



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2006
OF THE CONDITION AND AFFAIRS OF THE

Arkansas Community Care, Inc.

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

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

Country of Domicile United States of America

Licensed as business type: Health Maintenance Organization

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

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

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

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

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

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

Internet Website Address www.arkansascommunitycare.com

Statutory Statement Contact Bradley Raymond Luke, 510-817-1038
(Name) (Area Code) (Telephone Number)
bluke@arcadianhp.com, 510-817-1039
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Policyowner Relations Contact 825 Washington St #300
(Street and Number)
Oakland , CA 94607, 510-832-0311
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

OFFICERS

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

OTHER

DIRECTORS OR TRUSTEES

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

State of California SS:
County of Alameda

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

John Harvey Austin
CEO

Kenneth Benjamin Zimmerman
CFO

Subscribed and sworn to before me this _____ day of _____

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

Statement as of December 31, 2006 of Arkansas Community Care, Inc.

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	2,447,191		2,447,191	348,528
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ 167,587 , Schedule E - Part 1), cash equivalents (\$, Schedule E - Part 2) and short-term investments (\$ 5,812,876 , Schedule DA)	5,980,463		5,980,463	4,707,126
6. Contract loans, (including \$ premium notes)			0	0
7. Other invested assets (Schedule BA)			0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	8,427,654	0	8,427,654	5,055,654
11. Title plants less \$ charged off (for Title insurers only)			0	0
12. Investment income due and accrued	66,144		66,144	14,375
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	296,672	0	296,672	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets (\$)	54,554	54,554	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates			0	0
22. Health care (\$) and other amounts receivable	0		0	0
23. Aggregate write-ins for other than invested assets	2,597	2,597	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	8,847,621	57,151	8,790,470	5,070,029
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	8,847,621	57,151	8,790,470	5,070,029
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Deposits	1,487	1,487	0	0
2302. Pre Pairs	1,110	1,110	0	
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	2,597	2,597	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$0 reinsurance ceded)	2,906,268	381,739	3,288,007	0
2. Accrued medical incentive pool and bonus amounts	120,098		120,098	0
3. Unpaid claims adjustment expenses.....	131,878		131,878	0
4. Aggregate health policy reserves.....	1,305,926		1,305,926	0
5. Aggregate life policy reserves.....			0	0
6. Property/casualty unearned premium reserves.....			0	0
7. Aggregate health claim reserves.....			0	0
8. Premiums received in advance.....			0	1,234
9. General expenses due or accrued.....	207,387		207,387	0
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability.....			0	0
11. Ceded reinsurance premiums payable.....			0	0
12. Amounts withheld or retained for the account of others.....			0	0
13. Remittance and items not allocated.....			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current).....			0	0
15. Amounts due to parent, subsidiaries and affiliates.....	85,802		85,802	63,208
16. Payable for securities.....			0	0
17. Funds held under reinsurance treaties (with \$ authorized reinsurers and \$0 unauthorized reinsurers).....			0	0
18. Reinsurance in unauthorized companies.....			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans.....	896,010		896,010	0
21. Aggregate write-ins for other liabilities (including \$ current).....	0	0	0	0
22. Total liabilities (Lines 1 to 21).....	5,653,369	381,739	6,035,108	64,442
23. Aggregate write-ins for special surplus funds.....	XXX	XXX	0	0
24. Common capital stock.....	XXX	XXX		
25. Preferred capital stock.....	XXX	XXX		
26. Gross paid in and contributed surplus.....	XXX	XXX	6,169,452	5,000,000
27. Surplus notes.....	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	0
29. Unassigned funds (surplus).....	XXX	XXX	(3,414,090)	5,587
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24 \$).....	XXX	XXX		
30.2 shares preferred (value included in Line 25 \$).....	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30).....	XXX	XXX	2,755,362	5,005,587
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	8,790,470	5,070,029
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198)(Line 21 above)	0	0	0	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898)(Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	21,314	
2. Net premium income (including \$ non-health premium income)	XXX	14,584,006	
3. Change in unearned premium reserves and reserve for rate credits	XXX	0	0
4. Fee-for-service (net of \$ medical expenses)	XXX	0	0
5. Risk revenue	XXX	0	0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	14,584,006	0
Hospital and Medical:			
9. Hospital/medical benefits		7,542,549	
10. Other professional services		727,089	
11. Outside referrals	1,074,174	1,074,174	
12. Emergency room and out-of-area	58,971	243,779	
13. Prescription drugs		1,088,736	
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments, and bonus amounts		134,043	
16. Subtotal (Lines 9 to 15)	1,133,145	10,810,370	0
Less:			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)	1,133,145	10,810,370	0
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 514,767 cost containment expenses		1,002,308	0
21. General administrative expenses		5,381,819	6,947
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	1,133,145	17,194,497	6,947
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(2,610,491)	(6,947)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		287,497	67,850
26. Net realized capital gains (losses) less capital gains tax of \$		96	
27. Net investment gains (losses) (Lines 25 plus 26)	0	287,593	67,850
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(2,322,898)	60,903
31. Federal and foreign income taxes incurred	XXX		
32. Net income (loss) (Lines 30 minus 31)	XXX	(2,322,898)	60,903
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	5,005,587	0
34. Net income or (loss) from Line 32	(2,322,898)	60,903
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(1,835)	(55,316)
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in	1,169,452	5,000,000
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	(1,094,943)	0
48. Net change in capital & surplus (Lines 34 to 47)	(2,250,224)	5,005,587
49. Capital and surplus end of reporting period (Line 33 plus 48)	2,755,363	5,005,587
DETAILS OF WRITE-INS		
4701. Correction of Error - See Footnotes to Financials	(1,094,943)	
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	(1,094,943)	0

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	15,592,026	1,234
2. Net investment income	230,840	53,475
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	15,822,866	54,709
5. Benefit and loss related payments	7,402,265	0
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	5,150,147	8,250
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	12,552,412	8,250
11. Net cash from operations (Line 4 minus Line 10)	3,270,454	46,459
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	115,067	0
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	115,067	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds	2,208,746	347,594
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	934
13.7 Total investments acquired (Lines 13.1 to 13.6)	2,208,746	348,528
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(2,093,679)	(348,528)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	1,169,452	5,000,000
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	(1,072,890)	9,195
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	96,562	5,009,195
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)	1,273,337	4,707,126
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	4,707,126	0
19.2 End of year (Line 18 plus Line 19.1)	5,980,463	4,707,126

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

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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income	14,584,006						14,584,006						
2. Change in unearned premium reserves and reserve for rate credit	0												
3. Fee-for-service (net of \$ medical expenses)	0												XXX
4. Risk revenue	0												XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	14,584,006	0	0	0	0	0	14,584,006	0	0	0	0	0	0
8. Hospital/medical benefits	7,542,549						7,542,549						XXX
9. Other professional services	727,089						727,089						XXX
10. Outside referrals	1,074,174						1,074,174						XXX
11. Emergency room and out-of-area	243,779						243,779						XXX
12. Prescription drugs	1,088,736						1,088,736						XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	134,043						134,043						XXX
15. Subtotal (Lines 8 to 14)	10,810,370	0	0	0	0	0	10,810,370	0	0	0	0	0	XXX
16. Net reinsurance recoveries	0												XXX
17. Total medical and hospital (Lines 15 minus 16)	10,810,370	0	0	0	0	0	10,810,370	0	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ 514,767 cost containment expenses	1,002,308						1,002,308						
20. General administrative expenses	5,381,819						5,381,819						
21. Increase in reserves for accident and health contracts	0												XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	17,194,497	0	0	0	0	0	17,194,497	0	0	0	0	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	(2,610,491)	0	0	0	0	0	(2,610,491)	0	0	0	0	0	0
DETAILS OF WRITE-INS													
0501.													XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.													XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX

Statement as of December 31, 2006 of Arkansas Community Care, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical) .....				.0
2. Medicare Supplement .....				.0
3. Dental only .....				.0
4. Vision only .....				.0
5. Federal Employees Health Benefits Plan .....	.0			.0
6. Title XVIII - Medicare	14,665,392		81,386	14,584,006
7. Title XIX - Medicaid .....	.0			.0
8. Stop loss .....				.0
9. Disability income .....				.0
10. Long-term care .....				.0
11. Other health .....				.0
12. Health subtotal (Lines 1 through 11)	14,665,392	.0	81,386	14,584,006
13. Life .....	.0			.0
14. Property/casualty .....	.0			.0
15. Totals (Lines 12 to 14)	14,665,392	.0	81,386	14,584,006

Statement as of December 31, 2006 of Arkansas Community Care, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct	7,388,320						7,388,320						
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	0												
1.4 Net	7,388,320	0	0	0	0	0	7,388,320	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses	13,945						13,945						
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	3,288,007	0	0	0	0	0	3,288,007	0	0	0	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	3,288,007	0	0	0	0	0	3,288,007	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0						0						
4.2 Reinsurance assumed	0												
4.3 Reinsurance ceded	0												
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	120,098						120,098						
6. Net healthcare receivables (a)	0												
7. Amounts recoverable from reinsurers December 31, current year	0						0						
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	0												
8.2 Reinsurance assumed	0												
8.3 Reinsurance ceded	0												
8.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct	0												
9.2 Reinsurance assumed	0												
9.3 Reinsurance ceded	0												
9.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0												
11. Amounts recoverable from reinsurers December 31, prior year	0												
12. Incurred Benefits:													
12.1 Direct	10,676,327	0	0	0	0	0	10,676,327	0	0	0	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
12.4 Net	10,676,327	0	0	0	0	0	10,676,327	0	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	134,043	0	0	0	0	0	134,043	0	0	0	0	0	0

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

Statement as of December 31, 2006 of Arkansas Community Care, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1 Direct	1,011,511						1,011,511						
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	0												
1.4 Net	1,011,511	0	0	0	0	0	1,011,511	0	0	0	0	0	0
2. Incurred but Unreported:													
2.1 Direct	2,276,496						2,276,496						
2.2 Reinsurance assumed	0												
2.3 Reinsurance ceded	0												
2.4 Net	2,276,496	0	0	0	0	0	2,276,496	0	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1 Direct	0												
3.2 Reinsurance assumed	0												
3.3 Reinsurance ceded	0												
3.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1 Direct	3,288,007	0	0	0	0	0	3,288,007	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	3,288,007	0	0	0	0	0	3,288,007	0	0	0	0	0	0

Statement as of December 31, 2006 of Arkansas Community Care, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred In Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	
2. Medicare Supplement					0	
3. Dental Only					0	
4. Vision Only					0	
5. Federal Employees Health Benefits Plan					0	
6. Title XVIII - Medicare		7,388,320		3,288,007	0	
7. Title XIX - Medicaid					0	
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	0	7,388,320	0	3,288,007	0	0
10. Healthcare receivables (a)					0	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts	0	13,945		120,098	0	
13. Totals (Lines 9 - 10 + 11 + 12)	0	7,402,265	0	3,408,105	0	0

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

Statement as of December 31, 2006 of Arkansas Community Care, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2002	2 2003	3 2004	4 2005	5 2006
1.	Prior	0	0	0	0	
2.	2002					
3.	2003	XXX				
4.	2004	XXX	XXX			
5.	2005	XXX	XXX	XXX		
6.	2006	XXX	XXX	XXX	XXX	7,401

Section B - Incurred Health Claims - Title XVIII

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2002	2 2003	3 2004	4 2005	5 2006
1.	Prior	0	0	0	0	
2.	2002					
3.	2003	XXX				
4.	2004	XXX	XXX			
5.	2005	XXX	XXX	XXX		
6.	2006	XXX	XXX	XXX	XXX	10,810

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2002				0.0	0	0.0			0	0.0
2. 2003				0.0	0	0.0			0	0.0
3. 2004				0.0	0	0.0			0	0.0
4. 2005				0.0	0	0.0			0	0.0
5. 2006	14,584	7,401	1,002	13.5	8,403	57.6	3,408	132	11,943	81.9

Statement as of December 31, 2006 of Arkansas Community Care, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2002	2 2003	3 2004	4 2005	5 2006
1.	Prior	0	0	0	0	0
2.	2002	0	0	0	0	0
3.	2003	XXX	0	0	0	0
4.	2004	XXX	XXX	0	0	0
5.	2005	XXX	XXX	XXX	0	0
6.	2006	XXX	XXX	XXX	XXX	7,401

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2002	2 2003	3 2004	4 2005	5 2006
1.	Prior	0	0	0	0	0
2.	2002	0	0	0	0	0
3.	2003	XXX	0	0	0	0
4.	2004	XXX	XXX	0	0	0
5.	2005	XXX	XXX	XXX	0	0
6.	2006	XXX	XXX	XXX	XXX	10,810

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2002	0	0	0.0	0	0.0	0	0	0	0.0
2.	2003	0	0	0.0	0	0.0	0	0	0	0.0
3.	2004	0	0	0.0	0	0.0	0	0	0	0.0
4.	2005	0	0	0.0	0	0.0	0	0	0	0.0
5.	2006	14,584	7,401	13.5	8,403	57.6	3,408	132	11,943	81.9

12.GT

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
1. Unearned premium reserves .....	.0											
2. Additional policy reserves (a) .....	.0											
3. Reserve for future contingent benefits .....	.0											
4. Reserve for rate credits or experience rating refunds (including \$) for investment income	1,305,926						1,305,926					
5. Aggregate write-ins for other policy reserves ...	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross)	1,305,926	.0	.0	.0	.0	.0	1,305,926	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0											
8. Totals (Net)(Page 3, Line 4)	1,305,926	.0	.0	.0	.0	.0	1,305,926	.0	.0	.0	.0	.0
9. Present value of amounts not yet due on claims .....	.0											
10. Reserve for future contingent benefits .....	.0											
11. Aggregate write-ins for other claim reserves ...	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0											
14. Totals (Net)(Page 3, Line 7)	0	0	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes \$0 premium deficiency reserve.

Statement as of December 31, 2006 of Arkansas Community Care, Inc.
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Claim Adjustment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ for occupancy of own building)	0	16,552	67,538	0	84,090
2. Salary, wages and other benefits	433,710	259,947	537,729	0	1,231,386
3. Commissions (less \$ ceded plus \$ assumed)	0	0	1,773,179	0	1,773,179
4. Legal fees and expenses	0	3,983	67,981	0	71,964
5. Certifications and accreditation fees	0	1,781	0	0	1,781
6. Auditing, actuarial and other consulting services	114	17,529	128,148	0	145,791
7. Traveling expenses	29,863	9,741	70,913	0	110,517
8. Marketing and advertising	17,956	168	2,326,521	0	2,344,645
9. Postage, express and telephone	2,725	31,627	54,164	0	88,516
10. Printing and office supplies	960	13,569	60,525	0	75,054
11. Occupancy, depreciation and amortization	0	21,292	70,084	0	91,376
12. Equipment	0	5,369	4,937	0	10,306
13. Cost or depreciation of EDP equipment and software					0
14. Outsourced services including EDP, claims, and other services		51,568	154,474		206,042
15. Boards, bureaus and association fees					0
16. Insurance, except on real estate	759	6,204	1,823		8,786
17. Collection and bank service charges		2,255	5,059	8,780	16,094
18. Group service and administration fees		28,617			28,617
19. Reimbursements by uninsured plans			0		0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes		695	367		1,062
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes		0	774		774
23.3 Regulatory authority licenses and fees			0		0
23.4 Payroll taxes	28,680	16,644	57,603		102,927
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	0	0	0	0	0
26. Total expenses incurred (Lines 1 to 25)	514,767	487,541	5,381,819	8,780	(a) 6,392,907
27. Less expenses unpaid December 31, current year		131,878	207,388		339,266
28. Add expenses unpaid December 31, prior year					0
29. Amounts receivable relating to uninsured plans, prior year					0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	514,767	355,663	5,174,431	8,780	6,053,641
DETAILS OF WRITE-INS					
2501.					
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0	0	0

(a) Includes management fees of \$487,541 to affiliates and \$0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U.S. government bonds	(a) 65,061	78,544
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) 185,235	221,596
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	250,296	300,140
11. Investment expenses		(g) 8,780
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 3,863
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		12,643
17. Net investment income (Line 10 minus Line 16)		287,497
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 5,050 accrual of discount less \$ 162 amortization of premium and less \$ 14,084 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Unrealized Increases (Decreases) by Adjustment	Total
1. U.S. Government bonds	96	0		96
1.1 Bonds exempt from U.S. tax				0
1.2 Other bonds (unaffiliated)				0
1.3 Bonds of affiliates				0
2.1 Preferred stocks (unaffiliated)				0
2.11 Preferred stocks of affiliates				0
2.2 Common stocks (unaffiliated)				0
2.21 Common stocks of affiliates				0
3. Mortgage loans				0
4. Real estate				0
5. Contract Loans				0
6. Cash, cash equivalents and short-term investments				0
7. Derivative instruments				0
8. Other invested assets				0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0
10. Total capital gains (losses)	96	0	0	96
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Other invested assets (Schedule BA)			0
8. Receivables for securities			0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only)			0
12. Investment income due and accrued			0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	0		0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
13.3 Accrued retrospective premiums			0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			0
14.2 Funds held by or deposited with reinsured companies			0
14.3 Other amounts receivable under reinsurance contracts			0
15. Amounts receivable relating to uninsured plans			0
16.1 Current federal and foreign income tax recoverable and interest thereon			0
16.2 Net deferred tax asset			0
17. Guaranty funds receivable or on deposit			0
18. Electronic data processing equipment and software			0
19. Furniture and equipment, including health care delivery assets	54,554	54,013	(541)
20. Net adjustment in assets and liabilities due to foreign exchange rates			0
21. Receivable from parent, subsidiaries and affiliates			0
22. Health care and other amounts receivable			0
23. Aggregate write-ins for other than invested assets	2,597	1,303	(1,294)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	57,151	55,316	(1,835)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. Total (Lines 24 and 25)	57,151	55,316	(1,835)
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301. Deposits	1,487	1,303	(184)
2302. Prepaids	1,110	0	(1,110)
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	2,597	1,303	(1,294)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations		535	2,219	2,595	2,739	21,314
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	0	535	2,219	2,595	2,739	21,314
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

1. **Summary of Significant Accounting Policies**

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

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

Use of Estimates in the Preparation of the Financial Statements

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

Investments

Investments are stated in accordance with methods and values adopted by the NAIC and, as such, bonds are generally stated at amortized cost. The retrospective method is used to value mortgage-backed securities. Prepayment assumptions and market values for mortgage-backed securities were obtained from IDC or Bloomberg as of December 31, 2006. Premiums and discounts on fixed maturity investments are accreted to income using the modified scientific method over the anticipated life of the security. Short-term investments and U.S. Treasury Bills are carried at amortized cost, which approximates fair market value. Market values are determined using market prices published by the NAIC Securities Valuation Office ("SVO), IDC or Bloomberg.

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

Cash and Short-Term Investments

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

Other Accounting Policies

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

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

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

An accounting change was adopted in 2006 to recognize the cumulative additional paid in capital contributed by Arcadian Management Services Inc, to the Company for start-up expenses paid on its behalf prior to December 31, 2005. The effect of this accounting change was to increase unassigned surplus for the year ended December 31, 2006 by \$1,094,943 and increase additional paid in capital by the same amount.

There have been no corrections to prior year periods.

3. **Business Combinations and Goodwill**

Not Applicable

4. **Discontinued Operations**

Not Applicable

5. **Investments**

As of December 31, 2006, the company did not have any mortgage loans, restructured loans, reverse mortgages, loan-backed securities, or repurchase agreements as investments.

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

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

7. **Investment Income**

For the year ended December 31, 2006 reported net investment income earned was \$291,456. Investment income due or accrued as of December 31, 2006 was \$66,144.

8. **Derivative Instruments**

Not Applicable

9. **Income Taxes**

Not Applicable

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

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

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

AMS supplies certain services to the Company. Those services include enrollment processing, claims processing, professional credentialing, information technology, treasury, financial and tax services. Compensation under this contract is on a per member per month basis and totaled \$487,541 for the year ended December 31, 2006. At December 31, 2006, the Company had \$19,835 due to AMS, and \$65,967 due to AHP.

11. **Debt**

The Company has no outstanding debt as of 12/31/06.

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

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

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

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

14. **Contingencies**

None as of 12/31/06.

15. **Leases**

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

15. **Leases (Continued)**

As of January 1, 2007 the Company will have the following aggregate rental commitments:

2007	101,727
2008	79,316
2009	25,038
2010	1,483
2011	247

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

Not Applicable

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

Not Applicable

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

Not Applicable

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

Not Applicable

20. **September 11 Events**

Not Applicable

21. **Other Items**

As of December 31, 2006, there was \$286,504 primarily due from the Department of Health and Human Services.

22. **Events Subsequent**

Not Applicable

23. **Reinsurance**

The Company has reinsured with Ace American Insurance Company for specific excess loss reinsurance. Total payments to Ace American Insurance Company for the year ending December 31, 2006 were \$81,386.

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

Not Applicable

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

Not Applicable

26. **Intercompany Pooling Arrangements**

Not Applicable

27. **Structured Settlements**

Not Applicable

28. **Health Care Receivables**

Not Applicable

29. **Participating Policies**

Not Applicable

30. **Premium Deficiency Reserves**

Not Applicable

31. **Anticipated Salvage and Subrogation**

Not Applicable

Statement as of December 31, 2006 of Arkansas Community Care, Inc.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	578,613	6.866	578,613	6.866
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies	1,193,864	14.166	1,193,864	14.166
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S. :				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA		0.000		0.000
1.512 Issued or guaranteed by FNMA and FHLMC		0.000		0.000
1.513 All other		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	197,880	2.348	197,880	2.348
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	78,733	0.934	78,733	0.934
1.523 All other		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	398,101	4.724	398,101	4.724
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds	0	0.000	0	0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000		0.000
5.2 Property held for the production of income (including \$ of property acquired in satisfaction of debt)		0.000		0.000
5.3 Property held for sale (including \$ property acquired in satisfaction of debt)		0.000		0.000
6. Contract loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash, cash equivalents and short-term investments	5,980,463	70.962	5,980,463	70.962
9. Other invested assets		0.000		0.000
10. Total invested assets	8,427,654	100.000	8,427,654	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State Regulating? Arkansas
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 09/30/2006
- 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. 02/23/2005
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 02/23/2005
- 3.4 By what department or departments?
- 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 name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
 7.21 State the percentage of foreign control: %
 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the 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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PricewaterhouseCoopers LLP 400 Capital mall, Suite 600 Sacramento, CA 95814
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?
Reden & Anders, Ltd 425 market Street 12th floor San Francisco CA 94105
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved
- 11.13 Total book/adjusted carrying value \$
- 11.2 If, yes provide explanation:
.....
- 12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

BOARD OF DIRECTORS

13. 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 []
14. 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 []
15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? Yes [X] No []

FINANCIAL

- 16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.11 To directors or other officers.....\$0
- 16.12 To stockholders not officers.....\$0
- 16.13 Trustees, supreme or grand (Fraternal Only)\$0
- 16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.21 To directors or other officers.....\$0
- 16.22 To stockholders not officers.....\$0
- 16.23 Trustees, supreme or grand (Fraternal Only)\$0
- 17.1 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 this statement? Yes [] No [X]
- 17.2 If yes, state the amount thereof at December 31 of the current year:
- 17.21 Rented from others.....\$
- 17.22 Borrowed from others.....\$
- 17.23 Leased from others\$
- 17.24 Other\$
- 18.1 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]
- 18.2 If answer is yes,
- 18.21 Amount paid as losses or risk adjustment \$
- 18.22 Amount paid as expenses\$
- 18.23 Other amounts paid\$
- 19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount?\$

GENERAL INTERROGATORIES

INVESTMENT

20.1 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, except as shown by Schedule E - Part 3 - Special Deposits? Yes [] No []

20.2 If no, give full and complete information relating thereto:

21.1 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, except as shown on the Schedule E - Part 3 - Special Deposits, 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 17.1). Yes [] No []

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

21.21 Loaned to others	\$
21.22 Subject to repurchase agreements	\$
21.23 Subject to reverse repurchase agreements	\$
21.24 Subject to dollar repurchase agreements	\$
21.25 Subject to reverse dollar repurchase agreements	\$
21.26 Pledged as collateral	\$
21.27 Placed under option agreements	\$
21.28 Letter stock or other securities restricted as to sale	\$
21.29 Other	\$

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

23.1 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 []

23.2 If yes, state the amount thereof at December 31 of the current year. \$

GENERAL INTERROGATORIES

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.J - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes No

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

1 Nature of Custodian(s)	2 Custodian's Address
Metropolitan National Bank	PO Box 8010 Little Rock AR 72203
Morgan Keegan	50 N. Front St. Memphis TN 38103

24.02 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)
.....

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year?

Yes No

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
11629	Parkway Adviors, LP	6500 Directors Parkway Abilene, TX 79606

25.1 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

25.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....
25.2999 - Total		0

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

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

GENERAL INTERROGATORIES

26. 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 (+)
26.1 Bonds	2,447,191	2,434,397	(12,794)
26.2 Preferred stocks			0
26.3 Totals	2,447,191	2,434,397	(12,794)

26.4 Describe the sources or methods utilized in determining the fair values:
IDC or Bloomberg

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

27.2 If no, list exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$ 0

28.2 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
.....	
.....	

29.1 Amount of payments for legal expenses, if any?\$ 67,980

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

1 Name	2 Amount Paid
Mitchell, Williams, Selig, Gates & Woodyard	29,573
.....	

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

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

1 Name	2 Amount Paid
.....	
.....	

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
 1.2 If yes, indicate premium earned on U. S. business only \$ _____
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ _____
 1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ _____
 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$ _____

1.6 Individual policies: Most current three years:
 1.61 Total premium earned \$ _____
 1.62 Total incurred claims \$ _____
 1.63 Number of covered lives _____
All years prior to most current three years
 1.64 Total premium earned \$ _____
 1.65 Total incurred claims \$ _____
 1.66 Number of covered lives _____

1.7 Group policies: Most current three years:
 1.71 Total premium earned \$ _____
 1.72 Total incurred claims \$ _____
 1.73 Number of covered lives _____
All years prior to most current three years
 1.74 Total premium earned \$ _____
 1.75 Total incurred claims \$ _____
 1.76 Number of covered lives _____

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	14,584,006	
2.2 Premium Denominator	14,584,006	
2.3 Premium Ratio (2.1/2.2)	1.000	0.000
2.4 Reserve Numerator	4,139,332	
2.5 Reserve Denominator	4,714,031	0
2.6 Reserve Ratio (2.4/2.5)	0.878	0.000

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

3.2 If yes, give particulars:

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

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

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

5.2 If no, explain

5.3 Maximum retained risk (see instructions) 5.31 Comprehensive Medical \$ 190,000
5.32 Medical Only \$ _____
5.33 Medicare Supplement \$ _____
5.34 Dental \$ _____
5.35 Other Limited Benefit Plan \$ _____
5.36 Other \$ _____

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:
 ACC's Plan for Risk of Insolvency, should such occur, will continue contracted benefits to members, upon continued payment of premium, for the duration of the contract period, but no less that sixty (60) days from the date insolvency is declared. This is provided by the following:

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

7.2 If no, give details

8. Provide the following information regarding participating providers: 8.1 Number of providers at start of reporting year 0
8.2 Number of providers at end of reporting year 2,241

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

9.2 If yes, direct premium earned: 9.21 Business with rate guarantees between 15-36 months. \$ _____
9.22 Business with rate guarantees over 36 months \$ _____

GENERAL INTERROGATORIES

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

10.2 If yes:

10.21 Maximum amount payable bonuses.....	\$	134,043
10.22 Amount actually paid for year bonuses.....	\$	13,945
10.23 Maximum amount payable withholds.....	\$	
10.24 Amount actually paid for year withholds.....	\$	

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,	Yes []	No [X]	
11.13 An Individual Practice Association (IPA), or, ..	Yes []	No [X]	
11.14 A Mixed Model (combination of above)?	Yes []	No [X]	

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

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

11.4 If yes, show the amount required \$ _____

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

11.6 If the amount is calculated, show the calculation

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

1 Name of Service Area
Little Rock
Fayetteville
.....

FIVE-YEAR HISTORICAL DATA

	1 2006	2 2005	3 2004	4 2003	5 2002
BALANCE SHEET (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	8,790,470	5,070,029			
2. Total liabilities (Page 3, Line 22)	6,035,108	64,442			
3. Statutory surplus	2,755,362				
4. Total capital and surplus (Page 3, Line 31)	2,755,362	5,005,587			
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	14,584,006	0			
6. Total medical and hospital expenses (Line 18)	10,810,370				
7. Claims adjustment expenses (Line 20)	1,002,308	0			
8. Total administrative expenses (Line 21)	5,381,819	6,947			
9. Net underwriting gain (loss) (Line 24)	(2,610,491)	(6,947)			
10. Net investment gain (loss) (Line 27)	287,593	67,850			
11. Total other income (Lines 28 plus 29)	0	0			
12. Net income or (loss) (Line 32)	(2,322,898)	60,903			
RISK-BASED CAPITAL ANALYSIS					
13. Total adjusted capital	2,755,362	5,005,587			
14. Authorized control level risk-based capital	865,822	7,061			
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	2,739				
16. Total members months (Column 6, Line 7)	21,314				
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	74.1	0.0			
19. Cost containment expenses	3.5	0.0		XXX	XXX
20. Other claims adjustment expenses	3.3	0.0			
21. Total underwriting deductions (Line 23)	117.9	0.0			
22. Total underwriting gain (loss) (Line 24)	(17.9)	0.0			
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Col. 5)	0				
24. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	0				
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0			
29. Affiliated mortgage loans on real estate					
30. All other affiliated					
31. Total of above Lines 25 to 30	0	0	0	0	0

Statement as of December 31, 2006 of Arkansas Community Care, Inc.

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	1,772,477	1,759,819	1,767,942	1,780,000
	2. Canada				
	3. Other Countries				
	4. Totals	1,772,477	1,759,819	1,767,942	1,780,000
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non- guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	276,613	276,321	276,019	278,922
	14. Canada				
	15. Other Countries				
	16. Totals	276,613	276,321	276,019	278,922
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	398,101	398,257	397,458	400,000
	22. Canada				
	23. Other Countries				
	24. Totals	398,101	398,257	397,458	400,000
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	2,447,191	2,434,397	2,441,419	2,458,922
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks	0	0	0	
	55. Total Stocks	0	0	0	
	56. Total Bonds and Stocks	2,447,191	2,434,397	2,441,419	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	348,528	7. Amortization of premium	162
2. Cost of bonds and stocks acquired, Col. 7, Part 3	2,208,746	8. Foreign Exchange Adjustment:	
3. Accrual of discount	5,050	8.1 Col. 15, Part 1	0
4. Increase (decrease) by adjustment:		8.2 Col. 19, Part 2, Sec. 1	
4.1 Col. 12 - 14, Part 1	0	8.3 Col. 16, Part 2, Sec. 2	
4.2 Col. 15 - 17, Part 2, Sec. 1	0	8.4 Col. 15, Part 4	0
4.3 Col. 15, Part 2, Sec. 2		9. Book/adjusted carrying value at end of current period	2,447,191
4.4 Col. 11 - 13, Part 4	0	10. Total valuation allowance	
5. Total gain (loss), Col. 19, Part 4	96	11. Subtotal (Lines 9 plus 10)	2,447,191
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	115,067	12. Total nonadmitted amounts	0
		13. Statement value of bonds and stocks, current period	2,447,191

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

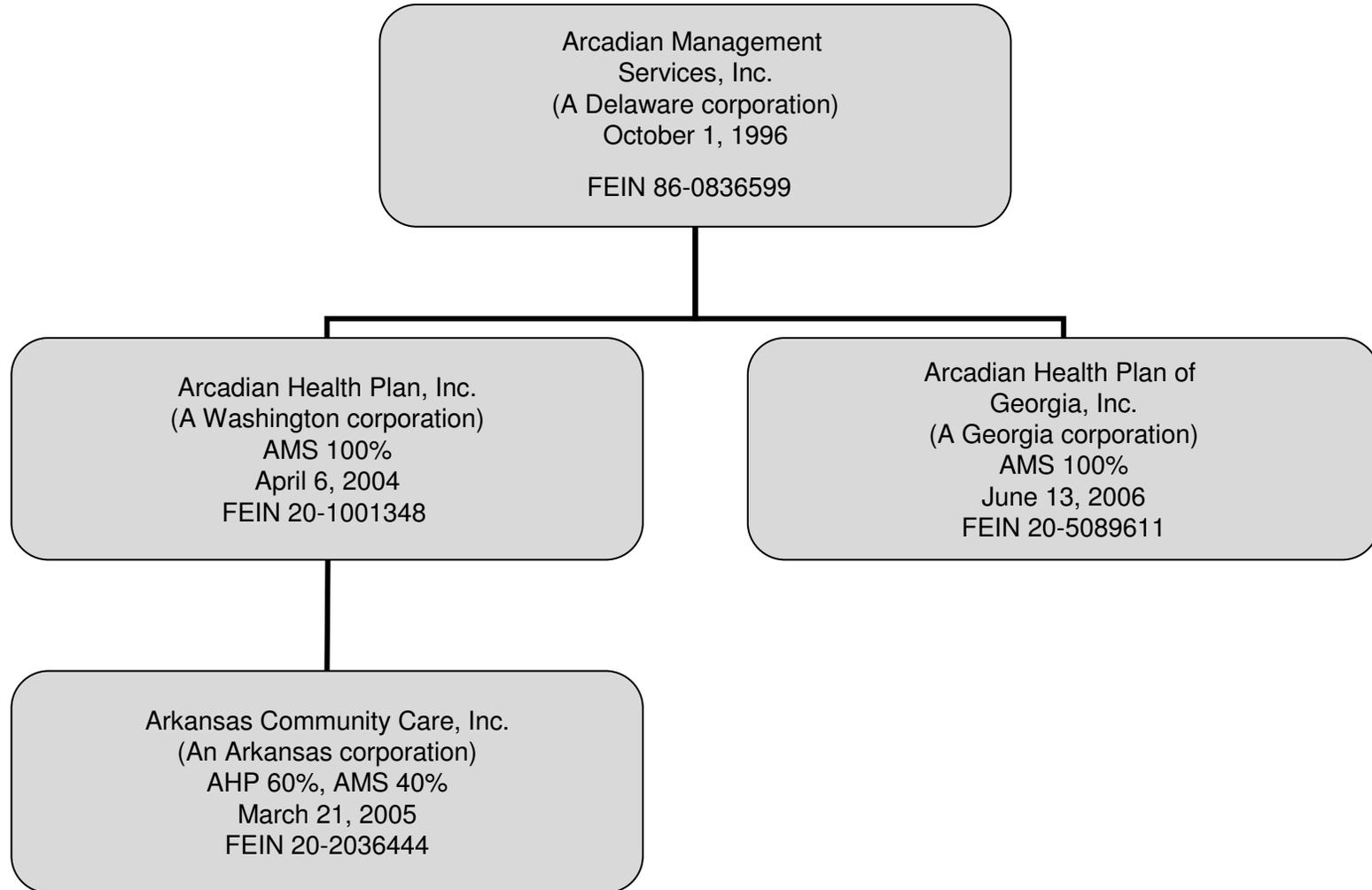
Allocated by States and Territories

States, etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only					8 Property/ Casualty Premiums
			3 Accident and Health Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life and Annuity Premiums and Deposit-Type Contract Funds	
1. Alabama AL		NO						
2. Alaska AK		NO						
3. Arizona AZ		NO						
4. Arkansas AR		YES		14,665,392				
5. California CA		NO						
6. Colorado CO		NO						
7. Connecticut CT		NO						
8. Delaware DE		NO						
9. District of Columbia DC		NO						
10. Florida FL		NO						
11. Georgia GA		NO						
12. Hawaii HI		NO						
13. Idaho ID		NO						
14. Illinois IL		NO						
15. Indiana IN		NO						
16. Iowa IA		NO						
17. Kansas KS		NO						
18. Kentucky KY		NO						
19. Louisiana LA		NO						
20. Maine ME		NO						
21. Maryland MD		NO						
22. Massachusetts MA		NO						
23. Michigan MI		NO						
24. Minnesota MN		NO						
25. Mississippi MS		NO						
26. Missouri MO		NO						
27. Montana MT		NO						
28. Nebraska NE		NO						
29. Nevada NV		NO						
30. New Hampshire NH		NO						
31. New Jersey NJ		NO						
32. New Mexico NM		NO						
33. New York NY		NO						
34. North Carolina NC		NO						
35. North Dakota ND		NO						
36. Ohio OH		NO						
37. Oklahoma OK		YES		0				
38. Oregon OR		NO						
39. Pennsylvania PA		NO						
40. Rhode Island RI		NO						
41. South Carolina SC		NO						
42. South Dakota SD		NO						
43. Tennessee TN		NO						
44. Texas TX		YES		0				
45. Utah UT		NO						
46. Vermont VT		NO						
47. Virginia VA		NO						
48. Washington WA		NO						
49. West Virginia WV		NO						
50. Wisconsin WI		NO						
51. Wyoming WY		NO						
52. American Samoa AS		NO						
53. Guam GU		NO						
54. Puerto Rico PR		NO						
55. U.S. Virgin Islands VI		NO						
56. Northern Mariana Islands MP		NO						
57. Canada CN		NO						
58. Aggregate Other Aliens OT	XXX	XXX	0	0	0	0	0	0
59. Subtotal	XXX	XXX	0	14,665,392	0	0	0	0
60. Reporting Entity Contributions for Employee Benefit Plans	XXX	XXX						
61. Total (Direct Business)	XXX	(a) 3	0	14,665,392	0	0	0	0
DETAILS OF WRITE-INS								
5801.	XXX	XXX						
5802.	XXX	XXX						
5803.	XXX	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 plus 5898)(Line 58 above)	XXX	XXX	0	0	0	0	0	0

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

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

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



Overflow Page for Write-ins

NONE

Schedule A - Part 1

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE