



**HEALTH ANNUAL STATEMENT  
FOR THE YEAR ENDING DECEMBER 31, 2007  
OF THE CONDITION AND AFFAIRS OF THE**

**American Dental Providers of Arkansas, Inc.**

NAIC Group Code 0119 , 0119 NAIC Company Code 11559 Employer's ID Number 58-2302163  
(Current Period) (Prior Period)

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

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

Incorporated/Organized 01/29/1997 Commenced Business 03/20/1997

Statutory Home Office 425 W. Capitol Ave, Ste 1700, Corp. Co. , Little Rock, AR 72201  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 100 Mansell Court East, Suite 400  
(Street and Number)  
Roswell, GA 30076 770-998-8936  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 100 Mansell Court East, Suite 400 , Rosell, GA 30076  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 100 Mansell Court East, Suite 400  
(Street and Number)  
Roswell, GA 30076 770-998-8936  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.compbenefits.com

Statutory Statement Contact Robert Coons 502-580-3497  
(Name) (Area Code) (Telephone Number) (Extension)  
rcoons@humana.com 502-580-2099  
(E-mail Address) (FAX Number)

**OFFICERS**

Name	Title	Name	Title
<u>Gerald Lawrence Ganoni #</u>	<u>President</u>	<u>Joan Olliges Lenahan #</u>	<u>Vice President and Secretary</u>
<u>James Harry Bloem #</u>	<u>Sr VP, CFO &amp; Treasurer</u>	<u>Frank Murray Amrine #</u>	<u>Appointed Actuary</u>

**OTHER OFFICERS**

<u>George Grant Bauernfeind #</u>	<u>Vice President</u>	<u>John Gregory Catron #</u>	<u>Vice President</u>
<u>Thomas Joseph Liston #</u>	<u>Sr. Vice President</u>	<u>Jonathan Thomas Lord M.D. #</u>	<u>Sr. Vice President</u>
<u>John Edward Lumpkins #</u>	<u>Vice President</u>	<u>Heidi Suzanne Margulis #</u>	<u>Sr. Vice President</u>
<u>Mark Matthew Matzke #</u>	<u>Chief Operating Officer</u>	<u>Steven Oscar Moya #</u>	<u>Sr. Vice President</u>
<u>Kathleen Stephenson Pellegrino #</u>	<u>VP &amp; Asst. Secretary</u>	<u>Gilbert Alan Stewart #</u>	<u>Vice President</u>
<u>William Joseph Tait #</u>	<u>Vice President</u>	<u>Gary Dean Thompson #</u>	<u>Vice President</u>
<u>Tod James Zacharias #</u>	<u>Vice President</u>		

**DIRECTORS OR TRUSTEES**

<u>Jonathan Thomas Lord M.D. #</u>	<u>Michael Benedict McCallister #</u>	<u>James Elmer Murray #</u>
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State of Kentucky

**ss**

County of Jefferson

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.

Gerald Lawrence Ganoni  
President

Joan Olliges Lenahan  
Vice President and Secretary

James Harry Bloem  
Sr VP, CFO & Treasurer

Subscribed and sworn to before me this  
25th day of February, 2008

- 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 \_\_\_\_\_

Julia Basham  
Notary Public  
January 10, 2009

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE American Dental Providers of Arkansas, Inc.**

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	105,075		105,075	105,021
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	0		0	0
2.2 Common stocks .....	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....101,279 , Schedule E, Part 1), cash equivalents (\$ .....0 , Schedule E, Part 2) and short-term investments (\$ .....125,891 , Schedule DA).....	227,170		227,170	193,526
6. Contract loans, (including \$ .....premium notes)			0	0
7. Other invested assets (Schedule BA) .....	0	0	0	0
8. Receivables for securities .....			0	0
9. Aggregate write-ins for invested assets .....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	332,245	0	332,245	298,547
11. Title plants less \$ .....charged off (for Title Insurers only) .....			0	0
12. Investment income due and accrued .....	2,142		2,142	1,321
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....	6,474	2,560	3,914	1,093
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premium).....			0	0
13.3 Accrued retrospective premium.....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....			0	0
14.2 Funds held by or deposited with reinsured companies .....			0	0
14.3 Other amounts receivable under reinsurance contracts .....			0	0
15. Amounts receivable relating to uninsured plans .....			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
16.2 Net deferred tax asset.....	1,614	969	645	323
17. Guaranty funds receivable or on deposit .....			0	0
18. Electronic data processing equipment and software .....			0	0
19. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
21. Receivables from parent, subsidiaries and affiliates .....			0	0
22. Health care (\$ ..... ) and other amounts receivable.....	570		570	0
23. Aggregate write-ins for other than invested assets .....	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	343,045	3,529	339,516	301,284
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	343,045	3,529	339,516	301,284
<b>DETAILS OF WRITE-INS</b>				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. ....				
2302. ....				
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0

## LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded)	4,425		4,425	235
2. Accrued medical incentive pool and bonus amounts	937		937	0
3. Unpaid claims adjustment expenses	162		162	0
4. Aggregate health policy reserves	1,692		1,692	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	2,263		2,263	5,012
9. General expenses due or accrued	1,052		1,052	767
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittance and items not allocated			0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	48,001		48,001	1,302
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including \$ ..... current)	0	0	0	36
22. Total liabilities (Lines 1 to 21)	58,532	0	58,532	7,352
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		0
26. Gross paid in and contributed surplus	XXX	XXX	2,607,976	2,607,976
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	(2,426,992)	(2,414,044)
30. Less treasury stock, at cost:				
30.1 ..... shares common (value included in Line 24 \$ ..... )	XXX	XXX		0
30.2 ..... shares preferred (value included in Line 25 \$ ..... )	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	280,984	293,932
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	339,516	301,284
<b>DETAILS OF WRITE-INS</b>				
2101. Outstanding Checks			0	36
2102. ....				
2103. ....				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	0	0	0	36
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 through 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 through 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

## STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	9,531	10,235
2. Net premium income (including \$ .....0 non-health premium income).....	XXX	136,541	95,224
3. Change in unearned premium reserves and reserve for rate credits .....	XXX	(1,692)	2,820
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		0
5. Risk revenue .....	XXX		0
6. Aggregate write-ins for other health care related revenues .....	XXX	0	0
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	134,849	98,044
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....			0
10. Other professional services .....		57,468	25,783
11. Outside referrals .....			0
12. Emergency room and out-of-area .....			0
13. Prescription drugs .....			0
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		937	0
16. Subtotal (Lines 9 to 15) .....	0	58,405	25,783
<b>Less:</b>			
17. Net reinsurance recoveries .....			0
18. Total hospital and medical (Lines 16 minus 17) .....	0	58,405	25,783
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$ .....347 cost containment expenses.....		2,098	0
21. General administrative expenses.....		58,927	29,471
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22) .....	0	119,430	55,254
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	15,419	42,790
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		10,507	10,692
26. Net realized capital gains (losses) less capital gains tax of \$ .....			0
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	10,507	10,692
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			0
29. Aggregate write-ins for other income or expenses .....	0	2,362	3,328
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	28,288	56,810
31. Federal and foreign income taxes incurred .....	XXX	8,722	19,439
32. Net income (loss) (Lines 30 minus 31) .....	XXX	19,566	37,371
<b>DETAILS OF WRITE-INS</b>			
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 through 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 through 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 through 1403 plus 1498) (Line 14 above) .....	0	0	0
2901. Administrative Income.....		2,314	3,328
2902. Miscellaneous Income.....		48	0
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	2,362	3,328

**STATEMENT OF REVENUE AND EXPENSES (continued)**

	1 Current Year	2 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT:</b>		
33. Capital and surplus prior-reporting period .....	293,932	256,804
34. Net income or (loss) from Line 32 .....	19,566	37,371
35. Change in valuation basis of aggregate policy and claim reserves .....		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....		0
37. Change in net unrealized foreign exchange capital gain or (loss) .....		0
38. Change in net deferred income tax .....	300	(444)
39. Change in nonadmitted assets .....	(2,414)	201
40. Change in unauthorized reinsurance .....	0	0
41. Change in treasury stock .....	0	0
42. Change in surplus notes .....	0	0
43. Cumulative effect of changes in accounting principles .....		0
44. Capital Changes:		
44.1 Paid in .....	0	0
44.2 Transferred from surplus (Stock Dividend) .....		0
44.3 Transferred to surplus .....		0
45. Surplus adjustments:		
45.1 Paid in .....	0	0
45.2 Transferred to capital (Stock Dividend) .....	0	0
45.3 Transferred from capital .....		0
46. Dividends to stockholders .....	(30,400)	0
47. Aggregate write-ins for gains or (losses) in surplus .....	0	0
48. Net change in capital & surplus (Lines 34 to 47) .....	(12,948)	37,128
49. Capital and surplus end of reporting period (Line 33 plus 48)	280,984	293,932
<b>DETAILS OF WRITE-INS</b>		
4701. ....		
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

## CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	128,534	95,480
2. Net investment income .....	9,763	10,494
3. Miscellaneous income .....	0	3,328
4. Total (Lines 1 through 3) .....	138,297	109,302
5. Benefit and loss related payments .....	55,214	26,041
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	56,280	29,477
8. Dividends paid to policyholders .....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	8,722	19,439
10. Total (Lines 5 through 9) .....	120,216	74,957
11. Net cash from operations (Line 4 minus Line 10) .....	18,081	34,345
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	105,000	0
12.2 Stocks .....	0	0
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0
12.7 Miscellaneous proceeds .....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	105,000	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	105,131	0
13.2 Stocks .....	0	0
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	0	0
13.5 Other invested assets .....	0	0
13.6 Miscellaneous applications .....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	105,131	0
14. Net increase (decrease) in contract loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(131)	0
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	0
16.3 Borrowed funds .....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	30,400	0
16.6 Other cash provided (applied).....	46,094	(819)
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6) .....	15,694	(819)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	33,644	33,526
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	193,526	160,000
19.2 End of year (Line 18 plus Line 19.1) .....	227,170	193,526

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE American Dental Providers of Arkansas, Inc.**

**ANALYSIS OF OPERATIONS BY LINES OF BUSINESS**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	136,541	0	0	136,541	0	0	0	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	(1,692)			(1,692)						
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	134,849	0	0	134,849	0	0	0	0	0	0
8. Hospital/medical/ benefits	0									XXX
9. Other professional services	57,468			57,468						XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	0									XXX
12. Prescription Drugs	0									XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	937			937						XXX
15. Subtotal (Lines 8 to 14)	58,405	0	0	58,405	0	0	0	0	0	XXX
16. Net reinsurance recoveries	0									XXX
17. Total hospital and medical (Lines 15 minus 16)	58,405	0	0	58,405	0	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ 347 cost containment expenses	2,098			2,098						
20. General administrative expenses	58,928			58,928						
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	119,431	0	0	119,431	0	0	0	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	15,418	0	0	15,418	0	0	0	0	0	0
<b>DETAILS OF WRITE-INS</b>										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

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**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) .....				.0
2. Medicare Supplement .....				.0
3. Dental Only.....	136,541			136,541
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....				.0
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8) .....	136,541	.0	.0	136,541
10. Life .....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	136,541	0	0	136,541

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE American Dental Providers of Arkansas, Inc.

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - Claims Incurred During the Year**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct .....	53,278			53,278						
1.2 Reinsurance assumed .....	.0									
1.3 Reinsurance ceded .....	.0									
1.4 Net .....	53,278	0	0	53,278	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 .....	4,425	0	0	4,425	0	0	0	0	0	0
3.2 Reinsurance assumed .....	.0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded .....	.0	0	0	0	0	0	0	0	0	0
3.4 Net .....	4,425	0	0	4,425	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....	.0									
4.2 Reinsurance assumed .....	.0									
4.3 Reinsurance ceded .....	.0	0	0	0	0	0	0	0	0	0
4.4 Net .....	.0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year .....	937			937						
6. Net healthcare receivables (a) .....	.0									
7. Amounts recoverable from reinsurers December 31, current year .....	.0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	235	0	0	235	0	0	0	0	0	0
8.2 Reinsurance assumed .....	.0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded .....	.0	0	0	0	0	0	0	0	0	0
8.4 Net .....	235	0	0	235	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....	.0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed .....	.0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded .....	.0	0	0	0	0	0	0	0	0	0
9.4 Net .....	.0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year .....	.0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year .....	0	0	0	0	0	0	0	0	0	0
12. Incurred Benefits:										
12.1 Direct .....	57,468	0	0	57,468	0	0	0	0	0	0
12.2 Reinsurance assumed .....	.0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
12.4 Net .....	57,468	0	0	57,468	0	0	0	0	0	0
13. Incurred medical incentive pools and bonuses .....	937	0	0	937	0	0	0	0	0	0

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

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**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2A - Claims Liability End of Current Year**

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct .....	0									
1.2. Reinsurance assumed .....	0									
1.3. Reinsurance ceded .....	0									
1.4. Net .....	0	0	0	0	0	0	0	0	0	0
2. Incurred but Unreported:										
2.1. Direct .....	4,425			4,425						
2.2. Reinsurance assumed .....	0									
2.3. Reinsurance ceded .....	0									
2.4. Net .....	4,425	0	0	4,425	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
4. TOTALS:										
4.1. Direct .....	4,425	0	0	4,425	0	0	0	0	0	0
4.2. Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
4.4. Net .....	4,425	0	0	4,425	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 Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 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		
1. Comprehensive (hospital and medical) .....					.0	.0
2. Medicare Supplement .....					.0	.0
3. Dental Only.....	.97	.53, 181	3	4, 422	100	235
4. Vision Only.....					.0	.0
5. Federal Employees Health Benefits Plan Premiums .....					.0	.0
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid.....					.0	.0
8. Other health .....					.0	.0
9. Health subtotal (Lines 1 to 8).....	.97	.53, 181	3	4, 422	100	235
10. Healthcare receivables (a).....					.0	
11. Other non-health.....					.0	.0
12. Medical incentive pools and bonus amounts .....				937	.0	.0
13. Totals (Lines 9 - 10 + 11 + 12)	97	53, 181	3	5, 359	100	235

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

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE American Dental Providers of Arkansas, Inc.

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

**Section A – Paid Health Claims - Dental Only**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior .....	450	450	450	450	450
2. 2003 .....	616	613	613	613	613
3. 2004 .....	XXX	256	256	256	256
4. 2005 .....	XXX	XXX	43	43	43
5. 2006 .....	XXX	XXX	XXX	26	26
6. 2007 .....	XXX	XXX	XXX	XXX	53

**Section B – Incurred Health Claims - Dental Only**

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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior .....	450	450	450	450	450
2. 2003 .....	618	613	613	613	613
3. 2004 .....	XXX	256	256	256	256
4. 2005 .....	XXX	XXX	43	43	43
5. 2006 .....	XXX	XXX	XXX	26	26
6. 2007 .....	XXX	XXX	XXX	XXX	59

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Dental Only**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2003.....	.0	.613	.22	3.6	.635	.0.0			.635	.0.0
2. 2004.....	.0	.256	.9	3.5	.265	.0.0			.265	.0.0
3. 2005.....	.0	.43	.2	4.7	.45	.0.0			.45	.0.0
4. 2006.....	.0	.26	.1	3.8	.27	.0.0			.27	.0.0
5. 2007.....	137	53	2	3.8	55	40.1	5		60	43.8

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE American Dental Providers of Arkansas, Inc.

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

**Section A - Paid Health Claims - Grand Total**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior .....	450	450	450	450	450
2. 2003 .....	616	613	613	613	613
3. 2004 .....	XXX	256	256	256	256
4. 2005 .....	XXX	XXX	43	43	43
5. 2006 .....	XXX	XXX	XXX	26	26
6. 2007 .....	XXX	XXX	XXX	XXX	53

**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 2003	2 2004	3 2005	4 2006	5 2007
1. Prior .....	450	450	450	450	450
2. 2003 .....	618	613	613	613	613
3. 2004 .....	XXX	256	256	256	256
4. 2005 .....	XXX	XXX	43	43	43
5. 2006 .....	XXX	XXX	XXX	26	26
6. 2007 .....	XXX	XXX	XXX	XXX	59

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2003.....	.0	613	22	3.6	635	0.0	0	0	635	0.0
2. 2004.....	.0	256	9	3.5	265	0.0	0	0	265	0.0
3. 2005.....	.0	43	2	4.7	45	0.0	0	0	45	0.0
4. 2006.....	.0	26	1	3.8	27	0.0	0	0	27	0.0
5. 2007.....	137	53	2	3.8	55	40.1	5	0	60	43.8

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE American Dental Providers of Arkansas, Inc.**

**UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY**

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....	1,692			1,692					
2. Additional policy reserves (a) .....	.0								
3. Reserve for future contingent benefits .....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ ..... for investment income) .....	.0								
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross) .....	1,692	.0	.0	1,692	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4)	1,692	.0	.0	1,692	.0	.0	.0	.0	.0
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
<b>DETAILS OF WRITE-INS</b>									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)	.0	.0	.0	.0	.0	.0	.0	.0	.0

(a) Includes \$ ..... premium deficiency reserve.

**STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE American Dental Providers of Arkansas, Inc.**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - ANALYSIS OF EXPENSES**

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ ..... for occupancy of own building).....	22	112	1,062	1	1,197
2. Salaries, wages and other benefits.....	212	1,070	10,169	7	11,458
3. Commissions (less \$ ..... ceded plus \$ ..... assumed.....)			37,565		37,565
4. Legal fees and expenses.....					0
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....					0
7. Traveling expenses.....					0
8. Marketing and advertising.....					0
9. Postage, express and telephone.....	25	124	1,181	1	1,331
10. Printing and office supplies.....					0
11. Occupancy, depreciation and amortization.....	5	26	251		282
12. Equipment.....					0
13. Cost or depreciation of EDP equipment and software.....	37	189	1,792	1	2,019
14. Outsourced services including EDP, claims, and other services.....	46	230	2,185	1	2,462
15. Boards, bureaus and association fees.....					0
16. Insurance, except on real estate.....					0
17. Collection and bank service charges.....					0
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.....			1,284		1,284
23.2 State premium taxes.....			1,940		1,940
23.3 Regulatory authority licenses and fees.....			1,498		1,498
23.4 Payroll taxes.....					0
23.5 Other (excluding federal income and real estate taxes).....					0
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	0	0	0	0	0
26. Total expenses incurred (Lines 1 to 25).....	347	1,751	58,927	11 (a)	61,036
27. Less expenses unpaid December 31, current year.....		162	1,052		1,214
28. Add expenses unpaid December 31, prior year.....	0	0	767	0	767
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	347	1,589	58,642	11	60,589
<b>DETAIL OF WRITE-INS</b>					
2501. ....					
2502. ....					
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 plus 2598)(Line 25 above)	0	0	0	0	0

(a) Includes management fees of \$ ..... 4,433 to affiliates and \$ ..... to non-affiliates.

### EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 3,451	4,695
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	0	
2.21 Common stocks of affiliates	0	
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 5,604	5,182
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	641	641
10. Total gross investment income	9,696	10,518
11. Investment expenses		(g) 11
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		11
17. Net Investment Income - (Line 10 minus Line 16)		10,507
<b>DETAILS OF WRITE-INS</b>		
0901. Miscellaneous Investment Income	641	641
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998 (Line 9, above))	641	641
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ ..... accrual of discount less \$ .....77 amortization of premium and less \$ .....212 paid for accrued interest on purchases.
- (b) Includes \$ ..... accrual of discount less \$ ..... 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 \$ ..... paid for accrued interest on purchases.
- (d) Includes \$ ..... for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.
- (e) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.
- (f) Includes \$ ..... accrual of discount less \$ ..... amortization of premium.
- (g) Includes \$ .....11 investment expenses and \$ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ ..... interest on surplus notes and \$ ..... interest on capital notes.
- (i) Includes \$ ..... depreciation on real estate and \$ ..... depreciation on other invested assets.

### EXHIBIT OF CAPITAL GAINS (LOSSES)

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

## EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	0	0	0
2.2 Common stocks .....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	0	0	0
3.2 Other than first liens .....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale .....	0	0	0
5. Cash, (Schedule-E, Part 1), cash equivalents (Schedule-E, Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans .....	0	0	0
7. Other invested assets (Schedule BA) .....	0	0	0
8. Receivables for securities .....	0	0	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	0	0
12. Investment income due and accrued .....	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection .....	2,560	123	(2,437)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
13.3 Accrued retrospective premium.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers .....	0	0	0
14.2 Funds held by or deposited with reinsured companies .....	0	0	0
14.3 Other amounts receivable under reinsurance contracts .....	0	0	0
15. Amounts receivable relating to uninsured plans .....	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
16.2 Net deferred tax asset.....	969	991	22
17. Guaranty funds receivable or on deposit .....	0	0	0
18. Electronic data processing equipment and software.....	0	0	0
19. Furniture and equipment, including health care delivery assets.....	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
21. Receivables from parent, subsidiaries and affiliates .....	0	0	0
22. Health care and other amounts receivable.....	0	0	0
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 to 23).....	3,529	1,114	(2,415)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	3,529	1,114	(2,415)
<b>DETAILS OF WRITE-INS</b>			
0901. ....			
0902. ....			
0903. ....			
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0
2301. ....			
2302. ....			
2303. ....			
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0
2399. Totals (Lines 2301 through 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 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	.0					
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	746	834	782	756	729	9,531
7. Total	746	834	782	756	729	9,531
<b>DETAILS OF WRITE-INS</b>						
0601. Dental.....	746	834	782	756	729	9,531
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page.....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	746	834	782	756	729	9,531

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

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

The Arkansas Office of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Arkansas for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Arkansas Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Arkansas. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices. No deviations exist.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Arkansas is shown below:

	State of Domicile		2007		2006
1. Net Income, Arkansas basis	AR	\$	19,566	\$	37,371
2. State Prescribed Practices (Income):	AR		-		-
3. State Permitted Practices (Income):	AR		-		-
4. Net Income, NAIC SAP	AR	\$	19,566	\$	37,371
5. Statutory Surplus, Arkansas basis	AR	\$	280,984	\$	293,932
6. State Prescribed Practices (Surplus):	AR		-		-
7. State Permitted Practices (Surplus):	AR		-		-
8. Statutory Surplus, NAIC SAP	AR	\$	280,984	\$	293,932

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates are based on knowledge of current events and anticipated future events, and accordingly, actual results could differ from those estimates.

#### C. Accounting Policy

Short-term investments include investments mainly in U.S. Government obligations with a maturity of twelve months or less from the date of purchase. Short-term investments are recorded at amortized cost. The carrying value of short-term investments approximates fair value due to the short-term maturities of the investments.

Investments are valued and classified in accordance with methods prescribed by the NAIC. Bonds with an NAIC rating of 1 or 2 are carried at amortized cost, with all other bonds being recorded at the lower of amortized cost or fair value.

The Company regularly evaluates investment securities for impairment. The Company considers factors affecting the investee, factors affecting the industry the investee operates within, and general debt and equity market trends. The Company also considers the length of time an investment's fair value has been below carrying value, the near term prospects for recovery to carrying value, and the Company's intent and ability to hold the investment until maturity or market recovery is realized. If and when a determination is made that a decline in fair value below the cost basis is other-than-temporary, the related investment is written down to its estimated fair value through earnings.

Amortization of bond premium or discount is computed using the scientific interest method.

Income from investments is recorded on an accrual basis. For the purpose of determining realized gains and losses, the cost of securities sold is based upon specific identification. Investment income due and accrued over 90 days past due is nonadmitted.

The Company recognizes an asset or liability for the deferred tax consequences of temporary differences between the tax bases of assets or liabilities and their reported amounts in the financial statements. The temporary differences will result in taxable or deductible amounts in future years when the reported amounts of the assets or liabilities are recovered or settled.

Premiums are reported as earned in the period in which members are entitled to receive services, and are net of retroactive membership adjustments. Retroactive membership adjustments result from enrollment changes not yet processed, or not yet reported by an employer group or the government. Premiums received prior to such period are recorded as advance premiums.

Benefits incurred and loss adjustment expenses include claim payments, capitation payments, pharmacy costs net of rebates, allocations of certain centralized expenses, legal and administrative costs to settle claims, and various other costs incurred to provide health insurance coverage to members, as well as estimates of future payments to hospitals and others for medical care provided prior to the date of the statements of admitted assets, liabilities and surplus. Capitation payments represent monthly contractual fees disbursed to participating primary care physicians, and other providers who are responsible for providing medical care to members. Pharmacy costs represent payments for members' prescription drug benefits, net of rebates from drug manufacturers.

The estimates of future medical benefit payments are developed using actuarial methods and assumptions based upon claim payment patterns, medical cost inflation, historical development such as claim inventory levels and claim receipt patterns, and other relevant factors. Corresponding administrative costs to process outstanding claims are estimated and accrued. Estimates of future payments relating to services incurred in the current and prior periods are continually reviewed by management and adjusted as necessary.

The Company assesses the profitability of its contracts for providing health insurance coverage to its members when current operating results or forecasts indicate probable future losses. The Company records a premium deficiency liability in current operations to the extent that the sum of expected future medical costs, claim adjustment expenses and maintenance costs exceed related future premiums. Investment income is not contemplated in the calculation of the premium deficiency liability.

Management believes the Company's benefits payable and loss adjustment expense are adequate to cover future claims and loss adjustment expense payments required, however, such estimates are based on knowledge of current events and anticipated future events and, therefore, the actual liability could differ from the amounts provided.

## NOTES TO FINANCIAL STATEMENTS

2. Accounting Changes and Corrections of Errors

Not Applicable.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not Applicable.

B. Statutory Merger

Not Applicable.

C. Assumption Reinsurance

Not Applicable.

D. Impairment Loss

Not Applicable.

4. Discontinued Operations

Not Applicable.

5. Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

Not Applicable.

B. Debt Restructuring

Not Applicable.

C. Reverse Mortgages

Not Applicable.

D. Loan-Backed Securities

Not Applicable.

E. Repurchase Agreements

Not Applicable.

F. Real Estate

Not Applicable.

G. Low-Income Housing Tax Credits (LIHTC)

Not Applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies

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

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. Investment Income

A. Due and accrued income was excluded from surplus on the following basis:

All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loan default.

B. The total amount excluded was \$0.

8. Derivative Instruments

Not Applicable.

## NOTES TO FINANCIAL STATEMENTS

### 9. Income Taxes

The components of the net admitted deferred tax asset (liability) in the Company's statements of Assets, Liabilities, and Surplus are as follows:

	December 31, 2007	December 31, 2006
Total of gross deferred tax assets	\$ 1,636	\$ 1,314
Total of deferred tax liabilities	<u>(22)</u>	<u>0</u>
Net deferred tax asset	1,614	1,314
Deferred tax asset nonadmitted	<u>(969)</u>	<u>(991)</u>
Net admitted deferred tax asset	\$ <u>645</u>	\$ <u>323</u>
(Increase) Decrease in nonadmitted asset	\$ 22	

The provisions for incurred taxes on earnings for the years ended December 31 are:

	December 31, 2007	December 31, 2006
Federal payable (receivable)	\$ 8,722	\$ 19,439

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

	December 31, 2007	December 31, 2006
Deferred tax assets:		
Intangible amortization	\$ 990	\$ 1,224
Current nonadmitted asset	369	0
Advance premium	277	0
Allowance for doubtful accounts	0	53
Benefits payable	<u>0</u>	<u>37</u>
Total deferred tax assets	\$ 1,636	\$ 1,314
Nonadmitted deferred tax assets	<u>(969)</u>	<u>(991)</u>
Admitted deferred tax assets	\$ <u>667</u>	\$ <u>323</u>
Deferred tax liabilities:		
Loss adjustment expense	\$ 19	\$ 0
Benefits payable	<u>3</u>	<u>0</u>
Total deferred tax liabilities	\$ <u>22</u>	\$ <u>0</u>
Net admitted deferred tax asset	\$ <u>645</u>	\$ <u>323</u>

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the annual statement):

	December 31, 2007	December 31, 2006	Change
Total deferred tax assets	\$ 1,636	\$ 1,314	\$ 322
Total deferred tax liabilities	<u>22</u>	<u>0</u>	<u>22</u>
Net deferred tax asset (liability)	\$ 1,614	\$ 1,314	\$ 300

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

	December 31, 2007	Effective Tax Rate
Provision computed at statutory rate	\$ 9,901	35.00%
Nonadmitted asset deferred tax rate change	(896)	-03.17%
Prior year correction entry	(461)	-01.63%
Other permanent items	<u>(122)</u>	<u>-00.43%</u>
Total	\$ <u>8,422</u>	<u>29.77%</u>
Federal taxes incurred 2007 only	\$ 9,183	32.46%
Federal taxes incurred correction 2006	(461)	-01.63%
Change in net deferred income taxes	<u>(300)</u>	<u>-01.06%</u>
Total statutory income taxes	\$ <u>8,422</u>	<u>29.77%</u>

The Company has no net capital loss carryforwards.

The Company is included in a consolidated federal income tax return with its parent company, Humana Inc. The Company has a written agreement, approved by the Company's Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidation. Pursuant to this agreement, the Company has the enforceable right to be paid for any future net losses it may incur.

## NOTES TO FINANCIAL STATEMENTS

HUMANA INC. AND SUBSIDIARIES  
 CALENDAR YEAR ENDED DECEMBER 31, 2007  
 AFFILIATIONS SCHEDULE  
 CORPORATE NAME AND EMPLOYER IDENTIFICATION NUMBER  
 THE ADDRESS OF EACH COMPANY IS: P. O. BOX 740026, LOUISVILLE, KY 40201

CORPORATION NAME	EMPLOYER IDENTIFICATION NUMBER	
HUMANA INC.	61-0647538	
516-526 WEST MAIN STREET CONDOMINIUM COUNCIL OF CO-OWNERS, INC.	20-5309363	
AMERICAN DENTAL PLAN OF NORTH CAROLINA, INC.	56-1796975	6
AMERICAN DENTAL PROVIDERS OF ARKANSAS, INC.	58-2302163	6
CAC-FLORIDA MEDICAL CENTERS, LLC	26-0010657	
CARENWORK, INC.	39-1514846	
CAREPLUS HEALTH PLANS, INC.	59-2598550	
CHA HMO, INC.	61-1279717	
CHA SERVICE COMPANY, INC.	61-1279716	
COMPBENEFITS COMPANY	59-2531815	6
COMPBENEFITS CORPORATION	04-3185995	6
COMPBENEFITS DENTAL AND VISION COMPANY	59-1843760	6
COMPBENEFITS DENTAL, INC.	36-3686002	6
COMPBENEFITS DIRECT, INC.	58-2228851	6
COMPBENEFITS INSURANCE COMPANY	74-2552026	6
COMPBENEFITS OF ALABAMA, INC.	63-1063101	6
COMPBENEFITS OF GEORGIA, INC.	58-2196538	6
CORPHEALTH PROVIDER LINK, INC.	20-8236655	
CORPHEALTH, INC.	75-2043865	
CPHP HOLDINGS, INC.	30-0117876	
DEFENSEWEB TECHNOLOGIES, INC.	33-0916248	5
DENTAL CARE PLUS MANAGEMENT, CORP.	36-3512545	6
DENTAL HEALTH MANAGEMENT, INC.	58-2296049	6
DENTICARE, INC.	76-0039628	6
EMPHEYSYS INSURANCE COMPANY	31-0935772	
EMPHEYSYS, INC.	61-1237697	
HEALTH ONE, INC.	72-1217360	3
HEALTH VALUE MANAGEMENT, INC.	61-1223418	
HUMANA ACTIVE OUTLOOK, INC.	20-4835394	
HUMANA EMPLOYERS HEALTH PLAN OF GEORGIA, INC.	58-2209549	
HUMANA HEALTH BENEFIT PLAN OF LOUISIANA, INC.	72-1279235	
HUMANA HEALTH INSURANCE COMPANY OF FLORIDA, INC.	61-1041514	
HUMANA HEALTH PLAN INTERESTS, INC.	71-0732385	
HUMANA HEALTH PLAN OF OHIO, INC.	31-1154200	
HUMANA HEALTH PLAN OF TEXAS, INC.	61-0994632	
HUMANA HEALTH PLAN, INC.	61-1013183	
HUMANA INNOVATION ENTERPRISES, INC.	61-1343791	
HUMANA INSURANCE COMPANY	39-1263473	
HUMANA INSURANCE COMPANY OF KENTUCKY	61-1311685	
HUMANA INSURANCE COMPANY OF NEW YORK	20-2888723	
HUMANA MARKETPOINT, INC.	61-1343508	
HUMANA MEDICAL PLAN OF UTAH, INC.	20-8411422	
HUMANA MEDICAL PLAN, INC.	61-1103898	
HUMANA MILITARY HEALTHCARE SERVICES, INC.	61-1241225	
HUMANA MILITARY PHARMACY SERVICES, INC.	20-1717441	
HUMANA PHARMACY, INC.	61-1316926	
HUMANA VETERANS HEALTHCARE SERVICES, INC.	20-8418853	
HUMANA WISCONSIN HEALTH ORGANIZATION INSURANCE CO.	39-1525003	
HUMANADENTAL INSURANCE COMPANY	39-0714280	
HUMANADENTAL, INC.	61-1364005	
HUMCO, INC.	61-1239538	
HUMDW, INC.	20-5025410	1
HUM-e-FL, INC.	61-1383567	
HUMVM, INC.	26-0632374	4
HUV, INC.	26-0275153	2
INFOCUS TECHNOLOGY, INC.	42-1575099	
KMG AMERICA CORPORATION	20-1377270	7
MANAGED CARE INDEMNITY, INC.	61-1232669	
OHS, INC.	65-0274594	6
PRESERVATION ON MAIN, INC.	20-1724127	
TEXAS DENTAL PLANS, INC.	74-2352809	6
THE DENTAL CONCERN, INC.	52-1157181	
THE DENTAL CONCERN, LTD	36-3654697	
ULTIMATE OPTICAL, INC.	65-0856480	6

FOOTNOTE:

BLANK = TAX PERIOD 1/1/06 THROUGH 12/31/06 OR DATE OF INCORPORATION THROUGH 12/31/06

- 1 = TAX PERIOD 1/1/07 THROUGH MERGER DATE OF 3/1/07
- 2 = TAX PERIOD 1/1/07 THROUGH MERGER DATE OF 9/30/07
- 3 = TAX PERIOD 1/1/07 THROUGH MERGER DATE OF 11/17/07
- 4 = TAX PERIOD 1/1/07 THROUGH MERGER DATE OF 11/30/07
- 5 = TAX PERIOD 3/1/07 TO 12/31/07
- 6 = TAX PERIOD 10/1/07 TO 12/31/07
- 7 = TAX PERIOD 12/1/07 TO 12/31/07

## NOTES TO FINANCIAL STATEMENTS

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

The Company has a management contract with Humana and other related parties whereby the Company is provided with medical and executive management, information systems, claims processing, billing and enrollment, and telemarketing and other services as required by the Company. Management fees charged to operations for the years ended December 31, 2007 and 2006 were approximately \$4,000 and \$20,000 respectively.

As a part of this agreement, Humana makes cash disbursements on behalf of the Company which includes, but is not limited to, medical related items, general and administrative expenses, commissions and payroll. Humana is reimbursed by the Company weekly, based upon historical pattern of amounts and timing. Each month, these estimates are adjusted to ultimately settle upon actual disbursements made on behalf of the Company. As a result, any residual inter-company balances are immediately settled in the following month. The Company continues to be primarily liable for any outstanding payments made on behalf of the Company, should Humana not be able to fulfill its obligations.

### 11. Debt

#### A. Capital Notes

The Company has no capital notes outstanding.

#### B. All other Debt

The Company has no debentures outstanding.

The Company does not have any reverse repurchase agreements.

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

#### A. Defined Benefit Plan

Not Applicable.

#### B. Defined Contribution Plan

Not Applicable.

#### C. Multiemployer Plans

Not Applicable.

#### D. Consolidated/Holding Company Plans

The Company employees are eligible to participate in the Humana Retirement and Savings Plan ("the Plan"), a defined contribution plan, sponsored by Humana Inc. The Plan maintains two accounts, the Savings Account and the Retirement Account.

Humana Inc.'s total contributions paid to the Savings and Retirement accounts of the Humana Retirement and Savings Plan were \$61.6 million for 2007. As of December 31, 2007 the fair market value of the Humana Retirement and Savings Plan's assets was \$1.3 billion.

#### E. Post Employment Benefits and Compensated Absences

Not Applicable.

#### F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

Not Applicable

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

- 1) The company has \$100 par value common stock with 1,000 shares authorized, issued and outstanding.
- 2) The Company has no preferred stock outstanding.
- 3) Dividends are noncumulative and are paid as determined by the Board of Directors. Dividends are subject to the approval of the Department of Insurance if such dividend distribution which, together with other dividends or distributions made within the preceding twelve months, exceeds the lesser of (a) 10 percent of the company's policyholder surplus as of December 31 of the prior year, or (b) the net income, for the twelve month period ending December 31 of the prior year.
- 4) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- 5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- 6) Not Applicable.
- 7) Not Applicable.
- 8) Not Applicable.
- 9) Not Applicable.
- 10) Not Applicable.
- 11) Not Applicable.
- 12) Not Applicable.

### 14. Contingencies

#### A. Contingent Commitments

Not Applicable.

#### B. Assessments

Not Applicable.

## NOTES TO FINANCIAL STATEMENTS

C. Gain Contingencies

Not Applicable.

D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits

Not Applicable.

E. All Other Contingencies

During the ordinary course of business, the Company is subject to pending and threatened legal actions. Management of the Plan does not believe that any of these actions will have a material adverse effect on the Company's surplus, results of operations or cash flows. However, the likelihood or outcome of current or future legal proceedings cannot be accurately predicted, and they could adversely affect the Company's surplus, results of operations and cash flows.

The Company is not aware of any other material contingent liabilities as of December 31, 2007.

15. Leases

A. Lessee Operating Lease

Not Applicable

B. Other Leases

Not Applicable

16. Information about Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentration of Credit Risk

1) The Company has no investment in Financial Instruments with Off Balance Sheet Risk.

2) The Company has no investment in Financial Instruments with Concentration Credit Risk.

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

A. Transfers of Receivables Reported as Sales

Not Applicable.

B. Transfer and Servicing of Financial Assets

Not Applicable

C. Wash Sales

Not Applicable.

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

A. ASO Plans

Not Applicable

B. ASC Plans

Not Applicable.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract

Not Applicable

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

Not Applicable.

20. Other Items

A. Extraordinary Items

Not Applicable.

B. Troubled Debt Restructuring

Not Applicable.

C. Other Disclosures

Not Applicable.

## NOTES TO FINANCIAL STATEMENTS

- D. Disclose the nature of any portion of the balance that is reasonably possible to be uncollectible for assets covered by SSAP No. 6, Uncollected Premium Balances, Bill Receivable for Premiums, and Amounts Due From Agents and Brokers, SSAP No. 47, Uninsured Plans, or SSAP No. 66, Retrospectively Rated Contracts.

Not Applicable.

- E. Business Interruption Insurance Recoveries

Not Applicable.

- F. State Transferable Tax Credits

Not Applicable.

- G. The company has no deposits admitted under Section 6603 of the Internal Revenue Service Code.

- H. Hybrid Securities

Not Applicable.

21. Events Subsequent

The Company is not aware of any events occurring subsequent to the close of the books for this statement which may have a material effect on its financial condition.

22. Reinsurance

- A. Ceded Reinsurance Report

Section 1 – General Interrogatories

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

Yes ( ) No (X)

If yes, give full details.

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

Yes ( ) No (X)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?

Yes ( ) No (X)

- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate. \$0

- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in this statement? \$0

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

Yes ( ) No (X)

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0

- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes ( ) No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$0

## NOTES TO FINANCIAL STATEMENTS

B. Uncollectible Reinsurance

Not Applicable.

C. Commutation of Ceded Reinsurance

Not Applicable.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not Applicable.

24. Change in Incurred Claims and Claim Adjustment Expenses

Reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years have decreased by \$139 in 2007 from \$242 at December 31, 2006 to \$103 as a result of re-estimation of unpaid claims and claim adjustment expenses on the dental line of insurance. This decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. The company has no retrospectively rated policies.

25. Intercompany Pooling Arrangements

Not Applicable.

26. Structured Settlements

Not Applicable.

27. Health Care Receivables

A. Pharmaceutical Rebate Receivables

Not Applicable.

B. Risk Sharing Receivables

Not Applicable.

28. Participating Policies

Not Applicable.

29. Premium Deficiency Reserves

As of December 31, 2007, the Company had no liabilities of related to premium deficiency reserves. The Company did not consider anticipated investment income when calculating its premium deficiency reserves.

30. Anticipated Salvage and Subrogation

Not Applicable.

## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities .....	105,075	31.626	105,075	31.626
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....		0.000		0.000
1.22 Issued by U.S. government sponsored agencies .....		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		0.000		0.000
1.43 Revenue and assessment obligations .....		0.000		0.000
1.44 Industrial development and similar obligations .....		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA .....		0.000		0.000
1.512 Issued or guaranteed by FNMA and FHLMC .....		0.000		0.000
1.513 All other .....		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....		0.000		0.000
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 .....		0.000		0.000
1.523 All other .....		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....		0.000		0.000
2.2 Unaffiliated foreign securities .....		0.000		0.000
2.3 Affiliated securities .....		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		0.000		0.000
3.22 Unaffiliated .....		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		0.000		0.000
3.32 Unaffiliated .....		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated .....		0.000		0.000
3.42 Unaffiliated .....		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		0.000		0.000
3.52 Unaffiliated .....		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development .....		0.000		0.000
4.2 Agricultural .....		0.000		0.000
4.3 Single family residential properties .....		0.000		0.000
4.4 Multifamily residential properties .....		0.000		0.000
4.5 Commercial loans .....		0.000		0.000
4.6 Mezzanine real estate loans .....		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company .....		0.000	0	0.000
5.2 Property held for the production of income (including \$ ..... of property acquired in satisfaction of debt) .....		0.000	0	0.000
5.3 Property held for sale (including \$ ..... property acquired in satisfaction of debt) .....		0.000	0	0.000
6. Contract loans .....		0.000	0	0.000
7. Receivables for securities .....		0.000	0	0.000
8. Cash, cash equivalents and short-term investments .....	227,170	68.374	227,170	68.374
9. Other invested assets .....		0.000		0.000
10. Total invested assets	332,245	100.000	332,245	100.000

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [  ] 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 [  ] NA [  ]
- 1.3 State Regulating? ..... Arkansas
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [  ] No [  ]
- 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. ....12/31/2004
- 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. ....12/31/2004
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....07/25/2005
- 3.4 By what department or departments? Arkansas Department of Insurance .....
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? ..... Yes [  ] No [  ]
- 4.12 renewals? ..... Yes [  ] No [  ]
- 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 [  ]
- 4.22 renewals? ..... Yes [  ] No [  ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [  ] No [  ]
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

1 Nationality	2 Type of Entity

## GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [ X ]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [ X ]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
PricewaterhouseCoopers LLC, 500 West Main, Suite 1800, Louisville, Kentucky 40202-4283
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? .....  
Frank Murray Amrine, Actuarial Director and Appointed Actuary, 500 West Main Street, Louisville, KY 40202
- 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 ..... 0  
11.13 Total book/adjusted carrying value ..... \$ ..... 0
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ X ] No [ ]
- 12.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ X ]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] NA [ ]
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [ X ] No [ ]
- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and
- a. professional relationships;
  - b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
  - c. Compliance with applicable governmental laws, rules and regulations;
  - d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
  - e. Accountability for adherence to the code.
- 13.11 If the response to 13.1 is No, please explain:
- 13.2 Has the code of ethics for senior managers been amended? ..... Yes [ ] No [ X ]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [ X ]
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).

### BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? ..... Yes [ X ] No [ ]
15. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? ..... Yes [ X ] No [ ]
16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or likely to conflict with the official duties of such person? ..... Yes [ X ] No [ ]

# GENERAL INTERROGATORIES

## FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? ..... Yes [ ] No [ X ]
- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.11 To directors or other officers .. \$.....0
  - 18.12 To stockholders not officers ... \$.....0
  - 18.13 Trustees, supreme or grand (Fraternal only) ..... \$.....0
- 18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.21 To directors or other officers ... \$.....0
  - 18.22 To stockholders not officers .... \$.....0
  - 18.23 Trustees, supreme or grand (Fraternal only) ..... \$.....0
- 19.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? ..... Yes [ ] No [ X ]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- 19.21 Rented from others ..... \$.....
  - 19.22 Borrowed from others ..... \$.....
  - 19.23 Leased from others ..... \$.....
  - 19.24 Other ..... \$.....
- 20.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? ..... Yes [ ] No [ X ]
- 20.2 If answer is yes:
- 20.21 Amount paid as losses or risk adjustment ..... \$.....
  - 20.22 Amount paid as expenses ..... \$.....
  - 20.23 Other amounts paid ..... \$.....
- 21.1 Does the reporting entity report any amounts due from the parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ ] No [ X ]
- 21.2 If yes, indicated any amounts receivable from parent included in the Page 2 amount:..... \$.....

## INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? ..... Yes [ X ] No [ ]
- 22.2 If no, give full and complete information relating thereto:
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1) ..... Yes [ ] No [ X ]
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Loaned to others ..... \$.....
  - 23.22 Subject to repurchase agreements ..... \$.....
  - 23.23 Subject to reverse repurchase agreements ..... \$.....
  - 23.24 Subject to dollar repurchase agreements ..... \$.....
  - 23.25 Subject to reverse dollar repurchase agreements .... \$.....
  - 23.26 Pledged as collateral ..... \$.....
  - 23.27 Placed under option agreements ..... \$.....
  - 23.28 Letter stock or other securities restricted as to sale ... \$.....
  - 23.29 On deposit with state or other regulatory body ..... \$.....
  - 23.291 Other ..... \$.....
- 23.3 For category (23.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] NA [ X ]  
If no, attach a description with this statement.
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [ ] No [ X ]
- 25.2 If yes, state the amount thereof at December 31 of the current year. .... \$.....

## GENERAL INTERROGATORIES

26. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? .....

Yes [  ] No [  ]

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase.....	4 New York Plaza, 15th Floor, New York, New York. 10004-2413 Attn: Herb Spaulding.....

26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	2 Complete Explanation(s)
.....	.....	.....
.....	.....	.....

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? .....

Yes [  ] No [  ]

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

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

26.05 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	2 Address
107105.....	Blackrock, Inc.....	40 East 52nd Street, New York, NY 10022.....

27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? .....

Yes [  ] No [  ]

27.2 If yes, complete the following schedule:

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

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

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

## GENERAL INTERROGATORIES

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
28.1 Bonds.....	230,966	232,753	1,787
28.2 Preferred stocks.....	0	0	0
28.3 Totals	230,966	232,753	1,787

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

Fair market values of bonds and preferred stocks are based on quoted market prices where available. For Bonds and preferred stocks not actively traded, fair values are estimated using values obtained from independent pricing services.....

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

29.2 If no, list the exceptions:

### OTHER

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

30.2 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
.....	.....
.....	.....

31.1 Amount of payments for legal expenses, if any?.....\$ .....0

31.2 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
.....	.....
.....	.....

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

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

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

# GENERAL INTERROGATORIES

## PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [ X ]
- 1.2 If yes, indicate premium earned on U. S. business only ..... \$ .....0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ .....0
- 1.31 Reason for excluding .....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .... \$ .....0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. .... \$ .....0
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned ..... \$ .....0
- 1.62 Total incurred claims ..... \$ .....0
- 1.63 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.64 Total premium earned ..... \$ .....0
- 1.65 Total incurred claims ..... \$ .....0
- 1.66 Number of covered lives ..... 0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned ..... \$ .....0
- 1.72 Total incurred claims ..... \$ .....0
- 1.73 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.74 Total premium earned ..... \$ .....0
- 1.75 Total incurred claims ..... \$ .....0
- 1.76 Number of covered lives ..... 0

2. Health Test:

	1 Current Year		2 Prior Year	
2.1 Premium Numerator	\$	136,541	\$	95,224
2.2 Premium Denominator	\$	136,541	\$	95,224
2.3 Premium Ratio (2.1/2.2)		1.000		1.000
2.4 Reserve Numerator	\$	7,054	\$	235
2.5 Reserve Denominator	\$	7,054	\$	235
2.6 Reserve Ratio (2.4/2.5)		1.000		1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? ..... Yes [ ] No [ X ]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? ..... Yes [ X ] No [ ]
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? ..... Yes [ ] No [ X ]
- 5.1 Does the reporting entity have stop-loss reinsurance? ..... Yes [ ] No [ X ]
- 5.2 If no, explain:  
HMO stop-loss is not required for Prepaid Dental Plan
- 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:  
Provider contracts include hold harmless and continuation of benefits provisions. HMO has an indemnity agreement with the parent company.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service date base? ..... Yes [ ] No [ X ]
- 7.2 If no, give details:  
N/A - Pre-Paid dental plan.
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year ..... 12
- 8.2 Number of providers at end of reporting year ..... 12
- 9.1 Does the reporting entity have business subject to premium rate guarantees? ..... Yes [ X ] No [ ]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months ..... 3,501
- 9.22 Business with rate guarantees over 36 months ..... 0

## GENERAL INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract? ..... Yes [ ] No [ X ]
- 10.2 If yes:
- |  |   |         |   |
|--|---|---------|---|
|  | 10.21 Maximum amount payable bonuses .....          | \$..... | 0 |
|  | 10.22 Amount actually paid for year bonuses .....   | \$..... | 0 |
|  | 10.23 Maximum amount payable withholds .....        | \$..... | 0 |
|  | 10.24 Amount actually paid for year withholds ..... | \$..... | 0 |
- 11.1 Is the reporting entity organized as:
- |   |  |           |          |
|---|--|-----------|----------|
| 11.12 A Medical Group/Staff Model, .....                  |  | Yes [ X ] | No [ ]   |
| 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. .... \$..... 100,000
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? ..... Yes [ ] No [ X ]
- 11.6 If the amount is calculated, show the calculation.
- 0
12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area

**FIVE-YEAR HISTORICAL DATA**

	1 2007	2 2006	3 2005	4 2004	5 2003
<b>Balance Sheet (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 26) .....	339,516	301,284	268,059	220,443	156,504
2. Total liabilities (Page 3, Line 22) .....	58,532	7,352	11,255	18,056	39,113
3. Statutory surplus .....	100,000	100,000	100,000	100,000	100,000
4. Total capital and surplus (Page 3, Line 31) .....	280,984	293,932	256,804	202,387	117,391
<b>Income Statement (Page 4)</b>					
5. Total revenues (Line 8) .....	134,849	98,044	146,409	413,025	782,091
6. Total medical and hospital expenses (Line 18) .....	58,405	25,783	42,504	251,749	613,786
7. Claims adjustment expenses (Line 20) .....	2,098	0	0	0	0
8. Total administrative expenses (Line 21) .....	58,927	29,471	31,564	47,846	256,873
9. Net underwriting gain (loss) (Line 24) .....	15,419	42,790	72,341	113,430	(88,568)
10. Net investment gain (loss) (Line 27) .....	10,507	10,692	6,249	2,540	2,730
11. Total other income (Lines 28 plus 29) .....	2,362	3,328	5,426	13,733	22,552
12. Net income (loss) (Line 32) .....	19,566	37,371	54,452	85,746	(38,758)
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	18,081	34,345	45,344	74,173	(39,825)
<b>Risk - Based Capital Analysis</b>					
14. Total adjusted capital .....	280,984	293,932	256,804	202,387	117,391
15. Authorized control level risk-based capital .....	25,055	25,026	25,032	25,165	27,328
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7) .....	729	746	1,052	1,690	6,767
17. Total member months (Column 6, Line 7) .....	9,531	10,235	16,036	46,736	86,790
<b>Operating Percentage (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus 19) .....	43.3	26.3	29.0	61.0	78.5
20. Cost containment expenses .....	0.3	0.0	0.0	0.0	XXX
21. Other claims adjustment expenses .....	1.3	0.0	0.0	0.0	0.0
22. Total underwriting deductions (Line 23) .....	88.6	56.4	50.6	72.5	111.3
23. Total underwriting gain (loss) (Line 24) .....	11.4	43.6	49.4	27.5	(11.3)
<b>Unpaid Claims Analysis</b>					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5) .....	100	256	426	(2,601)	187
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)] .....	235	493	749	1,953	4,157
<b>Investments In Parent, Subsidiaries And Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 25, Col. 1) .....	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) .....	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 53, Col. 1) .....	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 7) .....	0	0	0	0	0
30. Affiliated mortgage loans on real estate .....	0	0	0	0	0
31. All other affiliated .....	0	0	0	0	0
32. Total of above Lines 26 to 31 .....	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
<b>BONDS</b>					
Governments (Including all obligations guaranteed by governments)	1. United States .....	105,075	106,862	105,090	105,000
	2. Canada .....				
	3. Other Countries .....				
	4. Totals .....	105,075	106,862	105,090	105,000
States, Territories and Possessions (Direct and guaranteed)	5. United States .....				
	6. Canada .....				
	7. Other Countries .....				
	8. Totals .....	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....				
	10. Canada .....				
	11. Other Countries .....				
	12. Totals .....	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....				
	14. Canada .....				
	15. Other Countries .....				
	16. Totals .....	0	0	0	0
Public Utilities (unaffiliated)	17. United States .....				
	18. Canada .....				
	19. Other Countries .....				
	20. Totals .....	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....				
	22. Canada .....				
	23. Other Countries .....				
	24. Totals .....	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals .....	0	0	0	0
	26. <b>Total Bonds</b> .....	105,075	106,862	105,090	105,000
<b>PREFERRED STOCKS</b>					
Public Utilities (unaffiliated)	27. United States .....				
	28. Canada .....				
	29. Other Countries .....				
	30. Totals .....	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....				
	32. Canada .....				
	33. Other Countries .....				
	34. Totals .....	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States .....				
	36. Canada .....				
	37. Other Countries .....				
	38. Totals .....	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals .....	0	0	0	
	40. <b>Total Preferred Stocks</b> .....	0	0	0	
<b>COMMON STOCKS</b>					
Public Utilities (unaffiliated)	41. United States .....				
	42. Canada .....				
	43. Other Countries .....				
	44. Totals .....	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....				
	46. Canada .....				
	47. Other Countries .....				
	48. Totals .....	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States .....				
	50. Canada .....				
	51. Other Countries .....				
	52. Totals .....	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals .....	0	0	0	
	54. <b>Total Common Stocks</b> .....	0	0	0	
	55. <b>Total Stocks</b> .....	0	0	0	
	56. <b>Total Bonds and Stocks</b> .....	105,075	106,862	105,090	

## SCHEDULE D - VERIFICATION BETWEEN YEARS

### Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	105,021	7. Amortization of premium.....	77
2. Cost of bonds and stocks acquired, Column 7, Part 3 .....	105,131	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....		8.1 Column 15, Part 1 .....	0
4. Increase (decrease) by adjustment:.....		8.2 Column 19, Part 2, Sec. 1.....	0
4.1 Columns 12 - 14, Part 1.....	0	8.3 Column 16, Part 2, Sec. 2 .....	0
4.2 Columns 15 - 17, Part 2, Sec. 1.....	0	8.4 Column 15, Part 4 .....	0
4.3 Column 15, Part 2, Sec. 2.....	0	9. Book/adjusted carrying value at end of current period .....	105,075
4.4 Columns 11 - 13, Part 4 .....	0	10. Total valuation allowance .....	
5. Total gain (loss), Column 19, Part 4 .....	0	11. Subtotal (Lines 9 plus 10) .....	105,075
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4 .....	105,000	12. Total nonadmitted amounts .....	
		13. Statement value of bonds and stocks, current period .....	105,075

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

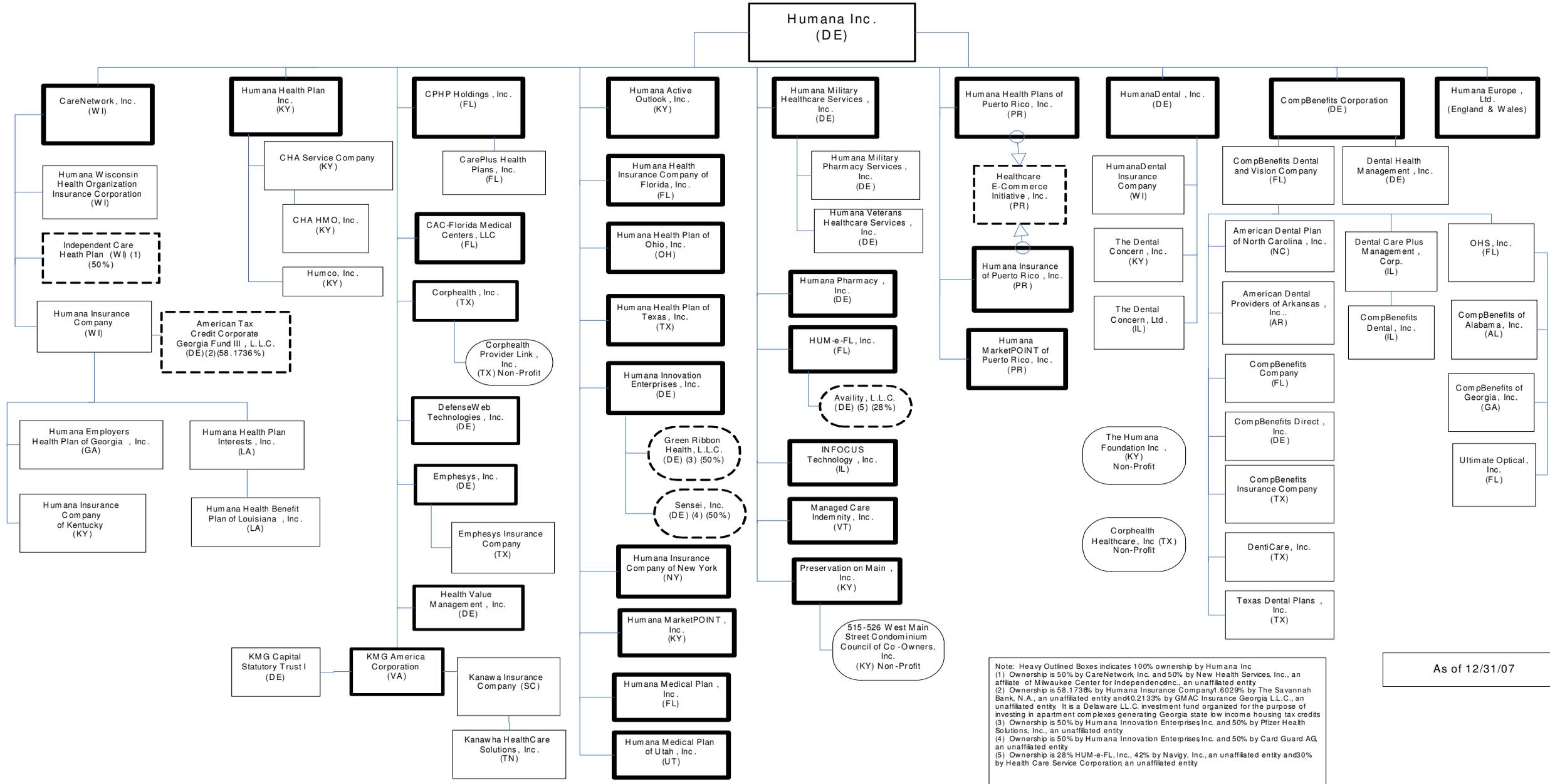
Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed (Yes or No)	Direct Business Only							9 Deposit-Type Contracts	
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefit Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7		
1. Alabama	AL	No							0	0
2. Alaska	AK	No							0	0
3. Arizona	AZ	No							0	0
4. Arkansas	AR	Yes	136,541					0	136,541	0
5. California	CA	No							0	0
6. Colorado	CO	No							0	0
7. Connecticut	CT	No							0	0
8. Delaware	DE	No							0	0
9. District of Columbia	DC	No							0	0
10. Florida	FL	No							0	0
11. Georgia	GA	No							0	0
12. Hawaii	HI	No							0	0
13. Idaho	ID	No							0	0
14. Illinois	IL	No							0	0
15. Indiana	IN	No							0	0
16. Iowa	IA	No							0	0
17. Kansas	KS	No							0	0
18. Kentucky	KY	No							0	0
19. Louisiana	LA	No							0	0
20. Maine	ME	No							0	0
21. Maryland	MD	No							0	0
22. Massachusetts	MA	No							0	0
23. Michigan	MI	No							0	0
24. Minnesota	MN	No							0	0
25. Mississippi	MS	No							0	0
26. Missouri	MO	No							0	0
27. Montana	MT	No							0	0
28. Nebraska	NE	No							0	0
29. Nevada	NV	No							0	0
30. New Hampshire	NH	No							0	0
31. New Jersey	NJ	No							0	0
32. New Mexico	NM	No							0	0
33. New York	NY	No							0	0
34. North Carolina	NC	No							0	0
35. North Dakota	ND	No							0	0
36. Ohio	OH	No							0	0
37. Oklahoma	OK	No							0	0
38. Oregon	OR	No							0	0
39. Pennsylvania	PA	No							0	0
40. Rhode Island	RI	No							0	0
41. South Carolina	SC	No							0	0
42. South Dakota	SD	No							0	0
43. Tennessee	TN	No							0	0
44. Texas	TX	No							0	0
45. Utah	UT	No							0	0
46. Vermont	VT	No							0	0
47. Virginia	VA	No							0	0
48. Washington	WA	No							0	0
49. West Virginia	WV	No							0	0
50. Wisconsin	WI	No							0	0
51. Wyoming	WY	No							0	0
52. American Samoa	AS	No							0	0
53. Guam	GU	No							0	0
54. Puerto Rico	PR	No							0	0
55. U.S. Virgin Islands	VI	No							0	0
56. Northern Mariana Islands	MP	No							0	0
57. Canada	CN	No							0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX		136,541	0	0	0	0	0	136,541	0
60. Reporting entity contributions for Employee Benefit Plans	XXX								0	
61. Total (Direct Business)	(a) 1		136,541	0	0	0	0	0	136,541	0
DETAILS OF WRITE-INS										
5801.	XXX									
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX		0	0	0	0	0	0	0	0

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

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

**PART 1 - ORGANIZATIONAL CHART**



Note: Heavy Outlined Boxes indicates 100% ownership by Humana Inc.  
 (1) Ownership is 50% by CareNetwork, Inc. and 50% by New Health Services, Inc., an affiliate of Milwaukee Center for Independence, an unaffiliated entity.  
 (2) Ownership is 58.1736% by Humana Insurance Company and 0.29% by The Savannah Bank, N.A., an unaffiliated entity and 40.2133% by GMAC Insurance Georgia L.L.C., an unaffiliated entity. It is a Delaware L.L.C. investment fund organized for the purpose of investing in apartment complexes generating Georgia state low income housing tax credits.  
 (3) Ownership is 50% by Humana Innovation Enterprises, Inc. and 50% by Pfizer Health Solutions, Inc., an unaffiliated entity.  
 (4) Ownership is 50% by Humana Innovation Enterprises, Inc. and 50% by Card Guard AG, an unaffiliated entity.  
 (5) Ownership is 28% HUM-e-FL, Inc., 42% by Navigy, Inc., an unaffiliated entity and 30% by Health Care Service Corporation an unaffiliated entity.

As of 12/31/07

# ALPHABETICAL INDEX

([http://www.naic.org/committees\\_e\\_app\\_blanks.htm](http://www.naic.org/committees_e_app_blanks.htm))

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