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HEALTH QUARTERLY STATEMENT

As of September 30, 2013

of the Condition and Affairs of the

USAble Mutual Insurance Company

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

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

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

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

Statutory Home Office	601 S. Gaines….. Little Rock ..... AR ..... US ..... 72201 *(Street and Number) (City or Town, State, Country and Zip Code)*	
Main Administrative Office	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)*
Mail Address	601 S. Gaines….. Little Rock ..... AR ..... US ..... 72201 *(Street and Number) (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	www.arkansasbluecross.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. Paul Mark White	Chief Executive Officer	2. James Lee Douglass	Secretary
3. Gray Donald Dillard	Treasurer	4. Michael Wayne Brown	Chief Operating Officer

OTHER

Stephen William Abell
Curtis Edwin Barnett
Michael Wayne Brown
Ronald Walter DeBerry
Robert Franklin Griffin, MD
Calvin Eugene Kellogg
Joseph Steven Smith
Toni Lairry Starks
James Robert Bailey
David Frank Bridges
Richard Shelby Cooper
David Franklin Greenwood, Jr.
James Robert Heard III
Karen Cox Raley
Steven Aaron Spaulding
Samuel Carl Vorderstrasse

DIRECTORS OR TRUSTEES

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

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

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

(Signature)	(Signature)	(Signature)
Paul Mark White	James Lee Douglass	Gray Donald Dillard
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
Chief Executive Officer	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This _____ day of _____

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

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Prior Year Net Admitted Assets
1. Bonds	372,385,553		372,385,553	308,106,742
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks	327,591,844	16,652,025	310,939,819	298,949,025
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate:				
4.1 Properties occupied by the company (less $.....0 encumbrances)	24,075,108		24,075,108	23,847,077
4.2 Properties held for the production of income (less $.....0 encumbrances)	12,952,015		12,952,015	13,521,897
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....35,653,603), cash equivalents ($.....19,999,575) and short-term investments ($.....278,074,452)	333,727,629		333,727,629	309,428,860
6. Contract loans (including $.....0 premium notes)			0	
7. Derivatives			0	
8. Other invested assets	67,921,291		67,921,291	75,664,173
9. Receivables for securities			0	
10. Securities lending reinvested collateral assets			0	
11. Aggregate write-ins for invested assets	2,349,647	0	2,349,647	2,988,967
12. Subtotals, cash and invested assets (Lines 1 to 11)	1,141,003,087	16,652,025	1,124,351,062	1,032,506,740
13. Title plants less $.....0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	3,911,029		3,911,029	2,785,201
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	519,747		519,747	488,631
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
15.3 Accrued retrospective premiums	106,162,912	584,019	105,578,893	98,724,605
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	2,493,354		2,493,354	2,323,380
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans	47,717,550		47,717,550	66,000,158
18.1 Current federal and foreign income tax recoverable and interest thereon	997,229		997,229	9,293,085
18.2 Net deferred tax asset	73,240,109	73,240,108	1	
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software	12,131,109	6,195,406	5,935,703	5,543,892
21. Furniture and equipment, including health care delivery assets ($.....0)	15,262,254	15,262,254	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates	10,899,108		10,899,108	11,242,265
24. Health care ($.....11,082,026) and other amounts receivable	32,424,946	4,375,353	28,049,593	28,385,254
25. Aggregate write-ins for other than invested assets	45,060,503	14,866,454	30,194,049	25,927,365
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	1,491,822,937	131,175,619	1,360,647,318	1,283,220,576
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. Total (Lines 26 and 27)	1,491,822,937	131,175,619	1,360,647,318	1,283,220,576

DETAILS OF WRITE-INS

1101. Deposits with National Accounts	2,349,647		2,349,647	2,988,967
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	2,349,647	0	2,349,647	2,988,967
2501. Supplemental Savings Plan	29,724,179		29,724,179	25,457,495
2502. Other Assets	469,870		469,870	469,870
2503. Other Nonadmitted Assets	14,866,454	14,866,454	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)	45,060,503	14,866,454	30,194,049	25,927,365

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $.....3,704,803 reinsurance ceded)	134,309,858	576,251	134,886,109	117,441,513
2. Accrued medical incentive pool and bonus amounts			0	
3. Unpaid claims adjustment expenses	4,682,306		4,682,306	4,442,121
4. Aggregate health policy reserves, including the liability of $.....0 for medical loss ratio rebate per the Public Health Service Act	139,354,463		139,354,463	129,697,489
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	15,962,627		15,962,627	12,537,147
9. General expenses due or accrued	227,628,053		227,628,053	228,961,312
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses))			0	
10.2 Net deferred tax liability	8,483,888		8,483,888	5,867,266
11. Ceded reinsurance premiums payable	3,504,317		3,504,317	3,201,190
12. Amounts withheld or retained for the account of others	43,825,858		43,825,858	31,852,124
13. Remittances and items not allocated	148,291		148,291	137,625
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	2,325,697		2,325,697	1,752,633
16. Derivatives			0	
17. Payable for securities			0	
18. Payable for securities lending			0	
19. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers and certified $.....0 reinsurers)			0	
20. Reinsurance in unauthorized and certified ($.....0) companies			0	
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	
22. Liability for amounts held under uninsured plans	54,934,204		54,934,204	48,270,514
23. Aggregate write-ins for other liabilities (including $.....0 current)	20,148,237	0	20,148,237	20,344,264
24. Total liabilities (Lines 1 to 23)	655,307,799	576,251	655,884,050	604,505,198
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX		
29. Surplus notes	XXX	XXX		
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	704,763,272	678,715,376
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	704,763,272	678,715,376
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	1,360,647,322	1,283,220,574

DETAILS OF WRITE-INS

2301. Deferred Gain on Capitalization of joint venture	19,617,685		19,617,685	19,617,685
2302. Miscellaneous	530,552		530,552	726,579
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)	20,148,237	0	20,148,237	20,344,264
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.				
3002.				
3003.				
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member months	XXX	3,994,540	3,893,919	5,202,907
2. Net premium income (including $.....0 non-health premium income)	XXX	1,040,596,630	980,930,823	1,310,166,950
3. Change in unearned premium reserves and reserve for rate credits	XXX	(7,021,192)	(775,597)	(571,487)
4. Fee-for-service (net of $.....0 medical expenses)	XXX			
5. Risk revenue	XXX			
6. Aggregate write-ins for other health care related revenues	XXX	0	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0	0
8. Total revenues (Lines 2 to 7)	XXX	1,033,575,438	980,155,226	1,309,595,463
Hospital and Medical:				
9. Hospital/medical benefits		550,265,224	506,394,190	651,156,778
10. Other professional services				23,964,830
11. Outside referrals				
12. Emergency room and out-of-area		122,646,661	118,342,717	160,963,371
13. Prescription drugs		153,681,524	151,894,643	198,310,553
14. Aggregate write-ins for other hospital and medical	0	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts				
16. Subtotal (Lines 9 to 15)	0	826,593,409	776,631,550	1,034,395,532
Less:				
17. Net reinsurance recoveries		(47,379,679)	(43,995,367)	(58,941,787)
18. Total hospital and medical (Lines 16 minus 17)	0	873,973,088	820,626,917	1,093,337,319
19. Non-health claims (net)				
20. Claims adjustment expenses, including $.....(9,035,316) cost containment expenses		53,885,428	48,454,436	61,159,159
21. General administrative expenses		70,890,221	80,778,602	101,137,752
22. Increase in reserves for life and accident and health contracts (including $.....0 increase in reserves for life only)		2,631,410	4,244,098	5,249,121
23. Total underwriting deductions (Lines 18 through 22)	0	1,001,380,147	954,104,053	1,260,883,351
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	32,195,291	26,051,173	48,712,112
25. Net investment income earned		6,199,272	7,600,117	9,509,978
26. Net realized capital gains (losses) less capital gains tax of $.....1,430,327		9,169,215	3,149,412	1,204,950
27. Net investment gains or (losses) (Lines 25 plus 26)	0	15,368,487	10,749,529	10,714,928
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]				
29. Aggregate write-ins for other income or expenses	0	(1,156,388)	183,560	(3,903)
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	46,407,390	36,984,262	59,423,137
31. Federal and foreign income taxes incurred	XXX	9,345,030	10,059,248	11,377,727
32. Net income (loss) (Lines 30 minus 31)	XXX	37,062,360	26,925,014	48,045,410

DETAILS OF WRITE-INS

0601.	XXX			
0602.	XXX			
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0	0
0701.	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0	0
2901. Miscellaneous Income/Expense		(196,022)	(190,253)	(242,537)
2902. Regional Management Fees		(960,366)	373,813	239,387
2903. State Tax Expense				(753)
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	(1,156,388)	183,560	(3,903)

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
33. Capital and surplus prior reporting year	678,715,377	581,658,385	581,658,385
34. Net income or (loss) from Line 32	37,062,360	26,925,014	48,045,410
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of $0	2,434,783	3,375,979	30,574,605
37. Change in net unrealized foreign exchange capital gain or (loss)	(3,752,852)	1,507,557	2,070,160
38. Change in net deferred income tax	(4,653,245)	(4,553,488)	(1,104,522)
39. Change in nonadmitted assets	(5,369,078)	9,283,471	16,974,908
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			
47. Aggregate write-ins for gains or (losses) in surplus	325,926	352,398	496,431
48. Net change in capital and surplus (Lines 34 to 47)	26,047,894	36,890,931	97,056,992
49. Capital and surplus end of reporting period (Line 33 plus 48)	704,763,272	618,549,316	678,715,377

DETAILS OF WRITE-INS

4701. Capital Lease Adjustment	325,926	352,398	496,431
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	325,926	352,398	496,431

CASH FLOW

	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
CASH FROM OPERATIONS			
1. Premiums collected net of reinsurance	1,037,409,588	973,927,004	1,305,729,197
2. Net investment income	10,241,458	11,102,729	14,987,096
3. Miscellaneous income			
4. Total (Lines 1 through 3)	1,047,651,046	985,029,733	1,320,716,292
5. Benefit and loss related payments	856,869,571	809,140,831	1,082,918,506
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	98,149,245	127,473,486	191,747,494
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	2,479,501	1,335,043	2,674
10. Total (Lines 5 through 9)	957,498,317	937,949,360	1,274,668,673
11. Net cash from operations (Line 4 minus Line 10)	90,152,729	47,080,373	46,047,619
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	39,804,840	42,965,760	78,612,423
12.2 Stocks	24,678,416	8,432,249	13,388,068
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			7,304
12.7 Miscellaneous proceeds	639,320	7,694,893	9,446,155
12.8 Total investment proceeds (Lines 12.1 to 12.7)	65,122,577	59,092,902	101,453,950
13. Cost of investments acquired (long-term only):			
13.1 Bonds	109,998,414	81,008,658	133,032,496
13.2 Stocks	21,160,525	11,629,683	17,017,179
13.3 Mortgage loans			
13.4 Real estate	1,645,007	681,864	1,060,236
13.5 Other invested assets			
13.6 Miscellaneous applications		118,653	128,203
13.7 Total investments acquired (Lines 13.1 to 13.6)	132,803,946	93,438,858	151,238,114
14. Net increase (decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(67,681,369)	(34,345,956)	(49,784,164)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock			
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	1,827,409	11,748,961	22,604,301
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	1,827,409	11,748,961	22,604,301
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)	24,298,769	24,483,378	18,867,756
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	309,428,859	290,561,103	290,561,103
19.2 End of period (Line 18 plus Line 19.1)	333,727,628	315,044,481	309,428,859

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

20.0001			

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at End of:										
1. Prior Year	438,799	90,362	123,076	107,859	7,480	23,593	55,631	14,367		16,431
2. First Quarter	440,482	91,201	116,247	108,603	8,230	25,391	55,745	18,205		16,860
3. Second Quarter	443,790	90,658	117,015	108,861	8,195	26,728	55,259	18,398		18,676
4. Third Quarter	447,104	90,637	118,527	109,569	8,094	27,917	54,876	18,701		18,783
5. Current Year	0									
6. Current Year Member Months	3,994,540	811,814	1,052,840	979,814	73,742	236,134	498,561	165,211		176,424
Total Member Ambulatory Encounters for Period:										
7. Physician	1,832,603	104,325	226,350	1,154,454		347,474				
8. Non-Physician	2,564,315	453,613	1,012,284	1,098,418						
9. Total	4,396,918	557,938	1,238,634	2,252,872	0	347,474	0	0	0	0
10. Hospital Patient Days Incurred	2,733,266	716,616	918,232	1,098,418						
11. Number of Inpatient Admissions	37,765	2,772	6,566	28,427						
12. Health Premiums Written (a)	984,792,694	150,452,705	307,891,084	172,080,678	894,059	25,394,650	180,273,954	110,849,698		36,955,866
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	977,771,502	150,077,846	307,867,998	171,992,430	894,059	25,294,315	173,946,491	110,746,889		36,951,474
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	810,819,896	116,556,713	251,574,722	133,097,121	636,273	19,041,635	160,859,661	100,343,426		28,710,345
18. Amount Incurred for Provision of Health Care Services	826,593,407	118,432,006	245,168,640	148,283,782	617,699	19,030,635	160,859,661	105,005,316		29,195,668

(a) For health premiums written: Amount of Medicare Title XVIII exempt from state taxes or fees $.....7,319,289.

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

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0399999. Aggregate Accounts Not Individually Listed-Covered	12,219,972	200,887	16,036	13,577	9,404	12,459,876
0499999. Subtotals	12,219,972	200,887	16,036	13,577	9,404	12,459,876
0599999. Unreported Claims and Other Claim Reserves						126,131,035
0799999. Total Claims Unpaid						138,590,912

UNDERWRITING AND INVESTMENT EXHIBIT

Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	46,635,523	378,067,732	1,765,027	58,304,075	48,400,550	62,731,457
2. Medicare Supplement	15,604,481	117,492,640	1,747	33,692,653	15,606,228	18,506,950
3. Dental only	1,108,098	17,933,537	15,090	1,522,910	1,123,188	1,549,000
4. Vision only		636,273		19,833	0	38,407
5. Federal Employees Health Benefits Plan	16,091,393	144,768,268	675,273	17,187,727	16,766,666	17,863,000
6. Title XVIII - Medicare	12,318,792	88,024,634	328,247	18,991,759	12,647,039	13,981,212
7. Title XIX - Medicaid					0	
8. Other health		28,710,345	1,706	2,380,062	1,706	2,771,488
9. Health subtotal (Lines 1 to 8)	91,758,287	775,633,429	2,787,090	132,099,019	94,545,377	117,441,514
10. Healthcare receivables (a)	1,172,328	9,909,698			1,172,328	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts		218,801			0	
13. Totals (Lines 9-10+11+12)	90,585,959	765,942,532	2,787,090	132,099,019	93,373,049	117,441,514

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

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

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

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

	State of Domicile - AR	2013	2012
NET INCOME			
(1) Arkansas Blue Cross and Blue Shield state basis (Page 4, Line 32, Columns 2 & 3)		37,062,360	48,045,411
(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)		37,062,360	48,045,411
SURPLUS			
(5) Arkansas Blue Cross and Blue Shield state basis (Page 3, Line 33, Columns 3&4)		704,763,272	678,715,376
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:		0	47,918,000
(8) NAIC SAP (5-6-7=8)		704,763,272	726,633,376

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

No significant change.

C. Accounting Policy

No significant change.

2. Accounting Changes and Corrections of Errors

No significant change.

3. Business Combinations and Goodwill

No significant change.

4. Discontinued Operations

No significant change.

NOTES TO FINANCIAL STATEMENTS

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 and/or security lending transactions at this time.
F. N/A
G. The Company has no investment in low-income housing tax credits.

6. Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

7. Investment Income

No significant change.

8. Derivative Instruments

No significant change.

Note 9: Income Taxes

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

1.

	09/30/13		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	139,468,413	10,719,623	150,188,036
(b) Statutory Valuation Allowance Adjustment	48,646,412	0	48,646,412
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	90,822,001	10,719,623	101,541,624
(d) Deferred Tax Assets Nonadmitted	73,240,108	0	73,240,108
(e) Subtotal Net Admitted Deferred Tax Assets (1c - 1d)	17,581,893	10,719,623	28,301,516
(f) Deferred Tax Liabilities	421,373	36,364,031	36,785,404
(g) Net Admitted Deferred Tax Assets/(Net Deferred Liab) (1e - 1f)	17,160,521	(25,644,408)	(8,483,888)

	12/31/12		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	143,109,634	10,814,141	153,923,775
(b) Statutory Valuation Allowance Adjustment	48,646,412	0	48,646,412
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	94,463,222	10,814,141	105,277,363
(d) Deferred Tax Assets Nonadmitted	74,811,228	0	74,811,228
(e) Subtotal Net Admitted Deferred Tax Assets (1c - 1d)	19,651,994	10,814,141	30,466,135
(f) Deferred Tax Liabilities	423,087	35,910,315	36,333,402
(g) Net Admitted Deferred Tax Assets/(Net Deferred Liab) (1e - 1f)	19,228,907	(25,096,174)	(5,867,267)

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 3-6) Total
(a) Gross Deferred Tax Assets	(3,641,220)	(94,519)	(3,735,739)
(b) Statutory Valuation Allowance Adjustment	0	0	0
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	(3,641,220)	(94,519)	(3,735,739)
(d) Deferred Tax Assets Nonadmitted	(1,571,120)	0	(1,571,120)
(e) Subtotal Net Admitted Deferred Tax Assets (1c - 1d)	(2,070,100)	(94,519)	(2,164,619)

NOTES TO FINANCIAL STATEMENTS

(f) Deferred Tax Liabilities	(1,714)	453,716	452,002
(g) Net Admitted Deferred Tax Assets/(Net Deferred Liab) (1e - 1f)	(2,068,386)	(548,235)	(2,616,621)

2.

	09/30/13		
	(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	17,160,521	0	17,160,521
(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	90,634,128
(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	421,373	10,719,623	11,140,996
(d) Deferred Tax Assets Admitted as the result of application of SSAP 101 - Total (2(a) + 2(b) + 2(c))	17,581,893	10,719,623	28,301,516

	12/31/12		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
Admission Calculation Components - SSAP 101			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	19,228,907	0	19,228,907
(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	88,743,816
(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	423,087	10,814,141	11,237,228
(d) Deferred Tax Assets Admitted as the result of application of SSAP 101 - Total (2(a) + 2(b) + 2(c))	19,651,994	10,814,141	30,466,135

	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	(2,068,386)	0	(2,068,386)
(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

NOTES TO FINANCIAL STATEMENTS

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	(1,714)	(94,518)	(96,232)
(d) Deferred Tax Assets Admitted as the result of application of SSAP 101 - Total (2(a) + 2(b) + 2(c))	(2,070,101)	(94,518)	(2,164,619)

3.

	2013	2012
(a) Ratio Percentage used to determine Recovery Period and Threshold Limitation Amount	895%	895%
(b) Amount of Adjusted Capital and Surplus used to determine Recovery Period and Threshold Limitation in 2(b)2 above	604,227,523	591,625,441

4.

	09/30/13		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
Impact of Tax Planning Strategies			
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTA's)	0%	0%	0%

	12/31/12		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
Impact of Tax Planning Strategies			
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTA's)	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) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTA's)	0%	0%	0%

(c) 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) 09/30/13	(2) 12/31/12	(3) (Col 1-2) Change
(a) Federal	9,228,139	13,461,072	(4,232,933)
(b) Foreign	-	-	-
(c) Subtotal			

NOTES TO FINANCIAL STATEMENTS

	9,228,139	13,461,072	(4,232,933)
(d) Federal Income Tax on net capital gains	1,882,199	(1,018,851)	2,901,050
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	(335,732)	(2,083,345)	1,747,613
(g) Federal & Foreign income tax incurred	10,774,606	10,358,876	415,730

0

2. Deferred Tax Assets:

	(1) 09/30/13	(2) 12/31/12	(3) (Col 1-2) Change
(a) Ordinary:			
(1) Discounting of unpaid losses	3,739,063	3,374,758	364,305
(2) Unearned premium reserves	-	-	-
(3) Adjustment for deferred acquistion costs	6,917,190	6,768,713	148,477
(4) Accrued deferred compensation	15,322,852	15,032,100	290,752
(5) Other Post Employment Benefits	58,876,129	57,346,804	1,529,325
(6) Depreciable Assets	2,481,694	2,968,554	(486,861)
(7) Charity Carryover	1,700,477	7,305,176	(5,604,699)
(8) Other	1,784,597	1,667,116	117,481
(99) Subtotal - Ordinary	90,822,001	94,463,222	(3,641,220)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted - Ordinary	73,240,108	74,811,228	(1,571,120)
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	17,581,893	19,651,994	(2,070,100)
(e) Capital:			
(1) Intangibles	3,226,481	3,230,889	(4,408)
(2) Basis difference in partnership investments	237,022	321,545	(84,523)
(3) Basis difference in partnership inv-LSV	-	-	-
(4) Unrealized Gain/Loss on partnerships-LSV	-	-	-
(5) Other than Temp Investment Impairments	5,015,447	5,015,447	-
(6) Other	2,240,673	2,246,261	(5,588)
(99) Subtotal - Capital	10,719,623	10,814,141	(94,519)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted - Capital	-	-	-
(h) Admitted capital deferred tax assets (2a99-2b-2c)	10,719,623	10,814,141	(94,519)

(i) Admitted deferred tax assets (2d + 2h)	28,301,516	30,466,135	(2,164,619)

3. Deferred Tax Liabilities:

	(1) 09/30/13	(2) 12/31/12	(3) (Col 1-2) Change
(a) Ordinary:			
(1) Accrued Dividends	70,771	72,486	(1,714)
(2) Discount Amortization	350,601	350,601	-
(99) Subtotal - Ordinary	421,373	423,087	(1,714)
(b) Capital:			
(1) Unrealized Capital Gains	15,583,090	16,187,680	(604,589)
(2) Basis diff in partnership investment-LSV	7,971,370	6,565,048	1,406,322
(3) Unrealized Gain/Loss on partnership-LSV	(1,730,334)	(1,177,653)	(552,681)
(4) Basis diff in Unconsolidated Subs	14,389,365	14,158,527	230,838
(5) Unrealized Gain/Loss on Unconsolid Subs	150,540	176,714	(26,174)
(99) Subtotal - Capital	36,364,031	35,910,315	453,716
(c) Deferred tax liabilities (3a99 + 3b99h)	36,785,404	36,333,402	452,002

4. Net Deferred Tax Assets/Liabilities (2i - 3c)	(8,483,888)	(5,867,267)	(2,616,621)

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

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

	09/30/13	
	Amounts	Effective Tax Rate %
Provision computed at statutory rate	16,742,937	35.0%
Tax exempt income deduction	167,839	0.4%
Dividends received deduction	(445,648)	-0.9%
Tax differentials on foreign earnings	0	0.0%
Nondeductible expenses	47,173	0.1%
Tax Credits	(134,781)	-0.3%
Rate Differential	(8,433,839)	-17.6%
Other	7,484,173	15.6%
Total	15,427,853	32.3%
Federal and foreign income taxes incurred	8,892,407	18.6%
Realized capital gains/(losses) tax	1,882,199	3.9%
Change in net deferred income taxes	4,653,248	9.7%
Total statutory income taxes	15,427,854	32.3%

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

NOTES TO FINANCIAL STATEMENTS

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 2012 and 2011 that is available for recoupment in the event of future net losses

Year	Amount
2013	9,867,775
2012	10,534,266

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

F. Consolidated Federal Income Tax Return

1. The Company's federal income tax return is consolidated with the following entities:
   USAble Mutual Insurance Company
   USAble Corporation
   Pinnacle Business Solutions Inc
   Group Service Underwriters Inc

2. The method of allocation among companies is subject to a written agreement, approved by the required authorized officers. The method of allocation chosen is in accordance with IRS Regulation 1.1502-33(d)(2)(I) whereby profitable companies pay tax according to their losses. Intercompany tax balances are paid quarterly based on estimates and settled annually upon the completion of the consolidated 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. Arkansas Blue Cross Blue Shield owns 100% of USAble Corporation and Pinnacle Business Solutions, Inc, and owns 50% of HMO Partners, Inc and LSV Partners, LLC. On October 1, 2006, USAble Corporation, a wholly owned subsidiary of Arkansas Blue Cross and Blue Shield (ABCBS), sold its ownership interest in HMO Partners, Inc. and Life & Specialty Ventures, LLC to ABCBS. As of December 31, 2012, USAble Corporation owns 100% of AHIN, LLC, 50% of PCHMG, LLC, 50% of Medsite Health Mgmt, LLC, 50% of Southwest Health Link, LLC, 100% of Group Service Underwriters, and 2.58% of Health Intelligence. Novitas, LLC was dissolved in December 2011. On January 2, 2013, USAble Partners, LLC (USAP) was formed as a protected cell captive insurance company formed under the laws of Vermont. USAble Corporation is the sole member and 100% owner of USAP. On January 1, 2008, Life and Specialty Ventures, LLC became LSV Partners, LLC and a new Life and Specialty Ventures, LLC was formed. LSV Partners owns 100% of Florida Combined Life Insurance Company and 41.1% of Life and Specialty Ventures, LLC. On August 22, 2007, Arkansas Blue Cross Blue Shield invested $3.7 million in B.P. Informatics LLC, a Delaware LLC. Additional capital contributions made in 2009, 2010, and 2011 totaling $2,070,558 in B.P. Informatics, LLC brought the percentage ownership to 19.085%. On March 31, 2009, ABCBS invested $10,000 in Shareware, LLC for percentage ownership of 12.5%. On January 1, 2010, Arkansas Blue Cross assumed the role of third party administrator of those employee health benefit plans that were formerly administered by its subsidiary, USAble Corporation. State laws in almost every state require that a third party administrator that administers health benefit plans that cover citizens of the state be registered with or be licensed by state regulatory authorities. Because of a concern that using a legal name that includes the Blue Cross® or Blue Shield® brands in these TPA filings would result in confusion with the local Blue Cross or Blue Shield Plan in those respective states, the Board of Directors recommended and the members of the company at their Annual Meeting on March 15, 2010 voted to approve an amendment to the Articles of Incorporation changing the legal name of the company to “USAble Mutual Insurance Company." The new name became effective on March 23, 2010 when the Arkansas Insurance Commissioner approved the amendment to the Articles of Incorporation. On December 31, 2012 B.P. Informatics, LLC made a capital distribution in the form of 2,211 Health Intelligence Company, LLC preferred A units totaling $2,211,014. On January 1, 2013, the Health Intelligence Company preferred A units totaling $2,211,014 were transferred to USAble Corporation.
B. N/A
C. N/A
D. No significant change.
E. N/A

F. No significant change.
G. N/A
H. N/A
I. N/A
J. N/A
K. N/A
L. N/A

11, Debt

No significant change.

12. Postretirement Benefits Other Than Pension

A. Defined Benefit Plan

		Pension Benefits		Postretirement Benefits		Postemployment & Compensated Absence Benefits	
		2012	2013	2012	2013	2012	2013
(6)	Components of net periodic benefit cost						
a.	Service cost	$ N/A	$ N/A	$2,949,000	$1,911,000	$ N/A	$ N/A
b.	Interest cost	$ N/A	$ N/A	$7,607,000	$4,759,500	$ N/A	$ N/A
c.	Expended return on plan assets for the period	$ N/A	$ N/A	$ 0	$ 0	$ N/A	$ N/A
d.	Transition asset or obligation	$ N/A	$ N/A	$ 0	$ 0	$ N/A	$ N/A
e.	Gains and losses	$ N/A	$ N/A	$5,210,000	$3,528,750	$ N/A	$ N/A
f.	Prior service cost recognized	$ N/A	$ N/A	$(990,000)	$(1,917,750)	$ N/A	$ N/A
g.	Gain or loss recognized due to a settlement or curtailment	$ N/A	$ N/A	$ 0	$ 0	$ N/A	$ N/A
h.	Total net periodic benefit cost	$ N/A	$ N/A	$14,776,000	$8,281,500	$ N/A	$ N/A

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

No significant change.

14. Contingencies

No significant change.

15. Leases

No significant change.

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

No significant change.

NOTES TO FINANCIAL STATEMENTS

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

B2b. The Company has no servicing assets or servicing liabilities as of September 30, 2013.
B4a. N/A.
B4b. N/A
C. The Company has no Wash Sales.

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

A. ASO Plans – No significant change.

B. ASC Plans
The gain from operations from Administrative Services Contract (ASC) uninsured plans was as follows during 3Q13:

		ASC Uninsured Plans
a.	Gross reimbursement for medical cost incurred	$ 1,956,002,712
b.	Gross administrative fees accrued	$ 168,471,027
c.	Other income or expenses	$ 278,022
d.	Gross expenses incurred (claims and administrative)	$ 2,093,931,267
e.	Total net gain or loss from operations	$ 30,820,494

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract – No significant change.

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

No significant change.

20. Fair Value Measurements
A.

Description of Each Class of Asset or Liability	Level 1	Level 2	Level 3	Total
Common Stock				
Industrial and Misc	124,748,533	0	0	124,748,533
Parent, Subsidiaries and Affiliates	0	0	181,251,770	181,251,770
Total Common Stock	124,748,533	0	181,251,770	306,000,303
Bonds				
Industrial and Misc	0	3,997,220	0	3,997,220
TOTAL ASSETS	**124,748,533**	**3,997,220**	**181,251,770**	**309,997,523**

B. N/A

NOTES TO FINANCIAL STATEMENTS

C.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable Carrying Value
Bonds	3,997,220	3,997,220	0	3,997,220	0	0
Common Stock	322,652,328	306,000,303	124,748,533	0	181,251,770	0
Total	326,649,548	309,997,523	124,748,533	3,997,220	181,251,770	0

D. N/A

21. Other Items

No significant change.

22. Events Subsequent

No significant change.

23. Reinsurance

No significant change.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2012 were $ 117,441,514. As of September 30, 2013 $ 91,758,287 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now $2,787,090 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on all lines of insurance. Therefore, there has been a $ 22,896,177 (favorable) prior year development since December 31, 2012 to September 30, 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. Included in this increase, the Company experienced $ 3,922,300 of unfavorable/favorable prior year claim development on retrospectively rated policies. However, the business to which it relates is subject to premium adjustments.

26. Intercompany Pooling Arrangements

No significant change.

27. Structured Settlements

No significant change.

28. Health Care Receivables

No significant change.

29. Participating Policies

No significant change.

30. Premium Deficiency Reserves

NOTES TO FINANCIAL STATEMENTS

No significant change.

31. Salvage and Subrogation

No significant change.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

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

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

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

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

3.1 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]

3.2 If the response to 3.1 is yes, provide a brief description of those changes.

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

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

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

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

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2010.....

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2010.....

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 5/17/2012.....

6.4 By what department or departments?
Arkansas Insurance Department

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

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

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

7.2 If yes, give full information:

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

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

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

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

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

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

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

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

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

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

PART 1 - FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $.....0

PART 1 - INVESTMENT

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

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

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

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

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

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	$ 0	$ 0
14.22 Preferred Stock	$ 0	$ 0
14.23 Common Stock	$ 194,428,167	$ 197,903,795
14.24 Short-Term Investments	$ 0	$ 0
14.25 Mortgage Loans on Real Estate	$ 0	$ 0
14.26 All Other	$ 75,664,174	$ 67,921,290
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$ 270,092,341	$ 265,825,085
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	$ 0	$ 0

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

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

16. For the reporting entity's security lending program, state the amount of the following as of current statement date:
16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: $.....0
16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: $.....0
16.3 Total payable for securities lending reporting on the liability page: $.....0

17. 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 [ ]

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

1 Name of Custodian(s)	2 Custodian Address
US Bank Institutional Trust & Custody	PO Box 387, St. Louis, MO 63166-0387

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

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

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

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
116359	Foundation Resource Management	401 W Capital, Suite 501, Little Rock, AR 72201

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

18.2 If no, list exceptions: .....

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH

1. Operating Percentages:

1.1 A&H loss percent	83.4 %
1.2 A&H cost containment percent	(0.9)%
1.3 A&H expense percent excluding cost containment expenses	12.9 %

2.1	Do you act as a custodian for health savings accounts?	Yes [ ]	No [X]
2.2	If yes, please provide the amount of custodial funds held as of the reporting date.		0
2.3	Do you act as an administrator for health savings accounts?	Yes [ ]	No [X]
2.4	If yes, please provide the amount of funds administered as of the reporting date.		0

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

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

NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 through 7	Deposit-Type Contracts
1. Alabama AL	N							0	
2. Alaska AK	N							0	
3. Arizona AZ	N							0	
4. Arkansas AR	L	797,199,451	7,319,289		180,273,954			984,792,694	
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	797,199,451	7,319,289	0	180,273,954	0	0	984,792,694	0
60. Reporting entity contributions for Employee Benefit Plans	XXX							0	
61. Total (Direct Business)	(a) 1	797,199,451	7,319,289	0	180,273,954	0	0	984,792,694	0

DETAILS OF WRITE-INS

58001.								0	
58002.								0	
58003.								0	
58998. Summary of remaining write-ins for line 58 from overflow page		0	0	0	0	0	0	0	0
58999. Total (Lines 58001 thru 58003 plus 58998) (Line 58 above)		0	0	0	0	0	0	0	0

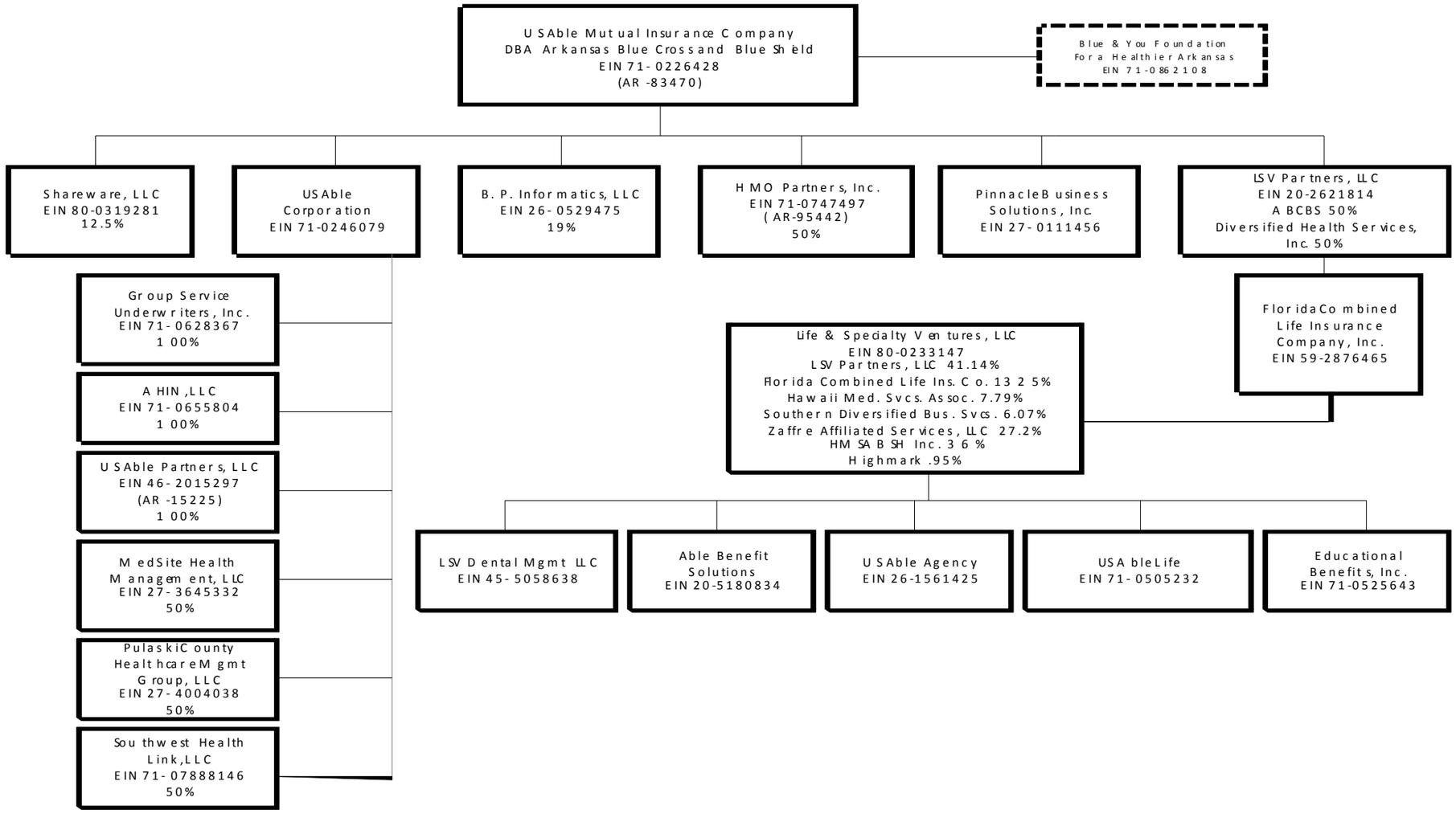
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domicilied RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

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

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

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

PART 1 – ORGANIZATIONAL CHART



SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1 Group Code	2 Group Name	3 NAIC Company Code	4 Federal ID Number	5 Federal RSSD	6 CIK	7 Name of Securities Exchange if Publicly Traded (U.S. or International)	8 Names of Parent, Subsidiaries or Affiliates	9 Domiciliary Location	10 Relationship to Reporting Entity	11 Directly Controlled by (Name of Entity/Person)	12 Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	13 If Control is Ownership Provide Percentage	14 Ultimate Controlling Entity(ies)/Person(s)	15 *
Members														
0876	USAble Mutual Insurance Company	83470	71-0226428				USAble Mutual Insurance Company	AR		USAble Mutual Insurance Company	Board		USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		71-0862108				Blue & You Foundation	AR	NIA	USAble Mutual Insurance Company	Ownership, Board, Influence		USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		80-0319281				Shareware, LLC	AR	DS	USAble Mutual Insurance Company	Ownership, Influence	12.500	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		26-0529475				B.P. Informatics, LLC	AR	DS	USAble Mutual Insurance Company	Ownership, Influence, Board	19.085	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		71-0246079				USAble Corporation	AR	DS	USAble Mutual Insurance Company	Ownership, Board, Influence	100.000	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company	95442	71-0747497				HMO Partners, Inc.	AR	DS	USAble Mutual Insurance Company	Ownership, Board, Influence	50.000	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		27-0111456				Pinnacle Business Solutions	AR	DS	USAble Mutual Insurance Company	Ownership, Board, Influence	100.000	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		20-2621814				LSV Partners, LLC	DE	DS	USAble Mutual Insurance Company	Ownership, Board, Influence	50.000	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		71-0628367				Group Service Underwriters, Inc.	AR	DS	USAble Corporation	Ownership, Influence	100.000	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		71-0655804				AHIN, LLC	AR	DS	USAble Corporation	Ownership, Influence	100.000	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company	15225	46-2015297				USAble Partners, LLC	AR	DS	USAble Corporation	Ownership, Influence	100.000	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		71-0788146				Southwest Health Link, LLC	AR	DS	USAble Corporation	Ownership, Board, Influence	50.000	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		27-3645332				MedSite Health Management, LLC	AR	DS	USAble Corporation	Ownership, Board, Influence	50.000	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		27-4004038				Pulaski County Healthcare Mgmt Group LLC	AR	DS	USAble Corporation	Ownership, Board, Influence	50.000	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company	76031	59-2876465				Florida Combined Life Insurance Co, Inc.	FL	IA	LSV Partners, Inc.	Ownership, Influence	100.000	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		80-0233147				Life & Specialty Ventures, Inc.	DE	NIA	Florida Combined Life Insurance Co, Inc.	Ownership	13.250	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		80-0233147				Life & Specialty Ventures, Inc.	DE	NIA	LSV Partners, Inc.	Ownership, Board, Influence	41.140	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		45-5058638				LSV Dental Management LLC	AR	NIA	Life and Specialty Ventures, LLC	Ownership	100.000	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		20-5180834				Able Benefit Solutions	AR	NIA	Life and Specialty Ventures, LLC	Ownership	100.000	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		26-1561425				USAble Agency	AR	NIA	Life and Specialty Ventures, LLC	Ownership	100.000	USAble Mutual Insurance Company	

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1 Group Code	2 Group Name	3 NAIC Company Code	4 Federal ID Number	5 Federal RSSD	6 CIK	7 Name of Securities Exchange if Publicly Traded (U.S. or International)	8 Names of Parent, Subsidiaries or Affiliates	9 Domiciliary Location	10 Relationship to Reporting Entity	11 Directly Controlled by (Name of Entity/Person)	12 Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	13 If Control is Ownership Provide Percentage	14 Ultimate Controlling Entity(ies)/Person(s)	15 *
0876	USAble Mutual Insurance Company	94358	71-0505232				USAble Life	AR	IA	Life and Specialty Ventures, LLC	Ownership	100.000	USAble Mutual Insurance Company	
0876	USAble Mutual Insurance Company		71-0525643				Educational Benefits, Inc.	AR	NIA	Life and Specialty Ventures, LLC	Ownership	100.000	USAble Mutual Insurance Company	

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

	Response
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	YES

Explanation:

1.

Bar Code:

Overflow Page for Write-Ins

Additional Write-ins for Assets:

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	December 31, Prior Year Net Admitted Assets
2504. National Accounts Receivable			0	
2597. Summary of remaining write-ins for Line 25	0	0	0	0

SCHEDULE A - VERIFICATION

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	37,368,974	40,076,353
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition	1,645,007	
3. Current year change in encumbrances		1,060,236
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation	1,986,856	3,767,615
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8)	37,027,125	37,368,974
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	37,027,125	37,368,974

SCHEDULE B - VERIFICATION

Mortgage Loans

NONE

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

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	75,664,173	72,038,890
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		2,211,014
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	(7,742,882)	1,414,269
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	67,921,291	75,664,173
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	67,921,291	75,664,173

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	624,138,157	556,328,782
2. Cost of bonds and stocks acquired	131,158,939	150,049,675
3. Accrual of discount	188,968	362,152
4. Unrealized valuation increase (decrease)	5,501,081	10,417,987
5. Total gain (loss) on disposals	10,596,487	2,716,395
6. Deduct consideration for bonds and stocks disposed of	64,483,257	92,000,491
7. Deduct amortization of premium	3,370,126	3,258,957
8. Total foreign exchange change in book/adjusted carrying value	(3,752,852)	2,070,158
9. Deduct current year's other than temporary impairment recognized		2,547,544
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	699,977,397	624,138,157
11. Deduct total nonadmitted amounts	16,652,025	17,082,390
12. Statement value at end of current period (Line 10 minus Line 11)	683,325,372	607,055,767

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	607,235,373	542,943,606	507,814,748	(2,456,110)	576,847,110	607,235,373	639,908,121	544,477,853
2. Class 2 (a)	28,265,370		350,000	(1,360,193)	34,349,101	28,265,370	26,555,177	33,710,943
3. Class 3 (a)					1,624,306			1,623,473
4. Class 4 (a)				3,997,220			3,997,220	
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	635,500,743	542,943,606	508,164,748	180,917	612,820,516	635,500,743	670,460,518	579,812,269
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	635,500,743	542,943,606	508,164,748	180,917	612,820,516	635,500,743	670,460,518	579,812,269

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

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999	278,074,452	XXX	278,046,559	19,978	463

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	271,705,527	261,677,747
2. Cost of short-term investments acquired	1,339,465,000	1,434,916,501
3. Accrual of discount	205,380	266,685
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals	3,055	5,031
6. Deduct consideration received on disposals	1,333,281,127	1,425,141,289
7. Deduct amortization of premium	23,384	19,148
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	278,074,452	271,705,527
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	278,074,452	271,705,527

Sch. DB-Pt A-Verification
NONE

Sch. DB-Pt B-Verification
NONE

Sch. DB-Pt C-Sn 1
NONE

Sch. DB-Pt C-Sn 2
NONE

Sch. DB-Verification
NONE

SCHEDULE E- VERIFICATION

Cash Equivalents

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	
2. Cost of cash equivalents acquired	20,451,670	50,243,671
3. Accrual of discount	233	8,361
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	450,000	50,250,000
7. Deduct amortization of premium	2,329	2,032
8. Total foreign exchange change in book/ adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	19,999,575	0
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	19,999,575	0

Sch. A-Pt 2
NONE

Sch. A-Pt 3
NONE

Sch. B-Pt 2
NONE

Sch. B-Pt 3
NONE

Sch. BA-Pt 2
NONE

Sch. BA-Pt 3
NONE

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Government									
912828 VK 3	US TREASURY N/B		07/03/2013	MERRILL LYNCH PIERCE FENNER		24,964,844	25,000,000	4,671	1
0599999.	Total - Bonds - U.S. Government					24,964,844	25,000,000	4,671	XXX
Bonds - All Other Government									
1099999.	Total - Bonds - All Other Government					0	0	0	XXX
Bonds - U.S. Political Subdivisions of States, Territories and Possessions									
348764 JK 8	FT SMITH SD 100-REF		09/10/2013	BONY/VINING-SPARKS IBG A LTD P		485,000	485,000	283	1FE
2499999.	Total - Bonds - U.S. Political Subdivision of States, Territories & Possessions					485,000	485,000	283	XXX
Bonds - U.S. Special Revenue and Special Assessment									
3133EC 2M 5	FEDERAL FARM CREDIT BANK		09/23/2013	RAYMOND JAMES/FI		3,596,600	3,670,000	12,553	1
3199999.	Total - Bonds - U.S. Special Revenue & Special Assessments					3,596,600	3,670,000	12,553	XXX
Bonds - Industrial and Miscellaneous									
002824 AU 4	ABBOTT LABORATORIES		07/24/2013	RAYMOND JAMES/FI		3,177,625	2,750,000	46,196	1FE
009158 AS 5	AIR PRODUCTS & CHEMICALS		08/06/2013	CITIGROUP GLOBAL MARKETS INC		1,952,400	2,000,000	7,600	1FE
037833 AJ 9	APPLE INC		08/22/2013	Southwest Securities		951,600	1,000,000	3,167	1FE
057224 AY 3	BAKER HUGHES INC		08/02/2013	RAYMOND JAMES/FI		2,530,540	2,000,000	34,167	1FE
091797 AN 0	BLACK & DECKER		09/24/2013	Southwest Securities		1,138,820	1,000,000	21,083	1FE
263534 BQ 1	E.I. DU PONT DE NEMOURS		08/06/2013	RAYMOND JAMES/FI		1,136,460	1,000,000	7,875	1FE
268648 AP 7	EMC CORP		09/13/2013	RAYMOND JAMES/FI		245,890	250,000	1,328	1FE
406216 BC 4	HALLIBURTON COMPANY		09/04/2013	CITIGROUP GLOBAL MARKETS INC		4,719,359	4,760,000	7,102	1FE
458140 AH 3	INTEL CORP		09/13/2013	RAYMOND JAMES/FI		255,723	250,000	2,261	1FE
549271 AG 9	LUBRIZOL CORP		07/12/2013	JP MORGAN SECURITIES LIMITED		1,943,316	1,475,000	59,931	1FE
58933Y AG 0	MERCK & CO INC		09/12/2013	RAYMOND JAMES/FI		2,900,130	3,000,000	12,675	1FE
71713U AQ 5	PHARMACIA CORP		07/10/2013	RAYMOND JAMES/FI		1,819,455	1,500,000	11,917	1FE
742718 DV 8	PROCTER & GAMBLE CO/THE		09/11/2013	Southwest Securities		1,011,860	1,000,000	1,249	1FE
3899999.	Total - Bonds - Industrial & Miscellaneous					23,783,178	21,985,000	216,551	XXX
8399997.	Total - Bonds - Part 3					52,829,621	51,140,000	234,058	XXX
8399999.	Total - Bonds					52,829,621	51,140,000	234,058	XXX
Common Stocks - Industrial and Miscellaneous									
303901 10 2	FAIRFAX FINANCIAL HLDGS LTD	I	09/23/2013	CANTOR FITZGERALD & CO. INC	12,920.000	5,254,257	XXX		U
714236 10 6	PERMIAN BASIN ROYALTY TRUST		09/11/2013	MERRILL LYNCH PIERCE FENNER	60,000.000	810,877	XXX		L
9099999.	Total - Common Stocks - Industrial & Miscellaneous					6,065,134	XXX	0	XXX
9799997.	Total - Common Stocks - Part 3					6,065,134	XXX	0	XXX
9799999.	Total - Common Stocks					6,065,134	XXX	0	XXX
9899999.	Total - Preferred and Common Stocks					6,065,134	XXX	0	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					58,894,755	XXX	234,058	XXX

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

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Special Revenue and Special Assessment																					
295852 DS 3	ERNEST ETC SPL TAX-A		07/15/2013	Redemption		700,000	700,000	750,764	705,533		(5,533)		(5,533)		700,000			0	35,000	07/15/2033	1FE
35483L DQ 5	FRANKLIN SCH BLDG-1ST		07/15/2013	Redemption		2,075,000	2,075,000	2,227,969	2,093,789		(18,789)		(18,789)		2,075,000			0	114,125	07/15/2016	1FE
794900 DT 4	SALINE CNTY HSP-REF-A		09/03/2013	Redemption		200,000	200,000	213,364	204,909		(4,909)		(4,909)		200,000			0	8,700	09/01/2020	1FE
3199999.	Total - Bonds - U.S. Special Revenue & Assessment					2,975,000	2,975,000	3,192,097	3,004,231	0	(29,231)	0	(29,231)	0	2,975,000	0	0	0	157,825	XXX	XXX
Bonds - Industrial and Miscellaneous																					
263534 BU 2	E.I. DU PONT DE NEMOURS		07/15/2013	Maturity		1,500,000	1,500,000	1,629,345	1,529,451		(29,451)		(29,451)		1,500,000			0	75,000	07/15/2013	1FE
594918 AF 1	MICROSOFT CORP		09/27/2013	Maturity		2,500,000	2,500,000	2,505,625	2,501,854		(1,854)		(1,854)		2,500,000			0	21,875	09/27/2013	1FE
84474E AB 6	SW AIRLINES 93-A TRUST		07/01/2013	Direct									0					0	10,324	06/29/2015	2FE
962166 AR 5	WEYERHAEUSER CO		07/01/2013	Maturity		300,000	300,000	300,000	300,000				0		300,000			0	21,750	07/01/2013	2FE
CDRB41 91 9	REGIONS BANK		08/01/2013	VARIOUS		50,000	50,000	50,000	50,000				0		50,000			0	28	07/22/2013	2FE
3899999.	Total - Bonds - Industrial & Miscellaneous					4,350,000	4,350,000	4,484,970	4,381,305	0	(31,305)	0	(31,305)	0	4,350,000	0	0	0	128,977	XXX	XXX
8399997.	Total - Bonds - Part 4					7,325,000	7,325,000	7,677,067	7,385,536	0	(60,536)	0	(60,536)	0	7,325,000	0	0	0	286,802	XXX	XXX
8399999.	Total - Bonds					7,325,000	7,325,000	7,677,067	7,385,536	0	(60,536)	0	(60,536)	0	7,325,000	0	0	0	286,802	XXX	XXX
Common Stocks - Industrial and Miscellaneous																					
364730 10 1	GANNETT CO		07/01/2013	MERRILL LYNCH PIERCE FENNER			XXX						0					0	20,420	XXX	L
382550 10 1	GOODYEAR TIRE & RUBBER CO		08/23/2013	Stephens Inc	145,000.000	2,735,666	XXX	1,139,700	2,002,450	(862,750)			(862,750)		1,139,700		1,595,966	1,595,966		XXX	L
500472 30 3	KONINKLIJKE PHILIPS NVR- NY	R	09/16/2013	CANTOR FITZGERALD & CO. INC.	121,600.000	4,028,951	XXX	2,177,486	3,227,264	(1,049,778)			(1,049,778)		2,177,486		1,851,465	1,851,465	100,838	XXX	L
9099999.	Total - Common Stocks - Industrial & Miscellaneous					6,764,617	XXX	3,317,186	5,229,714	(1,912,528)	0	0	(1,912,528)	0	3,317,186	0	3,447,431	3,447,431	121,258	XXX	XXX
9799997	Total - Common Stocks - Part 4					6,764,617	XXX	3,317,186	5,229,714	(1,912,528)	0	0	(1,912,528)	0	3,317,186	0	3,447,431	3,447,431	121,258	XXX	XXX
9799999.	Total - Common Stocks					6,764,617	XXX	3,317,186	5,229,714	(1,912,528)	0	0	(1,912,528)	0	3,317,186	0	3,447,431	3,447,431	121,258	XXX	XXX
9899999.	Total - Preferred and Common Stocks					6,764,617	XXX	3,317,186	5,229,714	(1,912,528)	0	0	(1,912,528)	0	3,317,186	0	3,447,431	3,447,431	121,258	XXX	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					14,089,617	XXX	10,994,253	12,615,250	(1,912,528)	(60,536)	0	(1,973,064)	0	10,642,186	0	3,447,431	3,447,431	408,060	XXX	XXX

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

Sch. DB-Pt A-Sn 1
NONE

Sch. DB-Pt B-Sn 1
NONE

Sch. DB-Pt B-Sn 1B-Broker List
NONE

Sch. DB-Pt D-Sn 1
NONE

Sch. DB-Pt D-Sn 2
NONE

Sch. DL-Pt. 1
NONE

Sch. DL-Pt. 2
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository		2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter 6 First Month	7 Second Month	8 Third Month	9 *
Open Depositories									
Bank of America	Little Rock, AR								XXX
MAPD ACH						64,402	19,298	99,715	XXX
MAPD Claim Refunds									XXX
MAPD Claims						(92,725)	(205,717)	(109,197)	XXX
MAPD EFT								(74)	XXX
MAPD Lockbox						75,098	12,363	77,674	XXX
BAAA Claims						(2,296,618)	4,827,451	2,413,878	XXX
BAAA Operating						20,123,720	6,512,514	5,024,622	XXX
BAAA Refund						237,030	338,653	473,550	XXX
CHIP Claims						877,397	811,826	1,181,753	XXX
CHIP Lockbox						9,329	2,925	265,194	XXX
USAL-GH Claims						18,188,689	4,188,689	4,780,158	XXX
Walmart Claims						15,732,128	24,977,937	17,413,352	XXX
General						471,085	1,721,270	465,775	XXX
Long Term Care						172,992	173,001	189,565	XXX
Payroll						747,225	(3,215,469)	(3,106,736)	XXX
PCIP Claims Account						(476)	(9,294)	4,080	XXX
PCIP Lockbox Account						2,000	2,000		XXX
Premium Rebate Fund						(949,049)	(200,986)	(109,420)	XXX
Workers Compensation									XXX
Part D ACH						885,233	39,602	1,112,752	XXX
Part D Lockbox						497,057	32,027	500,654	XXX
Bank of America	Vandalia, MO								XXX
Accounts Payable						(2,296,298)	(1,024,794)	(1,076,731)	XXX
Assigned Benefits EFT						(65,989)	(98,882)	(127,385)	XXX
Unassigned Benefits						(381,732)	(330,584)	(456,923)	XXX
Simmons	Pine Bluff, AR								XXX
Accounts Payable						(226)	(21)		XXX
Assigned Medipak						(206,388)	(180,985)	(176,061)	XXX
Bank Fund Account						38,079	88,953	13,123	XXX
FEP Basic Option						(82,085)	(8,327)	(53,797)	XXX
FEP Investment Acct						71,182	87,133	129,923	XXX
FEP Standard Option						(214,694)	(258,246)	(170,600)	XXX
Hospital						(244,176)	(292,563)	(218,727)	XXX
Unassigned Medipak						(375,489)	(423,856)	(292,711)	XXX
U.S. Bank	St Louis, MO								XXX
Membrs Lockbox						2,005,499	3,801,822	5,069,133	XXX
Trust						1,125			XXX
0199998. Deposits in 58 depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories		XXX	XXX	2,262		2,330,000	2,330,000	2,330,000	XXX
0199999. Total Open Depositories		XXX	XXX	2,262	0	55,323,325	43,717,740	35,646,539	XXX
0399999. Total Cash on Deposit		XXX	XXX	2,262	0	55,323,325	43,717,740	35,646,539	XXX
0499999. Cash in Company's Office		XXX	XXX	XXX	XXX	7,064	7,064	7,064	XXX
0599999. Total Cash		XXX	XXX	2,262	0	55,330,389	43,724,804	35,653,603	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
U.S. Government Bonds - Issuer Obligations							
TREASURY BILL		08/30/2013		11/21/2013	19,999,575		233
0199999. U.S. Government Bonds - Issuer Obligations					19,999,575	0	233
0599999. Total - U.S. Government Bonds					19,999,575	0	233
Total Bonds							
7799999. Subtotals - Issuer Obligations					19,999,575	0	233
8399999. Subtotals - Bonds					19,999,575	0	233
8699999. Total - Cash Equivalents					19,999,575	0	233

MEDICARE PART D COVERAGE SUPPLEMENT

(Net of Reinsurance)

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

	Individual Coverage		Group Coverage		5
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	Total Cash
1. Premiums collected	33,054,859	XXX	630,304	XXX	33,685,163
2. Earned premiums	36,280,804	XXX	582,301	XXX	XXX
3. Claims paid	26,953,711	XXX	592,481	XXX	27,546,192
4. Claims incurred	27,177,676	XXX	597,801	XXX	XXX
5. Reinsurance coverage and low income cost sharing - claims paid net of reimbursements applied (a)	XXX		XXX		0
6. Aggregate policy reserves - change		XXX		XXX	XXX
7. Expenses paid	6,672,253	XXX	84,882	XXX	6,757,135
8. Expenses incurred	6,633,619	XXX	86,120	XXX	XXX
9. Underwriting gain or loss	2,469,509	XXX	(101,620)	XXX	XXX
10. Cash flow results	XXX	XXX	XXX	XXX	(618,164)

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