



ANNUAL STATEMENT

For the Year Ending December 31, 2009

OF THE CONDITION AND AFFAIRS OF THE

Windsor Health Plan, Inc.

NAIC Group Code 1268 , 1268 NAIC Company Code 95792 Employer's ID Number 62-1531881
(Current Period) (Prior Period)

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

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health[] Property/Casualty[] Hospital, Medical & Dental Service or Indemnity[]
 Dental Service Corporation[] Vision Service Corporation[] Health Maintenance Organization[X]
 Other[] Is HMO Federally Qualified? Yes[] No[X] N/A[]

Incorporated/Organized 05/14/1993 Commenced Business 01/01/1994

Statutory Home Office 7100 Commerce Way, Suite 285 , Brentwood, TN 37027
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 7100 Commerce Way, Suite 285
(Street and Number)

Brentwood, TN 37027 (615)782-7800
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 7100 Commerce Way, Suite 285 , Brentwood, TN 37027
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 7100 Commerce Way, Suite 285
(Street and Number)

Brentwood, TN 37027 (615)782-7914
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.windsorhealthgroup.com

Statutory Statement Contact Jennifer Giannotti (615)782-7914
(Name) (Area Code)(Telephone Number)(Extension)
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(E-Mail Address) (Fax Number)

OFFICERS

Name	Title
Michael Bailey	President
Willis Jones	Secretary Treasurer

OTHERS

DIRECTORS OR TRUSTEES

Phillip Hertik
Michael Bailey

Willis Jones

State of Tennessee
 County of Williamson ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the 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.

_____ <small>(Signature)</small> Michael Bailey <small>(Printed Name)</small> 1. President <small>(Title)</small>	_____ <small>(Signature)</small> Willis Jones <small>(Printed Name)</small> 2. Secretary <small>(Title)</small>	_____ <small>(Signature)</small> <small>(Printed Name)</small> 3. Treasurer <small>(Title)</small>
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Subscribed and sworn to before me this _____ day of _____, 2010

- 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

 03/01/2010

(Notary Public Signature)

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1-2)	Net Admitted Assets
1. Bonds (Schedule D)	10,709,111		10,709,111	5,925,129
2. Stocks (Schedule D)				
2.1 Preferred stocks				
2.2 Common Stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)				
4.2 Properties held for the production of income (less \$.....0 encumbrances)				
4.3 Properties held for sale (less \$.....0 encumbrances)				
5. Cash (\$.....(2,741,710) Schedule E Part 1), cash equivalents (\$.....626,265 Schedule E Part 2) and short-term investments (\$.....25,999,000 Schedule DA)	23,883,555		23,883,555	39,091,616
6. Contract loans (including \$.....0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	34,592,666		34,592,666	45,016,745
11. Title plants less \$.....0 charged off (for Title insurers only)				
12. Investment income due and accrued	260,716		260,716	96,346
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	523,181		523,181	385,940
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums	26,000,000		26,000,000	6,599,942
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				336,668
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				787,911
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset	2,330,194	2,330,194		
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software	290,000		290,000	
19. Furniture and equipment, including health care delivery assets (\$.....0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	1,137,281		1,137,281	2,460,520
22. Health care (\$.....3,596,003) and other amounts receivable	3,913,131	317,128	3,596,003	2,316,683
23. Aggregate write-ins for other than invested assets				
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	69,047,169	2,647,322	66,399,847	58,000,755
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	69,047,169	2,647,322	66,399,847	58,000,755
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301. Prepaid Expenses				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded)	36,674,211		36,674,211	25,264,373
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	831,426		831,426	777,996
4. Aggregate health policy reserves	1,797,959		1,797,959	3,011,379
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance				410,371
9. General expenses due or accrued	816,404		816,404	341,729
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
13. Remittances and items not allocated				
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15. Amounts due to parent, subsidiaries and affiliates				
16. Payable for securities				
17. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
18. Reinsurance in unauthorized companies				
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Liability for amounts held under uninsured plans	10,105,533		10,105,533	28,814,392
21. Aggregate write-ins for other liabilities (including \$.....0 current)				
22. TOTAL Liabilities (Lines 1 to 21)	50,225,533		50,225,533	58,620,240
23. Aggregate write-ins for special surplus funds	X X X	X X X		
24. Common capital stock	X X X	X X X	100,000	100,000
25. Preferred capital stock	X X X	X X X		
26. Gross paid in and contributed surplus	X X X	X X X	103,311,962	90,721,962
27. Surplus notes	X X X	X X X	4,231,300	4,231,300
28. Aggregate write-ins for other than special surplus funds	X X X	X X X		
29. Unassigned funds (surplus)	X X X	X X X	(91,468,948)	(95,672,747)
30. Less treasury stock, at cost:				
30.1 .....0 shares common (value included in Line 24 \$.....0)	X X X	X X X		
30.2 .....0 shares preferred (value included in Line 25 \$.....0)	X X X	X X X		
31. TOTAL Capital and Surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	16,174,314	(619,485)
32. TOTAL Liabilities, Capital and Surplus (Lines 22 and 31)	X X X	X X X	66,399,847	58,000,755
DETAILS OF WRITE-INS				
2101. 0				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page				
2199. TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)				
2301.	X X X	X X X		
2302.	X X X	X X X		
2303.	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801. 0	X X X	X X X		
2802.	X X X	X X X		
2803.	X X X	X X X		
2898. Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899. TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	615,750	443,651
2. Net premium income (including \$.....0 non-health premium income)	X X X	366,622,814	279,828,786
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$.....0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. TOTAL Revenues (Lines 2 to 7)	X X X	366,622,814	279,828,786
Hospital and Medical:			
9. Hospital/medical benefits		239,977,537	179,124,520
10. Other professional services			
11. Outside referrals		18,676,744	24,684,428
12. Emergency room and out-of-area		5,885,554	4,937,405
13. Prescription drugs		47,435,349	36,714,252
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts		451,741	163,794
16. Subtotal (Lines 9 to 15)		312,426,925	245,624,399
Less:			
17. Net reinsurance recoveries		147,293	622,449
18. TOTAL Hospital and Medical (Lines 16 minus 17)		312,279,632	245,001,950
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.....196,395 cost containment expenses		249,825	647,544
21. General administrative expenses		53,166,496	44,635,917
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23. TOTAL Underwriting Deductions (Lines 18 through 22)		365,695,953	290,285,411
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	926,861	(10,456,625)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		669,805	(117,012)
26. Net realized capital gains (losses) less capital gains tax of \$.....0			
27. Net investment gains (losses) (Lines 25 plus 26)		669,805	(117,012)
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29. Aggregate write-ins for other income or expenses			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	1,596,666	(10,573,637)
31. Federal and foreign income taxes incurred	X X X	558,833	(446,224)
32. Net income (loss) (Lines 30 minus 31)	X X X	1,037,833	(10,127,413)
DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	(619,485)	4,620,778
34. Net income or (loss) from Line 32	1,037,833	(10,127,413)
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0		
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		2,069,600
39. Change in nonadmitted assets	3,165,966	(4,014,133)
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in	12,590,000	6,831,683
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus		
48. Net change in capital and surplus (Lines 34 to 47)	16,793,799	(5,240,263)
49. Capital and surplus end of reporting year (Line 33 plus 48)	16,174,314	(619,485)
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	345,461,724	276,080,239
2.	Net investment income	698,812	(52,358)
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	346,160,536	276,027,881
5.	Benefit and loss related payments	300,255,017	237,926,036
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	70,809,164	22,461,159
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	(1,037,204)	
10.	Total (Lines 5 through 9)	370,026,977	260,387,195
11.	Net cash from operations (Line 4 minus Line 10)	(23,866,441)	15,640,686
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	2,440,000	2,840,000
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	2,440,000	2,840,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	7,417,359	3,000,613
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	7,417,359	3,000,613
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(4,977,359)	(160,613)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock	12,590,000	6,831,683
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	1,045,739	(3,133,664)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	13,635,739	3,698,019
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)	(15,208,061)	19,178,092
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	39,091,616	19,913,524
19.2	End of year (Line 18 plus Line 19.1)	23,883,555	39,091,616

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
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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	366,622,814						341,512,212		25,110,602	
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$.....0 medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues										X X X
6. Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. TOTAL Revenues (Lines 1 to 6)	366,622,814						341,512,212		25,110,602	
8. Hospital/medical benefits	239,977,537						239,977,537			X X X
9. Other professional services										X X X
10. Outside referrals	18,676,744						18,676,744			X X X
11. Emergency room and out-of-area	5,885,554						5,885,554			X X X
12. Prescription drugs	47,435,349						27,263,746	20,171,603		X X X
13. Aggregate write-ins for other hospital and medical										X X X
14. Incentive pool, withhold adjustments and bonus amounts	451,741						451,741			X X X
15. Subtotal (Lines 8 to 14)	312,426,925						292,255,322		20,171,603	X X X
16. Net reinsurance recoveries	147,293						147,293			X X X
17. TOTAL Hospital and Medical (Lines 15 minus 16)	312,279,632						292,108,029		20,171,603	X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$.....196,395 cost containment expenses	249,825						249,825			
20. General administrative expenses	53,166,496						49,651,012	3,515,484		
21. Increase in reserves for accident and health contracts										X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. TOTAL Underwriting Deductions (Lines 17 to 22)	365,695,953						342,008,866		23,687,087	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	926,861						(496,654)		1,423,515	
DETAILS OF WRITE-INS										
0501.										X X X
0502.										X X X
0503.										X X X
0598. Summary of remaining write-ins for Line 5 from overflow page										X X X
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										X X X
0601.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.										X X X
1302.										X X X
1303.										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

		1	2	3	4
	Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare	341,512,212	.....	.....	341,512,212
7.	Title XIX - Medicaid .....	.....	.....	.....	.....
8.	Other health	25,110,602	.....	.....	25,110,602
9.	Health subtotal (Lines 1 through 8)	366,622,814	.....	.....	366,622,814
10.	Life .....	.....	.....	.....	.....
11.	Property/casualty .....	.....	.....	.....	.....
12.	TOTALS (Lines 9 to 11)	366,622,814	.....	.....	366,622,814

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	304,141,809						284,229,381		19,912,428	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	304,141,809						284,229,381		19,912,428	
2. Paid medical incentive pools and bonuses	451,741						451,741			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	36,674,211						34,053,061		2,621,150	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	36,674,211						34,053,061		2,621,150	
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year										
6. Net healthcare receivables (a)	3,913,131						2,769,978		1,143,153	
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	25,264,373						23,967,788		1,296,585	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	25,264,373						23,967,788		1,296,585	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year	336,668						336,668			
12. Incurred benefits:										
12.1 Direct	311,638,516						291,544,676		20,093,840	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	(336,668)						(336,668)			
12.4 Net	311,975,184						291,881,344		20,093,840	
13. Incurred medical incentive pools and bonuses	451,741						451,741			

(a) Excludes \$.....0 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	Compre- hensive (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	5,865,006						3,243,856		2,621,150	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	5,865,006						3,243,856		2,621,150	
2. Incurred but Unreported:										
2.1 Direct	30,809,205						30,809,205			
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	30,809,205						30,809,205			
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	36,674,211						34,053,061		2,621,150	
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	36,674,211						34,053,061		2,621,150	

UNDERWRITING AND INVESTMENT EXHIBIT

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

	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business						
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare	26,750,192	260,384,831		34,053,061	26,750,192	23,967,788
7. Title XIX - Medicaid						
8. Other health	1,296,585	19,912,428		2,621,150	1,296,585	1,296,585
9. Health subtotal (Lines 1 to 8)	28,046,777	280,297,259		36,674,211	28,046,777	25,264,373
10. Healthcare receivables (a)	4,999,507	3,204,585	171,712	3,741,419	5,171,219	4,191,240
11. Other non-health						
12. Medical incentive pool and bonus amounts		451,741				
13. TOTALS (Lines 9 - 10 + 11 + 12)	23,047,270	277,544,415	(171,712)	32,932,792	22,875,558	21,073,133

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

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

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	X X X	37,759			
4. 2007	X X X	X X X	88,356	14,720	
5. 2008	X X X	X X X	X X X	224,614	28,046
6. 2009	X X X	X X X	X X X	X X X	280,297

Section B - Incurred Health Claims

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					
2. 2005					
3. 2006	X X X	45,661			
4. 2007	X X X	X X X	96,999	83,560	
5. 2008	X X X	X X X	X X X	25,264	28,046
6. 2009	X X X	X X X	X X X	X X X	316,971

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	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										
2. 2006	57,048		27		27	0.047			27	0.047
3. 2007	119,328		325		325	0.272			325	0.272
4. 2008		28,046	173	0.615	28,219				28,219	
5. 2009	25,111	280,297			280,297	1,116.232	36,674	831	317,802	1,265.589

12 Total

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP NONE

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

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	X X X	37,759			
4. 2007	X X X	X X X	83,560	13,378	
5. 2008	X X X	X X X	X X X	212,710	26,750
6. 2009	X X X	X X X	X X X	X X X	260,385

Section B - Incurred Health Claims

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					
2. 2005					
3. 2006	X X X	45,661			
4. 2007	X X X	X X X	96,999	83,560	
5. 2008	X X X	X X X	X X X	25,264	26,750
6. 2009	X X X	X X X	X X X	X X X	294,438

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	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										
2. 2006	57,048		27		27	0.047			27	0.047
3. 2007	113,143		325		325	0.287			325	0.287
4. 2008		26,750	173	0.645	26,923				26,923	
5. 2009		260,385			260,385		34,053	831	295,269	

12 Title XVIII-Medicare

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

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006					
4. 2007					
5. 2008			X X X		
6. 2009	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

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					
2. 2005					
3. 2006					
4. 2007					
5. 2008			X X X		
6. 2009	X X X	X X X	X X X	X X X	

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	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										
2. 2006										
3. 2007										
4. 2008										
5. 2009										

12 Title XIX-Medicaid

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

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	X X X				
4. 2007	X X X	X X X	4,796	1,342	
5. 2008	X X X	X X X	X X X	11,904	1,296
6. 2009	X X X	X X X	X X X	X X X	19,912

Section B - Incurred Health Claims

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					
2. 2005					
3. 2006	X X X				
4. 2007	X X X	X X X			
5. 2008	X X X	X X X	X X X		1,296
6. 2009	X X X	X X X	X X X	X X X	22,533

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	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										
2. 2006										
3. 2007	6,185									
4. 2008		1,296			1,296				1,296	
5. 2009	25,111	19,912			19,912	79.296	2,621		22,533	89.734

12 Other

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$.....0) for investment income	1,797,959								1,797,959
5. Aggregate write-ins for other policy reserves									
6. TOTALS (Gross)	1,797,959								1,797,959
7. Reinsurance ceded									
8. TOTALS (Net) (Page 3, Line 4)	1,797,959								1,797,959
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. TOTALS (Gross)									
13. Reinsurance ceded									
14. TOTALS (Net) (Page 3, Line 7)									
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)									

(a) Includes \$.....0 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 (\$.....0 for occupancy of own building)			1,374,232		1,374,232
2. Salaries, wages and other benefits			20,802,401		20,802,401
3. Commissions (less \$.....0 ceded plus \$.....0 assumed)			2,871,827		2,871,827
4. Legal fees and expenses			237,104		237,104
5. Certifications and accreditation fees			99,188		99,188
6. Auditing, actuarial and other consulting services			4,275,957		4,275,957
7. Traveling expenses			952,198		952,198
8. Marketing and advertising			2,813,266		2,813,266
9. Postage, express and telephone			2,535,776		2,535,776
10. Printing and office supplies			3,400,745		3,400,745
11. Occupancy, depreciation and amortization			1,744,847	193,377	1,938,224
12. Equipment			1,182,720		1,182,720
13. Cost or depreciation of EDP equipment and software	196,395	53,430			249,825
14. Outsourced services including EDP, claims, and other services			8,583,978		8,583,978
15. Boards, bureaus and association fees			49,469		49,469
16. Insurance, except on real estate			287,551		287,551
17. Collection and bank service charges			310,494		310,494
18. Group service and administration fees					
19. Reimbursements by uninsured plans			(37,445)		(37,445)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			33,799		33,799
23.2 State premium taxes			37,444		37,444
23.3 Regulator authority licenses and fees			124,710		124,710
23.4 Payroll taxes			1,486,232		1,486,232
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses					
26. TOTAL Expenses Incurred (Lines 1 to 25)	196,395	53,430	53,166,493	193,377	(a) 53,609,695
27. Less expenses unpaid December 31, current year			816,403		816,403
28. Add expenses unpaid December 31, prior year			341,742		341,742
29. Amounts receivable relating to uninsured plans, prior year			941,487		941,487
30. Amounts receivable relating to uninsured plans, current year					
31. TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	196,395	53,430	51,750,345	193,377	52,193,547
DETAILS OF WRITE-INS					
2501. 0					
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)					

(a) Includes management fees of \$.....50,936,304 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 109,352	466,566
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) 396,616	396,616
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	505,968	863,182
11. Investment expenses		(g) 193,377
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		193,377
17. Net Investment income (Line 10 minus Line 16)		669,805
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		

- (a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
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)					
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

NONE

EXHIBIT OF NONADMITTED 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)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Invested income due and accrued			
13. Premium and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection			
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon		1,596,037	1,596,037
16.2 Net deferred tax asset	2,330,194	2,330,194	
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets			
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable	317,128	1,874,557	1,557,429
23. Aggregate write-ins for other than invested assets		12,500	12,500
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	2,647,322	5,813,288	3,165,966
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	2,647,322	5,813,288	3,165,966
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page			
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)			
2301. Prepaid Expenses		12,500	12,500
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)		12,500	12,500

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health Maintenance Organizations	124,623	150,241	152,684	154,467	206,149	615,750
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL	124,623	150,241	152,684	154,467	206,149	615,750
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Basis of Presentation — The Company prepares its statutory basis financial statements in conformity with accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance (the “Department”). The Department requires that insurance companies domiciled in the State of Tennessee prepare their statutory basis financial statements in accordance with the National Association of Insurance Commissioners’ (“NAIC”) Accounting Practices and Procedures Manual (the “Manual”) as modified by the Department.

The preparation of the statutory basis financial statements in accordance with the Manual, as modified, differ in some respects from accounting principles generally accepted in the United States of America (“GAAP”). Such differences include:

- Certain assets and investments recognized under GAAP are “non-admitted” under statutory accounting practices.
- Income tax effects of differences between tax and book (statutory) accounting are not, in all cases, recognized under statutory accounting practices. Changes in recognized deferred tax assets and deferred tax liabilities are recognized as a separate component of unassigned deficit.
- Administrative fees and related reimbursements under ASO arrangements are deducted from general and administrative expenses and reported on a net basis.

Additionally, health maintenance organizations under Tennessee statute are not permitted to hold reinsurance. However, these organizations are permitted to carry excess loss insurance, which provides coverage to limit a health plan’s financial exposure on certain large inpatient claims. While this excess loss coverage is commonly referred to as “reinsurance,” the Department has taken the position that amounts related to this coverage should not be reported as reinsurance in preparing statutory financial statements. Effective December 31, 2007, the Department granted WHP an exception to this Tennessee prescribed practice and permitted the reporting of amounts related to the excess loss insurance in accordance with NAIC Accounting Practices and Procedures (see Excess Loss Insurance below).

Non-admitted assets were \$2,647,322 and \$5,813,288 at December 31, 2009 and 2008, respectively. The changes in non-admitted assets are reflected as a direct charge to capital and surplus. The change in non-admitted assets that was recorded directly to unassigned deficit was (\$3,165,966) and \$5,240,263 for the years ended December 31, 2009 and 2008, respectively.

Changes in deferred incomes taxes for the years ended December 31, 2009 and 2008 were \$0 and \$2,069,600, respectively and were reflected as a direct charge to capital and surplus. Deferred income taxes were non-admitted at December 31, 2009 and 2008.

The statutory-basis statements of admitted assets, liabilities, capital and surplus reflect the operating assets and liabilities of the Company. All amounts in the statements of revenues and expenses have been taken from the separate records maintained by the Company and include certain administrative expenses consisting primarily of management fees paid to an affiliated company (see Note 10). These administrative expenses are allocated based on management’s estimate of matching such expenses with the benefit received by the Company. Accordingly, the accompanying statutory-basis financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations if the Company had been operated on a stand-alone basis.

Use of Estimates — Management of the Company makes estimates and assumptions related to the reporting of admitted assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods to prepare financial statements in conformity with accounting practices prescribed or permitted by the Department. The most significant estimate made by management is medical costs payable. Other significant items subject to estimates and assumptions include the CMS risk adjustment receivable and payables to CMS, including Funds Held for the Benefit of Members. Actual results could differ from these estimates.

Notes to Financial Statements

Cash and Cash Equivalents — The Company considers all highly liquid instruments with original maturities of three months or less at date of purchase to be cash equivalents.

Investments — The Company's investments are carried at amortized cost if designated highest-quality and high-quality (NAIC designations 1 and 2, respectively) or at the lower of amortized cost or fair value (NAIC designations 3 to 6). Restricted investments consisting of debt securities are pledged to state insurance regulators in accordance with regulatory requirements, classified as held-to-maturity, and reported at amortized cost. Restricted investments are classified as long-term, regardless of the contractual maturity date due to the nature of the regulatory requirements.

Premiums Receivable — Premiums receivable consists of premiums due from CMS, including the risk adjustment receivable (see below), and Medicare enrollees. Management estimates, on an ongoing basis, the amount of member billings that may not be collectible based on a number of factors including a review of past due balances.

Accounts Receivable From State of Tennessee — Net — Accounts receivable from the State of Tennessee consist of amounts due for administrative service fees and amounts associated with variable administrative fees earned by the Company when certain performance measures were achieved.

Statutory Requirements — Certain investments are pledged to the Department in accordance with regulatory requirements. The Company is required by the Department to maintain \$2,000,000 and \$2,000,000 in restricted deposits as of December 31, 2009 and 2008, respectively. In addition to the investments pledged to the Department, the Company is also required to pledge similar investments to the regulatory agencies of the other states in which it is licensed. As of December 31, 2009 and 2008, the collective investments required to be maintained for the states of Arkansas, Mississippi, Alabama and South Carolina totaled \$1,105,000. The Company was in compliance with all pledged requirements for 2009 and 2008. Restricted investments are classified as long-term regardless of the contractual maturity date due to the nature of the regulatory requirements.

Additionally, HMO's domiciled in the state of Tennessee must meet certain minimum net worth requirements. The Company's minimum net worth requirements at December 31, 2009 and 2008 were \$7,895,698 and \$6,122,347, respectively. The Company met the minimum net worth requirement at December 31, 2009. The Company was not in compliance with the minimum net worth requirement at December 31, 2008.

Dividend Restrictions — The maximum amount of dividends that can be paid to shareholders, without the prior approval of the Tennessee Commissioner of Insurance ("Commissioner"), is limited to the greater of 10% of net worth as of December 31 next preceding or the net income from operations (excluding realized capital gains) for the twelve month period ending December 31 next preceding.

Medical Costs Payable — Medical costs payable represents the liability for services that have been performed by providers for the Company's Medicare members. The liability includes medical and pharmacy claims reported to the plan, an actuarially determined estimate of claims that have been incurred but not yet reported ("IBNR"), and an estimate for claims adjustment expense. The IBNR estimates are developed using standard actuarial methods which take into account historical claims payment patterns, industry cost trends, product mix, enrollment levels, seasonality, and health care utilization statistics. These estimates are continually reviewed and adjustments, if necessary, are reflected in the period they become known. Management believes the amount of medical costs payable is reasonable as of December 31, 2009; however, actual claims payments may differ from established estimates (see Note 24).

Funds Held for the Benefit of Members — Certain payments from CMS represent prospective payments to fund Part D prescription drug costs for which the Company assumes no financial risk, including catastrophic risk protection and low-income cost sharing subsidies. The Company does not recognize premium revenue or medical costs for these payments as the amounts represent pass-through payments from CMS to fund pharmacy-related deductibles, co-payments and other member expenses. Funds held for the benefit of members represent amounts due to CMS to the extent that such payments from CMS exceed the amount of pharmacy benefits incurred by the Company as of the related balance sheet date. CMS completes an annual reconciliation process to compare payments made to plans versus actual claims incurred and any related payables or receivables are then settled. As of December 31, 2009 and 2008, the Company held amounts for the benefit of members in the amount of \$10,105,533 and \$28,814,392, respectively.

Notes to Financial Statements

Payable to Centers for Medicare and Medicaid Services — Payable to Centers for Medicare and Medicaid Services includes premiums due to CMS for retro-activity and the Company's estimate of any amounts refundable under the risk sharing provisions of the Company's prescription drug contract with CMS (see below).

Premium Revenue — The Company's Medicare contracts with CMS have one year terms coinciding with the calendar year. The Company generally receives premiums in advance of related medical and pharmacy services being performed by plan providers. Premium revenue is recognized during the period in which the Company is obligated to offer health care benefits to its members. The member portions of the premiums are billed monthly for coverage in the following month and are recognized as revenue in the month for which insurance coverage is provided.

Based on the health conditions of its members, the Company's Medicare Advantage premium revenue is subject to adjustment. The process for adjusting premiums is referred to as the CMS risk adjustment payment methodology. The CMS model uses health status indicators referred to as risk scores to improve the correlation of premiums with expected health care costs for Medicare beneficiaries with certain chronic illnesses. Under the risk adjustment payment methodology, managed care plans must capture, document, and report member-specific medical diagnosis code information to CMS by specified due dates. Risk scores are established at the beginning of each calendar year and are then retroactively adjusted on two separate occasions. The first adjustment for a given calendar year generally occurs during the third quarter of such year. It includes a cumulative lump-sum retroactive payment to adjust the first half of the year as well as an update to the members' risk scores for the second half of the year. These adjustments are based on diagnosis information submitted by the Company for eligible diagnoses that were documented in the prior year. The second adjustment occurs in the subsequent calendar year, following a CMS reconciliation of all eligible diagnosis information submitted by the Company.

As of December 31, 2009 and 2008, the Company recorded an estimated CMS risk adjustment receivable of \$26,000,000 and \$6,599,942, respectively. During the third quarter of 2009, the Company received a payment equal to the 2008 receivable.

Under the Medicare Part D program, there are six elements of payment received by the Company during the plan year. These payment elements are CMS premium, member premium, low-income premium subsidy, catastrophic reinsurance subsidy, low-income member cost sharing subsidy and CMS risk share. The premium revenue the Company receives monthly from CMS for its Part D prescription drug benefit represents a calculation based on its annual Part D bid amount and the members' related risk scores. However, the amount of Part D revenue paid to a plan by CMS is subject to annual adjustment, either positive or negative, based upon the application of risk corridor calculations that compare a plan's drug costs plus administrative costs targeted in its annual bids ("target amount") to actual prescription drug and administrative costs for the same calendar year. Variances exceeding certain thresholds may result in CMS making additional payments to the Company. Conversely, variance below certain thresholds may result in the Company being required to refund a portion of the premiums received back to CMS. Actual prescription drug costs subject to risk sharing with CMS are limited to the costs that are, or would have been, incurred under the CMS "defined standard" benefit plan ("allowable risk corridor costs"). Management has estimated and recognized an adjustment to premium revenues related to the risk corridor payment adjustment based upon pharmacy claims experience to date as if the annual contract were to terminate at the end of the reporting period. At December 31, 2009 and 2008, the risk corridor payable to CMS was \$1,797,959 and \$3,011,379, respectively.

Administrative Services Revenue — Under the TennCare agreement, TennCare reimbursed the Company for all medical costs incurred. In accordance with statutory guidelines, this reimbursement is netted against the medical costs recognized. In addition to the reimbursement of medical costs, the TennCare program provided the Company with a fixed administrative fee based on the average per capita base for the entire TennCare population.

Federal Income Taxes — Windsor files a consolidated federal tax return which includes the operations of the Company and WMS as well as other Windsor subsidiaries. The Company computes its federal tax provision as though it files a separate return and periodically remits payments to Windsor for the estimated liability. In accordance with statutory accounting practices, deferred federal income taxes are provided for the tax effects of temporary differences between the carrying values and tax bases of assets and liabilities.

Notes to Financial Statements

Recently Issued Accounting Pronouncements – SSAP No. 99, *Accounting for Certain Securities Subsequent to an Other-Than-Temporary Impairment* establishes statutory accounting principles for the treatment of premium or discount applicable to certain securities subsequent to the recognition of an other-than-temporary impairment and is effective for reporting periods beginning on January 1, 2009. The application of SSAP No. 99 in 2009 did not have a material impact on the Company's capital and surplus (deficit) or results of operations.

SSAP No. 43 – Revised, *Loan-backed and Structured Securities* establishes statutory accounting principles for investments in loan-backed securities and structured securities. This statement substantively revises SSAP No. 43 as originally issued relative to accounting for securities acquired in a transfer, impairment, and beneficial interests as is effective September 30, 2009. The application of SSAP No. 43 – Revised in 2009 did not have a material impact on the Company's capital and surplus (deficit) or results of operations.

2. Accounting Changes and Corrections of Errors - none

3. Business Combinations and Goodwill – none

4. Discontinued Operations – none

5. Investments

Restricted investment securities consist of held-to-maturity debt securities with maturities ranging from one to five years. The amortized cost, gross unrealized gains, gross unrealized losses and estimated fair value of held-to-maturity securities at December 31, 2009 and 2008 are as follows:

Bonds	2009			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
Mortgage-backed securities	\$ 10,709,111	\$ 105,797	\$ -	\$ 10,814,908
Total	<u>\$ 10,709,111</u>	<u>\$ 105,797</u>	<u>\$ -</u>	<u>\$ 10,814,908</u>
Bonds	2008			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
Mortgage-backed securities	5,925,129	149,421	-	6,074,550
Total	<u>\$ 5,925,129</u>	<u>\$ 149,421</u>	<u>\$ -</u>	<u>\$ 6,074,550</u>

At December 31, 2009 and 2008, bonds totaling \$5,862,382 and \$5,925,129, respectively, were pledged to state insurance regulators in accordance with each state's regulatory requirements. The Company evaluates for potential other than temporary impairment at each reporting date at which the fair value of the investment is less than its amortized cost. No other than temporary impairment adjustments were recorded during 2009 and 2008.

The scheduled maturities of held-to-maturity debt securities at December 31, 2008 are as follows:

Due in one year or less	\$ 7,447,665
Due one year through five years	<u>3,261,446</u>
	<u>\$ 10,709,111</u>

Included in the table above are mortgage-backed securities which do not have a single maturity date. For purposes of the years to maturity table these securities have been presented in the maturity group based on the securities final maturity date.

6. Joint Ventures, Partnerships and Limited Liability Companies – none

Notes to Financial Statements

7. **Investment Income** – All investment income due and accrued was admitted in accordance with statutory guidelines.
8. **Derivative Instruments** – none
9. **Income Taxes**

Windsor Health Group, Inc. (“WHG”) owns 100% of the outstanding common stock of WHP and WHG files a consolidated federal tax return which includes the operations of WHP and its other subsidiaries (please refer to Schedule Y for further details). The 2009 tax returns have not been completed as of March 1, 2010.

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

Vanderbilt Health Services, Inc. (“VHS”) owns approximately 10% of Windsor’s common stock and approximately 6% of Windsor’s preferred stock. Transactions with VHS or its affiliates have been described within this note.

Sale of Company Stock to Windsor Health Group, Inc. — In March 2001, the Department approved the sale of 100% of the Company’s stock held by VHS to Windsor effective August 31, 2000. The consideration included a surplus note issued by the Company to VHS for a principal amount of \$4,231,300.

In March 2008, the surplus note payable was amended and requires quarterly payments of interest at prime plus 2% subject to approval of the Commissioner, with the principal balance due on March 29, 2012. The Company paid interest of \$0 and \$1,253,740 during 2009 and 2008, respectively. In addition, WMS paid interest of \$222,143 on behalf of the Company during 2009. The Company will not reimburse WMS for payment of interest to VHS until the Commissioner approves the payment of interest on the surplus note payable. The related expense and payable to WMS have not been recorded in the Company’s statutory basis financial statements at December 31, 2009, since the payment made by WMS was not approved by the Commissioner. At December 31, 2009 and 2008, \$55,992 and \$55,993 (net of payments made by WMS on behalf of the Company), respectively, is payable on the surplus note representing accrued interest; however, since payment of this amount has not been approved by the Commissioner, the related expense and payable have not been recorded in the Company’s statutory basis financial statements. At December 31, 2009, the Company has paid a total of \$1,539,440 in interest since the inception of the surplus note.

In the event of reorganization, dissolution, liquidation, receivership, insolvency or bankruptcy of the Company, the claims of the holder of the surplus note shall be subordinated to policyholder, claimant and beneficiary claims as well as debts owed to all other classes of creditors other than the holder. The claims of the holder of the surplus note shall be superior to claims of the Company’s common shareholders.

Capital Contribution from Windsor — The Company received capital contributions from Windsor of \$12,300,000 during 2009.

Medical Costs — For the years ended December 31, 2009 and 2008, medical costs included \$11,421,209 and \$11,685,054, respectively, paid or due to entities owned by or affiliated with Vanderbilt University, an affiliate of VHS. For the years ended December 31, 2009 and 2008, medical costs included \$17,228,239 and \$11,342,618 respectively, paid to Windsor HomeCare Network, LLC, an affiliate of the Company.

Administrative Expenses – The Company pays a monthly management fee to WMS for administrative services based on a percentage of premium revenue as specified in management agreement between the two parties. In 2008, the WMS Board of Directors elected to forgive \$4,831,683 of the monthly management fees of Medicare line of business. In accordance with statutory guidance, the Company recorded the amount forgiven as a capital contribution. Management fee expense was \$50,796,739 and \$38,761,537 in 2009 and 2008, respectively. The Company had an amount receivable related to an overpayment of management fees and income taxes of \$1,137,281 and \$2,460,520 at December 31, 2009 and 2008, respectively. These receivables are recorded within due to related party on the accompanying statements of admitted assets, liabilities and capital surplus – statutory basis. During the first quarter of 2010, The Company collected the receivable of \$1,137,281 at December 31, 2009.

Notes to Financial Statements

For the years ended December 31, 2009 and 2008, the Company paid \$93,610 and \$97,865, respectively to Vanderbilt University Medical Center, an affiliate of VHS, for administrative costs associated with the Company's review of medical charts for the purpose of collecting diagnosis information related to the risk adjustment process.

Windsor Health Group, Inc. Credit Facility — In January 2009, Windsor entered into a new \$12,500,000 credit facility with a financial institution with a maturity date of June 30, 2010. Windsor used \$7,500,000 of the loan proceeds from the new credit facility to pay-off the outstanding balance of its previous credit facility. The Company's stock is pledged as collateral under the terms of Windsor's new \$12,500,000 credit facility and was pledged as collateral under Windsor's original \$7,500,000 credit facility.

11. Debt – none, except as described in note 10 above

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans – none

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations - none

14. Contingencies

The Company is from time to time involved in litigation and other claims in the ordinary course of business. Although there can be no assurances, the Company does not believe that the resolution of such routine matters and other incidental claims, taking into account accruals and insurance, will have a material adverse effect on the Company's financial position or results of operations.

The Company is subject to periodic and routine audits by federal and state regulatory authorities. In connection with its recent study of risk score coding practices by Medicare Advantage plans, CMS announced that it would audit Medicare Advantage plans, primarily targeted based on risk score growth, for compliance by the plans and their providers with proper coding practices. CMS has indicated that payment adjustments will not be limited to risk scores for the specific beneficiaries for which errors are found but may be extrapolated to the entire plan. There can be no assurance that the Company will not be randomly selected for review by CMS or, in the event that the Company is selected for a review, that the outcome of such a review will not result in a material impact to the Company's results of operations and cash flows.

15. Leases – none

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk – none

17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities – none

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

Under the terms of the TennCare agreement, the Company had an ASO arrangement, for which the TennCare Program retained all financial risk for health care services, while the Company retained the financial risk for administrative costs. The Company recorded administrative service fee revenues of \$0 and (\$153,335) in 2009 and 2008, respectively. Administrative expenses are shown net of these amounts in the accompanying statutory statements of revenue and expenses for the years ended December 31, 2009 and 2008.

The loss from operations from the ASO uninsured plan was as follows during 2009 and 2008:

Notes to Financial Statements

	2009	2008
Deficiency of net reimbursement for administrative expenses over actual expenses	\$ <u>0</u>	\$ <u>(177,725)</u>
Net loss from operations	\$ <u>0</u>	\$ <u>(177,725)</u>
Total claim payment volume	<u>0</u>	<u>\$ 967,260</u>

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – none

20. Other Items

	<u>Prior to Reinsurance Ceded</u>	<u>After Reinsurance Ceded</u>	<u>% of TN minimum or RBC after reinsurance</u>
Pro-forma Capital and Surplus Schedule			
Statutory capital and surplus 12/31/09	\$ 16,174,314	\$ 16,174,314	
Projected 2010 capital and surplus requirements:			
Tennessee Minimum requirement 1/1/10	\$ 9,249,342	\$ 9,249,342	175%
100% RBC requirement	\$ 12,274,101	\$ 6,137,051	264%
150% RBC requirement	\$ 18,411,152	\$ 9,205,576	264%
200% RBC requirement	\$ 24,548,202	\$ 12,274,101	264%

	<u>Projected Prior to Reinsurance Ceded 2010</u>	<u>Projected After Reinsurance Ceded 2010</u>	
Pro-forma Projected Statement of Operations For the Year Ending December 31, 2010			
MEMBERSHIP			
MAPD	381,476	381,476	
PDP	<u>469,905</u>	<u>469,905</u>	
Total	851,381	851,381	
REVENUE			
Premium Revenue			
MAPD	\$ 375,097,091	\$ 187,548,546	
PDP	<u>39,024,057</u>	<u>39,024,057</u>	
Total Premium Revenue	414,121,148	226,572,603	
Other Revenue			
Interest	966,282	656,282	
Management Fee Revenue at 14.5%	<u>-</u>	<u>27,194,539</u>	
Total	966,282	27,850,821	
TOTAL REVENUE	415,087,430	254,423,424	
MEDICAL EXPENSE			
MAPD	309,249,699	154,624,850	
PDP	<u>33,560,615</u>	<u>33,560,615</u>	
Total Medical Expense	342,810,314	188,185,465	
ADMINISTRATIVE EXPENSE			
Total Administrative Expense	<u>57,976,961</u>	<u>57,976,961</u>	
TOTAL EXPENSES	<u>400,787,275</u>	<u>246,162,426</u>	
NET INCOME (LOSS) BEFORE TAXES	<u>\$ 14,300,155</u>	<u>\$ 8,260,998</u>	
Income Taxes	<u>5,005,054</u>	<u>2,891,349</u>	
NET INCOME (LOSS)	<u>\$ 9,295,101</u>	<u>\$ 5,369,649</u>	

Notes to Financial Statements

21. Events Subsequent

Subsequent to December 31, 2009, the Company entered into a Quota Share Reinsurance Agreement effective January 1, 2010. This agreement cedes fifty percent (50%) of the Company's MAPD premium and claims costs (Company shall cede to the Reinsurer and the Reinsurer shall accept from the Company a 50% quota share participation in the Company's Net Loss, which includes Loss Adjustment Expenses). The effect of this transaction will give the Company capital and surplus of approximately 264% of RBC (on a Pro Forma basis as shown above in Note 20) for 2010.

22. Reinsurance

In 2008, the Company purchased excess loss insurance coverage from a third party to limit the loss on individual inpatient hospital claims. This insurance provides coverage for aggregate claims per enrollee per year in excess of \$150,000 (subject to certain per day limits). Premiums paid and recoveries received and/or accrued are accounted for consistently with the terms of the excess loss insurance contract. Excess loss insurance recoveries related to claims incurred in 2008 and before were \$197,293 and \$622,449 for the years ended December 31, 2009 and 2008, respectively.

See Note 21 on Quota Share Reinsurance Agreement.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination – none

24. Change in Incurred Claims and Claim Adjustment Expenses

WHP's claims payable liability increased from \$27,264,373 at December 31, 2008 to \$36,072,070 in 2009. This increase of \$8,807,697 during 2009 is attributable to the membership growth WHP experienced in its MA-PD plan as well as its PDP operations. Claims payable estimates for prior periods are also adjusted monthly, as payments for prior periods become more complete. WHP's claim adjustment liability increased in conjunction with the corresponding increase in claims payable

25. Intercompany Pooling Arrangements – none

26. Structured Settlements – none

27. Health Care Receivables

A. Pharmaceutical Rebate Receivables

Pharmaceutical rebates represent estimated rebates owed to the Company based on the utilization of eligible prescription drugs by the Company's members at participating pharmacies. The Company's contracted pharmacy benefits manager ("PBM") holds the contracts with the pharmaceutical manufacturers and accordingly, oversees and manages the administration of such rebates. Each quarter, the Company receives detailed pharmacy rebate reports from the PBM that lists rebates receivable by manufacturer. The Company reviews these reports and uses the information to estimate the related receivables. Rebates are recognized when earned according to the contractual arrangements with the respective pharmaceutical manufacturers.

Pharmaceutical rebates receivable was \$3,048,408 and \$2,691,240 at December 31, 2009 and 2008, respectively, of which \$317,128 and \$1,874,557 were non-admitted assets at these dates. Pharmaceutical rebates receivable, to the extent admitted, are included within other receivables on the accompanying statements of admitted assets, liabilities, capital and surplus — statutory basis. Information regarding pharmaceutical rebates for 2009 and 2008 is as follows:

Notes to Financial Statements

<u>For the Quarter Ended</u>	<u>Estimated Pharmacy Rebates Receivable</u>	<u>Pharmacy Rebates as Invoiced or Otherwise Confirmed</u>	<u>Pharmacy Rebates Collected</u>
12/31/2009	1,460,527	-	-
9/30/2009	1,529,000	1,302,837	1,172,553
6/30/2009	1,130,000	1,139,138	1,052,405
3/31/2009	780,000	1,088,373	979,626
12/31/2008	816,683	971,533	838,480
9/30/2008	1,315,457	901,828	765,140
6/30/2008	1,919,305	864,121	559,767
3/31/2008	817,310	763,454	662,347

B. Risk Sharing Receivables – none

28. Participating Policies – none

29. Premium Deficiency Reserves – none

30. Anticipated Salvage and Subrogation – none

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? Tennessee
- 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. 06/30/2004
- 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). 05/15/2006
- 3.4 By what department or departments?
Tennessee Department of Commerce & Insurance
- 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[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC 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, 0.000%
- 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, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (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
		Yes[] No[X]				

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, 424 Church Street, Suite 2400 Nashville, Tennessee 37219
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?
Joann Bogolin, actuary, Ingenix Consulting, 2170 Satellite Blvd, Suite 150, Duluth, GA 30097
- 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 \$ 0
- 11.2 If yes, provide explanation 0

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[] N/A[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes[] No[] N/A[X]

GENERAL INTERROGATORIES (Continued)

- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes[] No[] N/A[X]
- 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: Yes[] No[X]
- 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). Yes[] No[X]
- 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 or is likely to conflict with the official duties of such person? Yes[X] No[]

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 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 \$ 0
- 19.22 Borrowed from others \$ 0
- 19.23 Leased from others \$ 0
- 19.24 Other \$ 0
- 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[] No[X]
- 20.2 If answer is yes:
- 20.21 Amount paid as losses or risk adjustment \$ 0
- 20.22 Amount paid as expenses \$ 0
- 20.23 Other amounts paid \$ 0
- 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: \$ 1,137,281

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[] No[X]
- 22.2 If no, give full and complete information, relating thereto:
As of December 31, 2009, the Company did not have custodial agreement in place for repurchase agreement at Pinnacle National Bank. However as of March 1, 2010, it is currently in compliance under custodial agreement.
- 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 \$ 0
- 22.6 If answer to 22.4 is NO, report amount of collateral \$ 0
- 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[] No[X]
- 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 \$ 0
- 23.23 Subject to dollar repurchase agreements \$ 0
- 23.24 Subject to reverse dollar repurchase agreements \$ 0
- 23.25 Pledged as collateral \$ 0
- 23.26 Placed under option agreements \$ 0
- 23.27 Letter stock or securities restricted as to sale \$ 0
- 23.28 On deposit with state or other regulatory body \$ 0
- 23.29 Other \$ 0
- 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[X]
If no, attach a description with this statement.

GENERAL INTERROGATORIES (Continued)

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. \$ 0

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[X] 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 America	Atlanta, Georgia
Regions Morgan Keegan	Nashville, Tennessee
Regions Morgan Keegan	Little Rock, Arkansas

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)
Pinnacle National Bank	Nashville, Tennessee	in compliance as of 3/1/10

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Bank of America	Pinnacle National Bank	01/01/2009	changed all accounts to Pinnacle

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

1 Central Registration Depository Number(s)	2 Name	3 Address
.....

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[X]

27.2 If yes, complete the following schedule:

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

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
.....

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	10,709,111	10,814,908	105,797
28.2 Preferred stocks .....	.....	.....	.....
28.3 Totals	10,709,111	10,814,908	105,797

28.4 Describe the sources or methods utilized in determining the fair values
Fair values are provided by custodial financial institutions.

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[X] No []

GENERAL INTERROGATORIES (Continued)

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[X]

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:
The Company used Regions Morgan Keegan (which is approved by State of Tennessee to hold pledged securities) to determine fair value.

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

30.2 If no, list exceptions:

OTHER

31.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 0

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? \$..... 0

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

1 Name	2 Amount Paid
.....

33.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$..... 0

33.2 List the name of 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 department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (Continued)

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: \$ 0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ 0
- 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. \$ 0
- 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	341,512,212	266,359,984
2.2 Premium Denominator	366,622,814	279,828,786
2.3 Premium Ratio (2.1 / 2.2)	0.932	0.952
2.4 Reserve Numerator		21,073,132
2.5 Reserve Denominator	38,472,170	28,275,752
2.6 Reserve Ratio (2.4 / 2.5)		0.745

- 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:
The Company obtained quotes from a couple of the major carriers offering this coverage, but after analysis of the coverage level options and the related premiums based on 2008 claims experience (which were considered to be high based on experience in the two previous years), the Company did not feel that the coverage would provide adequate returns on the premium.
- 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:
WHP's provider contracts contain hold harmless language.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date base? 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 34,655
- 8.2 Number of providers at end of reporting year 46,537
- 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 0
- 9.22 Business with rate guarantees over 36 months 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes[X] No []
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses \$ 0
- 10.22 Amount actually paid for year bonuses \$ 451,741
- 10.23 Maximum amount payable withholds \$ 0
- 10.24 Amount actually paid for year withholds \$ 451,741
- 11.1 Is the reporting entity organized as:
- 11.12 A Medical Group/Staff Model, Yes [] No [X]
- 11.13 An Individual Practice Association (IPA), or, Yes [] No [X]
- 11.14 A Mixed Model (combination of above)? Yes[X] No []
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes[X] No []
- 11.3 If yes, show the name of the state requiring such net worth.
Tennessee
- 11.4 If yes, show the amount required. \$ 7,895,698
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [] No [X]
- 11.6 If the amount is calculated, show the calculation.
Amount totaling 4% of the first \$150,000,000 of revenue earned for the prior calendar year, plus 1.5% of the amount earned in excess of \$150,000,000 for the prior calendar year. Windsor's revenues for 2007 totaled \$158,156,453 (\$38,172,286 in TennCare revenue and \$119,984,167 in Medicare revenue); therefore, Windsor's current statutory net worth requirement is \$6,122,347 (\$150,000,000 x 4% + (\$169,420,617 - \$150,000,000)x1.5%).
- 12. List service areas in which the reporting entity is licensed to operate:

1 Name of Service Area
In Tennessee: Bledsoe, Blount, Bradley, Campbell, Cannon, Carroll, Cheatham, Chester, Cocke, Coffee, Crockett, Davidson, Decatur, Dekalb, Dyer, Fayette, Franklin, Giles, Grainger, Grundy, Hamblen, Hamilton, Hardin, Hickman, Houston, Humphreys, Jefferson, Knox, Lake, Lauderdale, Lawrence, Lewis

GENERAL INTERROGATORIES (Continued)

1 Name of Service Area
Macon, Madison, Marshall, Maury, McMinn, Montgomery, Moore, Obion, Overton, Pickett, Polk, Roane, Rutherford, Scott, Sequatchie, Shelby, Smith, Stewart, Sumner, Tipton, Trousdale, Union, Van Buren, Wayne, Weakley, Williamson
In Alabama: Jefferson, Saint Clair, Shelby, Talladega
In Arkansas: Arkansas, Baxter, Benton, Carroll, Clark, Clay, Cleburne, Conway, Craighead, Crawford, Crittenden, Cross, Franklin, Fulton, Garland, Grant, Greene, Hot Spring, Independence, Jackson, Johnson, Logan, Lonoke, Madison, Marion, Mississippi, Monroe, Montgomery, Newton, Perry, Pike, Poinsett
Prairie, Pulaski, Randolph, Saline, Searcy, Sebastian, Sharp, Stone, Washington, White, Woodruff, Yell
In Mississippi: Adams, Attala, Benton, Carroll, Claiborne, Clarke, Coahoma, Copiah, Desoto, Forrest, Hinds, Kemper, Lafayette, Lamar, Lauderdale, Lawrence, Leake, Lincoln, Lowndes, Madison, Marshall, Newton, Panola, Pike, Prentiss, Rankin, Scott, Simpson, Smith, Sunflower, Tate, Tippah, Tunica
Union, Walthall, Warren, Washington, Winston, Yalobusha, Yazoo
In South Carolina: Greenville, Spartanburg, Fairfield, Kershaw

13.1 Do you act as a custodian for health savings accounts?

Yes No

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

\$ 0

13.3 Do you act as an administrator for health savings accounts?

Yes No

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

\$ 0

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)	66,399,847	58,000,755	28,178,386	23,317,372	5,453,930
2. TOTAL Liabilities (Page 3, Line 22)	50,225,533	58,620,240	23,557,608	16,699,235	165,406
3. Statutory surplus	7,895,698	7,626,189	7,905,957	4,172,221	2,662,003
4. TOTAL Capital and Surplus (Page 3, Line 31)	16,174,314	(619,485)	4,620,778	6,618,137	5,288,457
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	366,622,814	279,828,786	117,588,131	57,048,413	(19,038)
6. TOTAL Medical and Hospital Expenses (Line 18)	312,279,632	245,001,950	95,026,919	45,655,995	
7. Claims adjustment expenses (Line 20)	249,825	647,544	94,964	81,205	
8. TOTAL Administrative Expenses (Line 21)	53,166,496	44,635,917	22,365,056	10,494,358	(326,674)
9. Net underwriting gain (loss) (Line 24)	926,861	(10,456,625)	101,192	816,855	345,712
10. Net investment gain (loss) (Line 27)	669,805	(117,012)	1,173,734	525,325	130,105
11. TOTAL Other Income (Lines 28 plus 29)					(98,000)
12. Net income or (loss) (Line 32)	1,037,833	(10,127,413)	828,702	1,342,180	377,817
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(23,866,441)	15,640,686	6,958,343	12,736,394	(4,018)
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	16,174,314	(619,485)	7,905,957	6,618,137	5,288,524
15. Authorized control level risk-based capital	12,274,101	9,839,854	4,946,987	2,652,883	61,169
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	206,149	124,623	54,715	53,293	40,951
17. TOTAL Members Months (Column 6, Line 7)	615,750	443,651	189,478	621,466	512,718
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)	85.2	87.6	80.8	80.0	
20. Cost containment expenses	0.1	0.1			
21. Other claims adjustment expenses	0.0	0.2	0.1		
22. TOTAL Underwriting Deductions (Line 23)	99.7	103.7	99.9	98.6	
23. TOTAL Underwriting Gain (Loss) (Line 24)	0.3	(3.7)	0.1	1.4	
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	22,875,558	12,917,213	6,502,468		(19,038)
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	21,073,133	13,694,624	8,288,100		
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					

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[X] N/A[]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS ALLOCATED BY STATES AND TERRITORIES

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1. Alabama (AL)	L	6,026,544	4,972,140					10,998,684	
2. Alaska (AK)	N								
3. Arizona (AZ)	N								
4. Arkansas (AR)	L	251,106	62,074,772					62,325,878	
5. California (CA)	N								
6. Colorado (CO)	N								
7. Connecticut (CT)	N								
8. Delaware (DE)	N								
9. District of Columbia (DC)	N								
10. Florida (FL)	N								
11. Georgia (GA)	N								
12. Hawaii (HI)	N								
13. Idaho (ID)	N								
14. Illinois (IL)	N								
15. Indiana (IN)	N								
16. Iowa (IA)	N								
17. Kansas (KS)	N								
18. Kentucky (KY)	N								
19. Louisiana (LA)	N								
20. Maine (ME)	N								
21. Maryland (MD)	N								
22. Massachusetts (MA)	N								
23. Michigan (MI)	N								
24. Minnesota (MN)	N								
25. Mississippi (MS)	L	4,268,802	105,718,042					109,986,844	
26. Missouri (MO)	N								
27. Montana (MT)	N								
28. Nebraska (NE)	N								
29. Nevada (NV)	N								
30. New Hampshire (NH)	N								
31. New Jersey (NJ)	N								
32. New Mexico (NM)	N								
33. New York (NY)	N								
34. North Carolina (NC)	N								
35. North Dakota (ND)	N								
36. Ohio (OH)	N								
37. Oklahoma (OK)	N								
38. Oregon (OR)	N								
39. Pennsylvania (PA)	N								
40. Rhode Island (RI)	N								
41. South Carolina (SC)	L	3,515,484	18,481,885					21,997,369	
42. South Dakota (SD)	N								
43. Tennessee (TN)	L	11,048,665	150,265,373					161,314,038	
44. Texas (TX)	N								
45. Utah (UT)	N								
46. Vermont (VT)	N								
47. Virginia (VA)	N								
48. Washington (WA)	N								
49. West Virginia (WV)	N								
50. Wisconsin (WI)	N								
51. Wyoming (WY)	N								
52. American Samoa (AS)	N								
53. Guam (GU)	N								
54. Puerto Rico (PR)	N								
55. U.S. Virgin Islands (VI)	N								
56. Northern Marianas Islands (MP)	N								
57. Canada (CN)	N								
58. Aggregate other alien (OT)	X X X								
59. Subtotal	X X X	25,110,601	341,512,212					366,622,813	
60. Reporting entity contributions for Employee Benefit Plans	X X X								
61. TOTAL (Direct Business)	(a) 5	25,110,601	341,512,212					366,622,813	

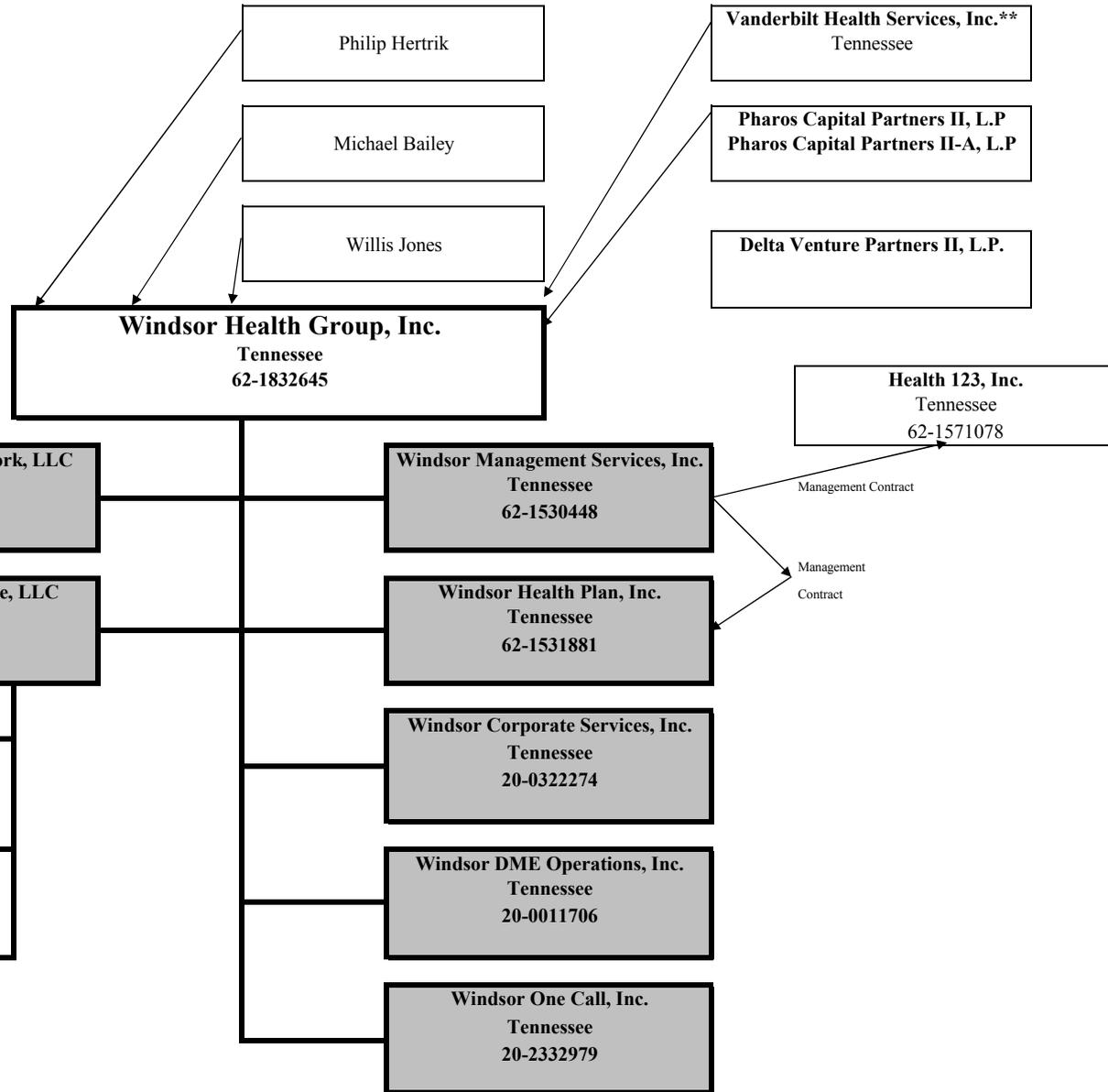
DETAILS OF WRITE-INS

5801.	X X X								
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

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

Explanation of basis of allocation of premiums by states, etc.: The first step in completing Schedule T is to allocate CMS premiums by line of business. Windsor's monthly premium payments from CMS are split by contract, so actual figures are used for this level of reporting break down. Next, PDP premiums are broken down by state using a supporting schedule developed by Windsor based on the CMS payment file. The applicable state is determined using each member's address on that file. However, this supporting schedule shows premiums by state based upon the month of coverage whereas the financial statements reflect premiums accounted for in accordance with accounting principles. As a result, for NAIC reporting, Windsor uses the supporting schedule to calculate the ratio of premiums by state to total premiums and applies those ratios to the total financial statement premiums. Similarly, for its MA-PD line of business, Windsor calculates the CMS portion of the premium per state based on the members' addresses on the monthly payment file. This information is again maintained on a supporting schedule so an allocation is necessary based on calculated ratios. The member portion of the premium for each plan is also linked to his/her state based on the payment file. These member premiums are then allocated to states using the same ratios as calculated for the CMS payment.

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



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**Vanderbilt Health Services, Inc. is a subsidiary of Vanderbilt University

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