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ANNUAL STATEMENT

For the Year Ending December 31, 2006

of the Condition and Affairs of the

United HealthCare of Arkansas, Inc.

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

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

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

Incorporated/Organized..... September 27, 1990 Commenced Business..... April 1, 1992

Statutory Home Office	415 North McKinley Street, Suite 300….. Little Rock ..... AR ..... 72205 *(Street and Number) (City, State and Zip Code)*	
Main Administrative Office	415 North McKinley Street, Suite 300….. Little Rock ..... AR ..... 72205 *(Street and Number) (City, State and Zip Code)*	501-664-7700 *(Area Code) (Telephone Number)*
Mail Address	10 Cadillac Drive, Suite 200….. Brentwood ..... TN ..... 37027 *(Street and Number or P. O. Box) (City, State and Zip Code)*	
Primary Location of Books and Records	10 Cadillac Drive, Suite 200….. Brentwood ..... TN ..... 37027 *(Street and Number) (City, State and Zip Code)*	615-372-3622 *(Area Code) (Telephone Number)*
Internet Website Address	www.uhc.com	
Statutory Statement Contact	Stephen Lewis Wilson *(Name)*	615-372-3488 *(Area Code) (Telephone Number) (Extension)*
	Stephen_L_Wilson@uhc.com *(E-Mail Address)*	615-372-3640 *(Fax Number)*
Policyowner Relations Contact	6601 Centerville Business Parkway….. Dayton ..... OH ..... 45459 *(Street and Number) (City, State and Zip Code)*	800-357-1371 *(Area Code) (Telephone Number) (Extension)*

OFFICERS

Name	Title	Name	Title
1. Garland Greeven Scott III	Chairman/President/CEO	2. Juanita Valarae Bolland Luis	Assistant Secretary
3. Donald Alan Powers	VP-Finance/Assistant Treasurer		

OTHER

Robert Worth Oberrender	Treasurer	David Scott Wichmann	VP/Assistant Treasurer
Timothy Gilbert Caron	Assistant Secretary	Mary Lynn Stanislav	Assistant Secretary
Forrest Gregory Burke	Secretary		

DIRECTORS OR TRUSTEES

Garland Greeven Scott III	Robert John Sheehy	Amy Kathryn Knapp
State of Tennessee County of Williamson	State of Minnesota County of Hennepin	State of Minnesota County of Hennepin

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

(Signature)	(Signature)	(Signature)
Garland Greeven Scott III	Juanita Valarae Bolland Luis	Donald Alan Powers
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
Chairman/President/CEO	Assistant Secretary	VP-Finance/Assistant Treasurer
(Title)	(Title)	(Title)
Subscribed and sworn to before me	Subscribed and sworn to before me	Subscribed and sworn to before me
This _____ day of _____	This _____ day of _____	This _____ day of _____
(Signature)	(Signature)	(Signature)

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)	306,034		306,034	6,356,024
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 (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....(36,702), Sch. E-Part 1), cash equivalents ($.....6,997,217, Sch. E-Part 2) and short-term investments ($.....4,382,825, Sch. DA)	11,343,340		11,343,340	10,125,682
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)	11,649,374	0	11,649,374	16,481,706
11. Title plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	6,941		6,941	81,987
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection	49,564		49,564	27,875
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	
14.2 Funds held by or deposited with reinsured companies			0	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon	80,496		80,496	
16.2 Net deferred tax asset			0	80,351
17. Guaranty funds receivable or on deposit			0	
18. Electronic data processing equipment and software			0	
19. Furniture and equipment, including health care delivery assets ($.....0)			0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates	72,590		72,590	626,833
22. Health care ($.....23,406) and other amounts receivable	23,406	23,406	0	51,817
23. Aggregate write-ins for other than invested assets	336,932	0	336,932	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	12,219,303	23,406	12,195,897	17,350,569
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	12,219,303	23,406	12,195,897	17,350,569

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. Prepaid Taxes	336,932		336,932	
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)	336,932	0	336,932	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $.....0 reinsurance ceded)	2,819,931		2,819,931	4,341,270
2. Accrued medical incentive pool and bonus amounts			0	
3. Unpaid claims adjustment expenses	45,334		45,334	
4. Aggregate health policy reserves	181,153		181,153	59,000
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves	126,533		126,533	184,162
8. Premiums received in advance	508,434		508,434	540,262
9. General expenses due or accrued	235,341		235,341	173,483
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized capital gains (losses))			0	24,540
10.2 Net deferred tax liability	43,557		43,557	
11. Ceded reinsurance premiums payable			0	
12. Amounts withheld or retained for the account of others	4,326		4,326	3,063
13. Remittances and items not allocated			0	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates			0	
16. Payable for securities			0	
17. Funds held under reinsurance treaties with ($.....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	339,626		339,626	
21. Aggregate write-ins for other liabilities (including $.....0 current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	4,304,235	0	4,304,235	5,325,780
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	100,000	100,000
25. Preferred capital stock	XXX	XXX		
26. Gross paid in and contributed surplus	XXX	XXX	5,470,954	5,470,954
27. Surplus notes	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	2,320,708	6,453,835
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	7,891,662	12,024,789
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	12,195,897	17,350,569

DETAILS OF WRITE-INS

2101.			0	
2102.			0	
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)	0	0	0	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year 1 Uncovered	Current Year 2 Total	Prior Year 3 Total
1. Member months	XXX	93,723	185,623
2. Net premium income (including $.....0 non-health premium income)	XXX	30,752,839	49,168,524
3. Change in unearned premium reserves and reserve for rate credits	XXX	(92,603)	(14,702)
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	30,660,236	49,153,822
Hospital and Medical:			
9. Hospital/medical benefits		16,907,226	30,002,003
10. Other professional services		32,387	78,894
11. Outside referrals			
12. Emergency room and out-of-area			
13. Prescription drugs		3,326,991	5,551,842
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	20,266,604	35,632,739
Less:			
17. Net reinsurance recoveries			222,994
18. Total hospital and medical (Lines 16 minus 17)	0	20,266,604	35,409,745
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....86,248 cost containment expenses		712,067	1,168,079
21. General administrative expenses		4,650,001	7,362,542
22. Increase in reserves for life and accident and health contracts including $.....0 increase in reserves for life only)		29,550	28,000
23. Total underwriting deductions (Lines 18 through 22)	0	25,658,222	43,968,366
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	5,002,014	5,185,456
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		768,188	861,976
26. Net realized capital gains or (losses) less capital gains tax of $.....0		86,986	69,614
27. Net investment gains or (losses) (Lines 25 plus 26)	0	855,174	931,590
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	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	5,857,188	6,117,046
31. Federal and foreign income taxes incurred	XXX	1,888,000	2,049,000
32. Net income (loss) (Lines 30 minus 31)	XXX	3,969,188	4,068,046

DETAILS OF WRITE-INS

0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year	2 Prior Year
33. Capital and surplus prior reporting period	12,024,789	13,991,260
34. Net income or (loss) from Line 32	3,969,188	4,068,046
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		
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	(123,908)	18,033
39. Change in nonadmitted assets	21,593	3,547,450
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	(8,000,000)	(9,600,000)
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	(4,133,127)	(1,966,471)
49. Capital and surplus end of reporting period (Line 33 plus 48)	7,891,662	12,024,789

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	30,699,322	49,336,290
2. Net investment income	864,609	1,015,906
3. Miscellaneous income		
4. Total (Lines 1 through 3)	31,563,931	50,352,196
5. Benefit and loss related payments	21,823,979	36,641,588
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	5,200,365	8,809,404
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) $.....0 net of tax on capital gains (losses)	1,993,035	1,849,474
10. Total (Lines 5 through 9)	29,017,379	47,300,466
11. Net cash from operations (Line 4 minus Line 10)	2,546,552	3,051,730
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	11,693,029	13,332,839
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	11,693,029	13,332,839
13. Cost of investments acquired (long-term only):		
13.1 Bonds	5,577,429	8,320,043
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	5,577,429	8,320,043
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	6,115,600	5,012,796
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	8,000,000	9,600,000
16.6 Other cash provided (applied)	555,506	3,069,737
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(7,444,494)	(6,530,263)
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)	1,217,658	1,534,263
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	10,125,682	8,591,419
19.2 End of year (Line 18 plus Line 19.1)	11,343,340	10,125,682

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	30,752,839	27,610,445					3,142,394						
2. Change in unearned premium reserves and reserve for rate credit	(92,603)						(92,603)						
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)	30,660,236	27,610,445	0	0	0	0	3,049,791	0	0	0	0	0	0
8. Hospital/medical benefits	16,907,226	15,190,332					1,716,894						XXX
9. Other professional services	32,387	31,992					395						XXX
10. Outside referrals	0												XXX
11. Emergency room and out-of-area	0												XXX
12. Prescription drugs	3,326,991	3,085,759					241,232						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)	20,266,604	18,308,083	0	0	0	0	1,958,521	0	0	0	0	0	XXX
16. Net reinsurance recoveries	0												XXX
17. Total hospital and medical (Lines 15 minus 16)	20,266,604	18,308,083	0	0	0	0	1,958,521	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 $.....86,248 cost containment expenses	712,067	652,498					59,569						
20. General administrative expenses	4,650,001	4,290,617					359,384						
21. Increase in reserves for accident and health contracts	29,550	29,550											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)	25,658,222	23,280,748	0	0	0	0	2,377,474	0	0	0	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	5,002,014	4,329,697	0	0	0	0	672,317	0	0	0	0	0	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)	27,638,112		27,667	27,610,445
2. Medicare supplement				0
3. Dental only				0
4. Vision only				0
5. Federal employees health benefits plan				0
6. Title XVIII - Medicare	3,145,447		3,053	3,142,394
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)	30,783,559	0	30,720	30,752,839
13. Life				0
14. Property/casualty				0
15. Totals (Lines 12 to 14)	30,783,559	0	30,720	30,752,839

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	21,823,981	20,282,167					1,541,814						
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	0												
1.4 Net	21,823,981	20,282,167	0	0	0	0	1,541,814	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	2,819,931	2,053,397					766,534						
3.2 Reinsurance assumed	0												
3.3 Reinsurance ceded	0												
3.4 Net	2,819,931	2,053,397	0	0	0	0	766,534	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	126,532	112,008					14,524						
4.2 Reinsurance assumed	0												
4.3 Reinsurance ceded	0												
4.4 Net	126,532	112,008	0	0	0	0	14,524	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0												
6. Net healthcare receivables (a)	(21,591)	(42,328)					20,737						
7. Amounts recoverable from reinsurers December 31, current year	0												
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	4,341,270	4,002,264					339,006						
8.2 Reinsurance assumed	0												
8.3 Reinsurance ceded	0												
8.4 Net	4,341,270	4,002,264	0	0	0	0	339,006	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct	184,162	179,554					4,608						
9.2 Reinsurance assumed	0												
9.3 Reinsurance ceded	0												
9.4 Net	184,162	179,554	0	0	0	0	4,608	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0												
11. Amounts recoverable from reinsurers December 31, prior year	0												
12. Incurred benefits:													
12.1 Direct	20,266,603	18,308,082	0	0	0	0	1,958,521	0	0	0	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
12.4 Net	20,266,603	18,308,082	0	0	0	0	1,958,521	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	1,019,365	850,122					169,243						
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	0												
1.4 Net	1,019,365	850,122	0	0	0	0	169,243	0	0	0	0	0	0
2. Incurred but unreported:													
2.1 Direct	1,800,566	1,203,275					597,291						
2.2 Reinsurance assumed	0												
2.3 Reinsurance ceded	0												
2.4 Net	1,800,566	1,203,275	0	0	0	0	597,291	0	0	0	0	0	0
3. Amounts withheld from paid claims and capitations:													
3.1 Direct	0												
3.2 Reinsurance assumed	0												
3.3 Reinsurance ceded	0												
3.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Totals:													
4.1 Direct	2,819,931	2,053,397	0	0	0	0	766,534	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	2,819,931	2,053,397	0	0	0	0	766,534	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)	2,913,295	17,368,872	72,700	2,092,706	2,985,995	4,181,817
2. Medicare supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal employees health benefits plan					0	
6. Title XVIII - Medicare	69,459	1,472,355	1,268	779,791	70,727	343,614
7. Title XIX - Medicaid					0	
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	2,982,754	18,841,227	73,968	2,872,497	3,056,722	4,525,431
10. Healthcare receivables (a)	48	20,958		2,401	48	44,998
11. Other non-health					0	
12. Medical incentive pools and bonus amounts					0	
13. Totals (Lines 9 - 10 + 11 + 12)	2,982,706	18,820,269	73,968	2,870,096	3,056,674	4,480,433

(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	9,302	(1,201)			
2. 2002	90,988	9,440	(28)		
3. 2003	XXX	75,362	6,854	(161)	
4. 2004	XXX	XXX	36,327	4,661	(491)
5. 2005	XXX	XXX	XXX	32,141	3,474
6. 2006	XXX	XXX	XXX	XXX	18,841

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	419,201	418,377	418,377	418,377	418,377
2. 2002	103,853	100,554	100,400	100,400	100,400
3. 2003	XXX	83,645	82,281	82,054	82,054
4. 2004	XXX	XXX	42,065	41,159	40,497
5. 2005	XXX	XXX	XXX	36,496	35,689
6. 2006	XXX	XXX	XXX	XXX	21,714

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	145,989	100,400	4,656	4.6	105,056	72.0			105,056	72.0
2. 2003	122,675	82,054	4,004	4.9	86,058	70.2			86,058	70.2
3. 2004	60,217	40,497	1,586	3.9	42,083	69.9			42,083	69.9
4. 2005	49,204	35,615	1,168	3.3	36,783	74.8	74		36,857	74.9
5. 2006	30,691	18,841	712	3.8	19,553	63.7	2,872	45	22,470	73.2

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	9,298	(1,200)			
2. 2002	90,950	9,431	(28)		
3. 2003	XXX	75,290	6,854	(161)	
4. 2004	XXX	XXX	36,327	4,661	(480)
5. 2005	XXX	XXX	XXX	32,022	3,393
6. 2006	XXX	XXX	XXX	XXX	17,369

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	322,224	321,402	321,402	321,402	321,402
2. 2002	103,815	100,507	100,353	100,353	100,353
3. 2003	XXX	83,573	82,210	81,982	81,982
4. 2004	XXX	XXX	42,065	41,159	40,509
5. 2005	XXX	XXX	XXX	36,033	35,488
6. 2006	XXX	XXX	XXX	XXX	19,462

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	145,964	100,353	4,656	4.6	105,009	71.9			105,009	71.9
2. 2003	122,539	81,982	4,004	4.9	85,986	70.2			85,986	70.2
3. 2004	60,190	40,509	1,586	3.9	42,095	69.9			42,095	69.9
4. 2005	48,686	35,415	1,157	3.3	36,572	75.1	73		36,645	75.3
5. 2006	27,638	17,369	652	3.8	18,021	65.2	2,093	27	20,141	72.9

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - MEDICARE SUPPLEMENT

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - MEDICARE SUPPLEMENT

NONE

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					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - MEDICARE SUPPLEMENT

NONE

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				0.0	0	0.0			0	0.0
2. 2003				0.0	0	0.0			0	0.0
3. 2004				0.0	0	0.0			0	0.0
4. 2005				0.0	0	0.0			0	0.0
5. 2006				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - DENTAL ONLY

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - DENTAL ONLY

NONE

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					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - DENTAL ONLY

NONE

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				0.0	0	0.0			0	0.0
2. 2003				0.0	0	0.0			0	0.0
3. 2004				0.0	0	0.0			0	0.0
4. 2005				0.0	0	0.0			0	0.0
5. 2006				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - VISION ONLY

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - VISION ONLY

NONE

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					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - VISION ONLY

NONE

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				0.0	0	0.0			0	0.0
2. 2003				0.0	0	0.0			0	0.0
3. 2004				0.0	0	0.0			0	0.0
4. 2005				0.0	0	0.0			0	0.0
5. 2006				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

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	612	612	612	612	612
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - FEDERAL EMPLOYEES HEALTH BENEFITS PLAN PREMIUM

NONE

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				0.0	0	0.0			0	0.0
2. 2003				0.0	0	0.0			0	0.0
3. 2004				0.0	0	0.0			0	0.0
4. 2005				0.0	0	0.0			0	0.0
5. 2006				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XVIII - MEDICARE

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	4	(1)			
2. 2002	38	9			
3. 2003	XXX	72			
4. 2004	XXX	XXX			(11)
5. 2005	XXX	XXX	XXX	120	81
6. 2006	XXX	XXX	XXX	XXX	1,472

SECTION B - INCURRED HEALTH CLAIMS - TITLE XVIII - MEDICARE

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	96,365	96,364	96,364	96,364	96,364
2. 2002	37	47	47	47	47
3. 2003	XXX	72	72	72	72
4. 2004	XXX	XXX			(11)
5. 2005	XXX	XXX	XXX	463	202
6. 2006	XXX	XXX	XXX	XXX	2,252

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XVIII - MEDICARE

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	25	47		0.0	47	188.0			47	188.0
2. 2003	136	72		0.0	72	52.9			72	52.9
3. 2004	27	(11)		0.0	(11)	(40.7)			(11)	(40.7)
4. 2005	518	201	11	5.5	212	40.9	1		213	41.1
5. 2006	3,053	1,472	60	4.1	1,532	50.2	780	18	2,330	76.3

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - TITLE XIX - MEDICAID

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - TITLE XIX - MEDICAID

NONE

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					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - TITLE XIX - MEDICAID

NONE

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				0.0	0	0.0			0	0.0
2. 2003				0.0	0	0.0			0	0.0
3. 2004				0.0	0	0.0			0	0.0
4. 2005				0.0	0	0.0			0	0.0
5. 2006				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

SECTION A - PAID HEALTH CLAIMS - OTHER

NONE

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

SECTION B - INCURRED HEALTH CLAIMS - OTHER

NONE

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					
2. 2002					
3. 2003	XXX				
4. 2004	XXX	XXX			
5. 2005	XXX	XXX	XXX		
6. 2006	XXX	XXX	XXX	XXX	

SECTION C - INCURRED YEAR HEALTH CLAIM AND CLAIM ADJUSTMENT EXPENSE RATIO - OTHER

NONE

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				0.0	0	0.0			0	0.0
2. 2003				0.0	0	0.0			0	0.0
3. 2004				0.0	0	0.0			0	0.0
4. 2005				0.0	0	0.0			0	0.0
5. 2006				0.0	0	0.0			0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

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

	1 Total	2 Comprehensive (Hospital and Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Stop Loss	10 Disability Income	11 Long-Term Care	12 Other
POLICY RESERVE												
1. Unearned premium reserves	0											
2. Additional policy reserves (a)	88,550	88,550										
3. Reserve for future contingent benefits	0											
4. Reserve for rate credits or experience rating refunds (including $.....0) for investment income	92,603						92,603					
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0	0	0	0
6. Totals (gross)	181,153	88,550	0	0	0	0	92,603	0	0	0	0	0
7. Reinsurance ceded	0											
8. Totals (net) (Page 3, Line 4)	181,153	88,550	0	0	0	0	92,603	0	0	0	0	0
CLAIM RESERVE												
9. Present value of amounts not yet due on claims	0											
10. Reserve for future contingent benefits	126,532	112,008					14,524					
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0	0	0	0
12. Totals (gross)	126,532	112,008	0	0	0	0	14,524	0	0	0	0	0
13. Reinsurance ceded	0											
14. Totals (net) (Page 3, Line 7)	126,532	112,008	0	0	0	0	14,524	0	0	0	0	0
DETAILS OF WRITE-INS												
0501.	0											
0502.	0											
0503.	0											
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0
1101.	0											
1102.	0											
1103.	0											
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes $.....88,550 premium deficiency reserve.

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)	6,976	54,983	69,686		131,645
2. Salaries, wages and other benefits	36,125	272,356	1,917,977		2,226,458
3. Commissions (less $.....0 ceded plus $.....0 assumed)	(33)	(113)	987,979		987,833
4. Legal fees and expenses					0
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services	10,460	82,443	64,207		157,110
7. Traveling expenses	536	1,853	88,983		91,372
8. Marketing and advertising	6,373	22,228	324,153		352,754
9. Postage, express and telephone	11,369	76,232	225,103		312,704
10. Printing and office supplies	58	234	40,148		40,440
11. Occupancy, depreciation and amortization			16,423		16,423
12. Equipment	1	9	12,251		12,261
13. Cost or depreciation of EDP equipment and software	5,603	43,979	111,431		161,013
14. Outsourced services including EDP, claims, and other services	8,505	67,033	129,982		205,520
15. Boards, bureaus and association fees			4,175		4,175
16. Insurance, except on real estate			17,995		17,995
17. Collection and bank service charges			53,515		53,515
18. Group service and administration fees					0
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes	21	72	506		599
23.2 State premium taxes			334,697		334,697
23.3 Regulator authority licenses and fees	8	64	16,184		16,256
23.4 Payroll taxes	352	2,447	62,100		64,899
23.5 Other (excluding federal income and real estate taxes)			126,970		126,970
24. Investment expenses not included elsewhere				11,416	11,416
25. Aggregate write-ins for expenses	(106)	1,999	45,536	0	47,429
26. Total expenses incurred (Lines 1 to 25)	86,248	625,819	4,650,001	11,416	(a) 5,373,484
27. Less expenses unpaid December 31, current year		45,334	235,341		280,675
28. Add expenses unpaid December 31, prior year			173,483		173,483
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)	86,248	580,485	4,588,143	11,416	5,266,292

DETAILS OF WRITE-INS

2501. Other Miscellaneous	(106)	1,999	45,536		47,429
2502.					0
2503.					0
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)	(106)	1,999	45,536	0	47,429

(a) Includes management fees of $.....3,682,195 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) 46,956	43,521
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 380,240	308,628
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 427,455	427,455
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	854,651	779,604
11.	Investment expenses		(g) 11,416
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)		11,416
17.	Net investment income (Line 10 minus Line 16)		768,188

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 $.....23,344 accrual of discount less $.....41,003 amortization of premium and less $.....28,814 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 $.....148,944 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	(1,914)			(1,914)
1.1	Bonds exempt from U.S. tax	69,464			69,464
1.2	Other bonds (unaffiliated)	15,719			15,719
1.3	Bonds of affiliates				0
2.1	Preferred stocks (unaffiliated)				0
2.11	Preferred stocks of affiliates				0
2.2	Common stocks (unaffiliated)				0
2.21	Common stocks of affiliates				0
3.	Mortgage loans				0
4.	Real estate				0
5.	Contract loans				0
6.	Cash, cash equivalents and short-term investments	(1,337)			(1,337)
7.	Derivative instruments				0
8.	Other invested assets				0
9.	Aggregate write-ins for capital gains (losses)	5,054	0	0	5,054
10.	Total capital gains (losses)	86,986	0	0	86,986

DETAILS OF WRITE-INS

0901.	Worldcom Settlement prior years received in 2006	5,054			5,054
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)	5,054	0	0	5,054

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			0
16.1 Current federal and foreign income tax recoverable and interest thereon			0
16.2 Net deferred tax asset			0
17. Guaranty funds receivable or on deposit			0
18. Electronic data processing equipment and software			0
19. Furniture and equipment, including health care delivery assets			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	23,406	44,998	21,592
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)	23,406	44,998	21,592
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. TOTALS (Lines 24 and 25)	23,406	44,998	21,592

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.			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	13,944	8,655	7,934	7,229	6,720	93,723
2. Provider service organizations						
3. Preferred provider organizations						
4. Point of service						
5. Indemnity only						
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	13,944	8,655	7,934	7,229	6,720	93,723

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

UNITED HEALTHCARE OF ARKANSAS, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation—United HealthCare of Arkansas, Inc. (the "Company"), a for-profit health maintenance organization ("HMO"), offers its enrollees a variety of managed care programs and products through contractual arrangements with health care providers. The Company has entered into contracts with physicians, hospitals, and other health care providers pursuant to which such providers deliver medical care to its enrollees primarily on a modified fee-for-service or capitated basis. The Company was incorporated on September 27, 1990, and in December 1991 received its certificate of authority to operate as an HMO in the state of Arkansas.

Effective January 2006, the Company began offering its Evercare product in various counties.

Beginning January 1, 2006, the Company began serving as a plan sponsor offering the Medicare Part D prescription drug insurance coverage under a contract with the Center for Medicare and Medicaid Services ("CMS"). Under the Medicare Part D program, there are six separate elements of payment received by the Company during the plan year, these payment elements are: CMS premium, member premium, low-income premium subsidy, catastrophic reinsurance subsidy, low-income member cost sharing subsidy, CMS risk share.

The CMS Premium, the Member Premium, and the Low-Income Premium Subsidy of $402,300 during 2006 represent payments for the Company's insurance risk coverage under the Medicare Part D program and therefore are recorded as premium revenues in the Statutory Statements of Operations. Premium revenues are recognized ratably over the period in which eligible individuals are entitled to receive prescription drug benefits. The Company has estimated accrued retrospective premiums based on guidelines determined by CMS. The Company records premium payments received in advance of the applicable service period as unearned premiums in the Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Catastrophic Reinsurance Subsidy and the Low-Income Member Cost Sharing Subsidies of $339,600 during 2006 represent cost reimbursements under the Medicare Part D program. The Company is fully reimbursed by CMS for costs incurred for these contract elements and, accordingly, there is no insurance risk to the Company. Amounts received for these subsidies are not reflected as premium revenues, but rather are accounted for as deposits, with the related liability recorded in Other Policy Liabilities in the Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus. Related cash flows are presented within Premiums and revenues collected-net of reinsurance within operating cash flows in the Statutory Statements of Cash Flows.

The CMS Risk Share is a settlement with CMS that is based on whether the ultimate per member per month benefit costs of any Medicare Part D regional plan varies more than 2.5 percentage points above or below the level estimated in the original bid submitted by the Company and approved by CMS. The estimated risk share adjustment of $92,600 is recorded as an adjustment to premium revenues in the Statutory Statements of Operation and other liabilities in the Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus.

Pharmacy benefit costs and administrative costs under the Medicare Part D program are expensed as incurred and are recognized in medical costs and operating costs, respectively, in the Statutory Statements of Operations.

Basis of Presentation—The Company prepares its financial statements on the basis of accounting practices prescribed or permitted by the Arkansas Insurance Department. These practices differ from accounting principles generally accepted in the United States of America ("generally accepted accounting principles") as certain assets including certain aged premium and health care receivables are considered nonadmitted assets for statutory purposes and are excluded from the statutory statements of admitted assets, liabilities, and capital and surplus. The change in nonadmitted assets has been reflected in accumulated surplus in the accompanying statutory financial statements. Under generally accepted accounting principles, these assets would be included in total assets on the balance sheet. In addition, certain debt investments that would be shown at market value under generally accepted accounting principles are presented in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus at amortized cost.

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 a HMO and for determining its solvency under Arkansas insurance law. The National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures manual ("NAIC SAP") has been adopted with modifications as a component of prescribed or permitted practices by the state of Arkansas. Differences between the statutory accounting practices prescribed or permitted by the state of Arkansas and NAIC SAP did not affect statutory capital and surplus. No significant differences exist between the statutory practices prescribed or permitted by the state of Arkansas and those prescribed or permitted by

the NAIC SAP.

Use of Estimates—These statutory basis financial statements include certain amounts that are based on the Company's best estimates and judgments. These estimates require the Company to apply complex assumptions and judgments, often because the Company must make estimates about the effects of matters that are inherently uncertain and will change in subsequent periods. The most significant estimates relate to medical services expenses and medical services payable. The Company adjusts these estimates each period as more current information becomes available. The impact of any changes in estimates is included in the determination of income in the period in which the estimate is adjusted.

Cash and Invested Assets—Cash and short-term investments represent cash held by the Company in disbursement accounts and money market instruments with a maturity of one year or less at the time of purchase. Claims and other payments are made from the disbursement accounts daily. Cash and short-term investments are reported at cost which approximates market value. Cash overdrafts are a result of timing differences in funding disbursement accounts for claims payments.

Cash and invested assets consist of the Company's share of an investment pool sponsored and administered by United HealthCare Services, Inc. ("UHS") for the benefit of the UHS-owned health plans. The investment pool consists principally of investments with original maturities of less than one year with the average life of the individual investments being less than 60 days. The Company's share of the pool represents an undivided ownership interest in the pool and is immediately convertible to cash at no cost or penalty. The pool is primarily invested in governmental obligations, commercial paper, certificates of deposit, and short-term agency notes and recorded at cost. Interest income from the pool accrues daily to participating members based upon ownership percentage.

The Arkansas Insurance Department has determined that the Company's investments in the investment pool administered by UHS be considered as investment in 'one person' and is to be limited to no more than 5% of the Company's total admitted assets, pursuant to ACA 23-63-805(1)(A), unless the Commissioner authorizes the Company to exceed the statutory limit. The Company requested permission to exceed the statutory limit and the Department has agreed to allow the Company to invest up to 20% of the Company's total admitted assets in the UHS investment pool.

Cash and invested assets include corporate bonds, government obligations and municipal securities are stated at amortized cost if they meet NAIC designation of one or two and are stated at the lower of amortized cost or an NAIC determined market value if they meet an NAIC designation of three or higher. Amortization of bond premium or discount is calculated using the constant-yield interest method. Cash and invested assets are valued and reported using market prices published by the NAIC Securities Valuation Office ("SVO") in accordance with the NAIC Valuations of Securities manual prepared by the SVO ("Valuations of Securities manual").

The Company continually monitors the difference between the cost and estimated fair value of its other investments. If any of the Company's other invested assets experience a decline in value that the Company believes is other than temporary, the Company records a realized loss in investment and other income in the statutory statement of operations. No such losses were incurred and recorded during the years ended December 31, 2006 and 2005.

Medical Services Expenses and Payables—Medical services expenses include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, and estimates for the costs of health care services enrollees have received, but for which claims have not yet been submitted.

The estimates for incurred but not yet reported claims are developed using actuarial methods based upon historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during the years ended December 31, 2006 and 2005. Management believes the amount of medical services payable is adequate to cover the Company's liability for unpaid claims as of December 31, 2006; however, actual claim payments may differ from those established estimates. Adjustments to medical services payable estimates are reflected in operating results in the period in which the change in estimate is identified.

Claims Adjustment Expense and Loss Adjustment Expense—Claims adjustment expenses ("CAE") and loss adjustment expenses ("LAE") as defined by Statement of Statutory Accounting Principles ("SSAP") No. 85, *Claim Adjustment Expenses, Amendments to SSAP No. 55—Unpaid Claims, Losses, and Loss Adjustment Expenses*, are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. A detailed review of UHS's and the Company's administrative expenses is performed to determine the allocation between CAE and general administrative expenses in accordance with SSAP No. 85. It is the responsibility of UHS to pay claims adjustment expenses in the event the Company ceases operations. Nonetheless, based upon the clarification of the Interpretation of the Emerging Accounting Issues Working Group INT02-21 issued in September 2006, the Company has recorded an estimate of LAE for the claims adjustment expenses associated with incurred but unpaid claims. Management believes the amount of the liability for unpaid claims adjustment expenses at December 31, 2006 is adequate to cover the Company's cost for the adjustment and recording of unpaid claims, however, actual expenses may differ from those established estimates. CAE costs are included in the management service fees paid by the Company to UHS as part of its management agreement and are presented in operating expenses in the accompanying statutory statements of operations. The method used for determining CAE and LAE is periodically reviewed and updated, and any

adjustments are reflected in operating expenses in the accompanying statutory statements of operations in the period in which the change in methodology is identified.

Premiums—Member premium and government program revenues are recognized in the period in which enrollees are entitled to receive health care services. Premiums received prior to the period of service are recorded as unearned premiums in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus.

Reinsurance Ceded—The Company has an insolvency-only reinsurance agreement. Reinsurance premiums paid were deducted from premium revenue in the accompanying statutory financial statements. The Company also has catastrophic reinsurance coverage with CMS for the Medicare Part D program. The Company has no risk associated with this arrangement, as described above in Organization and Operation.

Medical Risk Sharing—The Company has agreements with certain independent physicians and physician network organizations that provide for the establishment of a fund into which the Company places monthly premiums payable for members assigned to the physician. The Company manages the disbursement of funds from this account as well as reviews the utilization of nonprimary care medical services of members assigned to the physicians. Any surpluses or deficits in the fund are shared by the Company and the physician based upon predetermined risk-sharing percentages and are included in medical services payable or health care receivables and included in or offset against medical services expenses in the accompanying statutory basis financial statements. The Company has a risk sharing arrangement with CMS related to the Medicare Part D program related to estimated versus actual per member per month benefit costs, as described above in Organization and Operation.

Pharmacy Rebate Receivables – Pharmacy rebate receivables are estimated based on the most currently available data from the Company's claims processing systems and from data provided by the Company's unaffiliated pharmaceutical benefit managers. Pharmacy rebate receivables are considered non-admitted assets for statutory purposes if they do not meet the criteria established in SSAP No. 84, *Certain Health Care Receivables and Receivables Under Government Insured Plans*. Accordingly, the Company has excluded these receivables from the statutory statements of admitted assets, liabilities, and capital and surplus.

Premium Deficiency Reserve—Premium deficiency reserves and the related expense, as defined by SSAP No 54, *Individual and Group Accident and Health Contracts*, (SSAP No. 54) as well as actuarial practice guidelines, are recognized when it is probable that expected future health care expenses, claim adjustment expenses, and administration costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated, and any adjustments are reflected in medical services expenses in the accompanying statutory statements of operations in the period in which the change in estimate is identified. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54.

Vulnerability due to Certain Concentrations—The Company is subject to substantial federal and state government regulation, including licensing and other requirements relating to the offering of the Company's existing products in new markets and offerings of new products, both of which may restrict the Company's ability to expand its business.

Reclassifications—Certain 2005 amounts in the accompanying statutory financial statements have been reclassified to conform to the 2006 presentation. These reclassifications had no effect on statutory net income or capital and surplus, as previously reported.

Restricted Cash Reserves—The Arkansas Department of Insurance requires the Company to maintain a minimum regulatory deposit (currently $300,000). This restricted cash reserve consists principally of government obligations and is stated at amortized cost. This reserve is included in bonds in the accompanying statutory statements of admitted assets, liabilities, and capital and surplus, as it is not available for working capital purposes. Interest earned on this reserve accrues to the Company.

Minimum Capital and Surplus—Under the laws of the state of Arkansas, the Arkansas Department of Insurance requires the Company to maintain a minimum capital and surplus equal to the greater of $1,000,000 or 2% of the first $150,000,000 annual premium revenue and 1% of annual premium revenue over $150,000,000. The minimum capital and surplus requirement based on 2006 premiums is approximately $1,000,000. The Company has approximately $7,892,000 in capital and surplus, which is in compliance with the required amount as of December 31, 2006.

Risk-based capital ("RBC") is a regulatory tool for measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The Company is required by the State of Arkansas Insurance Department to have a minimum of approximately $2,845,000 in statutory capital and surplus as of December 31, 2006, in accordance with the NAIC Model Act Formula for calculating RBC requirements. The Company has approximately $7,892,000 of statutory capital and surplus, which is in compliance with the required amount as of December 31, 2006.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

Based upon the clarification of the Interpretation of the Emerging Accounting Issues Working Group INT02-21 issued in

NOTES TO FINANCIAL STATEMENTS

September 2006, the Company has recorded an estimate of LAE for the claims adjustment expenses associated with incurred but unpaid claims of $45,300, which is included in other payables in the statutory statement of admitted assets, liabilities and capital and surplus and operating expenses in the statutory statement of operations. At December 31, 2005, the liability for unpaid claims adjustment expenses was the responsibility of UHS, as CAE costs are included in the management service fees paid by the Company to UHS as part of its management agreement. Therefore, there was not a liability recorded for unpaid claims adjustment expenses at December 31, 2005. There was no cumulative effect recorded to surplus as a result of recording the change in accounting principle.

3. BUSINESS COMBINATIONS AND GOODWILL

The Company was not party to a business combination during the years ended December 31, 2006 and 2005, and does not carry goodwill on its statutory statements of admitted assets, liabilities, and capital and surplus.

4. DISCONTINUED OPERATIONS

The Company did not discontinue any operations during the years ended December 31, 2006 and 2005.

5. INVESTMENTS

The Company has no mortgage loans, restructured debt, reverse mortgages, or repurchase agreements.

For purposes of calculating gross realized gains and losses on sales of investments, the amortized cost of each investment sold is used. The gross realized gains and losses on sales of investments totaled $125,000 and $38,000, respectively, for the year ended December 31, 2006, and $187,000 and $118,000, respectively, for the year ended December 31, 2005. The net realized gain or loss is included in investment and other income in the accompanying statutory statements of operations.

As of December 31, 2006 and 2005, the amortized cost, fair value, and gross unrealized holding gains and losses of the Company's investments, excluding cash and cash equivalents of approximately $6,961,000 and $5,841,000, respectively, are as follows (in thousands):

NOTES TO FINANCIAL STATEMENTS

	2006				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 Year	Gross Unrealized Holding Losses > 1 Year	Fair Value
U.S. government and agency	$ 306	$	$	$ (4)	$ 302
State and state agency					
Municipalities and local agency					
Commercial bonds					
Commercial paper	4,383				4,383
Total	$ 4,689	$	$	$ (4)	$ 4,685

	2006				
Years to Maturity	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 Year	Gross Unrealized Holding Losses > 1 Year	Fair Value
Less than one year	$ 4,689	$	$	$ (4)	$ 4,685
One to five years					
Five to ten years					
Over ten years					
Total	$ 4,689	$	$	$ (4)	$ 4,685

	2005				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 Year	Gross Unrealized Holding Losses > 1 Year	Fair Value
U.S. government and agency	$ 1,126	$ 25	$ (2)	$ (7)	1,142
State and state agency	1,284	53	(6)		1,331
Municipalities and local agency	2,157	66	(6)		2,217
Commercial bonds	4,285	46	(14)	(4)	4,313
Commercial paper	1,789				1,789
Total	$10,641	$190	$ 0	$ (11)	$10,792

The tables above show the gross unrealized losses and fair value of investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment type and length of time that individual securities have been in a continuous unrealized loss position.

The unrealized losses on investments in US government and agency obligations, state and state agency obligations, municipalities and local agency obligations, corporate obligations and commercial paper obligations at December 31, 2006 were mainly caused by interest rate increases and not on unfavorable changes in the credit ratings associated with these securities. The Company evaluates impairment at each reporting period for each of the securities whereby the fair value of the investment is less than its amortized cost. The contractual cash flows of the U.S. government and agency obligations are either guaranteed by the U.S. Government or an agency of the U.S. government. It is expected that the securities would not be settled at a price less than the cost of the investment, as the Company has the ability and intent to hold until the investment until there is not an unrealized loss on the investment . The Company evaluated the credit ratings of the state and state agency obligations, municipalities and local agency obligations, corporate obligations and commercial paper obligations, noting neither a significant deterioration since purchase nor other factors which may indicate an other-than-temporary impairment, such as the length of time and extent to which market value has been less than cost, the financial condition and near-term prospects of the issuer as well as specific events or circumstances that may influence the operations of the issuer, and our intent and ability to hold the investment for a sufficient time in order to enable recovery of our cost.

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

The Company has no investments in joint ventures, partnerships, or limited liability companies.

7. INVESTMENT INCOME

NOTES TO FINANCIAL STATEMENTS

The Company has admitted all investment income due and accrued in the statements of admitted assets, liabilities, and capital and surplus.

8. DERIVATIVE INSTRUMENTS

The Company has no derivative instruments.

9. INCOME TAXES

The Company's operations are included in the consolidated federal income tax return of UnitedHealth Group Incorporated. Federal income taxes are paid to or refunded by UnitedHealth Group, Incorporated, pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis. Income taxes incurred in the current and prior years will be available for recoupment by the Company only in the event of future net losses of consolidated UnitedHealth Group, Incorporated. The Company receives a benefit at the federal rate in the current year for net losses incurred in that year to the extent the losses can be utilized in the consolidated federal income tax return of UnitedHealth Group, Incorporated. Federal income taxes receivable of $80,000 and payable of $25,000 in 2006 and $25,000 in 2005 are included in the accompanying statutory basis statements of admitted assets, liabilities and capital and surplus. Income taxes paid, net of tax refunds, were $1,993,000 during 2006 and $1,850,000 during 2005.

The components of the net deferred tax asset (liability) at December 31, 2006 and 2005, are as follows (in thousands):

	2006	2005
Deferred tax assets (admitted and nonadmitted)	$ 85	$106
Deferred tax liabilities	(129)	(26)
Net deferred tax assets (liability) admitted	$ (44)	$ 80
Deferred tax assets nonadmitted	$ -	$ -
Net deferred tax assets, admitted	$ -	$ -
Increase (decrease) in deferred tax assets nonadmitted	$	$ -

The components of income taxes as of December 31, 2006 and 2005, are as follows (in thousands):

	2006	2005
Total current federal income tax provision	$1,888	$2,049
Change in deferred tax assets	$ 21	$ 3
Change in deferred tax liabilities	103	(21)
Total change in net deferred income taxes	$ 124	$ (18)

The Company has no deferred tax liabilities that are not recognized.

The main components of the 2006 and 2005 deferred tax assets are as follows (in thousands):

	2006	2005	Change
Medical reserves	$ 25	$ 37	$ (12)
Bad debt allowance	2	2	0
Accrued expenses		19	(19)
Unearned premium	34	29	5
Capital gains	24	19	5
Total deferred tax assets	$ 85	$106	$ (21)

The main components of the 2006 and 2005 deferred tax liabilities are as follows (in thousands):

NOTES TO FINANCIAL STATEMENTS

	2006	2005	Change
Accrued Expenses	$100	$ 0	$100
Bond premium	$ 29	$ 26	$ 3
Total deferred tax liabilities	$129	$ 26	$103

The Company's income tax expense differs from the amount obtained by applying the federal statutory rate of 35% to income before income taxes for the following reasons (in thousands):

	2006	2005
Tax provision at the federal statutory rate	$2,050	$2,141
Tax-exempt income	(30)	(102)
Other income	(8)	(8)
Total statutory income taxes	$2,012	$2,031
Provision for current income taxes	$1,888	$2,049
Change in net deferred income tax	124	(18)
Total statutory income taxes	$2,012	$2,031

At December 31, 2006 and 2005, the Company had no net operating loss carryforwards.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

The Company is a wholly owned subsidiary of UnitedHealthcare, Inc. ("UHC"), which is a wholly owned subsidiary of UHS, an HMO management corporation which provides services to the Company under the terms of a management agreement. UHS is a wholly owned subsidiary of UnitedHealth Group Incorporated.

Pursuant to the terms of a management agreement, UHS will provide management services to the Company, until terminated upon the written agreement of both parties, for a fee based primarily on a percentage of member premiums and government program revenues. Management fees under this arrangement totaled approximately $3,683,000 in 2006 and $5,904,000 in 2005 and are included in operating expenses in the accompanying statutory statements of operations. In addition, UHS pays, on the Company's behalf, certain expenses not covered within the scope of the management agreement. UHS is reimbursed for these expenses by the Company, which are included in operating expenses in the accompanying statutory statements of operations. Operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

UHS contracts on behalf of the Company to provide administrative services related to pharmacy management and claims processing for its enrollees. Fees related to these agreements, which are calculated on a per-claim basis, of approximately $12,500 in 2006 and $12,000 in 2005 are included in operating expenses in the accompanying statutory statements of operations. Additionally, UHS collects rebates on certain pharmaceutical products based on member utilization. Rebates related to these agreements of approximately $635,500 in 2006 and $1,047,000 in 2005 are included as a reduction of medical service expenses in the accompanying statutory statements of operations.

Beginning December 1, 1999, the Company entered into a $3,000,000 subordinated revolving credit agreement with UHS at an interest rate of LIBOR plus a margin of 0.50%. The credit agreement is for a one-year term and automatically renews annually, unless terminated by either party. The agreement was renewed effective December 1, 2005. No amounts were outstanding under the line of credit as of December 31, 2006 and 2005. Interest paid on amounts borrowed under the line of credit totaled $0 in 2006 and $0 in 2005.

The Company has a contract with United Behavioral Health, a wholly owned subsidiary of UHS, to provide mental health and substance abuse services for its enrollees. Fees related to this agreement, which are calculated on a per-member per-month basis, of approximately $518,000 in 2006 and $924,000 in 2005 are included in medical services expenses in the accompanying statutory statements of operations.

The Company contracts with United Resource Network, a division of UHS, to provide access to a network of transplant providers for its enrollees. Fees related to this agreement, which are calculated on a per member per month basis, of approximately $19,000 in 2006 and $39,000 in 2005 are included in medical services expenses in the accompanying statutory statements of operations.

The Company has an agreement with OPTUM, a division of UHS, to provide a 24-hour call-in service, called Care24, to its enrollees. Fees related to this agreement, which are calculated on a per member per month basis, of approximately $87,000 in 2006 and $179,000 in 2005 are included in medical services expenses in the accompanying statutory statements of operations.

NOTES TO FINANCIAL STATEMENTS

The Company has an insolvency-only reinsurance agreement with United HealthCare Insurance Company ("UHIC"), a wholly owned subsidiary of UHIC Holdings, Inc. (formerly know as Unimerica, Inc.), which is a wholly owned subsidiary of UHS, to provide insolvency protection for its enrollees. Reinsurance premiums, which are calculated on a percentage of member premium revenues, of approximately $31,000 in 2006 and $50,000 in 2005 are netted against premium revenues in the accompanying statutory statement of operations. Reinsurance recoveries related to the excess loss contract of approximately $0 and $223,000 in 2006 and 2005, respectively, are netted against medical services expenses in the accompanying statutory statements of operations. There were no reinsurance receivables related to the agreement at December 31, 2006 and 2005. Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company.

At December 31, 2006 and 2005, the Company reported $73,000 and $627,000, respectively as a related-party receivable, which is included in the statutory statements of admitted assets, liabilities, and capital and surplus. The balances are generally settled within 90 days from the incurred date.

The Company has a contract with ACN Group, Inc., a wholly owned subsidiary of UHS, to provide chiropractic and physical therapy services for its enrollees. Fees related to this agreement, which are calculated on a per member per month basis, were approximately $38,000 in 2006 and $68,000 in 2005 and are included in medical services expenses in the accompanying statutory statements of operations.

The Company contracts with Coordinated Vision Care, a division of UHS, to provide administrative services related to vision benefit management and claims processing for its enrollees. Fees related to this agreement, which are calculated on a per member per month basis, approximately $8,000 and $16,000 in 2006 and 2005, respectively, are included in medical services expenses in the accompanying statutory statements of operations.

11. DEBT

The Company had no outstanding debt during 2006 and 2005 with third parties.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES, AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company has no retirement, deferred compensation, and other benefit plans, since all personnel are employees of UHS, which provides services to the Company under the terms of a management agreement.

13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS, AND QUASI-REORGANIZATIONS

The Company has 2,000 shares authorized and 2,000 shares issued and outstanding of $50 par value common stock. The Company has no preferred stock outstanding.

Payment of dividends may be restricted by the Arkansas Insurance Department and Arkansas law which generally require that dividends be paid out of accumulated surplus.

The Company paid extraordinary dividends to UHC of $8,000,000 during 2006 and $9,600,000 during 2005, which were subject to prior approval by the Arkansas Insurance Department.

The portion of accumulated surplus represented or reduced by each item below, is as follows (in thousands):

	2006	2005
Nonadmitted asset values	$ 23	$ 45

The Company does not have any outstanding surplus notes.

14. CONTINGENCIES

The Company is involved in legal actions which arise in the ordinary course of its business. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect upon the financial position or results of operations of the Company. The Company believes there are no assets that is considers to be impared.

15. LEASES

According to the management agreement (see Note 10) between the Company and UHS, operating leases for the rental of office facilities and equipment are the responsibility of UHS.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

NOTES TO FINANCIAL STATEMENTS

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

17. SALE, TRANSFER, AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

The Company did not participate in any transfer of receivables, financial assets, or wash sales.

18. GAIN OR LOSS TO THE HMO FROM UNINSURED ACCIDENT AND HEALTH PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

The Company had no gain or loss from uninsured or partially insured accident and health plans.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD-PARTY ADMINISTRATORS

The Company did not have any direct premiums written or produced by managing general agents or third-party administrators.

20. SEPTEMBER 11, EVENTS

The events of September 11, 2001, and their aftermath did not have a material financial impact on the Company's operations. The Company will continue to monitor the potential impact of these events on its business.

21. OTHER ITEMS

The Company elected to use rounding in reporting amounts in the statutory financial statements.

22. EVENTS SUBSEQUENT

There are no events subsequent to December 31, 2006, that require disclosure.

23. REINSURANCE

Unsecured Reinsurance Recoverables—The Company does not have an unsecured aggregate reinsurance recovery receivable with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company's policyholder surplus.

Reinsurance Recoverable in Dispute—The Company does not have a reinsurance recoverable balance that is being disputed by any individual reinsurer.

Reinsurance Assumed and Ceded—The Company does not have a provision in its reinsurance contract to return commission to the reinsurer in the event that the Company cancels its reinsurance policy.

Uncollectible Reinsurance—During 2006 and 2005, there were no uncollectible reinsurance recoverables.

Commutation of Reinsurance—Effective January 1, 2005, the Company has an insolvency-only reinsurance agreement with UHIC to provide insolvency protection for its enrollees. The Company also has catastrophic reinsurance coverage with CMS for the Medicare Part D program. The Company has no risk associated with this arrangement. In 2004, the Company had a reinsurance agreement with UHIC to cover certain inpatient hospital claims in excess of certain limits. There was no commutation of reinsurance in 2006 or 2005.

Retroactive Reinsurance—The Company did not have a retroactive reinsurance agreement in 2006 or 2005.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

The Company has Medicare business which is subject to a retrospective rating feature related to Part D Premiums. The Company has estimated accrued retrospective premiums related to Part D premiums based on guidelines determined by the Centers for Medicare and Medicaid Services (CMS). The formula is tiered and based on bid medical loss ratio. As of December 31, 2006, the amount of Part D premium subject to retrospective rating was $393,000 representing 1.28% of total net premiums written.

25. CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSE

Changes in estimates related to prior years' incurred claims are included in medical services expenses in the current year in the accompanying statutory statements of operations. The following tables disclose paid claims, incurred claims, and the balance in the unpaid claim reserve, excluding premium deficiency reserves (see note 30), for the years ended December 31, 2006 and 2005 (in thousands):

NOTES TO FINANCIAL STATEMENTS

	2006		
	Current Year Incurred Claims	Prior Years' Incurred Claims	Total
Beginning of year claim reserve	$	$(4,526)	$ (4,526)
Paid claims	18,841	2,983	21,824
End of year claim reserve	2,872	74	2,946
Incurred claims	$21,713	$(1,469)	$20,244

	2005		
	Current Year Incurred Claims	Prior Years' Incurred Claims	Total
Beginning of year claim reserve	$ -	$(5,804)	$ (5,804)
Paid claims	32,141	4,500	36,641
End of year claim reserve	4,355	171	4,526
Incurred claims	$36,496	$(1,133)	$35,363

The Company incurred claims adjustment expenses of approximately $712,000 in 2006 and $1,168,000 in 2005. These costs are included in the management service fees paid by the Company to UHS as a part of its management agreement and are presented in operating expenses in the accompanying statutory statements of operations. As described in Note 2 Accounting Changes and Corrections of Errors, at December 31, 2005, the liability for unpaid claims adjustment expenses was the responsibility of UHS, as CAE costs are included in the management service fees paid by the Company to UHS as part of its management agreement. Based upon clarification of the Interpretation of the Emerging Accounting Issues Working Group INT02-21 issued in September 2006, the Company has recorded an estimate of LAE for the claims adjustment expenses associated with incurred but unpaid claims of $45,000 which is included in other payables in the statutory statement of admitted assets, liabilities and capital and surplus and operating expenses in the statutory statement of operations.

26. INTERCOMPANY POOLING ARRANGEMENTS

The Company did not have any intercompany pooling arrangements in 2006 or 2005.

27. STRUCTURED SETTLEMENTS

The Company did not have any structured settlements in 2006 or 2005.

28. HEALTH CARE RECEIVABLES

The Company did not admit any health care receivables in 2006 or 2005.

29. PARTICIPATING POLICIES

The Company did not have any participating contracts in 2006 or 2005.

30. PREMIUM DEFICIENCY RESERVES

As of December 31, 2006, the Company had a liability of $89,000 for premium deficiency reserves, all of which was related to conversion groups. As of December 31, 2005, the Company had a liability of $59,000 for premium deficiency reserves, all of which was related to conversion groups. Premium deficiency reserves are included in medical services payable in the statutory statements of admitted assets, liabilities, capital and surplus. The Company did consider anticipated investment income when calculating its premium deficiency reserves.

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written, the Company has no salvage. As of December 31, 2006 and 2005, the Company had no specific accruals established for outstanding subrogation as it is considered as a component of the actuarial calculations used to develop the estimates of medical services payable.

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	306,034	2.6	306,034	2.6
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		0.0		0.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations		0.0		0.0
1.43 Revenue and assessment obligations		0.0		0.0
1.44 Industrial development and similar obligations		0.0		0.0
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		0.0		0.0
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	11,343,340	97.4	11,343,340	97.4
9. Other invested assets		0.0		0.0
10. Total invested assets	11,649,374	100.0	11,649,374	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). 06/11/2004

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 [X] No [ ]

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
Exante Bank, Inc.	Salt Lake City, Utah	NO	NO	NO	YES	NO

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP, Minneapolis, MN

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Allen J. Sorbo, President, Chief Executive Officer, and Chief Actuary of United HealthCare Insurance Company, Hartford, CT, an affiliate of United HealthCare of Arkansas, Inc.

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

BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No [ ]

14. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]

15. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict 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. $.....72,590

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
State Street Bank	801 Pennsylvania, Kansas City, MO 64105

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
0	Internally Managed	

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	4,688,859	4,684,725	(4,134)
26.2 Preferred stocks			0
26.3 Totals	4,688,859	4,684,725	(4,134)

26.4 Describe the sources or methods utilized in determining the fair values:
For those securities that had prices in the NAIC SVO ISIS database, those prices were used; for those securities that did not have prices in the NAIC SVO ISIS database, GAAP pricing was used. GAAP pricing was obtained from HUB, which is an external data sources vendor. HUB data utilizes various pricing sources.

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

27.2 If no, list exceptions:

OTHER

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

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid

29.1 Amount of payments for legal expenses, if any? $0

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

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $0

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (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	30,752,839	49,168,524
2.2 Premium Denominator	30,752,839	49,168,524
2.3 Premium Ratio (2.1/2.2)	100.0	100.0
2.4 Reserve Numerator	3,127,618	4,584,432
2.5 Reserve Denominator	3,127,617	4,584,432
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 $.....0

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 clauses in provider agreements and continuation of coverage endorsements in reinsurance agreement.

7.1 Does the reporting entity set up its claim liability for provider services on a service date 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 3,087

8.2 Number of providers at end of reporting year 3,291

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 [ ] No [X]

10.2 If yes:

10.21 Maximum amount payable bonuses .....

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

10.23 Maximum amount payable withholds .....

10.24 Amount actually paid for year withholds .....

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 [ ] No [X]

11.14 A Mixed Model (combination of above)? Yes [ ] No [X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [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. $.....2,844,648

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:
NAIC RBC Model, 200% of Authorized Control Level

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

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

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)	12,195,897	17,350,569	20,924,333	34,834,395	39,474,691
2. Total liabilities (Page 3, Line 22)	4,304,235	5,325,780	6,933,073	10,003,832	15,353,577
3. Statutory surplus	2,844,648	3,666,986	3,994,658	6,936,952	8,595,318
4. Total capital and surplus (Page 3, Line 31)	7,891,662	12,024,789	13,991,260	24,830,563	24,121,114
Income Statement Items (Page 4)					
5. Total revenues (Line 8)	30,660,236	49,153,822	59,994,532	122,187,049	145,344,661
6. Total medical and hospital expenses (Line 18)	20,266,604	35,409,745	40,547,352	79,522,396	100,058,204
7. Claims adjustment expenses (Line 20)	712,067	1,168,079	1,586,253	4,004,178	4,656,472
8. Total administrative expenses (Line 21)	4,650,001	7,362,542	8,879,705	18,209,538	23,138,585
9. Net underwriting gain (loss) (Line 24)	5,002,014	5,185,456	9,031,444	20,369,715	17,491,400
10. Net investment gain (loss) (Line 27)	855,174	931,590	1,402,052	2,357,223	1,608,956
11. Total other income (Lines 28 plus 29)				340	180,941
12. Net income or (loss) (Line 32)	3,969,188	4,068,046	7,641,496	14,406,278	13,020,297
Risk-Based Capital Analysis					
13. Total adjusted capital	7,891,662	12,024,789	13,991,260	24,830,563	24,121,114
14. Authorized control level risk-based capital	1,422,324	1,833,493	1,997,329	3,468,476	4,297,282
Enrollment (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	6,720	13,944	17,859	37,072	57,353
16 Total member months (Column 6, Line 7)	93,723	185,623	240,268	529,754	699,844
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)	66.1	72.0	67.6	66.0	68.8
19. Cost containment expenses	0.3	0.2	0.2	XXX	XXX
20. Other claims adjustment expenses	2.1	2.6	2.3	3.3	3.2
21. Total underwriting deductions (Line 23)	83.7	89.5	84.9	84.4	87.8
22. Total underwriting gain (loss) (Line 24)	16.3	10.5	15.1	16.9	12.2
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13 Col. 5)	3,056,674	4,666,842	6,891,399	8,364,550	8,924,352
24. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	4,480,433	5,712,275	8,409,052	12,486,806	12,718,862
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	306,034	301,899	327,797	300,000
Governments	2. Canada				
(Including all obligations guaranteed	3. Other Countries				
by governments)	4. Totals	306,034	301,899	327,797	300,000
	5. United States				
States, Territories and Possessions	6. Canada				
(Direct and guaranteed)	7. Other Countries				
	8. Totals	0	0	0	0
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				
Obligations and all Non-guaranteed Obligations	14. Canada				
of Agencies and Authorities of Governments	15. Other Countries				
and their Political Subdivisions	16. Totals	0	0	0	0
	17. United States				
Public Utilities	18. Canada				
(Unaffiliated)	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and	21. United States				
Credit Tenant Loans	22. Canada				
(Unaffiliated)	23. Other Countries				
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals				
	26. **Total Bonds**	306,034	301,899	327,797	300,000
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				
Industrial and Miscellaneous	50. Canada				
(Unaffiliated)	51. Other Countries				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals				
	54. **Total Common Stocks**	0	0	0	
	55. **Total Stocks**	0	0	0	
	56. **Total Bonds and Stocks**	306,034	301,899	327,797	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	6,356,024	7. Amortization of premium	41,003
2. Cost of bonds and stocks acquired, Column 7, Part 3	5,577,429	8. Foreign exchange adjustment:	
3. Accrual of discount	23,344	8.1 Column 15, Part 1	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1	
4.1 Columns 12 - 14, Part 1		8.3 Column 16, Part 2, Section 2	
4.2 Columns 15 - 17, Part 2, Section 1		8.4 Column 15, Part 4	0
4.3 Column 15, Part 2, Section 2		9. Book/adjusted carrying value at end of current period	306,034
4.4 Columns 11 - 13, Part 4	0	10. Total valuation allowance	
5. Total gain (loss), Column 19, Part 4	83,269	11. Subtotal (Lines 9 plus 10)	306,034
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4	11,693,029	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current year	306,034

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	27,638,112	3,145,447				
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	NO	NO						
57. Canada CN	NO	NO						
58. Aggregate Other alien OT	XXX	XXX	0	0	0	0	0	0
59. Subtotal	XXX	XXX	27,638,112	3,145,447	0	0	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	XXX						
61. Total (Direct Business)	XXX	(a) 1	27,638,112	3,145,447	0	0	0	0

DETAILS OF WRITE-INS

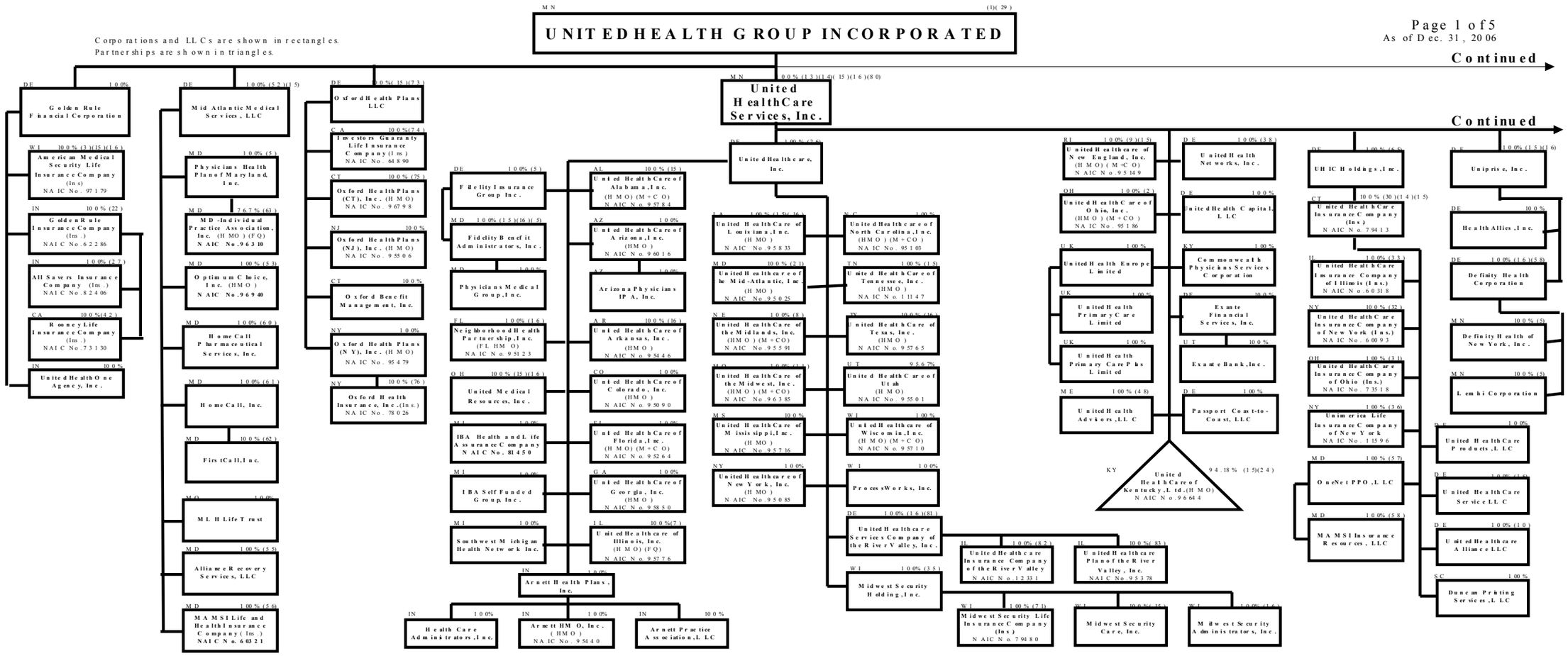
5801.							
5802.							
5803.							
5898. Summary of remaining write-ins for line 58 from overflow page	0	0	0	0	0	0
5899. Total (Lines 5801 thru 5803 plus 5898) (Line 58 above)	0	0	0	0	0	0

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

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

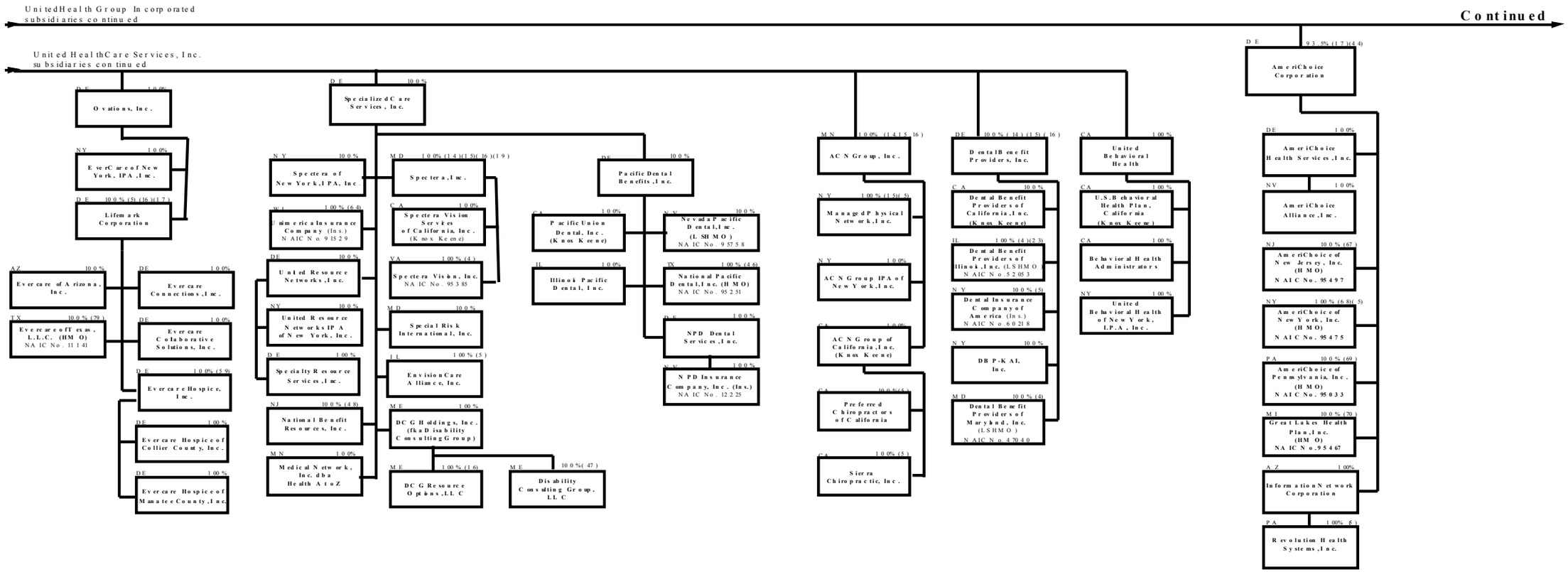
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

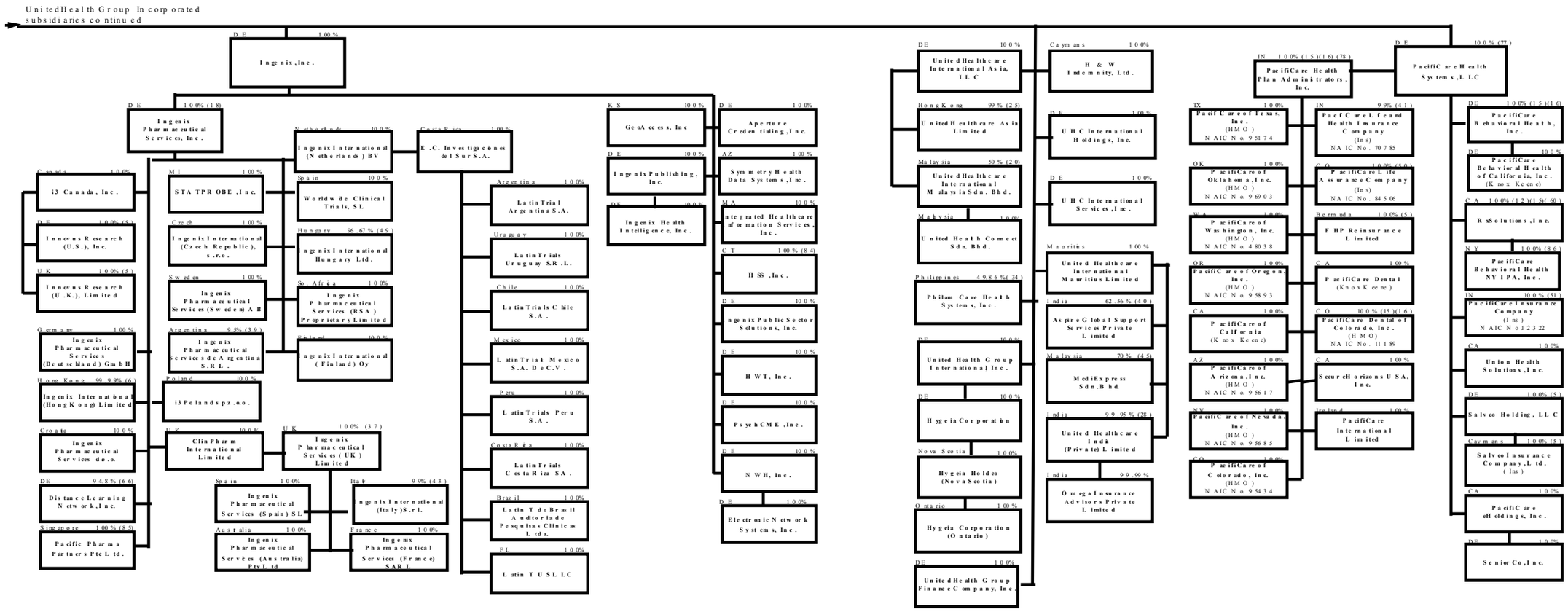
PART 1 - ORGANIZATIONAL CHART



52.1

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

PART 1 - ORGANIZATIONAL CHART



52.2

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

PART 1 - ORGANIZATIONAL CHART

(1) **UnitedHealth Group Incorporated** ("UHG") (d/b/a UnitedHealth Group) is a Minnesota corporation whose shares of common stock are listed on the NYSE (i.e., it is publicly held). Name was changed from United HealthCare Corporation on March 6, 2000. It only does business in MN. It is the ultimate parent company of all the other UnitedHealth Group entities. It is not licensed as anything, i.e., it is not an HMO, insurance company, TPA, PPO, etc. It is a holding company. It should not be the party to any contract except for certain limited situations. This is not the entity that (i) manages or directly owns the HMOs (that is, for the most part, United HealthCare Services, Inc. ("UHS") for management and UHS or UnitedHealthcare, Inc. for ownership), or (ii) offers the ASO, PPO, or other products (that is usually United HealthCare Insurance Company).

(2) d/b/a: Western Ohio Health Care Corporation; also licensed in Kentucky.

(3) Licensed as a life, accident and health insurance company in AL, AR, AZ, CA, CO, DC, DE, FL, GA, IA, ID, IL, IN, KS, KY, LA, MD, MI, MN, MO, MS, MT, NC, ND, NE, NM, NV, OH, OK, OR, PA, SC, SD, TN, TX, UT, VA, WA, WI, WV, & WY.

(4) Limited or single service health Plan ("LSHMO"). Spectera Vision, Inc. is licensed as LSHMO in IN.

(5) This entity will dissolve or merge with another UHG legal entity, subject to any required regulatory approval.

(6) Ingenix, Inc. owns .01%. Established a representative office in Beijing, China.

(7) United HealthCare of Illinois, Inc. (DE domicile) merged into UnitedHealthcare (Newco), Inc. (IL domicile) in order to redomesticate to IL and changed its name to UnitedHealthcare of Illinois, Inc. effective 5/31/02. Also licensed in Indiana.

(8) Licensed in Iowa and Nebraska.

(9) Licensed in Rhode Island and Massachusetts.

(10) UnitedHealthcare of Minnesota, Inc. merged into UnitedHealthcare Alliance LLC effective 12/31/02. This LLC holds the intangible assets of UnitedHealthcare and is the employer of its top management.

(11) Licensed in Missouri, Illinois and Kansas.

(12) Dba Prescription Solutions. Licensed as Pharmacy and TPA in many states.

(13) **United HealthCare Services, Inc.** ("UHS") (formerly UHC Management Company, Inc. and before that Charter Med, Inc.) is a Minnesota corporation and wholly owned subsidiary of UnitedHealth Group. It is the technical employing entity (i.e., it files the payroll taxes in the 50 states) for substantially all UnitedHealth Group personnel. It is qualified to do business in all 50 states and the District of Columbia. It is not licensed as an HMO or an insurance company but is licensed in numerous states as a TPA or UR agent. It is the management company for almost all the health plans and the insurance companies. It owns most of the assets (i.e., desks, computers etc.) used by all employees. It rents most of the space used by all UnitedHealth Group entities and people. Many of the specialty businesses, i.e., Evercare, URN, Optum, Uniprise, Healthmarc, etc., operate as divisions/dbas of UHS, rather than separate legal entities (though there may be a shell bearing a similar name). UHS is the entity that should be the party to the facilities, supply or other contracts that are for UnitedHealth Group generally. See p. 5 for UHS' assumed/fictitious names.

(14) Licensed as a PPO or MCO in one or more states.

(15) Licensed as a UR Agent in one or more states.

(16) Licensed as a TPA in one or more states. (Called "independent adjuster" in New York.)

(17) "AmeriChoice" is being filed as an assumed name for Lifemark Corporation in California, Indiana, and Michigan. See next page for its UHS filings.

(18) registered either a DBA, TradeName or Trade Mark of "i3 Research","i3 Magnifi", and/or "i3 Drug Safety" in several states

(19) Also has dba of: Care Programs

(20) Other 50% is owned by UnitedHealthcare Asia Limited

(21) Also licensed in Virginia and the District of Columbia. United HealthCare of Virginia, Inc. merged into it effective 12/31/01 on approval of VA BOI, MIA, & MD DAT (later filing by VA Corp.Comm.).

(22) Licensed as a life and health insurance company in AL, AK, AZ, AR, CA, CO, CT, DE, DC, FL, GA, GU, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI, & WY. Redomiciled from IL to IN 10/2/06.

(23) Licensed as HMO or LSHMO in FL, IN, IL, MO.

(24) General partnership interests are held by UHS (89.77%) and its wholly owned subsidiary, Commonwealth Physician Services Corporation (10.23%). UHS also holds 100% of the limited partnership interests. When combining general partner and limited partner interests, UHS owns 94.18%, Commonwealth Physician Services Corporation owns 5.83% (for a combined 100% ownership). (All numbers are rounded to two decimal points.) Licensed as an

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

PART 1 - ORGANIZATIONAL CHART

HMO in Kentucky and Indiana. Has to use the name United HealthCare of Kentucky, L.P. in Indiana.

(25) A Hong Kong "private" limited liability company owned 99% by UnitedHealthcare International Asia, LLC and 1% by UnitedHealth Group International, Inc.

(26) d/b/a: UnitedHealthcare, Inc., a Corporation of Delaware (obtained for use in Oklahoma).

(27) Licensed as a life and health insurance company in AK, AR, CO, DE, DC, FL, GA, ID, IL, IN, IA, KS, KY, LA, MD, MI, MS, MT, NE, ND, OH, OK, OR, PA, SC, SD, TN, TX, WV, WI & WY.

(28) 80 shares out of 1,656,250 shares (.0048%) owned by UnitedHealth Group International, Inc.

(29) UHG is the sole member of the United Health Foundation and Evercare Hospice Foundation, both MN non-profit organizations.

(30) **United HealthCare Insurance Company** ("UHI") is a Connecticut domestic life & health insurance company that is licensed as an insurance company in 49 states (not New York), District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, the Commonwealth of the Northern Mariana Islands, and American Samoa. This entity offers a variety of products including EPO, PPO, ASO/self-funded, and indemnity.

(31) Licensed in Ohio only.

(32) Licensed in New York and the District of Columbia.

(33) Licensed in Illinois only. Voluntarily surrendered COA in Florida.

(34) PhilamCare Health Systems, Inc. is 49.86% owned by PhilamLife and .28% owned by various individuals.

(35) Formerly known as R.W. Houser, Inc.

(36) Licensed in NY for life, annuities, and accident & health. Formerly named United HealthCare Life Insurance Company of New York.

(37) Branches in Republic of South Africa and Croatia.

(38) Assumed names for UnitedHealth Networks, Inc. that must be used in the states listed below: NH (UHN UnitedHealth Networks), TX (UHN UnitedHealth Networks, Inc.), NY (United Networks), OH & OR (UnitedHealth Network, Inc., a Corporation of Delaware)

(39) Ingenix, Inc. owns 5%.

(40) 38.81% owned by United HealthCare Services, Inc. & 0.63% owned by United Healthcare International, Inc.

(41) Remaining 1% is owned by PacifiCare Health Systems, LLC. Licensed in DC, GU, VI, and all States, except NY. "Commercially domiciled" in CA.

(42) Licensed as a life and health insurance company in CA & IL.

(43) One percent owned by ClinPharm International Ltd.

(44) Around 6.5% of the shares are owned by AmeriChoice management, which United will acquire after five years from Sept. 2002 acquisition, subject to certain acceleration events. UnitedHealth Cares, Inc. fka AmeriChoice Associates Assistance Fund, Inc. is a GA nonprofit qualified in other states.

(45) 70% owned directly and 30% controlled through individual nominee shareholders from whom we have powers of attorney.

(46) Licensed as a DPO in MD and HMO in TX

(47) Licensed as a reinsurance intermediary in some states

(48) Licensed as a producer in most states. Formerly named DCG OnLine, LLC.

(49) 3.33% held by Ingenix, Inc.

(50) Licensed as life & health insurer in AZ, CA, CO, GU, IL, IN, KY, NV, NJ, NM, OH, OK, OR, TX, UT, WA

(51) Licensed as a health insurer in IN.

(52) Mid Atlantic Medical Services, Inc. merged into Mid Atlantic Medical Services, LLC (formerly MU Acquisition LLC) upon acquisition by UnitedHealth Group, with Mid Atlantic Medical Services, LLC as the survivor. It also has the UnitedHealthcare Children's Foundation fka MAMSI Children's Foundation and HomeCall Hospice Services Foundation, Inc. (being dissolved). It is the sole member of several real estate LLCs: Hillcrest, LLC; Frederick Associates, LLC; & Hillcrest Plaza II, LLC. The Jochum Trust for compensation of former CEO is administered by UHG Human Capital.

(53) Licensed as an HMO in DC, DE, MD, VA, & WV

(54) Intentionally left blank

(55) Licensed as a Collection Agency in MD

(56) Licensed as a Life, Accident & Health Insurance Company in AL, AR, AZ, CO, DC, DE, GA, HI, ID, IL, IN, KS, KY, LA, MD, MS, MO, NE, NV, NM, NC, ND, OK, PA, SC, SD, TN, TX, UT, VA, & WV

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

PART 1 - ORGANIZATIONAL CHART

(57) Formerly named Alliance PPO, LLC when it was a subsidiary of MAMSI Life and Health Ins. Co.
(58) Licensed as a Producer in several states
(59) Licensed as a Hospice in numerous states
(60) Licensed as a Pharmacy in many states. RxSolutions has an assumed name of Prescription Solutions.
(61) JCAHCO; Medicare certification; licensed in MD for nursing, home health aides, physical, occupational & speech therapy, medical social work, home health, & laboratory
(62) JCAHCO, licensed in MD for residential service, agency skilled nursing & aides, and home health services
(63) 23.3% owned by Mid Atlantic Medical Services, LLC. Licensed as an HMO in DC, MD, & VA
(64) Licensed as a Life, Accident & Health Insurance Company countrywide, except in NY(Unimerica Life Insurance Company of New York is licensed in NY).
(65) Former name was Unimerica, Inc.
(66) 5.2% owned collectively by Eric Porterfield, and Anthony Cepullio
(67) Licensed as an HMO in NJ
(68) Licensed as an HMO in NY. Will be merging into UnitedHealthcare of New York, Inc.
(69) Licensed as an HMO in PA
(70) Licensed as an HMO in MI
(71) Licensed as a life, accident & health insurance company in AK, AR, AZ, CO, DE, IA, ID, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, NM, NV, OH, OK, OR, SC, SD, TX, UT, WA, & WI
(72) Intentionally left blank
(73) Survivor of merger with Oxford Health Plans, Inc. Former name was Ruby Acquisition, LLC. NAIC Group Code of regulated subsidiaries was 1182 prior to acquisition. Two non-stock Political Action Committees: Oxford Health Plans, Inc. (CT) Committee for Quality Health Care, Inc. and Oxford Health Plans, Inc. (NY) Committee for Quality Health Care, Inc., DE corps. Licensed as ins. agency in NY dba The Oxford Agency.
(74) Licensed in 47 states and the District of Columbia. Not licensed in CT, NY, or VT.
(75) Licensed as a Health Care Center (HMO) in CT with a Limited License for less than 5,000 members in RI.
(76) Licensed as an insurance company in CT, NJ, NY, & PA.
(77) Formerly named Point Acquisition, LLC, the survivor of the merger with PacifiCare Health Systems, Inc., which enabled the acquisition of PacifiCare. Also owns 21.1% of Alere Medical Incorporated, a CA corporation, including 16,068,245 shares of non-voting preferred stock and warrants to purchase an additional 1 million shares of non-voting preferred stock.
(78) Sole member of PacifiCare Health Systems Foundation, a CA nonprofit corporation.
(79) TX DOI has accepted a dba of "United HealthCare – Texas" for this company's use by AmeriChoice
(80) United HealthCare Services, Inc.'s filed assumed names/dbas include (continuation of footnote 13):
- AmeriChoice (FL, IL, IN, MD, NE, RI & WA)
- Center for Health Care Policy and Evaluation (MN)
- Charter HealthCare, Inc. (NM, RI)
- Employee Performance Design (IL, KY, MN, NE, OR)
- EverCare (numerous states)
- GenCare PPO (IL, MO)
- Health Professionals Review (ME)
- HealthCare Evaluation Services (MN)
- Healthmarc (numerous states)
- HealthPro (AK, CT, IL, KY, MA, OH, VT)
- Institute for Human Resources (FL, OR, WA)
- Managed Care for the Aged (MN)
- Optum (MN, CA)

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

PART 1 - ORGANIZATIONAL CHART

- Personal Decision Services (MN)
- SeniorCare Select & Design (MN)
- UHC Management & Administrators (CA)
- UHC Management (VT)
- UHC Management Company (AK, MA, NH, UT, WV)
- UHC Management Company, Inc. (AL, AZ, AR, CA, CO, CT, DE, FL, GA, ID, IL, IN, IA, KY, LA, ME, MD, MA, MI, MN, MO, MT, NE, NJ, ND, OH, OR, PA, RI, SD, TN, TX, VA, WA)
- UHC of Illinois Inc. and United HealthCare of Illinois, Inc. (IL)
- UHC of Missouri and United HealthCare of Missouri (MO)
- UMC Management Company, Inc. (OH)
- United HealthCare (MA, UT)
- United HealthCare Corporation (AZ, AR, CA, CO, CT, DE, FL, GA, ID, IN, IA, KY, LA, ME, MD, MO, MT, NC, ND, NE, NJ, OH, OR, RI, SD, TX, WA)
- United HealthCare, Inc. (LA, SD, WV)
- United HealthCare Management (VT)
- United HealthCare Management Company, Inc. (IL, MI, OK, PA, TN, VA)
- United HealthCare Management Services (PA, NY)
- United HealthCare Services of Minnesota (NH)
- United HealthCare Services of Minnesota, Inc. (AR, FL, IL, OK, RI, SD, VT, WV)
- United Resource Networks (CA, GA, IL, IN, IA, MD, MI, MN, MO, NE, NY, NC, RI, UT)
- United Resource Networks, Inc. (CO, TN)
- UnitedHealth Group Incorporated (CA)

(81) fka as John Deere Health Care, Inc.
(82) fka as John Deere Health Insurance, Inc. Licensed as an insurance company in IA, IL, TN, & VA.
(83) fka as John Deere Health Plan, Inc. Licensed as an HMO in IA, IL, TN, & VA, withdrew from KY & SC.
(84) Known as HealthCare Software Synergies, Incorporated in MD
(85) Branch office in Taiwan
(86) In process of changing its name to RxSolutions NY IPA, Inc.