



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2009
OF THE CONDITION AND AFFAIRS OF THE
UnitedHealthcare of Arkansas, Inc.

NAIC Group Code 0707 (Current) 0707 (Prior) NAIC Company Code 95446 Employer's ID Number 63-1036819

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

Country of Domicile United States of America

Licensed as business type: Health Maintenance Organization

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

Incorporated/Organized 09/27/1990 Commenced Business 04/01/1992

Statutory Home Office 1401 Capitol Ave. 3rd Floor, Ste 375 Little Rock, AR 72205

Main Administrative Office 1401 Capitol Ave. 3rd Floor, Ste 375 Little Rock, AR 72205

Mail Address 9900 Bren Road East MN008-W345 Minnetonka, MN 55343

Primary Location of Books and Records 9900 Bren Road East MN008-W345 Minnetonka, MN 55343

Internet Website Address www.uhc.com

Statutory Statement Contact Robert John Riehm 952-936-1338

OFFICERS

President/CEO Gregory David Reidy #
Assistant Secretary Michelle Marie Huntley Dill #
VP/Regulatory Controller/Assistant Treasurer Nyle Brent Cottingham

OTHER

Robert Worth Oberrender Treasurer
Stephen Lewis Wilson Jr # Chief Financial Officer
John Joseph Matthews # Secretary
Juanita Bolland Luis Assistant Secretary
Timothy Gilbert Caron Assistant Secretary

DIRECTORS OR TRUSTEES

Gregory David Reidy #
Robert James Friedrichs #
Daniel Martin Cole #

State of Tennessee
County of Williamson

State of Minnesota
County of Hennepin

State of Minnesota
County of Hennepin

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.

Gregory David Reidy
President/CEO

Michelle Marie Huntley Dill
Assistant Secretary

Nyle Brent Cottingham
VP/Regulatory Controller/Assistant Treasurer

Subscribed and sworn to before me this
day of

Subscribed and sworn to before me this
day of

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 Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	300,784		300,784	301,096
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ 6,466,296 , Schedule E - Part 1), cash equivalents (\$, Schedule E - Part 2) and short-term investments (\$ 1,594,390 , Schedule DA)	8,060,686	0	8,060,686	7,657,526
6. Contract loans, (including \$ premium notes)			0	0
7. Other invested assets (Schedule BA)			0	0
8. Receivables for securities	0		0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	8,361,470	0	8,361,470	7,958,622
11. Title plants less \$ charged off (for Title insurers only)			0	0
12. Investment income due and accrued	1,260		1,260	1,260
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	55,296	2,003	53,293	98,234
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums	0		0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans	24,094		24,094	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0		0	0
16.2 Net deferred tax asset	313,353		313,353	277,961
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets (\$)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	14,306		14,306	157,097
22. Health care (\$ 74,977) and other amounts receivable	86,970	11,993	74,977	34,222
23. Aggregate write-ins for other than invested assets	321,492	85,462	236,030	291,517
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	9,178,240	99,457	9,078,783	8,818,913
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	9,178,240	99,457	9,078,783	8,818,913
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Premium taxes paid in advance	236,030		236,030	291,517
2302. Prepaid expense	85,462	85,462	0	
2303.				
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)	321,492	85,462	236,030	291,517

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$0 reinsurance ceded)	2,045,603		2,045,603	2,354,063
2. Accrued medical incentive pool and bonus amounts	1,031		1,031	0
3. Unpaid claims adjustment expenses.....	32,472		32,472	43,558
4. Aggregate health policy reserves.....	786,829		786,829	554,203
5. Aggregate life policy reserves.....			0	0
6. Property/casualty unearned premium reserves.....			0	0
7. Aggregate health claim reserves.....	55,152		55,152	55,739
8. Premiums received in advance.....	163,903		163,903	280,931
9. General expenses due or accrued.....	114,709		114,709	145,728
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))	252,403		252,403	516,788
10.2 Net deferred tax liability.....	0		0	0
11. Ceded reinsurance premiums payable.....	1,442		1,442	1,588
12. Amounts withheld or retained for the account of others.....	0		0	0
13. Remittance and items not allocated.....	395		395	123
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current).....			0	0
15. Amounts due to parent, subsidiaries and affiliates.....	300,876		300,876	0
16. Payable for securities.....	0		0	0
17. Funds held under reinsurance treaties (with \$ authorized reinsurers and \$0 unauthorized reinsurers).....			0	0
18. Reinsurance in unauthorized companies.....			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans.....	0		0	59,311
21. Aggregate write-ins for other liabilities (including \$ current).....	944	0	944	2,225
22. Total liabilities (Lines 1 to 21).....	3,755,758	0	3,755,758	4,014,257
23. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	0
24. Common capital stock.....	XXX	XXX	100,000	100,000
25. Preferred capital stock.....	XXX	XXX		
26. Gross paid in and contributed surplus.....	XXX	XXX	5,470,954	5,470,954
27. Surplus notes.....	XXX	XXX	0	
28. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
29. Unassigned funds (surplus).....	XXX	XXX	(247,929)	(766,298)
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24 \$).....	XXX	XXX		
30.2 shares preferred (value included in Line 25 \$).....	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30).....	XXX	XXX	5,323,025	4,804,656
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	9,078,783	8,818,913
DETAILS OF WRITE-INS				
2101. Unclaimed property	944		944	2,225
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198)(Line 21 above)	944	0	944	2,225
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898)(Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	40,951	49,974
2. Net premium income (including \$ non-health premium income)	XXX	18,172,094	19,968,482
3. Change in unearned premium reserves and reserve for rate credits	XXX	(72,735)	(35,162)
4. Fee-for-service (net of \$ medical expenses)	XXX	0	0
5. Risk revenue	XXX	0	0
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	18,099,359	19,933,320
Hospital and Medical:			
9. Hospital/medical benefits		11,935,161	13,023,180
10. Other professional services		28,988	111,463
11. Outside referrals		0	0
12. Emergency room and out-of-area		0	0
13. Prescription drugs		2,016,899	2,215,954
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments, and bonus amounts		1,031	0
16. Subtotal (Lines 9 to 15)	0	13,982,080	15,350,597
Less:			
17. Net reinsurance recoveries		0	0
18. Total hospital and medical (Lines 16 minus 17)	0	13,982,080	15,350,597
19. Non-health claims (net)			0
20. Claims adjustment expenses, including \$92,752 cost containment expenses		408,847	476,718
21. General administrative expenses		2,664,443	2,831,921
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)		183,000	388,350
23. Total underwriting deductions (Lines 18 through 22).....	0	17,238,370	19,047,586
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	860,990	885,734
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		23,978	194,118
26. Net realized capital gains (losses) less capital gains tax of \$			0
27. Net investment gains (losses) (Lines 25 plus 26)	0	23,978	194,118
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			
29. Aggregate write-ins for other income or expenses	0	0	106
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	884,968	1,079,958
31. Federal and foreign income taxes incurred	XXX	364,533	550,346
32. Net income (loss) (Lines 30 minus 31)	XXX	520,435	529,612
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. Other Revenue			106
2902.			
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	0	106

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	4,804,656	6,850,548
34. Net income or (loss) from Line 32.....	520,435	529,612
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....		
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....	35,391	214,567
39. Change in nonadmitted assets.....	55,432	(120,591)
40. Change in unauthorized reinsurance.....	0	0
41. Change in treasury stock.....	0	0
42. Change in surplus notes.....	0	0
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in.....	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....	0	0
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....		(2,855,000)
47. Aggregate write-ins for gains or (losses) in surplus.....	(92,888)	185,520
48. Net change in capital and surplus (Lines 34 to 47).....	518,370	(2,045,892)
49. Capital and surplus end of reporting period (Line 33 plus 48)	5,323,026	4,804,656
DETAILS OF WRITE-INS		
4701. Corrections subsequent to issuance of the 2007 annual statement.....		185,520
4702. Corrections subsequent to issuance of the 2008 annual statement.....	(92,888)	
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)	(92,888)	185,520

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	18,257,750	19,752,413
2. Net investment income	24,597	194,344
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	18,282,346	19,946,757
5. Benefit and loss related payments	14,519,014	15,309,753
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	3,199,107	3,497,329
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	628,919	(96,024)
10. Total (Lines 5 through 9)	18,347,039	18,711,058
11. Net cash from operations (Line 4 minus Line 10)	(64,693)	1,235,699
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	0	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	0
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	0	0
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	2,855,000
16.6 Other cash provided (applied)	467,853	(406,937)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	467,853	(3,261,937)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	403,160	(2,026,238)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	7,657,526	9,683,764
19.2 End of year (Line 18 plus Line 19.1)	8,060,686	7,657,526

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

--	--	--

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE UnitedHealthcare of Arkansas, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	18,172,094	12,261,752					5,910,342			
2. Change in unearned premium reserves and reserve for rate credit	(72,735)	593					(73,328)			
3. Fee-for-service (net of \$ 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)	18,099,359	12,262,345	0	0	0	0	5,837,014	0	0	0
8. Hospital/medical benefits	11,935,161	7,818,383					4,116,778			XXX
9. Other professional services	28,988	16,848					12,140			XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	0									XXX
12. Prescription drugs	2,016,900	1,594,598					422,302			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	1,031						1,031			XXX
15. Subtotal (Lines 8 to 14)	13,982,080	9,429,829	0	0	0	0	4,552,251	0	0	XXX
16. Net reinsurance recoveries	0									XXX
17. Total medical and hospital (Lines 15 minus 16)	13,982,080	9,429,829	0	0	0	0	4,552,251	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ 92,752 cost containment expenses	408,846	315,583					93,263			
20. General administrative expenses	2,664,443	1,944,437					720,006			
21. Increase in reserves for accident and health contracts	183,000	722,000					(539,000)			XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	17,238,369	12,411,849	0	0	0	0	4,826,520	0	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	860,990	(149,504)	0	0	0	0	1,010,494	0	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		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. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (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)	12,274,055		12,303	12,261,752
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan	0			0
6. Title XVIII - Medicare	5,916,197		5,855	5,910,342
7. Title XIX - Medicaid	0			0
8. Other health				0
9. Health subtotal (Lines 1 through 8)	18,190,252	0	18,158	18,172,094
10. Life	0			0
11. Property/casualty	0			0
12. Totals (Lines 9 to 11)	18,190,252	0	18,158	18,172,094

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE UnitedHealthcare of Arkansas, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	14,336,014	9,470,601	0	0	0	0	4,865,413	0	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
1.4 Net	14,336,014	9,470,601	0	0	0	0	4,865,413	0	0	0
2. Paid medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	2,045,603	1,257,202	0	0	0	0	788,401	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	2,045,603	1,257,202	0	0	0	0	788,401	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	55,151	51,114	0	0	0	0	4,037	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	55,151	51,114	0	0	0	0	4,037	0	0	0
5. Accrued medical incentive pools and bonuses, current year	1,031	0	0	0	0	0	1,031	0	0	0
6. Net healthcare receivables (a)	45,918	5,267	0	0	0	0	40,651	0	0	0
7. Amounts recoverable from reinsurers December 31, current year	0	0	0	0	0	0	0	0	0	0
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	2,354,063	1,294,166	0	0	0	0	1,059,897	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	2,354,063	1,294,166	0	0	0	0	1,059,897	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	55,739	49,655	0	0	0	0	6,084	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	55,739	49,655	0	0	0	0	6,084	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0
12. Incurred Benefits:										
12.1 Direct	13,981,048	9,429,829	0	0	0	0	4,551,219	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	13,981,048	9,429,829	0	0	0	0	4,551,219	0	0	0
13. Incurred medical incentive pools and bonuses	1,031	0	0	0	0	0	1,031	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	499,249	345,619	0	0	0	0	153,630			
1.2 Reinsurance assumed	0	0	0	0	0	0	0			
1.3 Reinsurance ceded	0	0	0	0	0	0	0			
1.4 Net	499,249	345,619	0	0	0	0	153,630	0	0	0
2. Incurred but Unreported:										
2.1 Direct	1,546,354	911,583	0	0	0	0	634,771			
2.2 Reinsurance assumed	0	0	0	0	0	0	0			
2.3 Reinsurance ceded	0	0	0	0	0	0	0			
2.4 Net	1,546,354	911,583	0	0	0	0	634,771	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	0	0	0	0	0	0	0			
3.2 Reinsurance assumed	0	0	0	0	0	0	0			
3.3 Reinsurance ceded	0	0	0	0	0	0	0			
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1 Direct	2,045,603	1,257,202	0	0	0	0	788,401	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	2,045,603	1,257,202	0	0	0	0	788,401	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 Claims Incurred In Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	604,208	8,866,393	39,306	1,269,009	643,514	1,343,820
2. Medicare Supplement	0	0	0	0	0	0
3. Dental Only	0	0	0	0	0	0
4. Vision Only	0	0	0	0	0	0
5. Federal Employees Health Benefits Plan	0	0	0	0	0	0
6. Title XVIII - Medicare	580,138	4,285,275	9,422	783,016	589,560	1,065,982
7. Title XIX - Medicaid	0	0	0	0	0	0
8. Other health	0	0	0	0	0	0
9. Health subtotal (Lines 1 to 8)	1,184,346	13,151,668	48,728	2,052,025	1,233,074	2,409,802
10. Healthcare receivables (a)	379	86,591	0	1	379	41,053
11. Other non-health	0	0	0	0	0	0
12. Medical incentive pools and bonus amounts	0	0	0	1,031	0	0
13. Totals (Lines 9 - 10 + 11 + 12)	1,183,967	13,065,077	48,728	2,053,055	1,232,695	2,368,749

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

UNDERWRITING AND INVESTMENT EXHIBIT

**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)**

Section A - Paid Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior	4,500	4,020	4,020	4,020	4,020
2.	2005	32,022	35,415	35,428	35,428	35,428
3.	2006	XXX	17,369	18,843	18,827	18,827
4.	2007	XXX	XXX	12,452	13,669	13,668
5.	2008	XXX	XXX	XXX	9,905	10,510
6.	2009	XXX	XXX	XXX	XXX	8,866

Section B - Incurred Health Claims - Comprehensive (Hospital & 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 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior	4,671	4,020	4,020	4,020	4,020
2.	2005	36,376	35,469	35,428	35,428	35,428
3.	2006	XXX	19,480	18,923	18,827	18,827
4.	2007	XXX	XXX	14,028	13,739	13,668
5.	2008	XXX	XXX	XXX	11,179	10,549
6.	2009	XXX	XXX	XXX	XXX	10,135

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital & Medical)

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2005	48,686	35,428	1,157	3.3	36,585	75.1			36,585	75.1
2. 2006	27,638	18,827	652	3.5	19,479	70.5			19,479	70.5
3. 2007	20,144	13,668	471	3.4	14,139	70.2			14,139	70.2
4. 2008	15,116	10,510	468	4.5	10,978	72.6	39		11,017	72.9
5. 2009	12,275	8,866	309	3.5	9,175	74.7	1,269	25	10,469	85.3

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior	0	(11)	(11)	(11)	(11)
2.	2005	120	201	204	204	204
3.	2006	XXX	1,472	1,864	1,903	1,903
4.	2007	XXX	XXX	1,745	2,232	2,235
5.	2008	XXX	XXX	XXX	3,677	4,254
6.	2009	XXX	XXX	XXX	XXX	4,285

Section B - Incurred Health Claims - Title XVIII

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 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior	0	(11)	(11)	(11)	(11)
2.	2005	120	220	204	204	204
3.	2006	XXX	2,234	1,898	1,903	1,903
4.	2007	XXX	XXX	2,414	2,288	2,235
5.	2008	XXX	XXX	XXX	4,688	4,264
6.	2009	XXX	XXX	XXX	XXX	5,069

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2005	518	204	11	5.4	215	41.5			215	41.5
2. 2006	3,053	1,903	60	3.2	1,963	64.3			1,963	64.3
3. 2007	3,732	2,235	115	5.1	2,350	63.0			2,350	63.0
4. 2008	4,837	4,254	9	0.2	4,263	88.1	9		4,272	88.3
5. 2009	5,843	4,285	111	2.6	4,396	75.2	784	7	5,187	88.8

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior	4,500	4,009	4,009	4,009	4,009
2.	2005	32,142	35,616	35,632	35,632	35,632
3.	2006	XXX	18,841	20,707	20,730	20,730
4.	2007	XXX	XXX	14,197	15,901	15,903
5.	2008	XXX	XXX	XXX	13,582	14,764
6.	2009	XXX	XXX	XXX	XXX	13,151

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 2005	2 2006	3 2007	4 2008	5 2009
1.	Prior	4,671	4,009	4,009	4,009	4,009
2.	2005	36,496	35,689	35,632	35,632	35,632
3.	2006	XXX	21,714	20,821	20,730	20,730
4.	2007	XXX	XXX	16,442	16,027	15,903
5.	2008	XXX	XXX	XXX	15,867	14,813
6.	2009	XXX	XXX	XXX	XXX	15,204

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2005	49,204	35,632	1,168	3.3	36,800	74.8	0	0	36,800	74.8
2. 2006	30,691	20,730	712	3.4	21,442	69.9	0	0	21,442	69.9
3. 2007	23,876	15,903	586	3.7	16,489	69.1	0	0	16,489	69.1
4. 2008	19,953	14,764	477	3.2	15,241	76.4	48	0	15,289	76.6
5. 2009	18,118	13,151	420	3.2	13,571	74.9	2,053	32	15,656	86.4

12.GT

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	8,426	8,426	0	0	0	0	0	0	0
2. Additional policy reserves (a)	722,000	722,000	0	0	0	0	0	0	0
3. Reserve for future contingent benefits	0	0	0	0	0	0	0	0	0
4. Reserve for rate credits or experience rating refunds (including \$0) for investment income	56,403	0	0	0	0	0	56,403	0	0
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	786,829	730,426	0	0	0	0	56,403	0	0
7. Reinsurance ceded	0	0	0	0	0	0	0	0	0
8. Totals (Net)(Page 3, Line 4)	786,829	730,426	0	0	0	0	56,403	0	0
9. Present value of amounts not yet due on claims	0	0	0	0	0	0	0	0	0
10. Reserve for future contingent benefits	55,151	51,114	0	0	0	0	4,037	0	0
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	55,151	51,114	0	0	0	0	4,037	0	0
13. Reinsurance ceded	0	0	0	0	0	0	0	0	0
14. Totals (Net)(Page 3, Line 7)	55,151	51,114	0	0	0	0	4,037	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
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.									
1102.									
1103.									
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 \$722,000 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ for occupancy of own building)	2,832	10,315	52,971		66,118
2. Salary, wages and other benefits	33,127	122,785	621,565		777,477
3. Commissions (less \$ ceded plus \$ assumed)			365,890		365,890
4. Legal fees and expenses	107	423	78,848		79,378
5. Certifications and accreditation fees	1	2	17		20
6. Auditing, actuarial and other consulting services	7,030	19,429	280,424		306,883
7. Traveling expenses	946	3,324	17,501		21,771
8. Marketing and advertising	6,004	13,441	111,451		130,896
9. Postage, express and telephone	4,658	14,244	86,703		105,605
10. Printing and office supplies	1,420	4,812	31,738		37,970
11. Occupancy, depreciation and amortization	492	1,589	9,105		11,186
12. Equipment	133	476	2,490		3,099
13. Cost or depreciation of EDP equipment and software	1,873	7,305	35,364		44,542
14. Outsourced services including EDP, claims, and other services	22,166	84,276	466,928		573,370
15. Boards, bureaus and association fees	52	185	963		1,200
16. Insurance, except on real estate	1,317	5,577	59,954		66,848
17. Collection and bank service charges	512	1,393	70,578		72,483
18. Group service and administration fees	7,316	17,018	144,442		168,776
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes			42,734		42,734
23.3 Regulatory authority licenses and fees			113,563		113,563
23.4 Payroll taxes	1,976	7,274	37,006		46,256
23.5 Other (excluding federal income and real estate taxes)	7	29	135		171
24. Investment expenses not included elsewhere				3,732	3,732
25. Aggregate write-ins for expenses	783	2,197	34,073	0	37,053
26. Total expenses incurred (Lines 1 to 25)	92,752	316,094	2,664,443	3,732	(a) 3,077,021
27. Less expenses unpaid December 31, current year		32,472	114,709		147,181
28. Add expenses unpaid December 31, prior year	0	43,558	145,729	0	189,287
29. Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	92,752	327,180	2,695,463	3,732	3,119,127
DETAILS OF WRITE-INS					
2501. Other Miscellaneous	783	2,197	34,073		37,053
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	783	2,197	34,073	0	37,053

(a) Includes management fees of \$ 2,178,429 to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds	(a) 13,938	13,938
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
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) 13,772	13,772
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	27,710	27,710
11. Investment expenses		(g) 3,732
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		3,732
17. Net investment income (Line 10 minus Line 16)		23,978
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 \$ accrual of discount less \$312 amortization of premium and less \$ paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$.0 investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)					
NONE					
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)					

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)		0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks		0	0
2.2 Common stocks		0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens		0	0
3.2 Other than first liens		0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company		0	0
4.2 Properties held for the production of income		0	0
4.3 Properties held for sale		0	0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)	0	148,058	148,058
6. Contract loans		0	0
7. Other invested assets (Schedule BA)		0	0
8. Receivables for securities		0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	148,058	148,058
11. Title plants (for Title insurers only)		0	0
12. Investment income due and accrued		0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	2,003	0	(2,003)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due		0	0
13.3 Accrued retrospective premiums		0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers		0	0
14.2 Funds held by or deposited with reinsured companies		0	0
14.3 Other amounts receivable under reinsurance contracts		0	0
15. Amounts receivable relating to uninsured plans		0	0
16.1 Current federal and foreign income tax recoverable and interest thereon		0	0
16.2 Net deferred tax asset		0	0
17. Guaranty funds receivable or on deposit		0	0
18. Electronic data processing equipment and software		0	0
19. Furniture and equipment, including health care delivery assets		0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates		0	0
21. Receivable from parent, subsidiaries and affiliates		0	0
22. Health care and other amounts receivable	11,993	6,831	(5,162)
23. Aggregate write-ins for other than invested assets	85,461	0	(85,461)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	99,457	154,889	55,432
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts		0	0
26. Total (Lines 24 and 25)	99,457	154,889	55,432
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301. Prepaid expense	85,461	0	(85,461)
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	85,461	0	(85,461)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	3,714	3,667	3,544	3,248	3,166	40,951
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total	3,714	3,667	3,544	3,248	3,166	40,951
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

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of UnitedHealthcare of Arkansas, Inc. (“Company”) are presented on the basis of accounting practices prescribed or permitted by the Arkansas Insurance Department (“Department”). The Company is a wholly owned subsidiary of UnitedHealthcare, Inc., which is a wholly owned subsidiary of UnitedHealthCare Services, Inc. (“UHS”). UHS is a wholly owned subsidiary of UnitedHealth Group Incorporated (“UHG” or “UnitedHealth Group”). UnitedHealth Group is a publicly held company trading on the New York Stock Exchange.

The 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 a Health Maintenance Organization (“HMO”), for determining its solvency under the Arkansas Insurance Law. The National Association of Insurance Commissioners’ (“NAIC”) Accounting Practices and Procedures Manual (“NAIC SAP”) has been adopted with modifications as a component of prescribed or permitted practices by the State of Arkansas.

The Department has adopted certain prescribed accounting practices per ACA 23-63-805(1)(A) that differ from those found in the NAIC SAP. The Department has determined that the Company’s investments in the investment pool administered by UHS be considered as investment in ‘one person’ and is to be limited to no more than 5% of the Company’s total admitted assets, pursuant to ACA 23-63-805(1)(A), unless the Commissioner authorizes the Company to exceed the statutory limit. The Company requested permission to exceed the statutory limit and the Department has agreed to allow the Company to invest up to 20% of the Company’s total admitted assets in the UHS investment pool. Investments that exceed the 20% statutory limit are nonadmitted assets and are reflected in accumulated surplus in the accompanying statutory basis financial statements.

A reconciliation of the Company’s capital and surplus and total admitted assets between NAIC SAP and practices prescribed by the Department as of December 31, 2009 and 2008, is shown below (in thousands):

	2009	2008
Capital and surplus — State of Arkansas basis	\$ 5,323	\$ 4,805
State prescribed practice — Difference in Non-Admits	-	148
Capital and surplus — NAIC SAP	<u>\$ 5,323</u>	<u>\$ 4,953</u>
Total admitted assets — State Arkansas basis	\$ 9,079	\$ 8,819
State prescribed practice — ACA 23-63-805 (1)(A) non-admit liquidity pool assets over permitted limit	<u>-</u>	<u>148</u>
Total admitted assets — NAIC SAP	<u>\$ 9,079</u>	<u>\$ 8,967</u>

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 Policies

Cash, Cash Equivalents and Short-Term Investments – Cash, cash equivalents and short-term investments, when owned, represent cash held by the Company in disbursement accounts, money market instruments, commercial paper, and bonds with maturities at the time of purchase in accordance with Statement of Statutory Accounting Principles (“SSAP”) No. 2, *Cash, Drafts, and Short-term Investments*. Claims and other payments are made from the disbursement accounts daily. Cash equivalents are reported at cost or amortized cost depending on the nature of the underlying security, which approximates market value. Cash overdrafts are a result of timing differences in funding disbursement accounts for claims payments.

Hospital and Medical Expenses, Claims Unpaid, Aggregate Health Claim Reserves and Aggregate Health Policy Reserves – Hospital and medical expenses and corresponding liabilities include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, and estimates for the costs of health care services enrollees have received, but for which claims have not yet been submitted.

The estimates for health care services incurred but not yet reported are developed using actuarial methods based upon historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates and other relevant factors. The estimates may

change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during 2009 or 2008. Management believes the amount of claims unpaid is adequate to cover the Company's liability for unpaid claims as of December 31, 2009; however, actual claim payments may differ from those established estimates. Adjustments to claims unpaid estimates are reflected in operating results in the period in which the change in estimate is identified.

Income Taxes — Statutory accounting requires an amount to be recorded for deferred taxes on temporary differences between the financial reporting and tax bases of assets and liabilities, subject to limitations on deferred tax assets. The Company's operations are included in the consolidated federal income tax return of UnitedHealth Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis. Income taxes incurred in the current and prior years will be available for recoupment by the Company only in the event of future net losses of consolidated UnitedHealth Group. The Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The U.S. Internal Revenue Service ("IRS") has completed exams on UnitedHealth Group's consolidated income tax returns for fiscal years 2007 and prior. UnitedHealth Group's 2008 tax return is under advance review by the IRS under its Compliance Assurance Program ("CAP"). With the exception of a few states, UnitedHealth Group is no longer subject to income tax examinations prior to 2002 in major state and foreign jurisdictions. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

Claims Adjustment Expense — Claims adjustment expenses ("CAE") as defined by SSAP No. 85, *Claim Adjustment Expenses, Amendments to SSAP No. 55 — Unpaid Claims, Losses, and Loss Adjustment Expenses* ("SSAP No. 85"), are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. Pursuant to the terms of the management agreement, the Company pays a management fee to UHS in exchange for administrative and management services. A detailed review of UHS' and the Company's administrative expenses is performed to determine the allocation between CAE and general administrative expenses in accordance with SSAP No. 85. It is the responsibility of UHS to pay claims adjustment expenses in the event the Company ceases operations. The Company has recorded an estimate of unpaid claims adjustment expenses associated with incurred but unpaid claims. Management believes the amount of the liability for unpaid claims adjustment expenses as of December 31, 2009, is adequate to cover the Company's cost for the adjustment and recording of unpaid claims; however, actual expenses may differ from those established estimates. The method used for determining CAE is periodically reviewed and updated, and any adjustments are reflected in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus and the statutory basis statements of operations in the period in which the change in methodology is identified.

Premiums — Premium revenue, net of reinsurance premiums, is recognized in the period in which enrollees are entitled to receive health care services. Premiums received in full during the current period which are not due until future periods are recorded as premiums received in advance in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Unearned premiums are established for the portion of premiums received during the current year that are partially unearned at the end of the period and are included in aggregate health policy reserves in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

Medicare Part D — Recognition of the revenue and cost reimbursement components under Medicare Part D is summarized below:

Centers for Medicare and Medicaid Services ("CMS") Premium Direct Subsidy — The Company receives a monthly premium from CMS based on an original bid amount. This payment for each individual is a fixed amount per member for the entire plan year and is based upon that individual's risk score status. The CMS premium is recognized ratably over the contract period and reported as a component of premium revenue pursuant to SSAP No. 54, *"Individual and Group Accident and Health Contracts"*.

Member Premium — The Company receives a monthly premium from members based on the original bid submitted to CMS. The member premium which is fixed for the entire plan year, is recognized ratably over the contract period and reported as a component of premium revenue pursuant to SSAP No. 54, *"Individual and Group Accident and Health Contracts"*.

Low-Income Premium Subsidy — For qualifying low-income members, CMS reimburses the Company, on the member's behalf, for some or all of the monthly member premium, depending on the member's income level in relation to the Federal Poverty Level. The low-income premium subsidy is recognized ratably over the contract period and reported as a component of premium revenue pursuant to SSAP No. 54, *"Individual and Group Accident and Health Contracts"*.

Catastrophic Reinsurance Subsidy — CMS reimburses the Company for 80% of the drug costs after a member reaches his or her annual out-of-pocket catastrophic threshold. The CMS prospective payment, a flat per-member-per-month ("PMPM") cost reimbursement estimate, is received monthly based on the original CMS bid. After the year is complete, a settlement is made based on actual experience. The catastrophic reinsurance subsidy is accounted for using deposit accounting pursuant to SSAP No. 47, *"Uninsured Plans"*.

Low Income Member Cost Sharing Subsidy (“LICS”) – For qualifying low-income members, CMS reimburses the Company, on the member’s behalf, some or all of his or her cost sharing amounts (e.g. deductible, copay/coinsurance). The amount paid for the member by CMS is dependent on the member’s income level in relation to the Federal Poverty Level. The Company receives prospective payments on a monthly basis; the cost reimbursement is finalized and settled after the end of the year. LICS is accounted for using deposit accounting pursuant to SSAP No. 47, “*Uninsured Plans*”.

CMS Risk Share – Premiums from CMS are subject to risk corridor provisions which compare targeted costs in the Company’s annual bid to actual prescription drug costs, limited to actual costs that would have been incurred under the standard coverage as defined by CMS. Variances of more than a set percentage above or below the original bid would result either in CMS making additional payments to the Company or the Company refunding to CMS a portion of the premiums that the Company received. The Company estimates and recognizes an adjustment to premium revenues related to the risk corridor payment settlement based upon pharmacy claims experience. The estimate of the settlement associated with these risk corridor provisions requires the Company to consider factors that may not have been certain, including member eligibility status differences with CMS. The risk-share adjustment, if any, is recorded as an adjustment to premium revenues and to accrued retrospective premiums or to aggregate health policy reserves..

Amounts Receivable Related to Uninsured Plans and Liability for Amounts Held Under Uninsured Plans — Receivables and liabilities for amounts held under uninsured plans represents the cost reimbursement under the Medicare Part D program for the catastrophic reinsurance subsidy and LICS. The Company is fully reimbursed by CMS for costs incurred for these contract elements and, accordingly, there is no insurance risk to the Company. Amounts received for these subsidies are not reflected as net premium income, but rather accounted for as deposits, with the related receivable recorded in amounts receivable relating to uninsured plans or liability recorded in liability for amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Related cash flows are presented within operating expenses paid within cash provided by operations in the statutory basis statements of cash flows.

Health Care Receivables — Health care receivables consist of pharmacy rebate receivables estimated based on the most currently available data from the Company’s claims processing systems and from data provided by the Company’s affiliated pharmaceutical benefit manager, RxSolutions, Inc (“RxSolutions”). Health care receivables are considered nonadmitted assets for statutory purposes if they do not meet the criteria established in SSAP No. 84, *Certain Health Care Receivables and Receivables Under Government Insured Plans* (“SSAP No. 84”). Accordingly, the Company has excluded the receivables that do not meet the SSAP No. 84 criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus. Please refer to Note 27, Health Care Receivables, for further disclosure.

Reinsurance Ceded – The Company has an insolvency-only reinsurance agreement. Reinsurance premiums were deducted from net premium income in the accompanying statutory basis financial statement.

Premium Deficiency Reserve — Premium deficiency reserves and the related expense, as defined by SSAP No. 54, *Individual and Group Accident Health Contracts* (“SSAP No. 54”), as well as actuarial practice guidelines, are recognized when it is probable that expected future health care expenses, claim adjustment expenses, and administration costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated, and any adjustments are reflected in increase (decrease) in reserves for life and accident and health contracts in the accompanying statutory basis statements of operations in the period in which the change in estimate is identified. Please refer to Note 29, Premium Deficiency Reserves, for further disclosure.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds are stated at amortized cost. Premiums and discounts are amortized or accreted to investment income using the effective yield method over the contractual life of the bonds, or, in the case of loan-backed bonds, are based on a three-month constant prepayment rate history obtained from external data source vendors. Significant changes in prepayment assumptions are accounted for using the retrospective adjustment methodology. The Company’s investment policy limits investments in non-agency residential mortgage-backed securities, including home equity and subprime mortgages, to 10% of total cash and invested assets and total investments in mortgage-backed securities to 30% of total cash and invested assets.
3. The Company has no investments in common stocks.
4. The Company has no investments in preferred stocks.
5. The Company has no investments in mortgage loans on real estate.
6. Loan-backed securities are generally carried at amortized cost or, if rated NAIC 3 or lower, at the lower of cost or fair value. Amortization is calculated using the retrospective method.

7. The Company has no investments in subsidiaries, controlled or affiliated companies.
8. The Company has no investments in partnerships, joint ventures or limited liability companies.
9. The Company has no investments in derivative financial instruments.
10. The Company anticipates investment income in the premium deficiency reserve calculation , in accordance with SSAP No. 54.
11. Please refer to the relevant preceding paragraph(s) for information regarding management's policies and methodologies for estimating the liabilities for losses and claim adjustment expenses.
12. The Company has not modified its capitalization policy from the prior period.
13. Please refer to the relevant preceding paragraph(s) for information regarding the methodology utilized to estimate pharmaceutical rebates receivable.

2. Accounting Changes and Corrections of Errors.

During 2009, the Company determined a journal entry was duplicated which resulted in amounts due to (due from) parent, subsidiaries, and affiliates being overstated by approximately \$143,000, General and administrative expenses were understated by approximately \$143,000, and consequently, the federal income tax incurred thereon was overstated by approximately \$50,000 for the year ended December 31, 2008. The cumulative effect of these prior year errors was corrected by the Company in accordance with SSAP No. 3, "Accounting Changes and Corrections of Errors", and is reflected on Page 5, Line 47 of the accompanying financial statements.

During 2008, the Company determined that it had understated general and administrative expenses by approximately \$173,000 and understated total hospital and medical expense by approximately \$113,000 for the year ended December 31, 2007. In addition, the federal income tax provision was overstated by approximately \$100,000 for the year ended December 31, 2007. The cumulative effect of this prior year error was corrected by the Company in accordance with SSAP No. 3, *Accounting Changes and Corrections of Errors*, and is reflected in the accompanying statutory basis statements of changes in capital and surplus for the year ended December 31, 2008.

3. Business Combinations and Goodwill

- A. The Company did not have any business combinations accounted for under the statutory purchase method during 2009 or 2008.
- B. The Company did not have any business combinations accounted for under the statutory merger method during 2009 or 2008.
- C. The Company did not enter into any assumption reinsurance agreements during 2009 or 2008.
- D. The Company did not recognize an impairment loss relating to a business combination during 2009 or 2008.

4. Discontinued Operations

The Company did not discontinue any operations during 2009 or 2008.

5. Investments

- A. The Company had no investments in mortgage loans in 2009 or 2008.
- B. The Company had no restructured debt in 2009 or 2008.
- C. The Company had no reverse mortgages in 2009 or 2008.
- D. Loan-Backed Securities
 - (1) & (2) The company does not have any off-balance sheet risk.
 - (2) Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from an external data source vendor.
 - (4) & (5)
The Company did not have any other-than-temporary impairments recognized on mortgage-backed securities classified on the basis for the other-than-temporary impairment as of December 31, 2009.

(6) The company did not have any unrealized losses for loan-backed securities in an unrealized loss position at December 31, 2009, or any that have been in a continuous loss position for less than 12 months or 12 months or longer.

(7) The Company believes that it will collect all principal and interest due on all investments that have an amortized cost in excess of fair value. The unrealized losses as of December 31, 2009 were primarily caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities.

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in joint ventures, partnerships or limited liability companies.
- B. The Company did not recognize any impairment write down for investments in joint ventures, partnerships, or limited liability companies.

7. Investment Income

The Company applied the provisions of SSAP No. 34, "Investment Income Due and Accrued" and did not exclude (nonadmit) any due and accrued investment income at December 31, 2009 or 2008.

8. Derivative Instruments

The Company did not hold or issue any derivative financial instruments during 2009 or 2008.

9. Income Taxes

- A. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows (in thousands):

Deferred tax assets	2009	2008	Change	Character
Other insurance reserves	252	189	63	Ordinary
Unpaid losses and CAE	15	17	(2)	Ordinary
Premiums received in advance	10	17	(7)	Ordinary
Bad debt	1	1	-	Ordinary
Nonadmitted assets	35	54	(19)	Ordinary
Total gross deferred tax asset	313	278	35	
Statutory valuation allowance	-	-	-	
Adjusted gross deferred tax asset	313	278	35	
Nonadmitted deferred tax asset	-	-	-	
Admitted deferred tax asset	313	278	35	
Deferred tax liabilities				
Investments	-	-	-	Ordinary
Total deferred tax liability	-	-	-	
 Net deferred tax asset	313	278	35	

The components of the adjusted gross deferred tax asset admissibility calculation are as follows (in thousands):

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE UnitedHealthcare of Arkansas, Inc.

	2009		
	Ordinary	Capital	Total
Federal income taxes paid in prior years that can be recovered through loss carrybacks	313	-	313
The lessor of:			
Adjusted gross deferred tax assets expected to be realized within one year of the balance sheet date not recovered via loss carrybacks	-	-	
Ten percent adjusted statutory capital and surplus shown on most recently filed financial statements			558
Adjusted gross deferred tax assets after application of above items that can be offset against existing gross deferred tax liabilities	-	-	-
Admitted deferred tax asset	<u>313</u>	<u>-</u>	<u>313</u>

	2008		
	Ordinary	Capital	Total
Federal income taxes paid in prior years that can be recovered through loss carrybacks	278	-	278
The lessor of:			
Adjusted gross deferred tax assets expected to be realized within one year of the balance sheet date not recovered via loss carrybacks	-	-	
Ten percent adjusted statutory capital and surplus shown on most recently filed financial statements			401
Adjusted gross deferred tax assets after application of above items that can be offset against existing gross deferred tax liabilities	-	-	-
Admitted deferred tax asset	<u>278</u>	<u>-</u>	<u>278</u>

The Company has not elected to admit additional deferred tax assets.

- B. There are no unrecognized deferred tax liabilities.
- C. The federal income taxes incurred for the years ended December 31, 2009 and 2008 are as follows (in thousands):

	2009	2008
Total current federal income tax provision	<u>365</u>	<u>550</u>

The change in net deferred income tax for the years ended December 31, 2009 and 2008 are as follows (in thousands):

	2009	2008
Change in gross deferred tax assets	<u>35</u>	<u>214</u>
Change in deferred tax liabilities	<u>0</u>	<u>1</u>
Total change in net deferred taxes	<u>35</u>	<u>215</u>

The Company assessed the potential realization of the gross deferred tax asset and established no valuation allowance in 2009. This resulted in the gross deferred tax asset to be approximately \$313,000 and \$278,000 as of December 31, 2009 and 2008, respectively, which represents the amount of the asset estimated to be recoverable via carryback of losses and reduction of future taxes. The application of the statutory valuation is required under SSAP No. 10R effective for 2009 annual financial statements and 2010 annual and interim financial statements only. The change in the valuation allowance is caused by the change in timing of deductibility of expenses and/or expectations for future performance.

- D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 35% to income before federal income taxes. The significant items causing this difference are as follows (in thousands):

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE UnitedHealthcare of Arkansas, Inc.

	2009			2009		
	Amount	Tax effect	Effective Tax Rate	Amount	Tax effect	Effective Tax Rate
Tax provision at the federal statutory rate	885	310	35.00%	937	327	34.90%
Tax effect of nonadmitted assets	55	19	2.19%	933	(42)	-4.50%
Total	<u>940</u>	<u>329</u>	<u>37.19%</u>	<u>1,870</u>	<u>285</u>	<u>30.40%</u>
Current federal income tax provision		364	41.19%		500	53.30%
Change in net deferred tax		<u>(35)</u>	<u>-4.00%</u>		<u>(215)</u>	<u>-22.90%</u>
Total statutory income taxes		<u>329</u>	<u>37.19%</u>		<u>285</u>	<u>30.40%</u>

E. At December 31, 2009, the Company had no net operating losses.

Federal income tax payable of approximately \$252,000 and \$517,000 as of December 31, 2009 and 2008, respectively, are included in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

Federal income taxes paid, net of refunds, was approximately \$579,000 and (\$3,900) in 2009 and 2008, respectively. Federal income taxes incurred of approximately \$364,000 and \$540,000 for 2009 and 2008, respectively, is available for recoupment in the event of future net losses.

There are no aggregate amounts of deposits admitted under Section 6603 of the Internal Revenue Service Code.

F. The Company is consolidated through a tax sharing services agreement.

- (1) The companies included with this Company in a consolidated federal income tax return filing comprise the Company's ultimate parent UnitedHealth Group and its subsidiaries are listed in Schedule Y Part 1, excluding Foreign Companies.
- (2) The method of allocation between the companies is subject to a written tax sharing agreement that is approved by the Board of Directors of the Company. Under this agreement, the amount of federal income taxes that are paid to or received from UnitedHealth Group Incorporated approximate the amount that would have been computed on a separate company basis. Such payments are made or received on a quarterly basis, at the time of filing of an extension and upon filing of the final return. To the extent the Company's net operating loss or tax credit is utilized on the consolidated tax return, the Company is entitled to receive the amount of tax savings the consolidated group realizes in that year. Any portion of such loss not so utilized by the Company is available for future use.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other related Parties

A-D, F.

Pursuant to the terms of a management agreement, UHS will provide management services to the Company, until terminated upon the written agreement of both parties, for a fee based on a percentage of net premium income and change in unearned premium reserves and reserve for rate credits. Management fees under this arrangement totaled approximately \$2,178,000 and \$2,395,000 in 2009 and 2008, respectively, and are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations. In addition, UHS pays, on the Company's behalf, certain expenses not covered within the scope of the management agreement. UHS is reimbursed for these expenses by the Company.

The Company believes that its transactions with affiliates are reasonable and appropriate; however, operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

The Company expensed as hospital/medical benefits approximately \$365,000 and \$387,000 in capitation fees to related parties during 2009 and 2008, respectively. UHS' subsidiaries and divisions provide various services to enrollees of the Company during the year. United Behavioral Health provides mental health and substance abuse services. OPTUM provides a 24-hour call-in service, called Care 24, ACN Group provides chiropractic and physical therapy services, Spectera Inc., provides administrative services related to vision benefit management and claims processing, and Dental Benefit Providers, Inc., provides dental care assistance. The capitation is calculated on a per member per month basis.

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE UnitedHealthcare of Arkansas, Inc.

The capitation expenses, paid to related parties, that are included as hospital and medical expenses in the accompanying statutory basis statements of operations for the years ended December 31, 2009 and 2008, are shown below (in thousands):

	2009	2008
United Behavioral Health	\$ 286	\$ 316
OPTUM	59	53
ACN Group	14	14
Spectera, Inc.	3	4
Dental Benefit Providers, Inc.	<u>3</u>	<u>-</u>
Total	<u>\$ 365</u>	<u>\$ 387</u>

The Company has some premium payments that are received and some claim payments that are processed by an affiliated UHG entity. Both premiums and claims applicable to the Company are settled at regular intervals throughout the month via the intercompany settlement process and any amounts outstanding are due to parent, subsidiaries, and affiliates in the accompanying statutory basis statements of admitted assets, liabilities and capital and surplus.

UHS contracts on behalf of the Company to provide administrative services related to pharmacy management and claims processing for its enrollees. Fees related to these agreements, which are calculated on a per-claim basis, of approximately \$38,000 and \$2,000 in 2009 and 2008, respectively, are included in claims adjustment expenses in the accompanying statutory basis statements of operations. Additionally, UHS collects rebates on certain pharmaceutical products and remits the rebates to the Company based on the Company's member utilization. Rebates received by the Company related to these agreements of approximately \$334,000 and \$346,000 in 2009 and 2008, respectively, are included as a reduction of prescription drugs in the accompanying statutory basis statements of operations.

The Company contracts with Rx Solutions to provide administrative services related to pharmacy management and claims processing for its enrollees. Fees related to these agreements, which are calculated on a per-claim basis, of approximately \$16,000 and \$20,000 in 2009 and 2008, respectively, are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations. Additionally, Rx Solutions collects rebates on certain pharmaceutical products based on member utilization. Rebates related to these agreements of approximately \$198,000 and \$96,000 in 2009 and 2008, respectively, are included as a reduction of prescription drugs in the accompanying statutory basis statements of operations.

The Company has an insolvency-only reinsurance agreement with UnitedHealthcare Insurance Company, a wholly owned subsidiary of UHIC Holdings, Inc. which is a wholly owned subsidiary of UHS, to provide insolvency protection for its enrollees. Reinsurance premiums which are calculated on a percentage of member premium revenues, of approximately \$18,000 and \$20,000 in 2009 and 2008, respectively, are netted against net premium income in the accompanying statutory basis statement of operations.

The Company holds a \$3,000,000 subordinated revolving credit agreement with UnitedHealth Group at an interest rate of LIBOR plus a margin of 0.50%. The aggregate principal amount that may be outstanding at any time is the lesser of 3% of the Company's admitted assets or 25% of the Company's policyholder surplus as of the preceding December 31. The credit agreement is for a one-year term and automatically renews annually, unless terminated by either party. The agreement was renewed effective December 31, 2009. No amounts were outstanding under the line of credit as of December 31, 2009 and 2008.

The Company reported approximately \$287,000 and \$157,000 as net amounts (due to) and due from parent, subsidiaries and affiliates which are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus as of December 31, 2009 and 2008, respectively. The Company pays interest expense on the monthly average balance in the net amounts due to parent, subsidiaries, and affiliates account, which is calculated at a fluctuating rate that approximates the prime rate.

Schedule Y Part 2 summarizes the net flow of funds among affiliates for various types of transactions between affiliates. Prior regulatory approval and/or prior notification have been satisfied for any transaction requiring such action. Most transactions are settled promptly in cash or its equivalent, and most are to settle normal business receipts and disbursements. In all instances, the value of the assets received by one party is the same as the value of the assets disposed of by the other party.

- E. There were no guarantees or undertakings for the benefit of an affiliate that resulted in a material contingent exposure for the Company or any affiliated insurer's assets or liabilities.
- G. The Company does not have any relationships whereby the Company and one or more other enterprises are under common ownership or control and the existence of that control could result in operating results or financial positions of the Company being significantly different from those that would have been obtained if the enterprises were autonomous.
- H. The Company does not have any ownership in an upstream intermediate entity or ultimate parent, either directly or indirectly, via a downstream subsidiary, controlled, or affiliated ("SCA") entity.

- I. The Company had no investment in any SCA entities in 2009 or 2008.
- J. The Company had no investment in any SCA entities in 2009 or 2008; hence it did not recognize any related impairment write downs during those years.
- K. The Company does not have any investments in foreign insurance subsidiaries.
- L. The Company does not have any investments in downstream non-insurance holding companies.

11. Debt

- A. The Company did not have any capital note obligations outstanding as of December 31, 2009 or 2008.
- B. The Company did not have any Federal Home Loan Bank agreements outstanding as of December 31, 2009 or 2008.

12. Retirement Plans, Deferred Compensation, Post-Employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. The Company did not offer defined benefit plans as of December 31, 2009 or 2008.
- B. The Company did not offer defined contribution plans as of December 31, 2009 or 2008.
- C. The Company did not offer multiemployer plans as of December 31, 2009 or 2008.
- D. The Company did not offer consolidated/holding company plans as of December 31, 2009 or 2008.
- E. The Company did not offer post-employment benefits and compensated absences as of December 31, 2009 or 2008.
- F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)
 - (1) N/A
 - (2) N/A
 - (3) N/A

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

- (1) The Company has 2,000 shares authorized and 2,000 shares issued and outstanding of \$50 par value common stock. The Company has no preferred stock outstanding. All issued and outstanding shares of common stock are held by the Company's parent, UnitedHealthcare ("UHC").
- (2) The Company has no preferred stock outstanding.
- (3) Payment of dividends may be restricted by the Department and Arkansas law, which generally require that dividends be paid out of accumulated surplus..
- (4) The Company paid an extraordinary dividend of 2,855,000 on August 28, 2008 to UHC, which was approved by the Department. There were no dividends paid in the year ending December 31, 2009.
- (5) Within the limitations of Paragraph 3 above, dividends may be paid by the Company without the prior approval of the Department.
- (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (7) There have been no advances to surplus.
- (8) The Company has no capital stock being held by the Company for special purposes.
- (9) The Company had no special surplus funds in 2009 or 2008.
- (10) The Company had no unassigned surplus reduced by cumulative unrealized gains and losses in 2009 or 2008.
- (11) The Company had no surplus notes issued or outstanding as of December 31, 2009 or 2008.
- (12) The Company has not had any restatements due to prior quasi-reorganizations.
- (13) The Company has not had any quasi-reorganization in the prior ten years.

14. Contingencies

- A. The Company does not have any commitments or contingent commitments to a SCA entity, joint venture, partnership, or limited liability company as of December 31, 2009 or 2008.

- B. The Company has not been informed of, and does not anticipate, any assessments that could have a material financial effect on the statement as of December 31, 2009 or 2008.
- C. No gain contingencies, as defined in SSAP No 5, “*Liabilities, Contingencies and Impairments of Assets*”, have been recognized during 2009 or 2008.
- D. Because of the nature of the Company’s business, the Company is routinely made party to a variety of legal actions related to the design and management of its service offerings. The Company records liabilities for estimates of probable costs resulting from these matters. These matters include, but are not limited to, claims relating to health care benefits coverage, medical malpractice actions, contract disputes, and claims related to disclosure of certain business practices. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.
- E. No loss contingency or impairment of an asset has been recognized during 2009 or 2008.

15. Leases

According to the management agreement between the Company and UHS, as disclosed in Note 10, operating leases for the rental of office facilities and equipment are the responsibility of UHS. Fees associated with the agreement are included in the Company’s management fee.

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

The Company does not have any financial instruments with off-balance sheet risk or concentration of credit risk.

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

- A. The Company did not have any transfers of receivables reported as sales as of December 31, 2009 or 2008.
- B. The Company did not have any transfer and servicing of financial assets as of December 31, 2009 or 2008.
- C. No transactions involving wash sales of securities with a NAIC designation of 3 or below or unrated securities occurred during the year ended December 31, 2009 or 2008.

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

A. Administrative Service Only (“ASO”) Plans

The Company did not serve as an administrator for any ASO plans during 2009.

B. Administrative Service Contract (“ASC”) Plans

The Company did not serve as an administrator for any ASC plans during 2009.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Medicare Part D is a partially insured plan. The Company recorded a receivable of approximately \$24,000 and \$59,000 at December 31, 2009 and 2008, respectively, for cost reimbursements under the Medicare Part D program for the catastrophic reinsurance and low-income member cost-sharing subsidies..

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

The Company had no direct premiums written through managing general agents or third party administrators during 2009 or 2008.

20. Other Items

A. Extraordinary Items

The Company did not have any extraordinary items or transactions during 2009 or 2008.

B. Troubled Debt Restructuring

The Company did not have any restructured troubled debt during 2009 or 2008.

C. Other Disclosures

The Company did not have any unusual items during 2009 or 2008 that are not disclosed elsewhere in these notes to the financial statements.

D. Uncollected Premiums

At December 31, 2009 and 2008, the Company had admitted assets of approximately \$53,000 and \$98,000, respectively, in accounts receivable for A&H premiums. The Company routinely assesses the collectability of these receivables. Based upon Company experience, any potential loss that may result should any of the balance become uncollectible is not material to the Company's financial condition.

E. Business Interruption Insurance Recoveries

The Company did not have any recoveries to report as of December 31, 2009 or 2008.

F. State Transferable Tax Credits

The Company had no state transferable tax credits at December 31, 2009 or 2008.

G. Sub- Prime Mortgage Related Risk Exposure

- (1) The Company's investment policy limits investments in Asset Backed Securities, which include the sub-prime issuers. Further, the policy limits investments in private-issuer mortgage securities to 10% of the portfolio, which also includes sub-prime issuers. Company exposure to unrealized losses on sub-prime issuers is due only to changes in market prices. There are no realized losses due to not receiving anticipated cash flows. The Company's holdings have mainly maintained NAIC 1 and 2 ratings.
- (2) The Company has no direct exposure through investments in sub-prime mortgage loans.
- (3) The Company's had no direct exposure through other investments in 2009.
- (4) The Company has no underwriting exposure through mortgage guaranty or financial guaranty insurance coverage.

21. Events Subsequent

The Company had no Type I or Type II subsequent events.

22. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company?

Yes () No (X)

If yes, give full details.

- (2) Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (X)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the Company have any 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?

Yes () No (X)

- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the company to the reinsurer, and who which such obligation is not presently accrued? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.
- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in this statement?

- (2) Does the Company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts which, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (X)

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premiums or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts which were in-force or which had existing reserves established by the Company as of the effective date of the agreement?

Yes () No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments?

B. Uncollectible Reinsurance

No specific reinsurance recoverables were written off by the Company as uncollectible during 2009 or 2008.

C. Commutation of Ceded Reinsurance

During the current year, no ceded reinsurance was commuted and charged to income.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

The Company has Medicare business, which is subject to a retrospective rating feature related to Part D premiums. The Company has estimated accrued retrospective premiums related to certain Part D premiums based on guidelines determined by CMS. The formula is tiered and based on bid medical loss ratios. The amount of Part D premium subject to retrospective rating was approximately \$461,000 and \$394,000 representing 2.5% and 1.98% of net premium income as of December 31, 2009 and 2008, respectively.

Estimated accrued retrospective premiums due to (from) the Company are recorded in uncollected premium or aggregate health policy reserves on the statutory basis statements of admitted assets, liabilities, and capital and surplus and as an adjustment to change in unearned premium reserves and reserve for rate credits or net premium income on the statutory basis statements of operations.

24. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2008 were approximately \$2,410,000. As of December 31, 2009, approximately \$1,184,000 has been paid for incurred claims attributable to insured events of prior years. Reserves remaining for prior periods are now approximately \$49,000 as a result of re-estimation of unpaid claims expenses principally on Medicare lines of insurance. Therefore, there has been an approximate \$1,177,000 favorable prior year development since December 31, 2008 to December 31, 2009. The decrease 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 decrease, the Company experienced approximately \$16,000 of unfavorable prior year claim development on retrospectively rated policies. However, the business to which it relates is subject to premium adjustments.

25. Intercompany Pooling Arrangements

The Company was not a party to any intercompany pooling arrangements..

26. Structured Settlements

None.

27. Health Care Receivables

A. Pharmaceutical Rebate Receivables

RxSolutions acts as a pharmacy benefit management company for the Company. RxSolutions collects prescription drug costs from the Company for prescriptions filled within its pharmacy network and

distributes proceeds to the pharmacies. In addition, RxSolutions collects rebates from pharmaceutical companies and funding for health economics programs and passes the proceeds to the Company.

Pharmacy rebates receivable are recorded by the Company when reasonably estimated or billed by RxSolutions in accordance with pharmacy rebate contract provisions. Information used to support rebates billed to the manufacturer is based on utilization information gathered by RxSolutions and adjusted for significant changes in pharmaceutical contract provisions. When cash is received from the pharmaceutical companies, RxSolutions passes the cash to the Company within the month received.

The Company reported pharmacy rebates receivable of approximately \$87,000, of which approximately \$75,000 was admitted pursuant to SSAP No. 84 as of December 31, 2009. The following table summarizes the collection of pharmacy rebates (in thousands).

Quarter	Estimated Pharmacy Rebates	Pharmacy Billed	Rebates Collected Within 90 Days of Invoicing/ Confirmation	Rebates Received Within 91 to 180 Days of Invoicing/ Confirmation	Rebates Received More Than 181 Days of Invoicing/ Confirmation
December 31, 2009	\$ 55	\$ -	\$ -	\$ -	\$ -
September 30, 2009	51	57	32	-	-
June 30, 2009	49	57	42	12	-
March 31, 2009	44	45	31	10	1
December 31, 2008	34	36	33	2	-
September 30, 2008	34	35	34	1	-
June 30, 2008	30	30	23	1	6
March 31, 2008	28	28	21	12	(5)
December 31, 2007	174	22	19	3	-
September 30, 2007	164	139	141	3	(5)
June 30, 2007	174	166	150	13	3
March 31, 2007	175	163	78	83	2

No other items are included with health care receivables.

B. Risk Sharing Receivables

The Company reports no risk-sharing receivables on the accompanying financial statements.

28. Participating Policies

The Company does not issue any participating policies

29. Premium Deficiency Reserves

The Company recorded premium deficiency reserves of \$722,000 and \$539,000 as of December 31, 2009 and 2008. Premium deficiency reserves are included in aggregate health policy reserves in the statutory statements of assets, liabilities, and capital and surplus. The Company did consider anticipated investment income when calculating premium deficiency reserves.

30. Anticipated Salvage and Subrogation

The Company does not anticipate salvage and subrogation recoverable.

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 []
- 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 [] No [X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008
- 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. 12/31/2005
- 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). 03/22/2007
- 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 [X] No [] N/A []
- 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 []
- 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 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 |
|---------------------|------------------------|------------------------|
| | | |
- 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(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 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 [X] No []
- 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 Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
OptumHealth Bank, Inc.	Salt Lake City, Utah	NO	NO	NO	YES	NO

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche, LLP, Minneapolis, MN
10. 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?
Allen J. Sorbo, President, Chief Executive Officer and Chief Actuary of UnitedHealthcare Insurance Company, and affiliate of UnitedHealthcare of Arkansas, Inc., Hartford, Ct.
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved
- 11.13 Total book/adjusted carrying value \$
- 11.2 If, yes provide explanation:
.....

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

- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 13.1 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.
- 13.11 If the response to 13.1 is No, please explain:
.....
- 13.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
.....
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).
.....

BOARD OF DIRECTORS

14. 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 []
15. 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 []
16. 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 with the official duties of such person? Yes [X] No []

GENERAL INTERROGATORIES

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.11 To directors or other officers \$ 0
 - 18.12 To stockholders not officers \$ 0
 - 18.13 Trustees, supreme or grand (Fraternal Only) \$ 0
- 18.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.21 To directors or other officers \$ 0
 - 18.22 To stockholders not officers \$ 0
 - 18.23 Trustees, supreme or grand (Fraternal Only) \$ 0
- 19.1 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]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- 19.21 Rented from others \$
 - 19.22 Borrowed from others \$
 - 19.23 Leased from others \$
 - 19.24 Other \$
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [X] No []
- 20.2 If answer is yes,
- 20.21 Amount paid as losses or risk adjustment \$
 - 20.22 Amount paid as expenses \$ 87,912
 - 20.23 Other amounts paid \$
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

INVESTMENT

- 22.1 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 22.3) Yes [X] No []
- 22.2 If no, give full and complete information relating thereto:
- 22.3 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 16 where this information is also provided)
- 22.4 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]
- 22.5 If answer to 22.4 is YES, report amount of collateral. \$
- 22.6 If answer to 22.4 is NO, report amount of collateral. \$
- 23.1 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 19.1 and 22.3). Yes [X] No []
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Subject to repurchase agreements \$ 0
 - 23.22 Subject to reverse repurchase agreements \$
 - 23.23 Subject to dollar repurchase agreements \$
 - 23.24 Subject to reverse dollar repurchase agreements \$
 - 23.25 Pledged as collateral \$
 - 23.26 Placed under option agreements \$
 - 23.27 Letter stock or other securities restricted as to sale \$
 - 23.28 On deposit with state or other regulatory body \$ 300,784
 - 23.29 Other \$

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A []
If no, attach a description with this statement.
- 25.1 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]
- 25.2 If yes, state the amount thereof at December 31 of the current year. \$

GENERAL INTERROGATORIES

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

26.01 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
Bank of New York Mellon	Global Liquidity Services, 1 Wall Street, 14th Floor, New York, NY 10286

26.02 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)

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes No

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
0	BNY Mellon	10/17/2009	Automation

26.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/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

27.1 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

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
27.2999 - Total		0

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

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

GENERAL INTERROGATORIES

28. 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 (+)
28.1 Bonds	1,895,174	1,918,366	23,192
28.2 Preferred stocks			0
28.3 Totals	1,895,174	1,918,366	23,192

28.4 Describe the sources or methods utilized in determining the fair values:

For those securities that had prices in the NAIC SVO ISIS database, those prices were used; for those securities that did not have prices in the NAIC SVO ISIS database, GAAP pricing was used. GAAP pricing was obtained from HUB, which is an external data sources vendor. Hub utilizes various pricing sources. <http://www.hubdata.com/homepage.asp>.

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

29.2 If 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 [] No []

29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D: <http://hubdata.com/homepage.asp>

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

30.2 If no, list exceptions:

OTHER

31.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$

31.2 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

32.1 Amount of payments for legal expenses, if any?\$76,827

32.2 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
Mitchell, Williams, Selig, Gates, Woodyard, PLLC	68,687

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

33.2 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

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. \$ _____ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ _____ 0

1.62 Total incurred claims \$ _____ 0

1.63 Number of covered lives 0

All years prior to most current three years

1.64 Total premium earned \$ _____ 0

1.65 Total incurred claims \$ _____ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ _____ 0

1.72 Total incurred claims \$ _____ 0

1.73 Number of covered lives 0

All years prior to most current three years

1.74 Total premium earned \$ _____ 0

1.75 Total incurred claims \$ _____ 0

1.76 Number of covered lives 0

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	18,172,094	19,968,482
2.2 Premium Denominator	18,172,094	19,968,482
2.3 Premium Ratio (2.1/2.2)	1.000	1.000
2.4 Reserve Numerator	2,888,612	2,964,006
2.5 Reserve Denominator	2,888,615	2,964,005
2.6 Reserve Ratio (2.4/2.5)	1.000	1.000

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, as 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 [] No [X]

5.2 If no, explain
Entity has insolvency only reinsurance agreement.

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical \$ _____ 0

5.32 Medical Only \$ _____ 0

5.33 Medicare Supplement \$ _____ 0

5.34 Dental & 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:
Hold harmless clauses in provider agreements and continuation of coverage endorsements in reinsurance agreement.

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 4,610

8.2 Number of providers at end of reporting year 4,938

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 \$ _____

GENERAL INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [] No []
- 10.2 If yes:
- | | | |
|---|----------|-------|
| 10.21 Maximum amount payable bonuses | \$ | 1,031 |
| 10.22 Amount actually paid for year bonuses | \$ | 0 |
| 10.23 Maximum amount payable withholds | \$ | |
| 10.24 Amount actually paid for year withholds | \$ | |
- 11.1 Is the reporting entity organized as:
- | | | |
|--|----------------------------------|--|
| 11.12 A Medical Group/Staff Model, | Yes [<input type="checkbox"/>] | No [<input checked="" type="checkbox"/>] |
| 11.13 An Individual Practice Association (IPA), or, .. | Yes [<input type="checkbox"/>] | No [<input checked="" type="checkbox"/>] |
| 11.14 A Mixed Model (combination of above)? | Yes [<input type="checkbox"/>] | No [<input checked="" type="checkbox"/>] |
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [] No []
- 11.3 If yes, show the name of the state requiring such net worth Arkansas
- 11.4 If yes, show the amount required \$ 1,831,478
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No []
- 11.6 If the amount is calculated, show the calculation
NAIC RBC Model, 200% of Authorized Control Level
12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Arkansas
Ashley
Benton
Bradley
Carroll
Chicot
Clay
Cleburne
Cleveland
Columbia
Conway
Craighead
Crawford
Crittenden
Cross
Dallas
Desha
Drew
Faulkner
Franklin
Fulton
Garland
Grant
Hempstead
Howard
Hot Springs
Izard
Jackson
Jefferson
Johnson
Lawrence
Lincoln
Little River
Logan
Lonoke
Madison
Miller
Montgomery
Quachita
Perry
Pike
Polk
Poinsett
Pope
Prairie
Pulaski
Saline
Scott
Searcy
Sebastian
Sevier
Sharp
Van Buren
Washington
White
Woodruff
Yell

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE UnitedHealthcare of Arkansas, Inc.

- 13.1 Do you act as a custodian for health savings accounts? 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 funds administered as of the reporting date. \$

FIVE-YEAR HISTORICAL DATA

	1 2009	2 2008	3 2007	4 2006	5 2005
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	9,078,783	8,818,913	10,468,637	12,195,897	17,350,569
2. Total liabilities (Page 3, Line 22)	3,755,758	4,014,258	3,618,089	4,304,235	5,325,780
3. Statutory surplus	1,831,478	1,983,470	2,323,390	2,844,648	3,666,986
4. Total capital and surplus (Page 3, Line 31)	5,323,025	4,804,656	6,850,548	7,891,662	12,024,789
Income Statement (Page 4)					
5. Total revenues (Line 8)	18,099,359	19,933,320	23,851,236	30,660,236	49,153,822
6. Total medical and hospital expenses (Line 18)	13,982,080	15,350,597	15,483,860	20,266,604	35,409,745
7. Claims adjustment expenses (Line 20)	408,847	476,718	585,250	712,067	1,168,079
8. Total administrative expenses (Line 21)	2,664,443	2,831,921	3,744,795	4,650,001	7,362,542
9. Net underwriting gain (loss) (Line 24)	860,990	885,734	3,975,231	5,002,014	5,185,456
10. Net investment gain (loss) (Line 27)	23,978	194,118	587,561	855,174	931,590
11. Total other income (Lines 28 plus 29)	0	106	0	0	0
12. Net income or (loss) (Line 32)	520,435	529,612	2,862,827	3,969,188	4,068,046
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(64,693)	1,235,699	1,983,940	2,546,552	3,051,730
Risk-Based Capital Analysis					
14. Total adjusted capital	5,323,025	4,804,656	6,850,548	7,891,662	12,024,789
15. Authorized control level risk-based capital	915,739	991,735	1,161,695	1,422,324	1,833,493
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	3,166	3,714	4,910	6,720	13,944
17. Total members months (Column 6, Line 7)	40,951	49,974	67,679	93,723	185,623
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 (Lines 18 plus Line 19)	77.3	77.0	64.9	66.1	72.0
20. Cost containment expenses	0.5	0.2	0.1	0.3	0.2
21. Other claims adjustment expenses	1.7	2.2	2.3	2.1	2.6
22. Total underwriting deductions (Line 23)	95.2	95.6	83.3	83.7	89.5
23. Total underwriting gain (loss) (Line 24)	4.8	4.4	16.7	16.3	10.5
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	1,232,695	1,852,807	1,996,493	3,056,674	4,666,842
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	2,368,749	2,327,904	2,923,057	4,480,433	5,712,275
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	0	0	0	0	0

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 States, etc.	2 Active Status	Direct Business Only							9 Deposit-Type Contracts	
		3 Accident & Health Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Other Considerations	8 Property/Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama AL	N							0		
2. Alaska AK	N							0		
3. Arizona AZ	N							0		
4. Arkansas AR	L	12,274,055	5,916,197					18,190,252		
5. California CA	N							0		
6. Colorado CO	N							0		
7. Connecticut CT	N							0		
8. Delaware DE	N							0		
9. District of Columbia DC	N							0		
10. Florida FL	N							0		
11. Georgia GA	N							0		
12. Hawaii HI	N							0		
13. Idaho ID	N							0		
14. Illinois IL	N							0		
15. Indiana IN	N							0		
16. Iowa IA	N							0		
17. Kansas KS	N							0		
18. Kentucky KY	N							0		
19. Louisiana LA	N							0		
20. Maine ME	N							0		
21. Maryland MD	N							0		
22. Massachusetts MA	N							0		
23. Michigan MI	N							0		
24. Minnesota MN	N							0		
25. Mississippi MS	N							0		
26. Missouri MO	N							0		
27. Montana MT	N							0		
28. Nebraska NE	N							0		
29. Nevada NV	N							0		
30. New Hampshire NH	N							0		
31. New Jersey NJ	N							0		
32. New Mexico NM	N							0		
33. New York NY	N							0		
34. North Carolina NC	N							0		
35. North Dakota ND	N							0		
36. Ohio OH	N							0		
37. Oklahoma OK	N							0		
38. Oregon OR	N							0		
39. Pennsylvania PA	N							0		
40. Rhode Island RI	N							0		
41. South Carolina SC	N							0		
42. South Dakota SD	N							0		
43. Tennessee TN	N							0		
44. Texas TX	N							0		
45. Utah UT	N							0		
46. Vermont VT	N							0		
47. Virginia VA	N							0		
48. Washington WA	N							0		
49. West Virginia WV	N							0		
50. Wisconsin WI	N							0		
51. Wyoming WY	N							0		
52. American Samoa AS	N							0		
53. Guam GU	N							0		
54. Puerto Rico PR	N							0		
55. U.S. Virgin Islands VI	N							0		
56. Northern Mariana Islands MP	N							0		
57. Canada CN	N							0		
58. Aggregate Other Aliens OT	XXX	0	0	0	0	0	0	0	0	
59. Subtotal	XXX	12,274,055	5,916,197	0	0	0	0	18,190,252	0	
60. Reporting Entity Contributions for Employee Benefit Plans	XXX							0		
61. Totals (Direct Business)	(a) 1	12,274,055	5,916,197	0	0	0	0	18,190,252	0	
DETAILS OF WRITE-INS										
5801.	XXX									
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	
5899. Totals (Lines 5801 through 5803 plus 5898)(Line 58 above)	XXX	0	0	0	0	0	0	0	0	

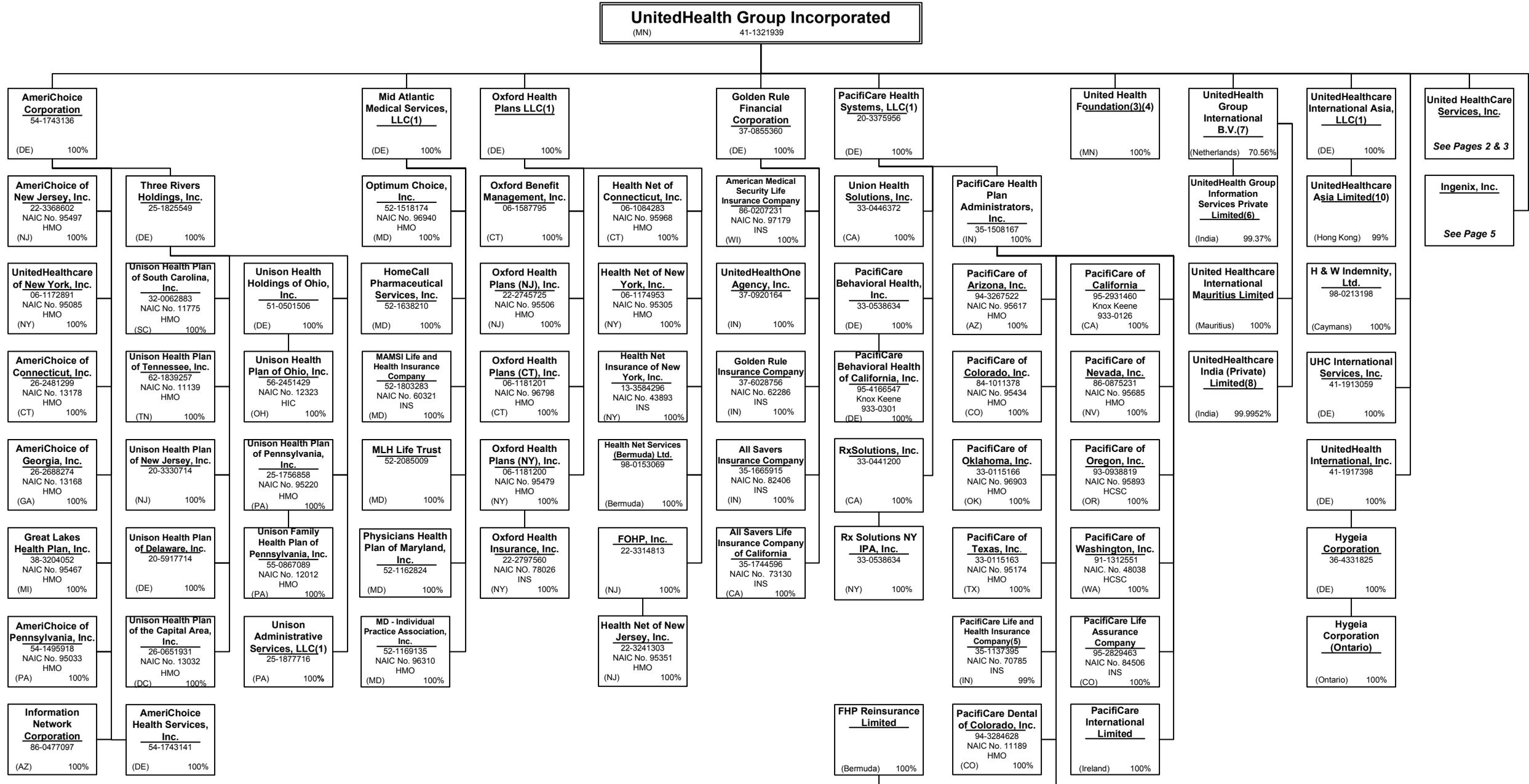
Explanation of basis of allocation by states, premiums by state, etc.

Premiums allocated by state based upon Geographic Market.

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

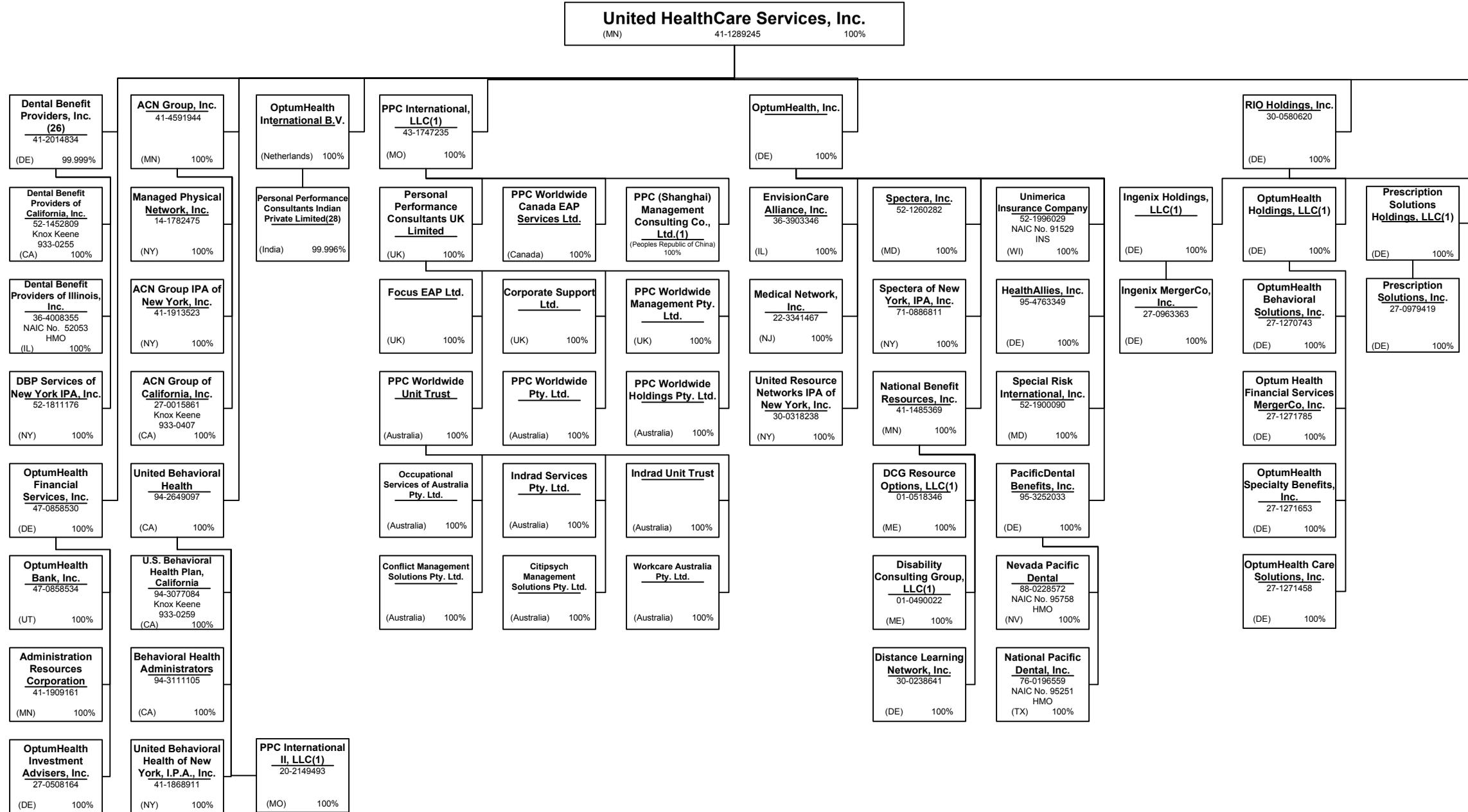
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



Continued on Page 3

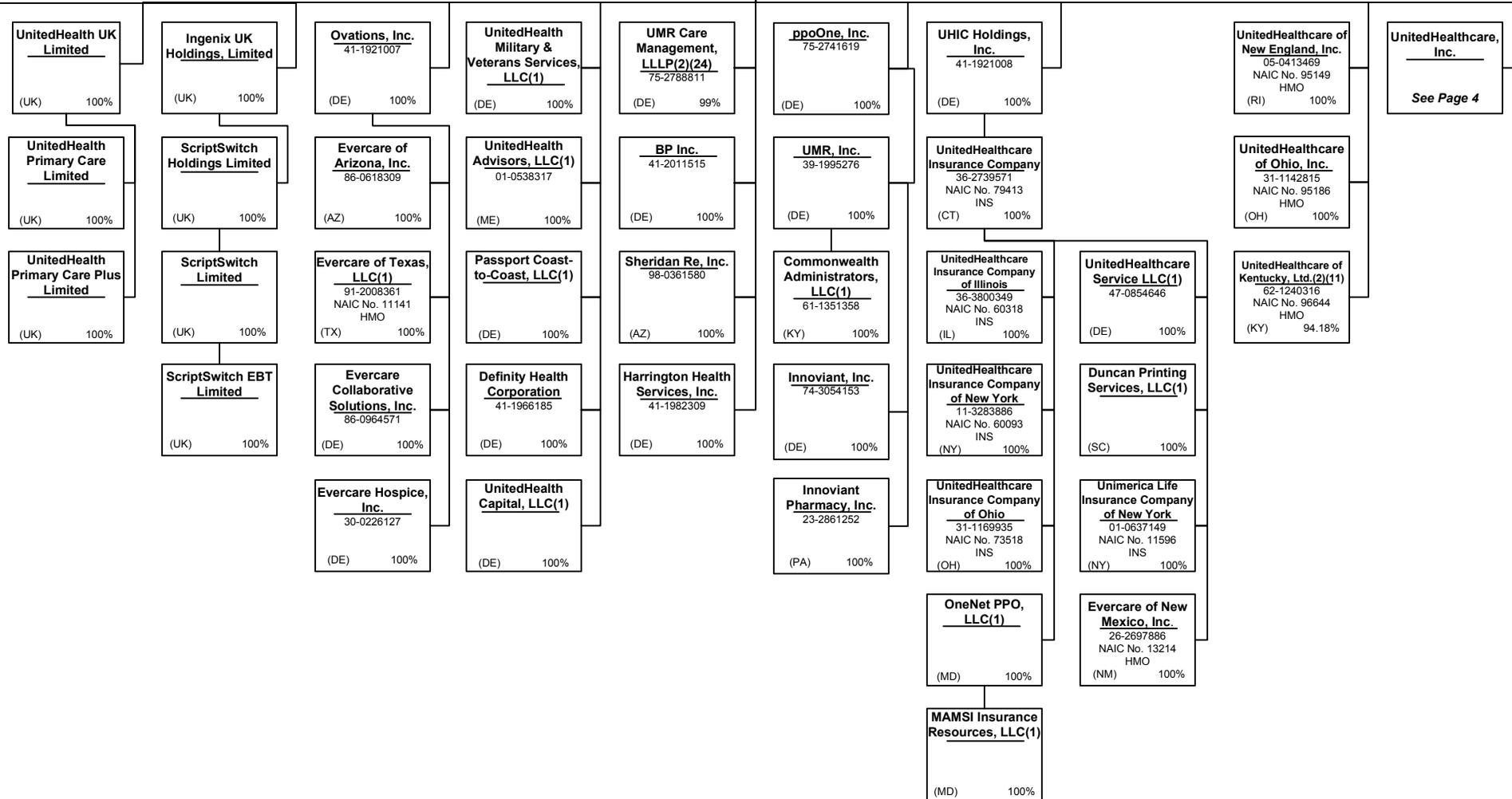
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

United HealthCare Services, Inc.

(MN) 41-1289245 100%

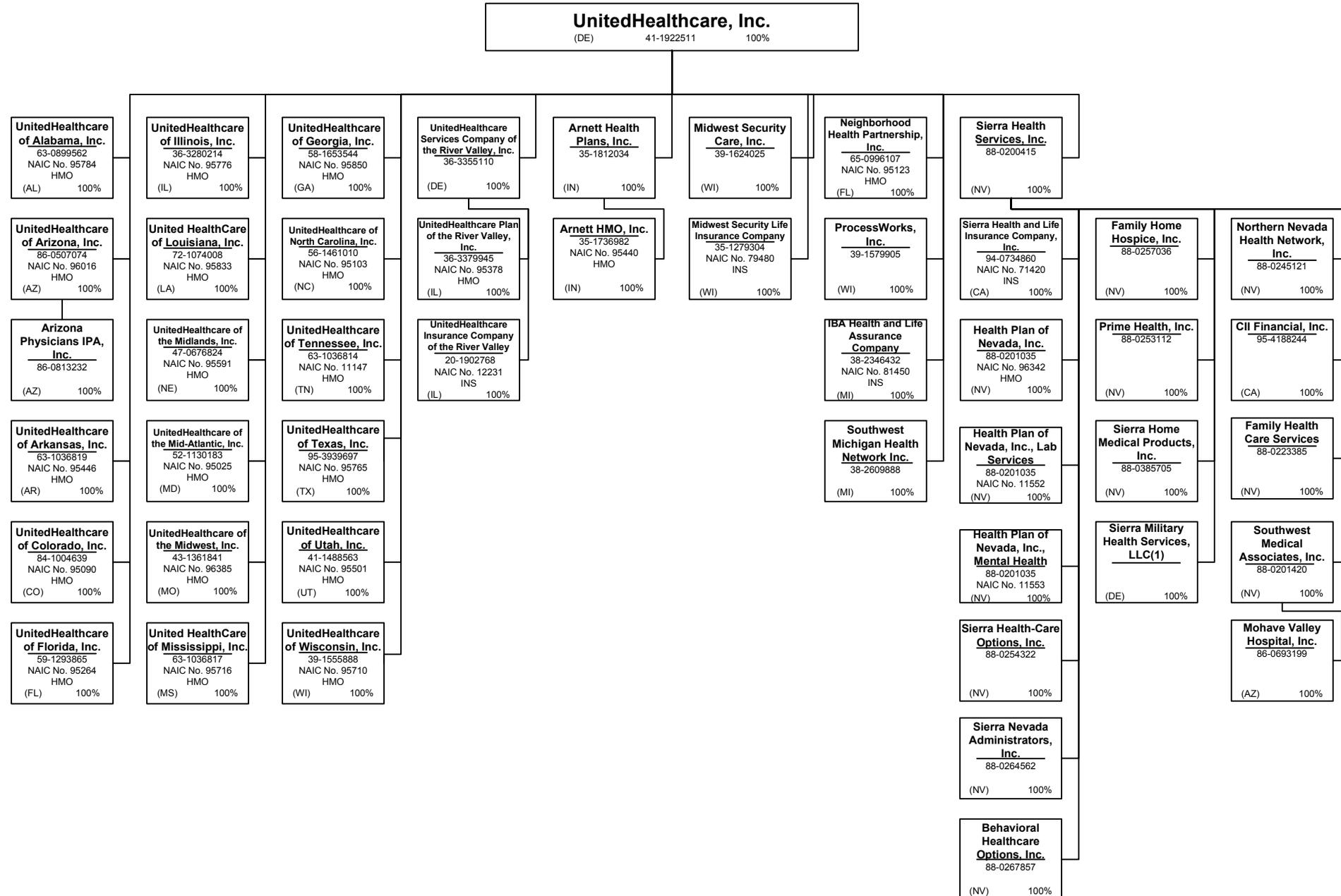
Continued from
Page 2



38.2

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

PART 1 - ORGANIZATIONAL CHART



38.3

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

Notes

All legal entities on the Organization Chart are Corporations unless otherwise indicated.

(1) Entity is a Limited Liability Company

(2) Entity is a Partnership

(3) Entity is a Non-Profit Corporation

(4) Control of the Foundation is based on sole membership, not the ownership of voting securities

(5) PacifiCare Life and Health Insurance Company is 99% owned by PacifiCare Health Plan Administrators, Inc. and 1% owned by PacifiCare Health Systems, LLC

(6) UnitedHealth Group Information Services Private Limited is 99.37% owned by UnitedHealth Group International B.V.. The remaining 0.63% is owned by UnitedHealth International, Inc.

(7) UnitedHealth Group International B.V. is 70.56% owned by UnitedHealth Group Incorporated and 29.44% owned by United HealthCare Services, Inc.

(8) United Healthcare India (Private) Limited is 99.9952% owned by UnitedHealth Group International B.V. and 0.0048% owned by UnitedHealth International, Inc.

(9) LLC i3 Ukraine is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by Ingenix Pharmaceutical Services, Inc.

(10) UnitedHealthcare Asia Limited is 99% owned by UnitedHealthcare International Asia, LLC and 1% owned by UnitedHealth International, Inc.

(11) General partnership interests are held by United HealthCare Services, Inc. (89.77%) and by UnitedHealthcare, Inc. (10.23%). United HealthCare Services, Inc. also holds 100% of the limited partnership interests. When combining general and limited partner interests, United HealthCare Services, Inc. owns 94.18% and UnitedHealthcare, Inc. owns 5.83%.

(12) Ingenix International (Hong Kong) Limited is 99.99% owned by Ingenix Pharmaceutical Services, Inc. and 0.01% owned by Ingenix, Inc.

(13) Ingenix Pharmaceutical Services de Argentina S.R.L. is 95% owned by Ingenix International (Netherlands) B.V. and 5% owned by Ingenix, Inc.

(14) Ingenix Canada Partnership is 99.998% owned by Ingenix Pharmaceutical Services, Inc. and 0.002% owned by Ingenix, Inc.

(15) Ingenix International (Italy) S.r.l. is 99% owned by Ingenix Pharmaceutical Services (UK) Limited and 1% owned by Ingenix Pharmaceutical Services, Inc.

(16) Ingenix International Hungary Ltd. is 96.67% owned by Ingenix Pharmaceutical Services, Inc. and 3.33% owned by Ingenix, Inc.

(17) i3 Latin América Uruguay S.R.L. is 95% owned by Ingenix International (Netherlands) B.V. and 5% owned by Ingenix Pharmaceutical Services, Inc.

(18) i3 Latin America Argentina S.A. is 95% owned by Ingenix International (Netherlands) B.V. and 5% owned by Ingenix Pharmaceutical Services, Inc.

(19) i3 Latin America Chile S.A. is 99.9999% owned by Ingenix International (Netherlands) B.V. and 0.0001% owned by Ingenix Pharmaceutical Services, Inc.

(20) i3 Latin America Brasil Serviços de Pesquisa Clínica Ltda. Is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by Ingenix Pharmaceutical Services, Inc.

(21) Ingenix Pharmaceutical Services Mexico S.A. de C.V. is 99.98% owned by Ingenix International (Netherlands) B.V. The remaining 0.02% is owned by i3 Latin America Argentina S.A..

(22) i3 Latin America Perú S.A. is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by i3 Latin America Argentina S.A.

(23) i3 Research India Private Limited is 95% owned by Ingenix Pharmaceutical Services, Inc. and 5% owned by Ingenix, Inc.

(24) Limited partnership interest is held by United HealthCare Services, Inc. (99%). General partnership interest is held by UMR, Inc. (1%)

(25) Romania i3 Research Ingenix S.R.L. is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by Ingenix Pharmaceutical Services (UK) Limited

(26) Dental Benefit Providers, Inc. is 99.999% owned by United HealthCare Services, Inc. and 0.001% owned by PacificDental Benefits, Inc.

(27) i3 Ingenix (Belgium) is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by Ingenix Pharmaceutical Services, Inc.

(28) Personal Performance Consultants India Private Limited is 99.996% owned by OptumHealth International B.V. and 0.004 % owned by United Behavioral Health.

OVERFLOW PAGE FOR WRITE-INS

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 - Enrollment By Product Type for Health Business Only	17
Exhibit 2 - Accident and Health Premiums Due and Unpaid	18
Exhibit 3 - Health Care Receivables	19
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus	20
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates	21
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates	22
Exhibit 7 - Part 1 - Summary of Transactions With Providers	23
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries	23
Exhibit 8 - Furniture, Equipment and Supplies Owned	24
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	29
Five-Year Historical Data	28
General Interrogatories	26
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	25
Overflow Page For Write-ins	41
Schedule A - Part 1	E01
Schedule A - Part 2	E02
Schedule A - Part 3	E03
Schedule A - Verification Between Years	SI02
Schedule B - Part 1	E04
Schedule B - Part 2	E05
Schedule B - Part 3	E06
Schedule B - Verification Between Years	SI02
Schedule BA - Part 1	E07
Schedule BA - Part 2	E08
Schedule BA - Part 3	E09
Schedule BA - Verification Between Years	SI03
Schedule D - Part 1	E10
Schedule D - Part 1A - Section 1	SI05
Schedule D - Part 1A - Section 2	SI08
Schedule D - Part 2 - Section 1	E11
Schedule D - Part 2 - Section 2	E12
Schedule D - Part 3	E13
Schedule D - Part 4	E14
Schedule D - Part 5	E15
Schedule D - Part 6 - Section 1	E16
Schedule D - Part 6 - Section 2	E16
Schedule D - Summary By Country	SI04
Schedule D - Verification Between Years	SI03
Schedule DA - Part 1	E17
Schedule DA - Verification Between Years	SI11
Schedule DB - Part A - Section 1	E18
Schedule DB - Part A - Section 2	E18
Schedule DB - Part A - Section 3	E19
Schedule DB - Part A - Verification Between Years	SI12
Schedule DB - Part B - Section 1	E19
Schedule DB - Part B - Section 2	E20
Schedule DB - Part B - Section 3	E20
Schedule DB - Part B - Verification Between Years	SI12
Schedule DB - Part C - Section 1	E21
Schedule DB - Part C - Section 2	E21
Schedule DB - Part C - Section 3	E22
Schedule DB - Part C - Verification Between Years	SI13
Schedule DB - Part D - Section 1	E22
Schedule DB - Part D - Section 2	E23
Schedule DB - Part D - Section 3	E23
Schedule DB - Part D - Verification Between Years	SI13
Schedule DB - Part E - Section 1	E24
Schedule DB - Part E - Verification	SI13
Schedule DB - Part F - Section 1	SI14
Schedule DB - Part F - Section 2	SI15

ANNUAL STATEMENT BLANK (Continued)

Schedule E - Part 1 - Cash	E25
Schedule E - Part 2 - Cash Equivalents	E26
Schedule E - Part 3 - Special Deposits	E27
Schedule E - Verification Between Years	SI16
Schedule S - Part 1 - Section 2	30
Schedule S - Part 2	31
Schedule S - Part 3 - Section 2	32
Schedule S - Part 4	33
Schedule S - Part 5	34
Schedule S - Part 6	35
Schedule T - Part 2 - Interstate Compact	37
Schedule T - Premiums and Other Considerations	36
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group	38
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates	39
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	40
Underwriting and Investment Exhibit - Part 1	8
Underwriting and Investment Exhibit - Part 2	9
Underwriting and Investment Exhibit - Part 2A	10
Underwriting and Investment Exhibit - Part 2B	11
Underwriting and Investment Exhibit - Part 2C	12
Underwriting and Investment Exhibit - Part 2D	13
Underwriting and Investment Exhibit - Part 3	14