciation of EDP equipment and software	266,108	141,893	3,575,152		3,983,153
14. Outsourced services including EDP, claims, and other services	1,433,556	414,705	891,695		2,739,956
15. Boards, bureaus and association fees	8,985		389,009		397,994
16. Insurance, except on real estate	113,747	11,511	124,809		250,067
17. Collection and bank service charges			102,332		102,332
18. Group service and administration fees	51,150	1,685,377			1,736,527
19. Reimbursements by uninsured plans	(2,300,247)	(1,561,444)	(12,128,454)		(15,990,145)
20. Reimbursements from fiscal intermediaries	3	236,356		4,697	241,056
21. Real estate expenses	80,089	39,292	473,767		593,148
22. Real estate taxes	6,701	4,728	45,771		57,200
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes	(155)	152,527	154,137		306,509
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees	49		65,948		65,997
23.4 Payroll taxes	276,836	114,038	1,030,201		1,421,075
23.5 Other (excluding federal income and real estate taxes)	1,812	2,311	1,249,785		1,253,908
24. Investment expenses not included elsewhere				159,917	159,917
25. Aggregate write-ins for expenses	(3,203,947)	(3,527,977)	(14,438,401)	0	(21,170,325)
26. Total expenses incurred (Lines 1 to 25)	2,454,227	381,640	15,135,044	164,614	(a) 18,135,525
27. Less expenses unpaid December 31, current year		320,980	1,565,477		1,886,457
28. Add expenses unpaid December 31, prior year		920,710	1,520,065		2,440,775
29. Amounts receivable relating to uninsured plans, prior year			271,006		271,006
30. Amounts receivable relating to uninsured plans, current year			62,503		62,503
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	2,454,227	981,370	14,881,129	164,614	18,481,340

DETAILS OF WRITE-INS

2501. Administrative Service Agreement			2,271,321		2,271,321
2502. Unpaid Claims Processing		(1,274,878)			(1,274,878)
2503. Ceded Administrative Expense	(3,318,518)	(2,252,662)	(17,497,463)		(23,068,643)
2598. Summary of remaining write-ins for Line 25 from overflow page	114,571	(437)	787,741	0	901,875
2599. TOTALS (Lines 2501 thru 2503 plus 2598) (Line 25 above)	(3,203,947)	(3,527,977)	(14,438,401)	0	(21,170,325)

(a) Includes management fees of $.....0 to affiliates and $.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 456,253	456,253
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 1,082,491	1,137,936
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	683,250	680,450
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 36,649	31,400
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	2,258,644	2,306,039
11.	Investment expenses		(g) 164,614
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		164,614
17.	Net investment income (Line 10 minus Line 16)		2,141,425

DETAILS OF WRITE-INS

0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above)		0

(a) Includes $.....45,459 accrual of discount less $.....934,776 amortization of premium and less $.....211,460 paid for accrued interest on purchases.
(b) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued dividends on purchases.
(c) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(d) Includes $.....0 for company's occupancy of its own buildings; and excludes $.....0 interest on encumbrances.
(e) Includes $.....28,990 accrual of discount less $.....8,948 amortization of premium and less $.....1,979 paid for accrued interest on purchases.
(f) Includes $.....0 accrual of discount less $.....0 amortization of premium.
(g) Includes $.....0 investment expenses and $.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
(h) Includes $.....0 interest on surplus notes and $.....0 interest on capital notes.
(i) Includes $.....0 depreciation on real estate and $.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. government bonds			0		
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	4,996	192,211	197,207	(46,099)	(367,601)
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)			0		
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)	2,564,327	(906,853)	1,657,474	1,217,763	
2.21	Common stocks of affiliates			0		
3.	Mortgage loans			0		
4.	Real estate			0		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	405		405		
7.	Derivative instruments			0		
8.	Other invested assets			0		
9.	Aggregate write-ins for capital gains (losses)	0	0	0	44,016	0
10.	Total capital gains (losses)	2,569,728	(714,642)	1,855,086	1,215,680	(367,601)

DETAILS OF WRITE-INS

0901.	LTD and SSP			0	44,016	
0902.				0		
0903.				0		
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	44,016	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums	140,640	152,038	11,398
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans	160,077	97,268	(62,809)
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset	734,907	809,112	74,205
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software			0
21. Furniture and equipment, including health care delivery assets			0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivables from parent, subsidiaries and affiliates			0
24. Health care and other amounts receivable	655,312	475,460	(179,852)
25. Aggregate write-ins for other than invested assets	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	1,690,936	1,533,878	(157,058)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	1,690,936	1,533,878	(157,058)

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0
2501. A/R Other			0
2502.			0
2503.			0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health maintenance organizations	10,116	7,146	7,047	6,773	6,758	83,632
2. Provider service organizations						
3. Preferred provider organizations						
4. Point of service	56,649	61,486	62,564	63,899	65,153	755,407
5. Indemnity only						
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	66,765	68,632	69,611	70,672	71,911	839,039

DETAILS OF WRITE-INS

0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

EXHIBIT 3A - ANALYSIS OF HEALTH CARE RECEIVABLES COLLECTED AND ACCRUED

Type of Health Care Receivable	Health Care Receivables Collected During the Year		Heath Care Receivables Accrued as of December 31 of Current Year		5	6
	1 On Amounts Accrued Prior to January 1 of Current Year	2 On Amounts Accrued During the Year	3 On Amounts Accrued December 31 of Prior Year	4 On Amounts Accrued During the Year	Health Care Receivables in Prior Years (Columns 1 + 3)	Estimated Health Care Receivables Accrued as of December 31 of Prior Year
1. Pharmaceutical rebate receivables	1,099,915	1,378,014		1,334,105	1,099,915	1,099,915
2. Claim overpayment receivables					0	
3. Loans and advances to providers					0	
4. Capitation arrangement receivables					0	
5. Risk sharing receivables					0	
6. Other health care receivables	240,750			259,594	240,750	240,750
7. Totals (Lines 1 through 6)	1,340,665	1,378,014	0	1,593,699	1,340,665	1,340,665

Note that the accrued amounts in Columns 3, 4, and 6 are the total health care receivables, not just the admitted portion.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of the company 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 the Arkansas Insurance 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 state of Arkansas.

	State of Domicile - AR	2013	2012
NET INCOME			
(1) HMO Partner's state basis (Page 4, Line 32, Columns 2 & 3)		7,525,873	8,379,607
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:		0	0
(3) State Permitted Practices that increase/(decrease) NAIC SAP:		0	0
(4) NAIC SAP (1-2-3=4)		7,525,873	8,379,607
SURPLUS			
(5) HMO Partner's state basis (Page 3, Line 33, Columns 3&4)		116,854,076	109,341,608
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:		0	0
(7) State Permitted Practices that increase/(decrease) NAIC SAP:		0	0
(8) NAIC SAP (5-6-7=8)		116,854,076	109,341,608

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

The preparation of financial statements in conformity with 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.

C. Accounting Policy

Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or polices. Expenses incurred in connection with acquiring new insurance business are charged to operations as incurred.

In addition, the company uses the following accounting policies:

(1) Short-term investments are stated at amortized cost.
(2) Bonds not backed by other loans are stated at amortized cost using the interest method.
(3) Common Stocks at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
(4) The Company does not have preferred stock.
(5) The Company does not have mortgage loans.
(6) The Company does not have loan-backed securities.
(7) The Company does not have any investments in subsidiaries.
(8) The Company does not have any investments in joint ventures, partnerships, or limited liability companies.
(9) The Company does have any derivatives.
(10) The Company does not anticipate investment income as a factor in the premium deficiency calculation.
(11) Claims cost unpaid is the largest estimate for loss liabilities in the HMOP annual statement. The claims liability is set at the regional level, but there are reasonableness checks using a reserve set on an overall basis. When setting liability, the four methods described below are employed. Based on the estimates of these methods and retrospective considerations, the best estimate is set and then an explicit margin is added to ensure that the estimate is good and sufficient. Historically the method relied on the most is the Lag Method.

a. **Lag (Development) Method:** A claims triangle is constructed for each block of business. Based on the claims payment patterns, the last 3 months of data are completed manually by adjusting the completion factors. This, in turn, provides an estimate of incurred claims and incurred per member numbers. For the months prior to the most recent three, the completion factors used to complete the data are based on the historical claims payment patterns

NOTES TO FINANCIAL STATEMENTS

b. **3 Month Average Method**: As the base liability estimate, the three month average liability of the third, fourth, and fifth month prior to the current month is used. Adjustments are made for trend, membership change, and backlog to get to the estimate

c. **IBNR Method:** As the base liability estimate, the liability from one year ago is used and trended forward with adjustments for trend, membership, and backlog.

d. **Aggregate Method:** Here, twelve months of paid claims are subtracted from 12 months of estimated incurred claims to get the liability estimate.

(12) The Company has not modified its capitalization policy from the prior period.

(13) Pharmacy rebate receivable estimates are based upon a history of rebates billed vs. paid pharmacy claims.

2. Accounting Changes and Corrections of Errors

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Arkansas. Effective January 1, 2001, the State of Arkansas adopted that insurance companies domiciled in the State of Arkansas prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual – Version effective January 1, 2001 subject to any deviations prescribed or permitted by the State of Arkansas insurance commissioner.

Accounting changes adopted to conform to the provisions of the *NAIC Accounting Practices and Procedures* manual – Version effective January 1, 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle.

There were no accounting changes or correction of errors from the prior period.

3. Business Combinations and Goodwill

A. None
B. None
C. None
D. None

4. Discontinued Operations

The Company had no discontinued operations as of December 31, 2013.

5. Investments

A. The Company has no mortgage loans at this time.
B. The Company has no debt restructuring at this time.
C. The Company has no reverse mortgages at this time.
D. The Company has no loan-backed securities at this time.
E. The Company has no repurchase agreements or securities lending transactions at this time.
F. The Company has no investments in real estate at this time.
G. The Company has no investments in low-income housing tax credits

6. Joint Ventures, Partnerships, and Limited Liability Companies

A. None
B. None

7. Investment Income

A. None
B. None

8. Derivative Instruments

A. None
B. None
C. None
D. None
E. None
F. None

NOTES TO FINANCIAL STATEMENTS

Note 9: Income Taxes

A. The components of the net deferred tax asset/(liability) are as follows:

1.

	12/31/13		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	1,545,936	1,102,550	2,648,486
(b) Statutory Valuation Allowance Adjustment	0	0	0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	1,545,936	1,102,550	2,648,486
(d) Deferred Tax Assets Nonadmitted	734,907	0	734,907
(e) Subtotal Net Admitted Deferred Tax Assets (1c - 1d)	811,029	1,102,550	1,913,580
(f) Deferred Tax Liabilities	10,792	4,076,768	4,087,560
(g) Net Admitted Deferred Tax Assets/(Net Deferred Liab) (1e - 1f)	800,238	(2,974,218)	(2,173,980)

	12/31/12		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	1,688,337	844,498	2,532,835
(b) Statutory Valuation Allowance Adjustment	0	0	0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	1,688,337	844,498	2,532,835
(d) Deferred Tax Assets Nonadmitted	809,112	0	809,112
(e) Subtotal Net Admitted Deferred Tax Assets (1c - 1d)	879,225	844,498	1,723,723
(f) Deferred Tax Liabilities	39,521	3,643,810	3,683,332
(g) Net Admitted Deferred Tax Assets/(Net Deferred Liab) (1e - 1f)	839,703	(2,799,313)	(1,959,609)

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 3-6) Total
(a) Gross Deferred Tax Assets	(142,401)	258,053	115,652
(b) Statutory Valuation Allowance Adjustment	0	0	0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	(142,401)	258,053	115,652
(d) Deferred Tax Assets Nonadmitted	(74,205)	0	(74,205)
(e) Subtotal Net Admitted Deferred Tax Assets (1c - 1d)	(68,195)	258,053	189,857
(f) Deferred Tax Liabilities	(28,729)	432,958	404,229
(g) Net Admitted Deferred Tax Assets/(Net Deferred Liab) (1e - 1f)	(39,466)	(174,905)	(214,371)

2.

	12/31/13		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
Admission Calculation Components - SSAP 101			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	800,238	0	800,238
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Asset from 2(a) above) After Application of the Threshold Limitation (the lesser of 2(b)1 and 2(b)2 below)	0	0	0
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	0	0	0
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	0	0	17,238,738
(c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	10,792	1,102,550	1,113,342
(d) Deferred Tax Assets Admitted as the result of application of SSAP 101 - Total (2(a) + 2(b) + 2(c))	811,029	1,102,550	1,913,580

	12/31/12		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
Admission Calculation Components - SSAP 101			

NOTES TO FINANCIAL STATEMENTS

(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	839,703	0	839,703
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Asset from 2(a) above) After Application of the Threshold Limitation (the lesser of 2(b)1 and 2(b)2 below)	0	0	0
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	0	0	0
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	0	0	16,111,868
(c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	39,521	844,498	884,019
(d) Deferred Tax Assets Admitted as the result of application of SSAP 101 - Total (2(a) + 2(b) + 2(c))	879,224	844,498	1,723,722

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 3-6) Total
Admission Calculation Components - SSAP 101			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	(39,465)	0	(39,465)
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding the Amount of Deferred Tax Asset from 2(a) above) After Application of the Threshold Limitation (the lesser of 2(b)1 and 2(b)2 below)	0	0	0
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	0	0	0
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	0	0	0
(c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	(28,729)	258,052	229,323
(d) Deferred Tax Assets Admitted as the result of application of SSAP 101 - Total (2(a) + 2(b) + 2(c))	(68,195)	258,052	189,858

3.

	2013	2012
(a) Ratio Percentage used to determine Recovery Period and Threshold Limitation Amount	1892%	1950%
(b) Amount of Adjusted Capital and Surplus used to determine Recovery Period and Threshold Limitation in 2(b)2 above	114,924,923	107,412,455

4.

	12/31/13		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
Impact of Tax Planning Strategies			
(a) Determination of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage	0%	0%	0%
1. Adjusted Gross DTAa Amount From Note 9A1(c)	0%	0%	0%
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	0%	0%	0%
4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	0%

	12/31/12		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
Impact of Tax Planning Strategies			
(a) Determination of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage	0%	0%	0%

NOTES TO FINANCIAL STATEMENTS

1. Adjusted Gross DTAa Amount From Note 9A1(c)	0%	0%	0%
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	0%	0%	0%
4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	0%

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 3-6) Total
Impact of Tax Planning Strategies			
(a) Determination of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage	0%	0%	0%
1. Adjusted Gross DTAa Amount From Note 9A1(c)	0%	0%	0%
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	0%	0%	0%
4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	0%

(b) Does the Company's tax-planning strategies include the use of reinsurance? Yes _____ No X

B. Regarding deferred tax liabilities that are not recognized:
Not applicable

C. Current and deferred income taxes consist of the following major components

1. Current Income Tax:

	(1) 12/31/13	(2) 12/31/12	(3) (Col 1-2) Change
(a) Federal	3,354,409	3,749,076	(394,667)
(b) Foreign	-	-	-
(c) Subtotal	3,354,409	3,749,076	(394,667)
(d) Federal Income Tax on net capital gains	906,843	149,331	757,512
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	50,208	(1,951)	52,159
(g) Federal & Foreign income tax incurred	4,311,460	3,896,456	415,004

2. Deferred Tax Assets:

	(1) 12/31/13	(2) 12/31/12	(3) (Col 1-2) Change
(a) Ordinary:			
(1) Discounting of unpaid losses	213,407	367,454	(154,048)
(2) Unearned premium reserves	243,752	140,057	103,696
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred Acquisition Costs	-	-	-
(6) Policyholder dividends accrual	-	-	

NOTES TO FINANCIAL STATEMENTS

			-
(7) Fixed Assets	-	-	-
(8) Compensation and benefits accrual	1,039,554	1,127,614	(88,059)
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	-	-	-
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other	49,223	53,212	(3,989)
(99) Subtotal - Ordinary	1,545,936	1,688,337	(142,401)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted - Ordinary	734,907	809,112	(74,205)
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	811,029	879,225	(68,195)
(e) Capital:	-	-	-
(1) Investments	1,102,550	844,498	258,053
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other	-	-	-
(99) Subtotal - Capital	1,102,550	844,498	258,053
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted - Capital	-	-	-
(h) Admitted capital deferred tax assets (2a99-2b-2c)	1,102,550	844,498	258,053
(i) Admitted deferred tax assets (2d + 2h)	1,913,580	1,723,723	189,857

3. Deferred Tax Liabilities:

	(1) 12/31/13	(2) 12/31/12	(3) (Col 1-2) Change
(a) Ordinary:			
(1) Investments			
Accrued Dividends	14,324	15,304	(980)
Unrealized Gains/(Losses)-SSP	(3,532)	24,218	(27,750)
Total Investments	10,792	39,521	(28,729)
(2) Fixed Assets	-	-	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other	-	-	-
(99) Subtotal - Ordinary	10,792	39,521	(28,729)

(b) Capital:	-	-	-
(1) Investments	4,076,768	3,643,810	432,958
(2) Real estate	-	-	-
(3) Other	-	-	-
(99) Subtotal - Capital	4,076,768	3,643,810	432,958
(c) Deferred tax liabilities (3a99 + 3b99h)	4,087,560	3,683,332	404,229

4. Net Deferred Tax Assets/Liabilities (2i - 3c) (2,173,980) (1,959,609) (214,371)

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

Among the more significant book to tax adjustments were the following:

	12/31/13	
	Amounts	Effective Tax Rate %
Provision computed at statutory rate	4,143,067	35.0%
Tax exempt income deduction	(1,407)	0.0%
Dividends received deduction	(103,474)	-0.9%
Tax differentials on foreign earnings	0	0.0%
Nondeductible expenses	73,091	0.6%
Tax Credits	(50,274)	-0.4%
Rate Differential	(100,000)	-0.8%
Other	182,376	1.5%
Total	4,143,379	35.0%
Federal and foreign income taxes incurred	3,404,617	28.8%
Realized capital gains/(losses) tax	906,843	7.7%
Change in net deferred income taxes	(168,082)	-1.4%
Total statutory income taxes	4,143,379	35.0%

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

1. At the end of the current period the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

2. The following is income tax expense for 2013 and 2012 that is available for recoupment in the event of future net losses.

Year	Amount
2013	4,052,468
2012	3,709,537

3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

F. The Company does not file a Consolidated Federal Income Tax Return

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. The Company was formed on January 1, 1994. The Company's shareholders as of December 31, 2013 were Arkansas Blue Cross and Blue Shield (50%) and Baptist Medical System HMO, Inc. (50%). Effective October 1st, 2006, USAble Corporation, a wholly owned subsidary of Arkansas Blue Cross and Blue Shield (ABCBS), sold its ownership interest in HMO Partners, Inc. to ABCBS for $27,143,396.

B. & C. The Company, d/b/a Health Advantage, serves as the Third Party Administrator for the self insured employee groups of ABCBS and

NOTES TO FINANCIAL STATEMENTS

Baptist Health. All receivables and payables dealing with their employee groups are classified under Uninsured Plans. At December 31, 2013, receivables of $1,310,336 and $1,833,905 were due respectively from Baptist Health and ABCBS. Payable balances of $806,420 and $529,871: are recorded respectively for Baptist Health and ABCBS. The Company paid dividends to Arkansas Blue and Blue Shield and BMS HMO on March 21, 2013, totaling $436,254 to each.

D. At December 31, 2013 the Company reported the following amounts due to Affiliates:

Arkansas Blue Cross and Blue Shield	$7,911,944
USAble Life	110,808
Total	$8,022,752

E. N/A

F. The Company reimburses Arkansas Blue Cross and Blue Shield for various administrative, employee benefit and marketing shared expenses, which are provided to the Company. These expenses are allocated to the Company in accordance with generally accepted accounting principles. In addition, the Company leases office space from Arkansas Blue Cross and Blue Shield.

G. N/A
H. N/A
I. N/A
J. N/A
K. N/A
L. N/A

11. Debt

A. As of December 31, 2013, the Company has no capital notes. As of December 31, 2013, the Company's liability for borrowed money was zero ($-0-).
B. As of December 31, 2013, the Company has no FHLB agreements.

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

A. Defined Benefit Plan
The Company no longer offers a defined benefit plan.

A. N/A

B. N/A

C. N/A

E. Defined Contribution Plan
The Company offers an optional 401(k) plan to all eligible employees. The employee has the option of deferring up to 50% of his or her salary. The Company matches the amount deferred by the employee based upon years of service from a minimum of 50% to a maximum of 100% of a 6% contribution.

Effective July 1, 1998 the plan was amended to establish a non-contributory, defined contribution portion of the plan known as 401(k) Plu$. Employees are not required to participate in the original defined contribution plan in order to receive benefits under the 401(k) Plu$ portion of the plan. Under the 401(k) Plu$ the Company makes a contribution from 2% to 6% of the eligible compensation of all eligible employees. The determination of the percentage to be used in calculating the contribution is based upon annually established net income targets. At no time will the contribution be less than 2% nor more than 6%. For 2013, 5% has been used to calculate the Company's contribution of $856,161.

All funds under the 401(k) Plu$ portions of the plan are held by an outside trustee.

F. Multiemployer Plans
The Company does not participate in multiemployer plans.

G. Consolidated/Holding Company Plans
The Company's employees participate in the deferred compensation plans of the Company's co-owner, Arkansas Blue Cross and Blue Shield.

H. Postemployment Benefits and Compensated Absences
The Company does not offer a postretirement benefit plan.

I. N/A

NOTES TO FINANCIAL STATEMENTS

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

1) As of December 31, 2013, the Company had 1,000,000 common stock shares authorized, issued and outstanding at $.01 par value.
2) The Company has no preferred stock outstanding.
3) Dividends are paid based on earned surplus and cannot fall below state net worth requirements.
4) Ordinary dividends on Company stock are paid as declared by its Board of Directors. Dividends were paid in the amount of $872,508 on March 21, 2013.
5) All unassigned surplus is being held for the stockholder.
6) As of December 31, 2013, the Company held no stock for special purposes such as employee stock options or conversion of preferred stock.
7) The Company does not have any advances to surplus.
8) N/A
9) The Company has no special surplus funds.
10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is $ 7,564,582.
11) The Company has no surplus notes.
12) The Company was not involved in a quasi-reorganization.
13) The Company was not involved in a quasi-reorganization.

14. Contingencies

A. None
B. None
C. None
D. None
E. None
F. None

The Company is not aware of any contingent liabilities as of December 31, 2013.

In the normal course of business, the Company is involved in litigation from time to time with claimants and others, a number of these were pending at December 31, 2013. In the opinion of the Company, the ultimate liability, if any, has been adequately provided for in the financial statements, and any excess liability would not have a material adverse financial effect upon the Company.

15. Leases

A. None
B. None

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

The Company does not have any off-balance sheet risk.

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

A. None
B. None
C. None

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

The gain (loss) from operations for uninsured accident and health plans was as follows during 2013:

	Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total
Net Reimbursement for Administrative expenses (including administrative fees) in excess of actual expenses	$ 2,277,057	$-0-	$ 2,277,057
Other Income	$-0-	$-0-	$-0-
Net gain or (loss) from operations	$ 2,277,057	$-0-	$ 2,277,057
Total claim payment volume	$217,256,555	$-0-	$217,256,555

D. None
E. None

NOTES TO FINANCIAL STATEMENTS

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

The Company does not currently have any direct premium written/produced by managing general agents/third party administrators.

20. Fair Value Measurement

A.

1. Fair Value Measurements at Reporting Date

Description	Level 1	Level 2	Level 3	Total
a. Assets at Fair Value				
Perpetual Preferred Stock	$0	$0	$0	$0
Industrial and Misc	$0	$0	$0	$0
Parent, Subsidiaries and Affiliates	$0	$0	$0	$0
Total Perpetual Preferred Stocks				
Bonds				
U.S. Governments				
Industrial and Misc				
Hybrid Securities				
Parent, Subsidiaries and Affiliates				
Total Bonds				
Common Stock				
Industrial and Misc	$17,203,296	$8,303,680	$0	$25,506,976
Parent, Subsidiaries and Affiliates	$0	$0	$0	$0
Supplemental Savings Plan	$ 2,502,249	$0	$0	$2,502,249
Total Common Stock				
Total Assets at Fair Value	$19,705,545	$8,303,680	$0	$28,009,225

Derivative Assets (none)

Liabilities (none)

2. The Company does not have fair value measures in Level 3.

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

4. As of December 31, 2013, the reported fair value of the reporting entities investments in Level 2 common stock was $8,303,680. These securities are foreign common stock. To measure their fair value the reporting entity used current market prices in U.S. dollars.

C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable Carrying Value
Bonds	$108,043,571	$108,043,571		$108,043,571		
Common Stock	$ 25,506,976	$ 25,506,976	$17,203,296	$ 8,303,680		
Supplemental Savings Plan	$ 2,502,249	$ 2,502,249	$ 2,502,249			
Total	$136,052,796	$136,052,796	$19,705,545	$116,347,251	$0	$0

D.

The Company does not have any of these securities at this time.

21. Other Items

A. The Company had no extraordinary items as of December 31, 2013.
B. The Company had no troubled debt restructuring as of December 31, 2013.
C. The Company has no other disclosures as of December 31, 2013.
D. The Company has no uncollectible assets covered by SSAP No.6 as of December 31, 2013.
E. The Company has no business interruption insurance recoveries.
F. The Company has no state transferable tax credits
G. The Company does not engage in sub-prime residential mortgage lending nor does it have any material direct investments in collateralized debt obligations or debt securities that are directly backed by residential mortgages. The Company's exposure to sub-prime lending is limited to its ownership of the general obligation debt and/or equity securities of both governmental and commercial entities whose business activities include residential mortgage lending.
H. The Company has no retained assets.

As of December 31, 2013 the Company held no debt securities described in the previous paragraph.

The market value of the Company's investment in the equity securities of commercial enterprises that engage in residential mortgage lending accumulates to $371,500. This represents 1.46% of the Company's non related investments in equity securities of $25,506,976.

NOTES TO FINANCIAL STATEMENTS

22. Events Subsequent

Type II – Nonrecognized Subsequent Events

On Jan. 1, 2014, the Company will be subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after Jan. 1, 2014. As of Dec. 31, 2013, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2014, and estimates their portion of the annual health insurance industry fee to be payable on Sept. 30, 2014 to be $1,837,955. This assessment is expected to reduce risk based capital by 1.59%

A. ACA fee assessment payable $1,837,955
B. Assessment expected to impact RBC (1.59)%

23. Reinsurance

A. Ceded Reinsurance Report
Section 1
1.The Company had no non-affiliated reinsurers.
2. The Company had no reinsurer chartered outside the United States.

Section 2
1. The Company has no reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits.
2.The Company has no reinsurance agreements in effect such that the amount of losses paid or accrued may result in a payment to the reinsurer of amounts that exceed the premium collected.

Section 3
1. The estimated reduction in surplus if the reinsurance agreement was terminated would be $-0-.
2. No new agreements have been executed since January 1, 2004.

B. The Company did not have any uncollectible reinsurance written off during the year.
C. There was no commutation of reinsurance during the year.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

A. The company estimates accrued retrospective premium adjustments for its group health insurance business though a mathematical approach using an algorithm of the company's underwriting rules and experience rating practices.

The company also has health insurance business that is subject to a medical loss ratio pursuant to the Public Health Service Act.

B. The company records accrued retrospective premium as an adjustment to earned premium.

C. The amount of net premiums written by the company at December 31, 2013 that are subject to retrospective rating features was $153,817,848 that represented 100% of the total net premium written. No other net premium written by the company are subject to retrospective rating features.

D.

		1	2	3	4	5
		Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
	Prior Reporting Year					
(1)	Medical loss ratio rebates incurred		155,158			213,785
(2)	Medical loss ratio rebates paid		748,755			155,158
(3)	Medical loss ratio rebates unpaid		0			213,785
(4)	Plus reinsurance assumed amounts					
(5)	Less reinsurance ceded amounts		155,158			213,785
(6)	Rebates unpaid net of reinsurance		0			0

NOTES TO FINANCIAL STATEMENTS

	Current Reporting Year-to-Date				
(7)	Medical loss ratio rebates incurred	213,785			0
(8)	Medical loss ratio rebates paid	213,785			213,785
(9)	Medical loss ratio rebates unpaid				
(10)	Plus reinsurance assumed amounts				
(11)	Less reinsurance ceded amounts	213,785			0
(12)	Rebates unpaid net of reinsurance	0			0

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2012 were $16,639,178. As of December 31, 2013, $13,178,724 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now ($582,088) as a result of re-estimation of unpaid claims and claim adjustment expenses principally on all lines of insurance. Therefore, there has been a $4,042,542 (favorable) prior year development since December 31, 2012 to December 31, 2013. 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.

26. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangements.

A. None
B. None
C. None
D. None
E. None
F. None
G. None

27. Structured Settlements

This note is not applicable to health entities.

28. Health Care Receivables

A. The Company, in accordance with SSAP No. 84, has estimated pharmaceutical rebate receivables recorded on its financial statements. In determining its estimate, the Company utilizes historical information relative to pharmaceutical rebates received as well as considering contractual changes in rebate amounts and changes in membership. While the Company records the total estimated pharmaceutical rebate receivable, it only admits as an asset the estimate for the last quarter of the reporting date. The detail of the estimated amounts on the financial statements and the related collections are as follows:

			---Rebates collected within days of billing---		
Qtr	Est Rebates on F/S	Rebates as Billed Or Confirmed	0-90	91-180	over 180
12/31/2013	$728,954	$728,954	$0	$0	$0
09/30/2013	$655,485	$658,825	$33,601	$0	$0
06/30/2013	$649,272	$683,475	$87,560	$663,471	$0
03/31/2013	$627,852	$640,866	$0	$491,380	$102,001
12/31/2012	$651,113	$601,464	$0	$566,517	$7,372
09/30/2012	$641,810	$567,507	$91,241	$0	$459,510
06/30/2012	$655,463	$565,344	$0	$518,565	$53,152
03/31/2012	$642,506	$550,383	$0	$519,059	$19,971
12/31/2011	$646,555	$618,869	$7,040	$593,491	$55,574
09/30/2011	$614,801	$619,529	$389,845	$202,599	$27,667
06/30/2011	$574,842	$585,704	$56,772	$529,431	$18,215
03/31/2011	$547,122	$532,204	$4,360	$520,537	$36,367

B. The Company has no risk sharing receivables.

NOTES TO FINANCIAL STATEMENTS

29. Participating Policies

The Company has no participating contracts.

A. None
B. None
C. None
D. None

30. Premium Deficiency Reserves

The Company has no premium deficiency reserves.

31. Anticipated Salvage and Subrogation
The Company has no estimates of anticipated salvage and subrogation.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]
If yes, complete Schedule Y, Parts 1, 1A and 2.

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State regulating? Arkansas

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: 08/22/2012

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2011

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2011

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 03/08/2013

3.4 By what department or departments?
Arkansas Insurance Department

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

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

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes [ ] No [X]
4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [ ] No [X]
4.22 renewals? Yes [ ] No [X]

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

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

1 Name of Entity	2 NAIC Co. Code	3 State of Domicile

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

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,
7.21 State the percentage of foreign control .....%
7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality		2 Type of Entity

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

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

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

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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 FDIC	6 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
BKD, LLP Little Rock, Arkansas

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ] N/A [ ]

10.6 If the answer to 10.5 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Samuel Vorderstrasse, Employee of Arkansas Blue Cross and Blue Shield

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved .....

12.13 Total book/adjusted carrying value .....

12.2 If yes, provide explanation.

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

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

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No [ ]

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]

18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers $.....0

20.12 To stockholders not officers $.....0

20.13 Trustees, supreme or grand (Fraternal only) $.....0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers $.....0

20.22 To stockholders not officers $.....0

20.23 Trustees, supreme or grand (Fraternal only) $.....0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

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

21.21 Rented from others .....

21.22 Borrowed from others .....

21.23 Leased from others .....

21.24 Other .....

PART 1 - COMMON INTERROGATORIES - FINANCIAL

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment .....

22.22 Amount paid as expenses .....

22.23 Other amounts paid .....

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. .....

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [X] No [ ]

24.02 If no, give full and complete information relating thereto.

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. .....

24.06 If answer to 24.04 is no, report amount of collateral for other programs. .....

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. .....

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. .....

24.103 Total payable for securities lending reported on the liability page. .....

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) Yes [X] No [ ]

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

25.21 Subject to repurchase agreements $.....0

25.22 Subject to reverse repurchase agreements $.....0

25.23 Subject to dollar repurchase agreements $.....0

25.24 Subject to reverse dollar repurchase agreements $.....0

25.25 Pledged as collateral $.....0

25.26 Placed under option agreements $.....0

25.27 Letter stock or securities restricted as to sale $.....0

25.28 On deposit with state or other regulatory body $.....300,000

25.29 Other $.....0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]

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

28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

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

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

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]

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

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

28.05 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 Number(s)	2 Name	3 Address
116359	Foundation Resource Management	Little Rock, AR

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [ ] No [X]

PART 1 - COMMON INTERROGATORIES - INVESTMENT

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999. TOTAL		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	108,043,571	108,574,123	530,552
30.2 Preferred stocks			0
30.3 Totals	108,043,571	108,574,123	530,552

30.4 Describe the sources or methods utilized in determining the fair values:
Fair value pricing obtained, where applicable, from NAIC 4th Quarter 2206 Valuation of Securities database, or from market prices provided by US Bank Institutional Trust & Custody, cu

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

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

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

32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 317,534

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

1 Name	2 Amount Paid
Blue Cross Blue Shield Association	261,062

34.1 Amount of payments for legal expenses, if any? $ 137,325

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

1 Name	2 Amount Paid
Foley & Lardner	96,282

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 155,035

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

1 Name	2 Amount Paid
Blue Cross Blue Shield Association	89,587

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

1.5 Indicate total incurred claims on all Medicare Supplement insurance. .....

1.6 Individual policies:

Most current three years:

1.61 Total premium earned .....

1.62 Total incurred claims .....

1.63 Number of covered lives .....

All years prior to most current three years:

1.64 Total premium earned .....

1.65 Total incurred claims .....

1.66 Number of covered lives .....

1.7 Group policies:

Most current three years:

1.71 Total premium earned .....

1.72 Total incurred claims .....

1.73 Number of covered lives .....

All years prior to most current three years:

1.74 Total premium earned .....

1.75 Total incurred claims .....

1.76 Number of covered lives .....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	153,817,848	143,168,298
2.2 Premium Denominator	153,817,848	143,168,298
2.3 Premium Ratio (2.1/2.2)	100.0	100.0
2.4 Reserve Numerator	15,317,208	16,639,178
2.5 Reserve Denominator	15,441,345	16,639,177
2.6 Reserve Ratio (2.4/2.5)	99.2	100.0

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, and if the earnings of the reporting entity permits? Yes [ ] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No [ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [X]

5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No [ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive medical $.....2,000,000

5.32 Medical only $.....0

5.33 Medicare supplement $.....0

5.34 Dental and vision $.....0

5.35 Other limited benefit plan $.....0

5.36 Other $.....0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No [ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 12,315

8.2 Number of providers at end of reporting year 13,092

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months .....

9.22 Business with rate guarantees over 36 months .....

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus arrangements in its provider contracts? Yes [X] No [ ]

10.2 If yes:

10.21 Maximum amount payable bonuses $.....0

10.22 Amount actually paid for year bonuses $.....402,929

10.23 Maximum amount payable withholds $.....3,720,503

10.24 Amount actually paid for year withholds $.....7,608,524

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, Yes [ ] No [X]

11.13 An Individual Practice Association (IPA), or Yes [ ] No [X]

11.14 A Mixed Model (combination of above)? Yes [X] No [ ]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [X] No [ ]

11.3 If yes, show the name of the state requiring such net worth. Arkansas

11.4 If yes, show the amount required. $.....100,000

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ] No [X]

11.6 If the amount is calculated, show the calculation:

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Arkansas

13.1 Do you act as a custodian for health savings account? Yes [ ] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date. .....

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

13.4 If yes, please provide the balance of the funds administered as of the reporting date. .....

FIVE-YEAR HISTORICAL DATA

	1 2013	2 2012	3 2011	4 2010	5 2009
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	157,233,564	148,037,295	146,008,992	142,757,661	128,358,281
2. Total liabilities (Page 3, Line 24)	40,379,488	38,695,687	44,004,465	47,131,354	44,262,604
3. Statutory surplus	100,000	100,000	100,000	100,000	100,000
4. Total capital and surplus (Page 3, Line 33)	116,854,076	109,341,608	102,004,527	95,626,307	84,095,677
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	153,817,848	143,168,298	143,801,757	136,176,181	122,798,650
6. Total medical and hospital expenses (Line 18)	128,398,920	118,154,729	115,698,129	106,652,090	100,908,403
7. Claims adjustment expenses (Line 20)	2,835,867	3,782,929	4,065,181	3,985,644	3,666,090
8. Total administrative expenses (Line 21)	15,135,044	12,944,562	14,033,271	13,559,373	11,567,134
9. Net underwriting gain (loss) (Line 24)	7,448,017	8,286,078	10,005,176	11,979,074	6,657,023
10. Net investment gain (loss) (Line 27)	3,089,668	3,128,754	2,927,845	2,106,537	1,663,278
11. Total other income (Lines 28 plus 29)	392,805	711,900	257,780	329,585	288,002
12. Net income or (loss) (Line 32)	7,525,873	8,379,607	8,717,095	9,699,988	5,394,289
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	5,804,393	18,710,956	(6,029,880)	8,503,168	5,383,831
Risk-Based Capital Analysis					
14. Total adjusted capital	116,854,076	109,341,608	102,004,527	95,626,307	84,095,677
15. Authorized control level risk-based capital	6,178,326	5,606,328	5,513,091	5,424,026	5,035,282
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	71,911	66,765	67,167	65,548	66,724
17. Total member months (Column 6, Line 7)	839,039	786,927	795,988	793,508	803,024
Operating Percentage (Page 4) **(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100 .0**					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	83.5	82.5	80.5	78.3	82.2
20. Cost containment expenses	1.6	1.4	1.7	1.7	1.7
21. Other claims adjustment expenses	0.2	1.2	1.2	1.2	1.3
22. Total underwriting deductions (Line 23)	95.2	94.2	93.0	91.2	94.6
23. Total underwriting gain (loss) (Line 24)	4.8	5.8	7.0	8.8	5.4
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13 Col. 5)	12,596,636	17,671,744	16,593,569	16,580,037	17,268,487
25. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	16,639,178	20,416,211	20,513,702	21,569,979	21,177,672
Investments in Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch D. Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch D. Summary, Line 24, Col. 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA, Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above					

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

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & 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	239,001,962						239,001,962	
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 CAN	N							0	
58. Aggregate Other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	239,001,962	0	0	0	0	0	239,001,962	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	1,377,787						1,377,787	
61. Total (Direct Business)	(a) 1	240,379,749	0	0	0	0	0	240,379,749	0

DETAILS OF WRITE-INS

58001.								0	
58002.								0	
58003.								0	
58998. Summary of remaining write-ins for line 58		0	0	0	0	0	0	0	0
58999. Total (Lines 58001 thru 58003 + 58998)		0	0	0	0	0	0	0	0

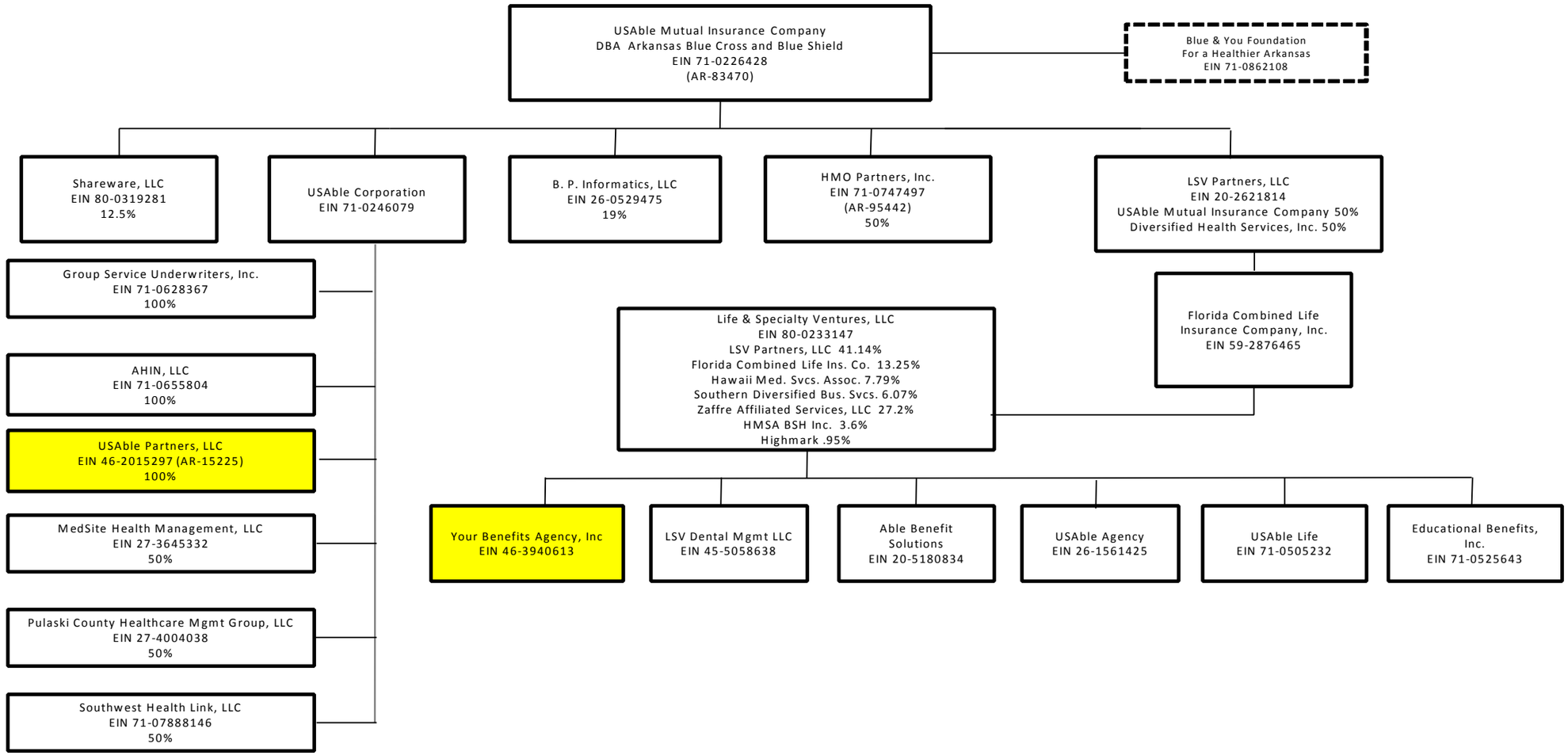
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.

(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



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