* 9 5 4 4 2 2 0 0 7 2 0 1 0 0 1 0 2 *

HEALTH QUARTERLY STATEMENT

As of June 30, 2007

of the Condition and Affairs of the

HMO Partners, Inc

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

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

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

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

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

OFFICERS

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

OTHER

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

DIRECTORS OR TRUSTEES

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

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

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

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

Subscribed and sworn to before me

This _____ day of _____

_____

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

b. If no: 1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 December 31 Prior Year Net Admitted Assets
1. Bonds	41,629,740		41,629,740	42,778,646
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks	16,823,365		16,823,365	14,542,108
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate:				
4.1 Properties occupied by the company (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....10,317,433), cash equivalents ($.....0) and short-term investments ($.....23,819,748)	34,137,180		34,137,180	32,086,492
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets			0	
8. Receivables for securities			0	
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	92,590,285	0	92,590,285	89,407,246
11. Title Plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	817,767		817,767	868,618
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	235,474	481	234,993	497,104
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	1,135,202		1,135,202	119,769
14.2 Funds held by or deposited with reinsured companies			0	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans	12,157,822	151,265	12,006,557	13,589,413
16.1 Current federal and foreign income tax recoverable and interest thereon	749,990		749,990	749,990
16.2 Net deferred tax asset			0	
17. Guaranty funds receivable or on deposit			0	
18. Electronic data processing equipment and software			0	
19. Furniture and equipment, including health care delivery assets ($.....0)			0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates	955,969		955,969	1,050,307
22. Health care ($.....807,700) and other amounts receivable	807,948	234,426	573,522	504,031
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 through 23)	109,450,457	386,172	109,064,285	106,786,478
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	109,450,457	386,172	109,064,285	106,786,478

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301.			0	
2302.			0	
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $.....4,666,718 reinsurance ceded)	12,287,722		12,287,722	13,998,123
2. Accrued medical incentive pool and bonus amounts			0	
3. Unpaid claims adjustment expenses	1,074,861		1,074,861	810,321
4. Aggregate health policy reserves			0	
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	2,550,375		2,550,375	1,384,182
9. General expenses due or accrued			0	466,277
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses))	160,477		160,477	
10.2 Net deferred tax liability	2,586,719		2,586,719	2,025,678
11. Ceded reinsurance premiums payable	107,920		107,920	105,250
12. Amounts withheld or retained for the account of others	1,884,760		1,884,760	1,861,409
13. Remittances and items not allocated	585,811		585,811	126,458
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	4,443,075		4,443,075	5,552,335
16. Payable for securities			0	
17. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
18. Reinsurance in unauthorized companies			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	
20. Liability for amounts held under uninsured plans	12,383,340		12,383,340	13,940,938
21. Aggregate write-ins for other liabilities (including $.....0 current)	372,187	0	372,187	330,267
22. Total liabilities (Lines 1 to 21)	38,437,247	0	38,437,247	40,601,238
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	10,000	10,000
25. Preferred capital stock	XXX	XXX		
26. Gross paid in and contributed surplus	XXX	XXX	1,919,153	1,919,153
27. Surplus notes	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	68,697,885	64,256,087
30. Less treasury stock, at cost:				
30.1 .....0.000 shares common (value included in Line 24 $.....0)	XXX	XXX		
30.2 .....0.000 shares preferred (value included in Line 25 $.....0)	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	70,627,038	66,185,240
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	109,064,285	106,786,478

DETAILS OF WRITE-INS

2101. Unclaimed property	73,673		73,673	73,674
2102. Miscellaneous payables	298,514		298,514	256,593
2103.			0	
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	372,187	0	372,187	330,267
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.				
2802.				
2803.				
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year to Date
	1 Uncovered	2 Total	3 Total
1. Member months	XXX	225,266	203,615
2. Net premium income (including $.....0 non-health premium income)	XXX	49,444,989	43,710,439
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of $.....0 medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	49,444,989	43,710,439
Hospital and Medical:			
9. Hospital/medical benefits		49,423,729	42,409,191
10. Other professional services			
11. Outside referrals		904,832	1,387,566
12. Emergency room and out-of-area		2,881,312	2,378,815
13. Prescription drugs		10,814,126	8,566,624
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)	0	64,023,999	54,742,196
Less:			
17. Net reinsurance recoveries		23,155,431	20,015,512
18. Total hospital and medical (Lines 16 minus 17)	0	40,868,568	34,726,684
19. Non-health claims (net)			
20. Claims adjustment expenses, including $.....2,346,150 cost containment expenses		3,463,365	2,817,254
21. General administrative expenses		1,652,664	1,726,878
22. Increase in reserves for life and accident and health contracts (including $.....0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	0	45,984,597	39,270,816
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	3,460,392	4,439,623
25. Net investment income earned		1,801,888	1,472,484
26. Net realized capital gains (losses) less capital gains tax of $.....404,751		751,680	654,105
27. Net investment gains or (losses) (Lines 25 plus 26)	0	2,553,568	2,126,589
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
29. Aggregate write-ins for other income or expenses	0	149,478	116,924
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	6,163,438	6,683,136
31. Federal and foreign income taxes incurred	XXX	1,961,589	2,113,156
32. Net income (loss) (Lines 30 minus 31)	XXX	4,201,849	4,569,980

DETAILS OF WRITE-INS

0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901. Licensing fee income		79,998	79,998
2902. Miscellaneous Income		69,480	36,926
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	149,478	116,924

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year to Date	2 Prior Year To Date	3 Prior Year
33. Capital and surplus prior reporting year	66,185,240	56,582,470	56,582,470
34. Net income or (loss) from Line 32	4,201,849	4,569,980	9,747,146
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of $0	1,182,767	36,756	555,067
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax	75,834	15,956	25,551
39. Change in nonadmitted assets	(43,938)	134,657	187,824
40. Change in unauthorized reinsurance			
41. Change in treasury stock			
42. Change in surplus notes			
43. Cumulative effect of changes in accounting principles			
44. Capital changes:			
44.1 Paid in			
44.2 Transferred from surplus (Stock Dividend)			
44.3 Transferred to surplus			
45. Surplus adjustments:			
45.1 Paid in			
45.2 Transferred to capital (Stock Dividend)			
45.3 Transferred from capital			
46. Dividends to stockholders	(974,714)	(912,818)	(912,818)
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital and surplus (Lines 34 to 47)	4,441,798	3,844,531	9,602,770
49. Capital and surplus end of reporting period (Line 33 plus 48)	70,627,038	60,427,001	66,185,240

DETAILS OF WRITE-INS

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

CASH FLOW

	1 Current Year to Date	2 Prior Year Ended December 31
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	50,875,482	89,880,337
2. Net investment income	2,034,878	3,744,907
3. Miscellaneous income		
4. Total (Lines 1 through 3)	52,910,360	93,625,244
5. Benefit and loss related payments	43,594,402	71,787,554
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	5,108,299	9,923,388
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	2,205,863	6,660,526
10. Total (Lines 5 through 9)	50,908,564	88,371,468
11. Net cash from operations (Line 4 minus Line 10)	2,001,796	5,253,776
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	2,950,000	5,701,570
12.2 Stocks	1,445,537	2,483,817
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		92,821
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	4,395,537	8,278,208
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,929,347	5,493,175
13.2 Stocks	804,607	1,040,008
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	2,733,954	6,533,183
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	1,661,583	1,745,025
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	974,714	912,818
16.6 Other cash provided (applied)	(637,977)	740,808
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,612,691)	(172,010)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	2,050,688	6,826,791
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	32,086,492	25,259,701
19.2 End of period (Line 18 plus Line 19.1)	34,137,180	32,086,492

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

20.0001		

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at End of:										
1. Prior Year	57,522		57,522							
2. First Quarter	58,922		58,922							
3. Second Quarter	59,454		59,454							
4. Third Quarter	0									
5. Current Year	0									
6. Current Year Member Months	353,761		353,761							
Total Member Ambulatory Encounters for Period:										
7. Physician	18,444		18,444							
8. Non-Physician	27,423		27,423							
9. Total	45,867	0	45,867	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	6,695		6,695							
11. Number of Inpatient Admissions	2,003		2,003							
12. Health Premiums Written (a)	80,380,534		80,380,534							
13. Life Premiums Direct	0									
14. Property/Casualty Premiums Written	0									
15. Health Premiums Earned	80,380,534		80,380,534							
16. Property/Casualty Premiums Earned	0									
17. Amount Paid for Provision of Health Care Services	65,794,451		65,794,451							
18. Amount Incurred for Provision of Health Care Services	64,023,999		64,023,999							

(a) For health premiums written: Amount of Medicare Title XVIII exempt from state taxes or fees $.....0

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0399999. Aggregate Accounts Not Individually Listed-Covered	3,435,346	369,400	34,103	40,503		3,879,352
0499999. Subtotals	3,435,346	369,400	34,103	40,503	0	3,879,352
0599999. Unreported Claims and Other Claim Reserves						8,652,897
0699999. Total Amounts Withheld						4,422,191
0799999. Total Claims Unpaid						16,954,440

UNDERWRITING AND INVESTMENT EXHIBIT

Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	12,011,233	30,969,094	(104,967)	12,392,689	11,906,266	13,998,123
2. Medicare Supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal Employees Health Benefits Plan Premiums					0	
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid					0	
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	12,011,233	30,969,094	(104,967)	12,392,689	11,906,266	13,998,123
10. Healthcare receivables (a)		401,358			0	
11. Other non-health					0	
12. Medical incentive pools and bonus amounts					0	
13. Totals	12,011,233	30,567,736	(104,967)	12,392,689	11,906,266	13,998,123

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

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

No significant change.

Note 2 - Accounting Changes and Corrections of Errors

No significant change.

Note 3 - Business Combinations and Goodwill

No significant change.

Note 4 - Discontinued Operations

No significant change.

Note 5 - Investments

No significant change.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

Note 7 - Investment Income

No significant change.

Note 8 - Derivative Instruments

No significant change.

Note 9 - Income Taxes

No significant change.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

USAble Life sold its 50% ownership of Hagan Newkirk Financial to H&N Holding Company on June 29, 2007 for $186,000.

Note 11 - Debt

No significant change.

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

No significant change.

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

No significant change.

Note 14 - Contingencies

No significant change.

Note 15 - Leases

No significant change.

NOTES TO FINANCIAL STATEMENTS

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

No significant change.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

There were no sale, transfer, or servicing of Financial Assets or Extinguishments of Liabilities

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

No significant change.

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

No significant change.

Note 20 - September 11 Events

No significant change.

Note 21 - Other Items

No significant change.

Note 22 - Events Subsequent

No significant change.

Note 23 - Reinsurance

No significant change.

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change.

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

No significant change.

Note 26 - Intercompany Pooling Arrangements

No significant change.

Note 27 - Structured Settlements

No significant change.

Note 28 - Health Care Receivables

No significant change.

Note 29 - Participating Policies

No significant change.

Note 30 - Premium Deficiency Reserves

NOTES TO FINANCIAL STATEMENTS

No significant change.

Note 31 - Anticipated Salvage and Subrogation

No significant change.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change: .....

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]
If yes, complete the Schedule Y-Part 1 - Organizational chart.

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

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

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [X] N/A [ ]
If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2005.....

6.2 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. 12/31/2005.....

6.3 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). 04/25/2007.....

6.4 By what department or departments?

Arkansas Insurance Department

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

7.2 If yes, give full information:

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 the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal 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

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

9.11 If the response to 9.1 is No, please explain:

9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

9.3 Have any provisions of the code of ethics been waived for any of the specified officers: Yes [ ] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. $.....1,352,072

INVESTMENT

11.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [ ] No [X]

11.2 If yes, explain:

12.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [X]

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

13. Amount of real estate and mortgages held in other invested assets in Schedule BA: $.....0

14. Amount of real estate and mortgages held in short-term investments: $.....0

15.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [X]

15.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
15.21 Bonds	$.....0	$.....0
15.22 Preferred Stock	$.....0	$.....0
15.23 Common Stock	$.....0	$.....0
15.24 Short-Term Investments	$.....0	$.....0
15.25 Mortgages, Loans or Real Estate	$.....0	$.....0
15.26 All Other	$.....0	$.....0
15.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 15.21 to 15.26)	$.....0	$.....0
15.28 Total Investment in Parent included in Lines 15.21 to 15.26 above	$.....0	$.....0

16.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]

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

17. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV. H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian Address
Regions Bank Trust Department	Little Rock, AR

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [ ] No [X]

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

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

17.5 Identify all investment advisors, broker/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	2 Name(s)	3 Address
116359	Foundation Resource Management	Little Rock, AR

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

18.2 If no, list exceptions:

SCHEDULE A - VERIFICATION

Real Estate

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	
2. Increase (decrease) by adjustment		
3. Cost of acquired		
4. Cost of additions to and permanent improvements		
5. Total profit (loss) on sales		
6. Increase (decrease) by foreign exchange adjustment		
7. Amount received on sales		
8. Book/adjusted carrying value at end of current period	0	0
9. Total valuation allowance		
10. Subtotal (Lines 8 plus 9)	0	0
11. Total nonadmitted amounts		
12. Statement value, current period (Page 2, real estate lines, net admitted assets column)	0	0

SCHEDULE B - VERIFICATION

Mortgage Loans

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year	0	
2. Amount loaned during period:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Accrual of discount and mortgage interest points and commitment fees		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, net admitted assets column)	0	0

SCHEDULE BA - VERIFICATION

Other Invested Assets

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	0	
2. Cost of acquisitions during period:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Accrual of discount		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book adjusted/carrying value of long-term invested assets at end of current period	0	0
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	0	0

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	57,320,755	56,696,511
2. Cost of bonds and stocks acquired	2,733,954	6,533,182
3. Accrual of discount	53,019	101,099
4. Increase (decrease) by adjustment	1,819,641	845,847
5. Increase (decrease) by foreign exchange adjustment		
6. Total profit (loss) on disposal	1,102,545	1,701,556
7. Consideration for bonds and stocks disposed of	4,395,537	8,185,387
8. Amortization of premium	181,272	372,053
9. Book/adjusted carrying value, current period	58,453,105	57,320,755
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	58,453,105	57,320,755
12. Total nonadmitted amounts		
13. Statement value	58,453,105	57,320,755

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	60,234,059	18,064,286	14,338,438	(57,241)	60,234,059	63,902,665		64,228,553
2. Class 2	1,553,372			(6,550)	1,553,372	1,546,822		1,559,824
3. Class 3								
4. Class 4								395,090
5. Class 5								
6. Class 6								
7. Total Bonds	61,787,431	18,064,286	14,338,438	(63,791)	61,787,431	65,449,487	0	66,183,467
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	61,787,431	18,064,286	14,338,438	(63,791)	61,787,431	65,449,487	0	66,183,467

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
8299999. Totals	23,819,748	XXX	23,819,748	1,995	

SCHEDULE DA - PART 2 - Verification

Short-Term Investments Owned

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	23,404,822	16,414,269
2. Cost of short-term investments acquired	31,004,475	58,855,610
3. Increase (decrease) by adjustment		
4. Increase (decrease) by foreign exchange adjustment		
5. Total profit (loss) on disposal of short-term investments	53,886	92,821
6. Consideration received on disposal of short-term investments	30,643,435	51,957,878
7. Book/adjusted carrying value, current period	23,819,748	23,404,822
8. Total valuation allowance		
9. Subtotal (Lines 7 plus 8)	23,819,748	23,404,822
10. Total nonadmitted amounts		
11. Statement value (Lines 9 minus 10)	23,819,748	23,404,822
12. Income collected during period	549,081	467,099
13. Income earned during period	497,392	612,985

Sch. DB-Part F-Section 1
NONE

Sch. DB-Part F-Section 2
NONE

Sch. S
NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

	1	Direct Business Only							
		2	3	4	5	6	7	8	9
State, Etc.	Is Insurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 through 7	Deposit-Type Contracts
1. Alabama AL	NO							0	
2. Alaska AK	NO							0	
3. Arizona AZ	NO							0	
4. Arkansas AR	YES	80,064,586						80,064,586	
5. California CA	NO							0	
6. Colorado CO	NO							0	
7. Connecticut CT	NO							0	
8. Delaware DE	NO							0	
9. District of Columbia DC	NO							0	
10. Florida FL	NO							0	
11. Georgia GA	NO							0	
12. Hawaii HI	NO							0	
13. Idaho ID	NO							0	
14. Illinois IL	NO							0	
15. Indiana IN	NO							0	
16. Iowa IA	NO							0	
17. Kansas KS	NO							0	
18. Kentucky KY	NO							0	
19. Louisiana LA	NO							0	
20. Maine ME	NO							0	
21. Maryland MD	NO							0	
22. Massachusetts MA	NO							0	
23. Michigan MI	NO							0	
24. Minnesota MN	NO							0	
25. Mississippi MS	NO							0	
26. Missouri MO	NO							0	
27. Montana MT	NO							0	
28. Nebraska NE	NO							0	
29. Nevada NV	NO							0	
30. New Hampshire NH	NO							0	
31. New Jersey NJ	NO							0	
32. New Mexico NM	NO							0	
33. New York NY	NO							0	
34. North Carolina NC	NO							0	
35. North Dakota ND	NO							0	
36. Ohio OH	NO							0	
37. Oklahoma OK	NO							0	
38. Oregon OR	NO							0	
39. Pennsylvania PA	NO							0	
40. Rhode Island RI	NO							0	
41. South Carolina SC	NO							0	
42. South Dakota SD	NO							0	
43. Tennessee TN	NO							0	
44. Texas TX	NO							0	
45. Utah UT	NO							0	
46. Vermont VT	NO							0	
47. Virginia VA	NO							0	
48. Washington WA	NO							0	
49. West Virginia WV	NO							0	
50. Wisconsin WI	NO							0	
51. Wyoming WY	NO							0	
52. American Samoa AS	NO							0	
53. Guam GU	NO							0	
54. Puerto Rico PR	NO							0	
55. U.S. Virgin Islands VI	NO							0	
56. Northern Mariana Islands MP	NO							0	
57. Canada CN	NO							0	
58. Aggregate Other alien OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX	80,064,586	0	0	0	0	0	80,064,586	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	315,948						315,948	
61. Total (Direct Business)	(a) 1	80,380,534	0	0	0	0	0	80,380,534	0

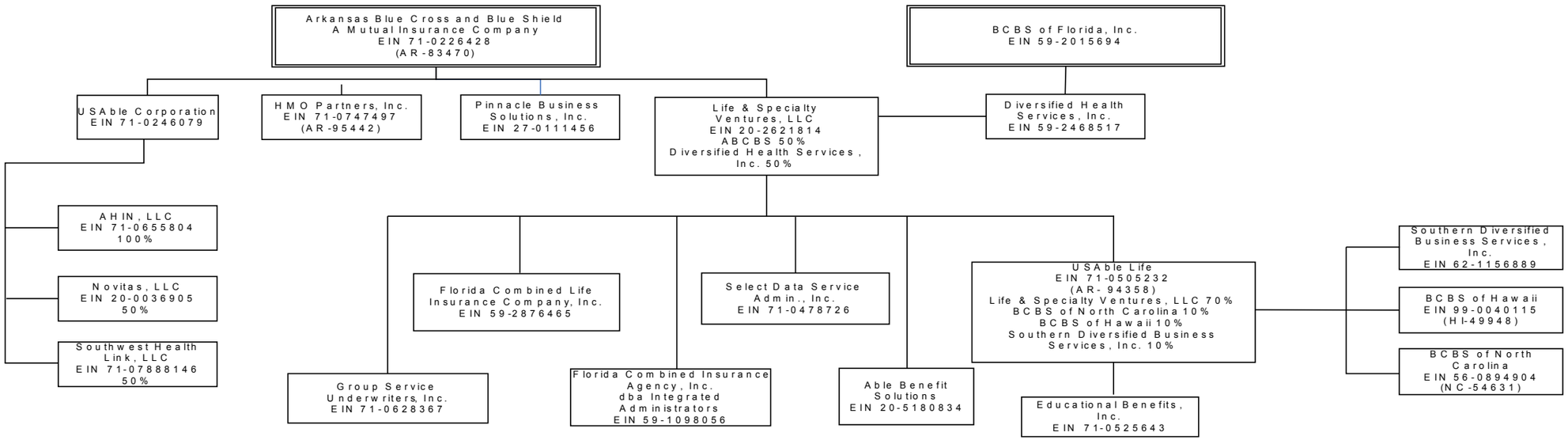
DETAILS OF WRITE-INS

5801.							0	
5802.							0	
5803.							0	
5898. nary of remaining write-ins for line 58 from overflow	0	0	0	0	0	0	0	0
5899. otal (Lines 5801 thru 5803 plus 5898) (Line 58 abov	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 MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	SEE EXPLANATION

Explanation:

No

Bar Code:

Overflow Page
NONE

Sch. A-Part 2
NONE

Sch. A-Part 3
NONE

Sch. B-Part 1
NONE

Sch. B-Part 2
NONE

Sch. BA-Part 1
NONE

Sch. BA-Part 2
NONE

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - States, Territories and Possessions									
880541 DL 8	Tennessee State GO (Taxable)		04/05/2007	Union Bank Switzerland		398,540	400,000	2,142	1FE
1799999.	Total - Bonds - States, Territories & Possessions					398,540	400,000	2,142	XXX
6099997.	Total - Bonds - Part 3					398,540	400,000	2,142	XXX
6099999.	Total - Bonds					398,540	400,000	2,142	XXX
Common Stocks - Industrial and Miscellaneous									
651639 10 6	Newmont Mining		04/26/2007	Merrill Lynch	2,800.000	119,485	XXX		L
717081 10 3	Pfizer		04/16/2007	Union Bank Switzerland	8,500.000	229,400	XXX		L
345425 10 2	Fording Canadian Coal	F	04/04/2007	Merrill Lynch	4,000.000	87,576	XXX		L
6899999.	Total - Common Stocks - Industrial & Miscellaneous					436,461	XXX	0	XXX
7299997.	Total - Common Stocks - Part 3					436,461	XXX	0	XXX
7299999.	Total - Common Stocks					436,461	XXX	0	XXX
7399999.	Total - Preferred and Common Stocks					436,461	XXX	0	XXX
7499999.	Total - Bonds, Preferred and Common Stocks					835,001	XXX	2,142	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues: 0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Government																					
912828 AC 4	U. S. Treasury Note		.05/15/2007	MATURITY		2,000,000	2,000,000	2,046,875	2,007,951		(7,951)		(7,951)		2,000,000			0	43,750	05/15/2007	1
0399999.	Total - Bonds - U.S. Government					2,000,000	2,000,000	2,046,875	2,007,951	0	(7,951)	0	(7,951)	0	2,000,000	0	0	0	43,750	XXX	XXX
6099997.	Total - Bonds - Part 4					2,000,000	2,000,000	2,046,875	2,007,951	0	(7,951)	0	(7,951)	0	2,000,000	0	0	0	43,750	XXX	XXX
6099999.	Total - Bonds					2,000,000	2,000,000	2,046,875	2,007,951	0	(7,951)	0	(7,951)	0	2,000,000	0	0	0	43,750	XXX	XXX
7499999.	Total - Bonds, Preferred and Common Stocks					2,000,000	XXX	2,046,875	2,007,951	0	(7,951)	0	(7,951)	0	2,000,000	0	0	0	43,750	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues: 0.

Sch. DB-Part A-Section 1
NONE

Sch. DB-Part B-Section 1
NONE

Sch. DB-Part C-Section 1
NONE

Sch. DB-Part D-Section 1
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	5	Book Balance at End of Each Month During Current Quarter			9
					6	7	8	
Depository	Code	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories								
Bank of America		4.740	179,746		13,593,493	8,794,805	10,317,433	XXX
0199999. Total Open Depositories	XXX	XXX	179,746	0	13,593,493	8,794,805	10,317,433	XXX
0399999. Total Cash on Deposit	XXX	XXX	179,746	0	13,593,493	8,794,805	10,317,433	XXX
0599999. Total Cash	XXX	XXX	179,746	0	13,593,493	8,794,805	10,317,433	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Gross Investment Income

NONE