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ANNUAL STATEMENT

For the Year Ending December 31, 2006

of the Condition and Affairs of the

HMO Partners, Inc

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

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

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

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

Statutory Home Office	320 West Capitol….. Little Rock ..... AR ..... 72203-8069 *(Street and Number) (City, State and Zip Code)*	
Main Administrative Office	320 West Capitol….. Little Rock ..... AR ..... 72203-8069 *(Street and Number) (City, State and Zip Code)*	501-221-1800 *(Area Code) (Telephone Number)*
Mail Address	320 West Capitol….. Little Rock ..... AR ..... 72203-8069 *(Street and Number or P. O. Box) (City, State and Zip Code)*	
Primary Location of Books and Records	601 S. Gaines….. Little Rock ..... AR ..... 72201 *(Street and Number) (City, State and Zip Code)*	501-378-2000 *(Area Code) (Telephone Number)*
Internet Website Address	healthadvantage-hmo.com	
Statutory Statement Contact	Scott Bradley Winter *(Name)*	501-399-3951 *(Area Code) (Telephone Number) (Extension)*
	sbwinter@arkbluecross.com *(E-Mail Address)*	501-378-3258 *(Fax Number)*
Policyowner Relations Contact	320 West Capitol….. Little Rock ..... AR ..... 72203-8069 *(Street and Number) (City, State and Zip Code)*	800-843-1329 *(Area Code) (Telephone Number) (Extension)*

OFFICERS

Name	Title	Name	Title
1. David Frank Bridges	President	2. Steven James Short	Vice President/CFO
3. Scott Bradley Winter	Assistant Treasurer	4. Kathleen O'Dea Ryan	Vice President

OTHER

James Sterling Adamson Jr. MD	Chairman	Allen Frances Smith	Vice Chairman
Russell Doyne Harrington Jr.	Secretary	Robert Lee Shoptaw	Treasurer
James Robert Bailey	Vice President	Clement Wade Fox MD	Assistant Secretary

DIRECTORS OR TRUSTEES

James Sterling Adamson Jr. MD	Sharon Kay Allen	Richard Allen Calhoun Jr. MD	David Warren Cobb R.PH.
Richard Loyd Gore DDS	Russell Doyne Harrington Jr.	Randal Freeland Hundley MD	Nikita Jean Wilson RN
William Patton Phillips MD	Robert Lee Shoptaw	Allen Frances Smith	Michael David Voss
Paul Mark White	James Robert Bailey	David Frank Bridges	Michael Wayne Brown
James Bruce Hazlewood MD	Merlin Moody Hagan	Clement Wade Fox MD	Robert Lee Trammel

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

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

(Signature)	(Signature)	(Signature)
David Frank Bridges	Steven James Short	Scott Bradley Winter
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President	Vice President/CFO	Assistant Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This _____ day of _____

a. Is this an original filing? Yes [X] No [ ]

b. If no 1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	42,778,646		42,778,646	43,256,245
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks	14,542,108		14,542,108	13,440,266
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....8,681,670, Sch. E-Part 1), cash equivalents ($.....0, Sch. E-Part 2) and short-term investments ($.....23,404,822, Sch. DA)	32,086,492		32,086,492	25,259,701
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets (Schedule BA)			0	
8. Receivables for securities			0	
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	89,407,246	0	89,407,246	81,956,212
11. Title plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	868,618		868,618	1,203,341
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection	497,104		497,104	798,541
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	119,769		119,769	193,055
14.2 Funds held by or deposited with reinsured companies			0	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans	13,733,489	144,076	13,589,413	9,249,337
16.1 Current federal and foreign income tax recoverable and interest thereon	749,990		749,990	
16.2 Net deferred tax asset			0	
17. Guaranty funds receivable or on deposit			0	
18. Electronic data processing equipment and software			0	
19. Furniture and equipment, including health care delivery assets ($.....0)			0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates	1,050,307		1,050,307	1,133,712
22. Health care ($.....681,412) and other amounts receivable	702,189	198,158	504,031	605,735
23. Aggregate write-ins for other than invested assets	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	107,128,712	342,234	106,786,478	95,139,933
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	107,128,712	342,234	106,786,478	95,139,933

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			0	
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.			0	
2302.			0	
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $.....4,600,481 reinsurance ceded)	13,998,123		13,998,123	17,145,415
2. Accrued medical incentive pool and bonus amounts			0	
3. Unpaid claims adjustment expenses	810,321		810,321	767,955
4. Aggregate health policy reserves			0	
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	1,384,182		1,384,182	1,394,162
9. General expenses due or accrued	466,277		466,277	
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized capital gains (losses))			0	845,298
10.2 Net deferred tax liability	2,025,678		2,025,678	1,752,348
11. Ceded reinsurance premiums payable	105,250		105,250	95,773
12. Amounts withheld or retained for the account of others	1,861,409		1,861,409	1,477,892
13. Remittances and items not allocated	126,458		126,458	82,385
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	5,552,335		5,552,335	5,632,868
16. Payable for securities			0	
17. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
18. Reinsurance in unauthorized companies			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	
20. Liability for amounts held under uninsured plans	13,940,938		13,940,938	9,303,535
21. Aggregate write-ins for other liabilities (including $.....0 current)	330,267	0	330,267	59,832
22. Total liabilities (Lines 1 to 21)	40,601,238	0	40,601,238	38,557,463
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	10,000	10,000
25. Preferred capital stock	XXX	XXX		
26. Gross paid in and contributed surplus	XXX	XXX	1,919,153	1,919,153
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	64,256,087	54,653,317
30. Less treasury stock at cost:				
30.1 .....0.000 shares common (value included in Line 24 $.....0)	XXX	XXX		
30.2 .....0.000 shares preferred (value included in Line 25 $.....0)	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	66,185,240	56,582,470
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	106,786,478	95,139,933

DETAILS OF WRITE-INS

2101. Unclaimed property	73,674		73,674	21,759
2102. Miscellaneous payables	256,593		256,593	38,073
2103.			0	
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)	330,267	0	330,267	59,832
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 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1. Member months	XXX	418,323	550,458
2. Net premium income (including $.....0 non-health premium income)	XXX	89,579,403	113,372,429
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of $.....0 medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	89,579,403	113,372,429
Hospital and Medical:			
9. Hospital/medical benefits		85,190,340	95,884,795
10. Other professional services			
11. Outside referrals		2,422,968	5,054,767
12. Emergency room and out-of-area		4,392,034	8,478,998
13. Prescription drugs		18,214,711	17,108,513
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)	0	110,220,053	126,527,073
Less:			
17. Net reinsurance recoveries		41,506,505	35,520,660
18. Total hospital and medical (Lines 16 minus 17)	0	68,713,548	91,006,413
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....4,154,888 cost containment expenses		6,127,236	5,252,991
21. General administrative expenses		5,138,709	6,195,022
22. Increase in reserves for life and accident and health contracts including $.....0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	0	79,979,493	102,454,426
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	9,599,910	10,918,003
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		3,131,124	2,488,266
26. Net realized capital gains or (losses) less capital gains tax of $.....628,032		1,166,345	246,135
27. Net investment gains or (losses) (Lines 25 plus 26)	0	4,297,469	2,734,401
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
29. Aggregate write-ins for other income or expenses	0	286,973	190,881
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	14,184,352	13,843,285
31. Federal and foreign income taxes incurred	XXX	4,437,206	4,715,108
32. Net income (loss) (Lines 30 minus 31)	XXX	9,747,146	9,128,177

DETAILS OF WRITE-INS

0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901. Licensing fee income		160,000	160,000
2902. Miscellaneous Income		126,973	30,881
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	286,973	190,881

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	56,582,470	46,881,294
34. Net income or (loss) from Line 32	9,747,146	9,128,177
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains and (losses) less capital gains tax of $.....0	555,067	1,232,799
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	25,551	452,515
39. Change in nonadmitted assets	187,824	(22,315)
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		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders	(912,818)	(1,090,000)
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	9,602,770	9,701,176
49. Capital and surplus end of reporting period (Line 33 plus 48)	66,185,240	56,582,470

DETAILS OF WRITE-INS

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

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	89,880,337	113,444,465
2. Net investment income	3,744,907	2,148,721
3. Miscellaneous income		
4. Total (Lines 1 through 3)	93,625,244	115,593,186
5. Benefit and loss related payments	71,787,554	93,227,366
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	9,923,388	11,744,576
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) $.....628,032 net of tax on capital gains (losses)	6,660,526	4,333,373
10. Total (Lines 5 through 9)	88,371,468	109,305,315
11. Net cash from operations (Line 4 minus Line 10)	5,253,776	6,287,871
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	5,701,570	5,750,000
12.2 Stocks	2,483,817	898,099
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	92,821	
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	8,278,208	6,648,099
13. Cost of investments acquired (long-term only):		
13.1 Bonds	5,493,175	17,297,735
13.2 Stocks	1,040,008	251,969
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		1,005,676
13.7 Total investments acquired (Lines 13.1 to 13.6)	6,533,183	18,555,380
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	1,745,025	(11,907,281)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	912,818	1,090,000
16.6 Other cash provided (applied)	740,808	(694,123)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(172,010)	(1,784,123)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	6,826,791	(7,403,533)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	25,259,701	32,663,234
19.2 End of year (Line 18 plus Line 19.1)	32,086,492	25,259,701

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

20.0001		

ANALYSIS OF OPERATION BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plans	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Net premium income	89,579,403	89,579,403											
2. Change in unearned premium reserves and reserve for rate credit	0												
3. Fee-for-service (net of $.....0 medical expenses)	0												XXX
4. Risk revenue	0												XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	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)	89,579,403	89,579,403	0	0	0	0	0	0	0	0	0	0	0
8. Hospital/medical benefits	85,190,340	85,190,340											XXX
9. Other professional services	0												XXX
10. Outside referrals	2,422,968	2,422,968											XXX
11. Emergency room and out-of-area	4,392,034	4,392,034											XXX
12. Prescription drugs	18,214,711	18,214,711											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	0												XXX
15. Subtotal (Lines 8 to 14)	110,220,053	110,220,053	0	0	0	0	0	0	0	0	0	0	XXX
16. Net reinsurance recoveries	41,506,505	41,506,505											XXX
17. Total hospital and medical (Lines 15 minus 16)	68,713,548	68,713,548	0	0	0	0	0	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 $.....4,154,888 cost containment expenses	6,127,236	6,127,236											
20. General administrative expenses	5,138,709	5,685,852										(547,143)	
21. Increase in reserves for accident and health contracts	0												XXX
22. Increase in reserve for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	79,979,493	80,526,636	0	0	0	0	0	0	0	0	0	(547,143)	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	9,599,910	9,052,767	0	0	0	0	0	0	0	0	0	547,143	0

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	147,673,278		58,093,876	89,579,402
2. Medicare supplement				0
3. Dental only				0
4. Vision only				0
5. Federal employees health benefits plan				0
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid				0
8. Stop loss				0
9. Disability income				0
10. Long-term care				0
11. Other health				0
12. Health subtotal (Lines 1 through 11)	147,673,278	0	58,093,876	89,579,402
13. Life				0
14. Property/casualty				0
15. Totals (Lines 12 to 14)	147,673,278	0	58,093,876	89,579,402

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Payments during the year:													
1.1 Direct	113,135,292	113,135,292											
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	41,457,338	41,457,338											
1.4 Net	71,677,954	71,677,954	0	0	0	0	0	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses	0												
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	18,598,604	18,598,604											
3.2 Reinsurance assumed	0												
3.3 Reinsurance ceded	4,600,481	4,600,481											
3.4 Net	13,998,123	13,998,123	0	0	0	0	0	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0												
4.2 Reinsurance assumed	0												
4.3 Reinsurance ceded	0												
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0												
6. Net healthcare receivables (a)	(109,599)	(109,599)											
7. Amounts recoverable from reinsurers December 31, current year	119,769	119,769											
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	21,623,443	21,623,443											
8.2 Reinsurance assumed	0												
8.3 Reinsurance ceded	4,478,028	4,478,028											
8.4 Net	17,145,415	17,145,415	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	193,055	193,055											
12. Incurred benefits:													
12.1 Direct	110,220,052	110,220,052	0	0	0	0	0	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	41,506,505	41,506,505	0	0	0	0	0	0	0	0	0	0	0
12.4 Net	68,713,547	68,713,547	0	0	0	0	0	0	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Medical and Hospital)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other Health	13 Other Non-Health
1. Reported in process of adjustment:													
1.1 Direct	2,903,266	2,903,266											
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	1,103,240	1,103,240											
1.4 Net	1,800,026	1,800,026	0	0	0	0	0	0	0	0	0	0	0
2. Incurred but unreported:													
2.1 Direct	7,776,971	7,776,971											
2.2 Reinsurance assumed	0												
2.3 Reinsurance ceded	3,471,197	3,471,197											
2.4 Net	4,305,774	4,305,774	0	0	0	0	0	0	0	0	0	0	0
3. Amounts withheld from paid claims and capitations:													
3.1 Direct	7,918,367	7,918,367											
3.2 Reinsurance assumed	0												
3.3 Reinsurance ceded	26,044	26,044											
3.4 Net	7,892,323	7,892,323	0	0	0	0	0	0	0	0	0	0	0
4. Totals:													
4.1 Direct	18,598,604	18,598,604	0	0	0	0	0	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	4,600,481	4,600,481	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	13,998,123	13,998,123	0	0	0	0	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	14,125,015	58,062,238	26,296	13,971,827	14,151,311	17,145,415
2. Medicare supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan					0	
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid					0	
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	14,125,015	58,062,238	26,296	13,971,827	14,151,311	17,145,415
10. Healthcare receivables (a)		326,414			0	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts					0	
13. Totals (Lines 9 - 10 + 11 + 12)	14,125,015	57,735,824	26,296	13,971,827	14,151,311	17,145,415

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - GRAND TOTAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	17,929,911	(119,710)			
2. 2002	75,424,511	12,433,980	(3,437)		
3. 2003	XXX	85,014,325	18,307,139	25,449	
4. 2004	XXX	XXX	78,417,054	15,621,946	(55,253)
5. 2005	XXX	XXX	XXX	78,584,895	14,180,268
6. 2006	XXX	XXX	XXX	XXX	58,062,238

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	134,948,357	135,063,299			
2. 2002	91,218,571	88,375,802	87,855,054		
3. 2003	XXX	106,922,647	102,745,884	103,346,913	
4. 2004	XXX	XXX	98,178,303	94,058,569	93,983,746
5. 2005	XXX	XXX	XXX	95,686,348	92,692,243
6. 2006	XXX	XXX	XXX	XXX	72,034,065

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expense	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2002	106,775	87,855	3,790	4.3	91,645	85.8			91,645	85.8
2. 2003	130,776	103,347	4,761	4.6	108,108	82.7			108,108	82.7
3. 2004	118,191	93,984	4,052	4.3	98,036	82.9			98,036	82.9
4. 2005	113,372	92,765	5,253	5.7	98,018	86.5	26	1	98,045	86.5
5. 2006	89,579	58,062	6,127	10.6	64,189	71.7	13,972	809	78,970	88.2

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	17,929,911	(119,710)			
2. 2002	75,424,511	12,433,980	(3,437)		
3. 2003	XXX	85,014,325	18,307,139	25,449	
4. 2004	XXX	XXX	78,417,054	15,621,946	(55,253)
5. 2005	XXX	XXX	XXX	78,584,895	14,180,268
6. 2006	XXX	XXX	XXX	XXX	58,062,238

SECTION B - INCURRED HEALTH CLAIMS - HOSPITAL AND MEDICAL

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	134,948,357	135,063,299			
2. 2002	91,218,571	88,375,802	87,855,054		
3. 2003	XXX	106,922,647	102,745,884	103,346,913	
4. 2004	XXX	XXX	98,178,303	94,058,569	93,983,746
5. 2005	XXX	XXX	XXX	95,686,348	92,692,243
6. 2006	XXX	XXX	XXX	XXX	72,034,065

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

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Percent (Col. 3/2)	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 Percent (Col. 5/1)	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 Percent (Col. 9/1)
1. 2002	106,775	87,855	3,790	4.3	91,645	85.8			91,645	85.8
2. 2003	130,776	103,347	4,761	4.6	108,108	82.7			108,108	82.7
3. 2004	118,191	93,984	4,052	4.3	98,036	82.9			98,036	82.9
4. 2005	113,372	92,765	5,253	5.7	98,018	86.5	26	1	98,045	86.5
5. 2006	89,579	58,062	6,127	10.6	64,189	71.7	13,972	809	78,970	88.2

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

U & I Ex.-Pt.2D
NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($.....0 for occupancy of own building)	2,201	258	155,850		158,309
2. Salaries, wages and other benefits	3,989,107	2,026,682	15,161,131		21,176,920
3. Commissions (less $.....0 ceded plus $.....0 assumed)			2,649,349		2,649,349
4. Legal fees and expenses			69,154		69,154
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	23,678	14,876	333,071		371,625
7. Traveling expenses	114,020	23,117	370,346		507,483
8. Marketing and advertising	10,167	25	60,915		71,107
9. Postage, express and telephone	123,863	425,891	627,675		1,177,429
10. Printing and office supplies	187,350	55,542	807,570		1,050,462
11. Occupancy, depreciation and amortization					0
12. Equipment	230,906	233,550	2,169,113		2,633,569
13. Cost or depreciation of EDP equipment and software		31,988	209,587		241,575
14. Outsourced services including EDP, claims, and other services	2,231,320	274,872	464,219		2,970,411
15. Boards, bureaus and association fees	13,600		300,894		314,494
16. Insurance, except on real estate	229,123	22,365	135,147		386,635
17. Collection and bank service charges			11,040		11,040
18. Group service and administration fees	27,946		594,089		622,035
19. Reimbursements by uninsured plans			(10,470,886)		(10,470,886)
20. Reimbursements from fiscal intermediaries		152,220			152,220
21. Real estate expenses	114,872	72,748	400,241		587,861
22. Real estate taxes	4,145	4,276	21,316		29,737
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes		48,503	2,050		50,553
23.2 State premium taxes			(306)		(306)
23.3 Regulator authority licenses and fees	340		49,182		49,522
23.4 Payroll taxes	239,930	118,955	735,520		1,094,405
23.5 Other (excluding federal income and real estate taxes)	3,769	6,384	770,170		780,323
24. Investment expenses not included elsewhere				42,005	42,005
25. Aggregate write-ins for expenses	(3,391,449)	(1,539,904)	(10,487,728)	0	(15,419,081)
26. Total expenses incurred (Lines 1 to 25)	4,154,888	1,972,348	5,138,709	42,005	(a) 11,307,950
27. Less expenses unpaid December 31, current year		810,321	466,277		1,276,598
28. Add expenses unpaid December 31, prior year		767,955			767,955
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)	4,154,888	1,929,982	4,672,432	42,005	10,799,307

DETAILS OF WRITE-INS

2501. Administrative Services Agreement			1,283,932		1,283,932
2502. Unpaid Claims Processing		178,419			178,419
2503. Ceded Admin Expenses	(3,391,449)	(1,718,323)	(11,771,660)		(16,881,432)
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)	(3,391,449)	(1,539,904)	(10,487,728)	0	(15,419,081)

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

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 936,250	900,258
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 1,097,382	817,918
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	276,096	275,680
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) 1,185,377	1,179,272
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	3,495,105	3,173,128
11.	Investment expenses		(g) 42,005
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		42,005
17.	Net investment income (Line 10 minus Line 16)		3,131,123

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 $.....1,489 accrual of discount less $.....280,549 amortization of premium and less $.....63,003 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 Unrealized Increases (Decreases) by Adjustment	4 Total
1.	U.S. government bonds				0
1.1	Bonds exempt from U.S. tax				0
1.2	Other bonds (unaffiliated)	1,750			1,750
1.3	Bonds of affiliates				0
2.1	Preferred stocks (unaffiliated)				0
2.11	Preferred stocks of affiliates				0
2.2	Common stocks (unaffiliated)	1,699,806		1,804,516	3,504,322
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	92,821			92,821
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)	1,794,377	0	1,804,516	3,598,893

DETAILS OF WRITE-INS

0901.					0
0902.					0
0903.					0
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 NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. 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
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	144,076	123,255	(20,821)
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			0
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	198,158	406,804	208,646
23. Aggregate write-ins for other than invested assets	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	342,234	530,059	187,825
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. TOTALS (Lines 24 and 25)	342,234	530,059	187,825

DETAILS OF WRITE-INS

0901.			0
0902.			0
0903.			0
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. A/R Other			0
2302.			0
2303.			0
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)	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1. Health maintenance organizations	23,208	23,493	23,507	21,500	21,580	270,028
2. Provider service organizations						
3. Preferred provider organizations						
4. Point of service	28,757	29,781	31,012	34,479	35,942	387,385
5. Indemnity only						
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	51,965	53,274	54,519	55,979	57,522	657,413

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of the company are presented on the basis of accounting practices prescribed or permitted by the Arkansas Insurance Department.

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

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

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

C. Accounting Policy

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

In addition, the company uses the following accounting policies:

Short-term investments are stated at amortized cost.
Bonds not backed by other loans are stated at amortized cost using the interest method.
Common Stocks at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
Preferred stocks are stated at cost.
Expenditures for assets are capitalized at $500, and all other costs are expensed.
Pharmacy rebate receivable estimates are based upon a history of rebates billed vs. paid pharmacy claims.

2. Accounting Changes and Corrections of Errors

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

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

3. Business Combinations and Goodwill
The Company had no business combinations or goodwill as of December 31, 2006.

4. Discontinued Operations
The Company had no discontinued operations as of December 31, 2006.

5. Investments

A. The Company has no mortgage loans at this time.
B. The Company has no debt restructuring at this time.
C. The Company has no reverse mortgages at this time.
D. The Company has no loan-backed securities at this time.
E. The Company has no repurchase agreements at this time.
F. The Company has no investments in real estate at this time.

6. Joint Ventures, Partnerships, and Limited Liability Companies

The Company has no investments in Joint Ventures, Partnerships, or Limited Liability Companies

7. Investment Income

All investment income due and accrued is included in investment income.

8. Derivative Instruments

The Company does not own any derivative instruments.

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

The Company files a stand-alone federal income tax return.

When available, the Company utilizes net operating loss carry forwards to offset taxable income. At December 31, 2006, the Company had $0 of operating loss carry forwards.

The following are income taxes incurred in the current and prior year that will be available for recoupment in the event of future net losses:

2006	$4,785,000
2005	$4,561,000
2004	$ 0

The components of current income tax expense are as follows:

	2006	2005
Federal	$4,426,680	$4,627,198
Foreign	$ 10,526	7,510
Federal Income Tax on net capital gains	$ 628,032	$ 212,938
Utilization of capital loss carry-forwards	-	
Federal income tax incurred	$5,065,238	$4,847,646

The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	December 31, 2006	Effective Tax Rate
Provision computed at statutory rate	$ 5,184,334	35.0%
Dividends received deduction	$ (44,926)	-.3%
Nondeductible expenses	$ 6,147	0.0%
Benefit of Surtax Bracket	$ (100,006)	
Other	$ (5,862)	0.0%
Total	$ 5,039,687	34.0%
Federal and foreign income taxes incurred	$ 5,065,238	34.2%
Change in net deferred incomes taxes	$ (25,551)	-.2%
Total statutory incomes taxes	$ 5,039,687	34.0%

The components of the net deferred tax asset/(liability) [at December 31] are as follows:

	December 31, 2006	December 31, 2005
Total of all deferred tax asset (admitted and nonadmitted)	$ 812,338	$ 786,932
Total of all deferred tax liabilities	2,838,017	2,539,280
Net deferred tax asset/(liability)	(2,025,679)	(1,752,348)
Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes		
Net admitted deferred tax asset/(liability)	(2,025,679)	(1,752,348)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at [December 31] are as follows:

	December 31, 2006	December 31, 2005
Deferred Tax Assets:		
Tax basis discount on unpaid losses	$ 93,811	$ 128,399
Unearned premium discounting	96,893	96,152
Accrued deferred compensation	523,076	404,371
Bad debts	11,130	9,228
Depreciation		
Impairment of Assets	87,428	148,782
Total deferred tax assets	812,338	786,932
Total deferred tax assets non-admitted		
Admitted deferred tax assets	812,338	786,932
Deferred Tax Liabilities:		
Unrealized Capital Gains	2,827,411	2,528,528
Accrued dividends	10,606	10,752
Other		
Total deferred tax liabilities	2,838,017	2,539,280
Net admitted deferred tax asset/(liability)	(2,025,679)	(1,752,348)

NOTES TO FINANCIAL STATEMENTS

The change in net deferred income taxes is comprised of the following [at December 31]:

	December 31, 2006	December 31, 2005	Change
Total deferred tax assets	$ 812,338	$ 786,932	$ 25,406
Total deferred tax liabilities	2,838,017	2,539,280	298,737
Net deferred tax asset (liability)	$ (2,025,679)	$(1,752,348)	$ (273,331)
Tax effect of unrealized gains (losses)			298,882
Change in net deferred income tax			$ 25,551

10. Information Concerning Parent, Subsidiaries and Affiliates

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

B. & C. The Company, d/b/a Health Advantage, serves as the Third Party Administrator for the self insured employee groups of ABCBS and Baptist Health. All receivables and payables dealing with their employee groups are classified under Uninsured Plans. At December 31, 2006, receivables of $4,437,927 and $1,434,634 were due respectively from Baptist Health and ABCBS. Payable balances of $4,249,566 and $1,454,072 are recorded respectively for Baptist Health and ABCBS. The Company paid dividends to USAble Corporation and BMS HMO on March 29, 2006, totaling $912,818.

D. At December 31, 2006 the Company reported the following amounts due from Affiliates:

USAble Administrators	$ (616)
Arkansas Blue Cross and Blue Shield	$1,050,923
Total	$1,050,307

At December 31, 2006 the Company reported the following amounts do to Affiliates:

Arkansas Blue Cross and Blue Shield	$5,483,922
AHIN	10,626
Pinnacle Business Solutions	683
USAble Life	57,104
Total	$5,552,335

E. N/A

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

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

11. Debt

A. As of December 31, 2006, the Company has no capital notes.
B. As of December 31, 2006, the Company's liability for borrowed money was zero ($-0-).

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

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

B. Defined Contribution Plan
The Company offers an optional 401(k) plan to all eligible employees. The employee has the option of deferring up to 15% of his or her salary. The Company matches the amount deferred by the employee based upon years of service from a minimum of 50% to a maximum of 100% of a 6% contribution.

Effective July 1, 1998 the plan was amended to establish a non-contributory, defined contribution portion of the plan known as 401(k) Plu$. Employees are not required to participate in the original defined contribution plan in order to receive benefits under the 401(k) Plu$ portion of the plan. Under the 401(k) Plu$ the Company makes a contribution from 2% to 6% of the eligible compensation of all eligible employees. The determination of the percentage to be used in calculating the contribution is based upon annually established net income targets. At no time will the contribution be less than 2% nor more than 6%. For 2006, 4% has been used to calculate the Company's contribution of $262,227.

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

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

D. Consolidated/Holding Company Plans

NOTES TO FINANCIAL STATEMENTS

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

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

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

1) As of December 31, 2006, the Company had 1,000,000 common stock shares authorized, issued and outstanding at $.01 par value.
2) The Company has no preferred stock outstanding.
3) Dividends on Company stock are paid as declared by its Board of Directors.
4) Dividends are paid based on earned surplus and cannot fall below state net worth requirements.
5) All unassigned surplus is being held for the stockholder.
6) The Company does not have any advances to surplus.
7) As of December 31, 2006, the Company held no stock for special purposes such as employee stock options or conversion of preferred stock.
8) The Company has no special surplus funds.
9) The portion of unassigned funds (surplus) represented or reduced by cummulative unrealized gains and losses is $ 4,165,780.
10) Surplus Notes

a.	issue date	5/2/94	5/2/94	9/19/96	9/19/96
b.	Surplus notes				
c.	Holder of Note	USAble Corp	Multi-Management Services	USAble Corp	Multi-Managemt Services
d.	Par Value	$1,500,000	$1,500,000	$2,500,000	$2,500,000
e.	Carrying Value	$ -0-	$ -0-	$-0-	$-0-
f.	Interest rate	7.75%	7.75%	5.00%	5.00%

g. Each payment of interest on and principal of the surplus notes may be made only with the prior approval of the Commissioner of the Arkansas Insurance Department and only to the extent the Company has sufficient surplus earnings to make such payment.
h. There has been no interest or principal paid that was unapproved.
i. For the year ending December 31, 2003 the Company paid $243,240 of interest and made principal repayments of $4,000,000 which included the final payoff of the remaining two notes issued 9/19/96. At 12/31/03 the principle balance was $-0-.
j. The Company has paid $3,491,107 in interest over the life of the surplus notes and $8,000,000 in principle repayments.
k. The rights to the principle amount and to the accrued interest thereon are and shall remain subject to and subordinate to all other liabilities of the Company.
l. Upon the dissolution or liquidation of the Company, no payment on the surplus notes shall be made until all other liabilities of the Company shall have been paid.

11) The Company was not involved in a quasi-reorganization.
12) The Company was not involved in a quasi-reorganization.

14. Contingencies

The Company is not aware of any contingent liabilities as of December 31, 2006.

In the normal course of business, the Company is involved in litigation from time to time with claimants and others, a number of these were pending at December 31, 2006. In the opinion of the Company, the ultimate liability, if any, has been adequately provided for in the financial statements, and any excess liability would not have a material adverse financial effect upon the Company.

15. Leases

The Company has no material lease obligations at this time.

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

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

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

The Company has not been involved in any sale, transfer and servicing of financial assets and extinguishments of liabilities as of December 31, 2006.

NOTES TO FINANCIAL STATEMENTS

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

The gain (loss) from operations for uninsured accident and health plans was as follows during 2006:

	Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total
Net Reimbursement for Administrative expenses (including administrative fees) in excess of actual expenses	$ 547,143	$-0-	$ 547,143
Other Income	$-0-	$-0-	$-0-
Net gain or (loss) from operations	$ 547,143	$-0-	$ 547,143
Total claim payment volume	$114,472,231	$-0-	$114,472,231

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

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

20. September 11 Events

The Company had no material impact on its business related to the terrorist attacks of September 11, 2001.

21. Other Items

A. The Company had no extraordinary items as of December 31, 2006.
B. The Company had no troubled debt restructuring as of December 31, 2006.
C. The Company has no other disclosures as of December 31, 2006.
D. The Company has no uncollectible assets covered by SSAP No.6 as of December 31, 2006.
E. The Company has no noncash transactions.
F. The Company has no business interruption insurance recoveries.

22. Events Subsequent

There were no known events subsequent as of December 31, 2006.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1

1. The Company had no non-affiliated reinsurers.
2. The Company had no reinsurer chartered outside the United States.

Section 2

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

Section 3

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

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

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Company does not have any retrospectively rated contracts or contract subject to redetermination.

25. Change in Incurred Claims and Claim Adjustment Expenses

The Company does not have any changes in the provision for incurred claim and claim adjustment expenses attributable to insured events of prior years.

NOTES TO FINANCIAL STATEMENTS

26. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangements.

27. Structured Settlements

This note is not applicable to health entities.

28. Health Care Receivables

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

				---Rebates collected within days of qtr---		
Qtr	Est Rebates on F/S	Admitted	Invoiced	0-90	91-180	over 180
12/31/06	$ 592,949	$394,791				
09/30/06	$ 611,653	$373,091		$ 38		
06/30/06	$ 585,664	$354,891		$ 561	$349,423	
03/31/06	$ 710,997	$339,148			$294,879	$ 41,737
12/31/05	$ 734,902	$328,098			$348,465	$ 28,430
09/30/05	$ 777,006	$364,358		$42,399	$295,460	$ 75,232
06/30/05	$ 691,197	$353,556			$322,945	$ 66,896
03/31/05	$1,005,817	$351,112			$310,858	$ 82,612
12/31/04	$ 455,281	$ 95,482				$ 400,122
09/30/04	$1,246,823	$327,466			$ 9,678	$ 308,439
06/30/04	$1,291,376	$309,277			$ 37,201	$ 275,490
03/31/04	$1,273,391	$325,201				$ 357,630

B. The Company has no risk sharing receivables.

29. Participating Policies

The Company has no participating contracts.

30. Premium Deficiency Reserves

The Company has no premium deficiency reserves.

31. Anticipated Salvage and Subrogation

The Company has no estimates of anticipated salvage and subrogation.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	Gross Investment Holdings 2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	Admitted Assets as Reported in the Annual Statement 4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	25,365,975	28.4	25,365,975	28.4
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.0		0.0
1.22 Issued by U.S. government sponsored agencies		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities)		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	5,011,807	5.6	5,011,807	5.6
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations		0.0		0.0
1.43 Revenue and assessment obligations	4,192,810	4.7	4,192,810	4.7
1.44 Industrial development and similar obligations	8,208,054	9.2	8,208,054	9.2
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA		0.0		0.0
1.512 Issued or guaranteed by FNMA and FHLMC		0.0		0.0
1.513 All other		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.0		0.0
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		0.0		0.0
1.523 All other		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.0		0.0
2.2 Unaffiliated foreign securities		0.0		0.0
2.3 Affiliated securities		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated		0.0		0.0
3.22 Unaffiliated		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.0		0.0
3.32 Unaffiliated	14,542,108	16.3	14,542,108	16.3
3.4 Other equity securities:				
3.41 Affiliated		0.0		0.0
3.42 Unaffiliated		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.0		0.0
3.52 Unaffiliated		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development		0.0		0.0
4.2 Agricultural		0.0		0.0
4.3 Single family residential properties		0.0		0.0
4.4 Multifamily residential properties		0.0		0.0
4.5 Commercial loans		0.0		0.0
4.6 Mezzanine real estate loans		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company		0.0		0.0
5.2 Property held for production of income (including $.....0 of property acquired in satisfaction of debt)		0.0		0.0
5.3 Property held for sale (including $.....0 property acquired in satisfaction of debt)		0.0		0.0
6. Contract loans		0.0		0.0
7. Receivables for securities		0.0		0.0
8. Cash, cash equivalents and short-term investments	32,086,492	35.9	32,086,492	35.9
9. Other invested assets		0.0		0.0
10. Total invested assets	89,407,246	100.0	89,407,246	100.0

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 [ ] No [ ] N/A [X]

1.3 State regulating?

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. 12/31/2005

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2002

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). 02/04/2004

3.4 By what department or departments? Arkansas Insurance Department

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 a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

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

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

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

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

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control. .....%

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

1 Nationality	2 Type of Entity

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

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

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

8.4 If response to 8.3 is yes, please provide the names and 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

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

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?
Samuel Vorderstrasse Employee of Arkansas Blue Cross Blue Shield

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.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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 [X] No [ ]
12.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [X]
12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]

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 or is likely to 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 the 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 [X] No [ ]
19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. $.....1,170,692

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 [X] 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 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 [X]
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 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 [X]
22.2 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.

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 [X]
23.2 If yes, state the amount thereof at December 31 of the current year: .....

GENERAL INTERROGATORIES

PART 1 - COMMON 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.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

24.01 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
Regions Bank Trust Department	Little Rock, AR

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 [X]

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 broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
116359	Foundation Resource Management	Little Rock, AR

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 [X]

25.2 If yes, complete the following schedule:

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

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	66,183,467	65,685,768	(497,699)
26.2 Preferred stocks			0
26.3 Totals	66,183,467	65,685,768	(497,699)

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

Fair value pricing obtained, where applicable, from NAIC 4th Quarter 2206 Valuation of Securities database, or from market prices provided by Regions Morgan Keegan Trust Company, custodian for investment assets, for issues which were not priced by NAIC at year-end.

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? $ 115,362

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
Blue Cross Blue Shield Association	104,543

29.1 Amount of payments for legal expenses, if any? $ 69,060

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
Baker Donelson Bearman	32,701
Wright Lindsey Jennings	25,113

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 59,733

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
Blue Cross Blue Shield Association	59,733

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 .....

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned .....

1.62 Total incurred claims .....

1.63 Number of covered lives .....

All years prior to most current three years:

1.64 Total premium earned .....

1.65 Total incurred claims .....

1.66 Number of covered lives .....

1.7 Group policies:

Most current three years:

1.71 Total premium earned .....

1.72 Total incurred claims .....

1.73 Number of covered lives .....

All years prior to most current three years:

1.74 Total premium earned .....

1.75 Total incurred claims .....

1.76 Number of covered lives .....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	89,579,403	113,372,430
2.2 Premium Denominator	89,579,403	113,372,429
2.3 Premium Ratio (2.1/2.2)	100.0	100.0
2.4 Reserve Numerator	13,998,123	17,145,415
2.5 Reserve Denominator	13,998,123	17,145,415
2.6 Reserve Ratio (2.4/2.5)	100.0	100.0

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, 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 departments been filed with the appropriate regulatory agency? Yes [X] No [ ]

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

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

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

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

5.32 Medical only $.....0

5.33 Medicare supplement $.....0

5.34 Dental $.....0

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

5.36 Other $.....0

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

Hold Harmless Agreement

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 5,995

8.2 Number of providers at end of reporting year 7,709

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 the rate guarantees between 15-36 months .....

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

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

10.2 If yes:

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

10.22 Amount actually paid for year bonuses $.....0

10.23 Maximum amount payable withholds $.....11,194,449

10.24 Amount actually paid for year withholds $.....10,723,615

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,	Yes [ ]	No [X]
11.13 An Individual Practice Association (IPA), or	Yes [X]	No [ ]
11.14 A Mixed Model (combination of above)?	Yes [ ]	No [X]
11.2 Is the reporting entity subject to Minimum Net Worth Requirements?	Yes [X]	No [ ]
11.3 If yes, show the name of the state requiring such net worth. Arkansas		
11.4 If yes, show the amount required.	$.....100,000	
11.5 Is this amount included as part of a contingency reserve in stockholder's equity?	Yes [ ]	No [X]

11.6 If the amount is calculated, show the calculation:

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

1 Name of Service Area
Arkansas - Statewide

FIVE-YEAR HISTORICAL DATA

	1 2006	2 2005	3 2004	4 2003	5 2002
Balance Sheet Items (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	106,786,478	95,139,933	88,451,093	81,442,409	70,646,504
2. Total liabilities (Page 3, Line 22)	40,601,238	38,557,463	41,569,799	45,905,161	41,498,030
3. Statutory surplus	100,000	100,000	100,000	100,000	100,000
4. Total capital and surplus (Page 3, Line 31)	66,185,240	56,582,470	46,881,294	35,537,248	29,148,474
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	89,579,403	113,372,429	118,191,401	130,775,791	106,775,393
6. Total medical and hospital expenses (Line 18)	68,713,548	91,006,413	94,001,539	107,276,586	87,436,897
7. Claims adjustment expenses (Line 20)	6,127,236	5,252,991	4,056,215	4,895,749	2,412,041
8. Total administrative expenses (Line 21)	5,138,709	6,195,022	6,441,877	6,831,659	7,801,118
9. Net underwriting gain (loss) (Line 24)	9,599,910	10,918,003	13,691,770	11,771,797	9,125,337
10. Net investment gain (loss) (Line 27)	4,297,469	2,734,401	2,363,728	1,358,870	2,276,036
11. Total other income (Lines 28 plus 29)	286,973	190,881	171,100	208,726	185,408
12. Net income or (loss) (Line 32)	9,747,146	9,128,177	10,893,143	8,740,619	7,475,105
Risk-Based Capital Analysis					
13. Total adjusted capital	66,185,240	56,582,470	46,881,294	35,537,248	29,148,474
14. Authorized control level risk-based capital	3,664,061	4,363,660	4,366,744	4,804,578	3,951,355
Enrollment (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	57,522	51,965	70,708	68,311	96,558
16 Total member months (Column 6, Line 7)	657,413	764,801	846,147	1,142,220	1,160,149
Operating Percentage (Page 4) **(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100**					
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 (Line 18 plus Line 19)	76.7	80.3	79.5	82.0	81.9
19. Cost containment expenses	4.6	3.2	2.3	XXX	XXX
20. Other claims adjustment expenses	2.2	1.5	3.4		
21. Total underwriting deductions (Line 23)	89.3	90.4	88.4	91.0	91.5
22. Total underwriting gain (loss) (Line 24)	10.7	9.6	11.6	9.0	8.5
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13 Col. 5)	14,151,311	15,691,358	22,127,208	17,201,705	18,081,512
24. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	17,145,415	19,811,088	26,303,969	20,621,428	21,638,369
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)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated					
31. Total of above Lines 25 to 30	0	0	0	0	0

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	1. United States	25,365,975	24,982,650	25,614,609	25,000,000
Governments	2. Canada				
(Including all obligations guaranteed	3. Other Countries				
by governments)	4. Totals	25,365,975	24,982,650	25,614,609	25,000,000
	5. United States	5,011,807	4,917,862	5,037,746	4,965,000
States, Territories and Possessions	6. Canada				
(Direct and guaranteed)	7. Other Countries				
	8. Totals	5,011,807	4,917,862	5,037,746	4,965,000
Political Subdivisions of States,	9. United States				
Territories and Possessions	10. Canada				
(Direct and guaranteed)	11. Other Countries				
	12. Totals	0	0	0	0
Special Revenue and Special Assessment	13. United States	4,192,810	4,113,650	4,262,335	4,150,000
Obligations and all Non-guaranteed Obligations	14. Canada				
of Agencies and Authorities of Governments	15. Other Countries				
and their Political Subdivisions	16. Totals	4,192,810	4,113,650	4,262,335	4,150,000
	17. United States				
Public Utilities	18. Canada				
(Unaffiliated)	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and	21. United States	7,168,597	7,020,527	7,540,931	6,880,000
Credit Tenant Loans	22. Canada	1,039,457	1,040,250	1,081,065	1,000,000
(Unaffiliated)	23. Other Countries				
	24. Totals	8,208,054	8,060,777	8,621,996	7,880,000
Parent, Subsidiaries and Affiliates	25. Totals				
	26. **Total Bonds**	42,778,646	42,074,939	43,536,686	41,995,000
PREFERRED STOCKS	27. United States				
Public Utilities	28. Canada				
(Unaffiliated)	29. Other Countries				
	30. Totals	0	0	0	
	31 United States				
Banks, Trust and Insurance Companies	32. Canada				
(Unaffiliated)	33. Other Countries				
	34. Totals	0	0	0	
	35. United States				
Industrial and Miscellaneous	36. Canada				
(Unaffiliated)	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals				
	40. **Total Preferred Stocks**	0	0	0	
COMMON STOCKS	41. United States				
Public Utilities	42. Canada				
(Unaffiliated)	43. Other Countries				
	44. Totals	0	0	0	
	45. United States				
Banks, Trust and Insurance Companies	46. Canada				
(Unaffiliated)	47. Other Countries				
	48. Totals	0	0	0	
	49. United States	11,186,580	11,186,580	5,045,043	
Industrial and Miscellaneous	50. Canada	3,355,528	3,355,528	1,418,751	
(Unaffiliated)	51. Other Countries				
	52. Totals	14,542,108	14,542,108	6,463,794	
Parent, Subsidiaries and Affiliates	53. Totals				
	54. **Total Common Stocks**	14,542,108	14,542,108	6,463,794	
	55. **Total Stocks**	14,542,108	14,542,108	6,463,794	
	56. **Total Bonds and Stocks**	57,320,754	56,617,047	50,000,480	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year		56,696,511
2. Cost of bonds and stocks acquired, Column 7, Part 3		6,533,182
3. Accrual of discount		101,099
4. Increase (decrease) by adjustment:		
4.1 Columns 12 - 14, Part 1		
4.2 Columns 15 - 17, Part 2, Section 1		
4.3 Column 15, Part 2, Section 2	1,804,941	
4.4 Columns 11 - 13, Part 4	(959,095)	845,846
5. Total gain (loss), Column 19, Part 4		1,701,556
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4		8,185,387
7. Amortization of premium		372,053
8. Foreign exchange adjustment:		
8.1 Column 15, Part 1		
8.2 Column 19, Part 2, Section 1		
8.3 Column 16, Part 2, Section 2		
8.4 Column 15, Part 4		0
9. Book/adjusted carrying value at end of current period		57,320,754
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)		57,320,754
12. Total nonadmitted amounts		
13. Statement value of bonds and stocks, current year		57,320,754

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

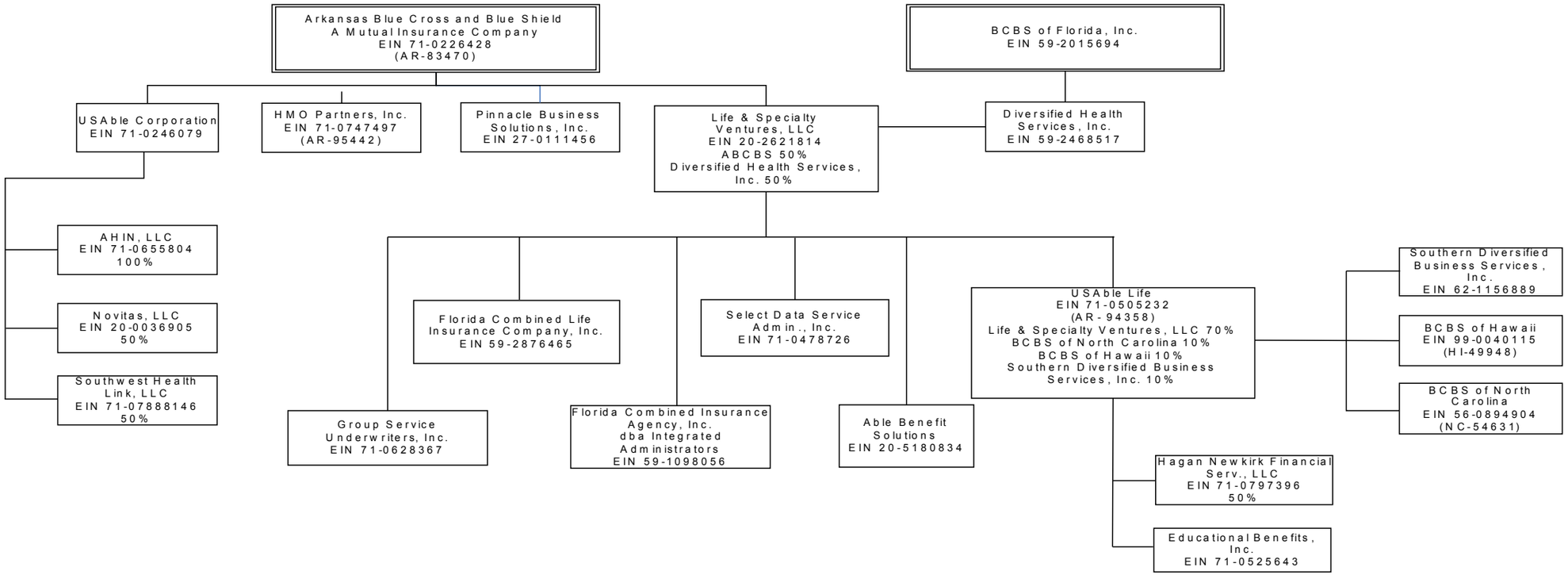
	1	2	Direct Business Only					
			3	4	5	6	7	8
State, Etc.	Guaranty Fund (YES or NO)	Is Insurer Licensed? (YES or NO)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums and Deposit-Type Contract Funds	Property/ Casualty Premiums
1. Alabama AL	NO	NO						
2. Alaska AK	NO	NO						
3. Arizona AZ	NO	NO						
4. Arkansas AR	NO	YES	147,059,834					
5. California CA	NO	NO						
6. Colorado CO	NO	NO						
7. Connecticut CT	NO	NO						
8. Delaware DE	NO	NO						
9. District of Columbia DC	NO	NO						
10. Florida FL	NO	NO						
11. Georgia GA	NO	NO						
12. Hawaii HI	NO	NO						
13. Idaho ID	NO	NO						
14. Illinois IL	NO	NO						
15. Indiana IN	NO	NO						
16. Iowa IA	NO	NO						
17. Kansas KS	NO	NO						
18. Kentucky KY	NO	NO						
19. Louisiana LA	NO	NO						
20. Maine ME	NO	NO						
21. Maryland MD	NO	NO						
22. Massachusetts MA	NO	NO						
23. Michigan MI	NO	NO						
24. Minnesota MN	NO	NO						
25. Mississippi MS	NO	NO						
26. Missouri MO	NO	NO						
27. Montana MT	NO	NO						
28. Nebraska NE	NO	NO						
29. Nevada NV	NO	NO						
30. New Hampshire NH	NO	NO						
31. New Jersey NJ	NO	NO						
32. New Mexico NM	NO	NO						
33. New York NY	NO	NO						
34. North Carolina NC	NO	NO						
35. North Dakota ND	NO	NO						
36. Ohio OH	NO	NO						
37. Oklahoma OK	NO	NO						
38. Oregon OR	NO	NO						
39. Pennsylvania PA	NO	NO						
40. Rhode Island RI	NO	NO						
41. South Carolina SC	NO	NO						
42. South Dakota SD	NO	NO						
43. Tennessee TN	NO	NO						
44. Texas TX	NO	NO						
45. Utah UT	NO	NO						
46. Vermont VT	NO	NO						
47. Virginia VA	NO	NO						
48. Washington WA	NO	NO						
49. West Virginia WV	NO	NO						
50. Wisconsin WI	NO	NO						
51. Wyoming WY	NO	NO						
52. American Samoa AS	NO	NO						
53. Guam GU	NO	NO						
54. Puerto Rico PR	NO	NO						
55. U.S. Virgin Islands VI	NO	NO						
56. Northern Mariana Islands MP								
57. Canada CN	NO	NO						
58. Aggregate Other alien OT	XXX	XXX	0	0	0	0	0	0
59. Subtotal	XXX	XXX	147,059,834	0	0	0	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	XXX	613,444					
61. Total (Direct Business)	XXX	(a) 1	147,673,278	0	0	0	0	0

DETAILS OF WRITE-INS

5801.							
5802.							
5803.							
5898. Summary of remaining write-ins for line 58 from overflow page	0	0	0	0	0	0
5899. Total (Lines 5801 thru 5803 plus 5898) (Line 58 above)	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