# QUARTERLY STATEMENT

# OF THE

# Volunteer State Health Plan, Inc.

of

Chattanooga

in the state of

Tennessee

2012

TO THE

Insurance Department

OF THE STATE OF

Tennessee

FOR THE QUARTER ENDED
March 31, 2012

HEALTH

2012

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# QUARTERLY STATEMENT

## AS OF March 31, 2012

OF THE CONDITION AND AFFAIRS OF THE

# Volunteer State Health Plan, Inc.

NAIC Group Code 3498 (Current Period), 3498 (Prior Period) NAIC Company Code 14046 Employer's ID Number 62-1656610

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

Country of Domicile United States of America

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

Incorporated/Organized 07/11/1996 Commenced Business 11/01/1996

Statutory Home Office 1 Cameron Hill Circle (Street and Number), Chattanooga, TN 37402 (City, or Town, State and Zip Code)

Main Administrative Office 1 Cameron Hill Circle (Street and Number)
Chattanooga, TN 37402 (City or Town, State and Zip Code) (423)535-5600 (Area Code) (Telephone Number)

Mail Address 1 Cameron Hill Circle 1.3 (Street and Number or P.O. Box), Chattanooga, TN 37402 (City, or Town, State and Zip Code)

Primary Location of Books and Records 1 Cameron Hill Circle (Street and Number)
Chattanooga, TN 37402 (City, or Town, State and Zip Code) (423)535-5600 (Area Code) (Telephone Number)

Internet Web Site Address www.vshptn.com

Statutory Statement Contact Toliver Ralph Woodard, Jr (Name) (423)535-5192 (Area Code)(Telephone Number)(Extension)
Ralph_Woodard@bcbst.com (E-Mail Address) (423)535-8331 (Fax Number)

## CORPORATE OFFICERS

| Name | Title |
|---|---|
| Scott Christian Pierce | President & CEO |
| Shelia Dian Clemons | Secretary |
| Katharine Anne Laurance | Assistant Secretary |
| Daniel Paul Timblin | Treasurer |
| Alaine Marie Zachary | Assistant Treasurer |

## ADMINISTRATIVE OFFICERS

Reid Allen Smiley, Chief Financial Officer
David Matthew Moroney MD, VP & Chief Medical Officer
Amber Jeanine Cambron, Chief Operating Officer
James Howard Srite, Actuary

## DIRECTORS OR TRUSTEES

Vicky Brown Gregg, Chairman
John Francis Giblin
William Morgan Gracey

State of Tennessee
County of Hamilton ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the 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) |
|---|---|---|
| Scott Christian Pierce | Shelia Dian Clemons | Reid Allen Smiley |
| (Printed Name) | (Printed Name) | (Printed Name) |
| 1. | 2. | 3. |
| President & CEO | Secretary | Chief Financial Officer |
| (Title) | (Title) | (Title) |

Subscribed and sworn to before me this 8 day of May, 2012

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

(Notary Public Signature)

My Commission Expires: January 23, 2013

ELLEN M. STAPP STATE OF TENNESSEE NOTARY PUBLIC HAMILTON COUNTY

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# 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 | 189,047,599 | | 189,047,599 | 184,988,386 |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks | | | | |
| 2.2 Common stocks | | | | |
| 3. Mortgage loans on real estate: | | | | |
| 3.1 First liens | | | | |
| 3.2 Other than first liens | | | | |
| 4. Real estate: | | | | |
| 4.1 Properties occupied by the company (less $.....0 encumbrances) | | | | |
| 4.2 Properties held for the production of income (less $.....0 encumbrances) | | | | |
| 4.3 Properties held for sale (less $.....0 encumbrances) | | | | |
| 5. Cash ($.....61,971,289), cash equivalents ($.....42,202,012) and short-term investments ($.....115,891,513) | 220,064,814 | | 220,064,814 | 184,519,385 |
| 6. Contract loans (including $.....0 premium notes) | | | | |
| 7. Derivatives | | | | |
| 8. Other invested assets | | | | |
| 9. Receivables for securities | 15,011 | | 15,011 | 803,972 |
| 10. Securities lending reinvested collateral assets | | | | |
| 11. Aggregate write-ins for invested assets | | | | |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 409,127,424 | | 409,127,424 | 370,311,743 |
| 13. Title plants less $.....0 charged off (for Title insurers only) | | | | |
| 14. Investment income due and accrued | 1,167,375 | | 1,167,375 | 1,156,594 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | | | | 16,815,438 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums) | | | | |
| 15.3 Accrued retrospective premiums | | | | |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | | | | |
| 16.2 Funds held by or deposited with reinsured companies | | | | |
| 16.3 Other amounts receivable under reinsurance contracts | | | | |
| 17. Amounts receivable relating to uninsured plans | 1,204,973 | | 1,204,973 | 1,201,036 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | | |
| 18.2 Net deferred tax asset | 4,836,005 | 762,848 | 4,073,157 | 4,443,691 |
| 19. Guaranty funds receivable or on deposit | | | | |
| 20. Electronic data processing equipment and software | | | | |
| 21. Furniture and equipment, including health care delivery assets ($.....0) | | | | |
| 22. Net adjustments in assets and liabilities due to foreign exchange rates | | | | |
| 23. Receivables from parent, subsidiaries and affiliates | | | | |
| 24. Health care ($.....0) and other amounts receivable | 1,074,755 | 1,074,755 | | |
| 25. Aggregate write-ins for other than invested assets | 117,000 | 117,000 | | |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 417,527,532 | 1,954,603 | 415,572,929 | 393,928,502 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | | |
| 28. Total (Lines 26 and 27) | 417,527,532 | 1,954,603 | 415,572,929 | 393,928,502 |
| **DETAILS OF WRITE-INS** | | | | |
| 1101. | | | | |
| 1102. | | | | |
| 1103. | | | | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | | | | |
| 1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) | | | | |
| 2501. Prepaid Expenses | 117,000 | 117,000 | | |
| 2502. | | | | |
| 2503. | | | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | | | | |
| 2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) | 117,000 | 117,000 | | |

# LIABILITIES, CAPITAL AND SURPLUS

| | | Current Period | | | Prior Year |
|---|---|---|---|---|---|
| | | 1<br>Covered | 2<br>Uncovered | 3<br>Total | 4<br>Total |
| 1. | Claims unpaid (less $.....0 reinsurance ceded) | 163,720,892 | | 163,720,892 | 159,627,541 |
| 2. | Accrued medical incentive pool and bonus amounts | 1,278,588 | | 1,278,588 | 850,917 |
| 3. | Unpaid claims adjustment expenses | 8,419,578 | | 8,419,578 | 8,014,422 |
| 4. | Aggregate health policy reserves, including the liability of $.....0 for medical loss ratio rebate per the Public Health Service Act | | | | |
| 5. | Aggregate life policy reserves | | | | |
| 6. | Property/casualty unearned premium reserve | | | | |
| 7. | Aggregate health claim reserves | | | | |
| 8. | Premiums received in advance | | | | |
| 9. | General expenses due or accrued | 6,291,954 | | 6,291,954 | 6,236,739 |
| 10.1 | Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses)) | | | | |
| 10.2 | Net deferred tax liability | | | | |
| 11. | Ceded reinsurance premiums payable | | | | |
| 12. | Amounts withheld or retained for the account of others | 14,994 | | 14,994 | 10,989 |
| 13. | Remittances and items not allocated | 2,353,647 | | 2,353,647 | 2,122,489 |
| 14. | Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current) | | | | |
| 15. | Amounts due to parent, subsidiaries and affiliates | 15,777,482 | | 15,777,482 | 16,820,969 |
| 16. | Derivatives | | | | |
| 17. | Payable for securities | | | | |
| 18. | Payable for securities lending | | | | |
| 19. | Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers) | | | | |
| 20. | Reinsurance in unauthorized companies | | | | |
| 21. | Net adjustments in assets and liabilities due to foreign exchange rates | | | | |
| 22. | Liability for amounts held under uninsured plans | 464,455 | | 464,455 | 895,768 |
| 23. | Aggregate write-ins for other liabilities (including $.....0 current) | 37,654,415 | | 37,654,415 | 24,313,559 |
| 24. | Total liabilities (Lines 1 to 23) | 235,976,005 | | 235,976,005 | 218,893,393 |
| 25. | Aggregate write-ins for special surplus funds | XXX | XXX | | |
| 26. | Common capital stock | XXX | XXX | 10 | 10 |
| 27. | Preferred capital stock | XXX | XXX | | |
| 28. | Gross paid in and contributed surplus | XXX | XXX | 155,299,990 | 155,299,990 |
| 29. | Surplus notes | XXX | XXX | 17,000,000 | 17,000,000 |
| 30. | Aggregate write-ins for other than special surplus funds | XXX | XXX | 34,850,000 | 34,651,682 |
| 31. | Unassigned funds (surplus) | XXX | XXX | (27,553,076) | (31,916,573) |
| 32. | Less treasury stock, at cost: | | | | |
| | 32.1 .....0 shares common (value included in Line 26 $.....0) | XXX | XXX | | |
| | 32.2 .....0 shares preferred (value included in Line 27 $.....0) | XXX | XXX | | |
| 33. | Total capital and surplus (Lines 25 to 31 minus Line 32) | XXX | XXX | 179,596,924 | 175,035,109 |
| 34. | Total Liabilities, capital and surplus (Lines 24 and 33) | XXX | XXX | 415,572,929 | 393,928,502 |
| **DETAILS OF WRITE-INS** | | | | | |
| 2301. | Insured Premium Tax Payable | 23,772,698 | | 23,772,698 | 24,175,817 |
| 2302. | Due State of Tennessee - Premium Payable | 13,751,114 | | 13,751,114 | |
| 2303. | Pending Escheatment To State | 113,753 | | 113,753 | 104,569 |
| 2398. | Summary of remaining write-ins for Line 23 from overflow page | 16,850 | | 16,850 | 33,173 |
| 2399. | TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) | 37,654,415 | | 37,654,415 | 24,313,559 |
| 2501. | | XXX | XXX | | |
| 2502. | | XXX | XXX | | |
| 2503. | | XXX | XXX | | |
| 2598. | Summary of remaining write-ins for Line 25 from overflow page | XXX | XXX | | |
| 2599. | TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) | XXX | XXX | | |
| 3001. | Legally Required Reserves | XXX | XXX | 34,850,000 | 34,651,682 |
| 3002. | | XXX | XXX | | |
| 3003. | | XXX | XXX | | |
| 3098. | Summary of remaining write-ins for Line 30 from overflow page | XXX | XXX | | |
| 3099. | TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) | XXX | XXX | 34,850,000 | 34,651,682 |

# STATEMENT OF REVENUE AND EXPENSES

| | | Current Year To Date | | Prior Year To Date | Prior Year Ended December 31 |
|---|---|---|---|---|---|
| | | 1<br>Uncovered | 2<br>Total | 3<br>Total | 4<br>Total |
| 1. | Member Months | XXX | 1,202,086 | 1,238,353 | 4,911,134 |
| 2. | Net premium income (including $.....0 non-health premium income) | XXX | 415,418,914 | 435,146,330 | 1,695,982,644 |
| 3. | Change in unearned premium reserves and reserves 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 | | | |
| 7. | Aggregate write-ins for other non-health revenues | XXX | | | |
| 8. | Total revenues (Lines 2 to 7) | XXX | 415,418,914 | 435,146,330 | 1,695,982,644 |
| **Hospital and Medical:** | | | | | |
| 9. | Hospital/medical benefits | | 266,383,816 | 281,401,509 | 1,057,049,603 |
| 10. | Other professional services | | 69,612,349 | 54,169,513 | 252,177,346 |
| 11. | Outside referrals | | | | |
| 12. | Emergency room and out-of-area | | 10,274,893 | 9,872,624 | 42,394,538 |
| 13. | Prescription drugs | | | | |
| 14. | Aggregate write-ins for other hospital and medical | | | | |
| 15. | Incentive pool, withhold adjustments and bonus amounts | | | | |
| 16. | Subtotal (Lines 9 to 15) | | 346,271,058 | 345,443,646 | 1,351,621,487 |
| **Less:** | | | | | |
| 17. | Net reinsurance recoveries | | | | |
| 18. | Total hospital and medical (Lines 16 minus 17) | | 346,271,058 | 345,443,646 | 1,351,621,487 |
| 19. | Non-health claims (net) | | | | |
| 20. | Claims adjustment expenses, including $.....13,638,640 cost containment expenses | | 24,792,809 | 27,920,465 | 89,112,502 |
| 21. | General administrative expenses | | 37,252,856 | 33,743,105 | 160,252,412 |
| 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) | | 408,316,723 | 407,107,216 | 1,600,986,401 |
| 24. | Net underwriting gain or (loss) (Lines 8 minus 23) | XXX | 7,102,191 | 28,039,114 | 94,996,243 |
| 25. | Net investment income earned | | 785,049 | 773,418 | 3,128,627 |
| 26. | Net realized capital gains (losses) less capital gains tax of $.....0 | | 36,877 | 63,292 | 585,287 |
| 27. | Net investment gains or (losses) (Lines 25 plus 26) | | 821,926 | 836,710 | 3,713,914 |
| 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 | | | | |
| 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 | 7,924,117 | 28,875,824 | 98,710,157 |
| 31. | Federal and foreign income taxes incurred | XXX | 2,761,407 | 2,199,361 | 25,211,047 |
| 32. | Net income (loss) (Lines 30 minus 31) | XXX | 5,162,710 | 26,676,463 | 73,499,110 |
| **DETAILS OF WRITE-INS** | | | | | |
| 0601. | | XXX | | | |
| 0602. | | XXX | | | |
| 0603. | | XXX | | | |
| 0698. | Summary of remaining write-ins for Line 6 from overflow page | XXX | | | |
| 0699. | TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) | XXX | | | |
| 0701. | | XXX | | | |
| 0702. | | XXX | | | |
| 0703. | | XXX | | | |
| 0798. | Summary of remaining write-ins for Line 7 from overflow page | XXX | | | |
| 0799. | TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above) | XXX | | | |
| 1401. | | | | | |
| 1402. | | | | | |
| 1403. | | | | | |
| 1498. | Summary of remaining write-ins for Line 14 from overflow page | | | | |
| 1499. | TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) | | | | |
| 2901. | | | | | |
| 2902. | | | | | |
| 2903. | | | | | |
| 2998. | Summary of remaining write-ins for Line 29 from overflow page | | | | |
| 2999. | TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) | | | | |

# STATEMENT OF REVENUE AND EXPENSES (Continued)

| | | 1<br>Current Year<br>To Date | 2<br>Prior Year<br>To Date | 3<br>Prior Year<br>Ended<br>December 31 |
|---|---|---|---|---|
| | **CAPITAL & SURPLUS ACCOUNT** | | | |
| 33. | Capital and surplus prior reporting year | 175,035,109 | 104,921,560 | 104,921,560 |
| 34. | Net income or (loss) from Line 32 | 5,162,710 | 26,676,463 | 73,499,110 |
| 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 | 35,973 | (7,195) | 2,642 |
| 37. | Change in net unrealized foreign exchange capital gain or (loss) | | | |
| 38. | Change in net deferred income tax | (441,199) | (8,344,832) | (9,256,390) |
| 39. | Change in nonadmitted assets | (32,654) | 5,840,785 | 5,868,187 |
| 40. | Change in unauthorized reinsurance | | | |
| 41. | Change in treasury stock | | | |
| 42. | Change in surplus notes | | | |
| 43. | Cumulative effect of changes in accounting principles | (163,015) | | |
| 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 | | | |
| 47. | Aggregate write-ins for gains or (losses) in surplus | | | |
| 48. | Net change in capital and surplus (Lines 34 to 47) | 4,561,815 | 24,165,221 | 70,113,549 |
| 49. | Capital and surplus end of reporting period (Line 33 plus 48) | 179,596,924 | 129,086,781 | 175,035,109 |
| **DETAILS OF WRITE-INS** | | | | |
| 4701. | | | | |
| 4702. | | | | |
| 4703. | | | | |
| 4798. | Summary of remaining write-ins for Line 47 from overflow page | | | |
| 4799. | TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) | | | |

| Report #2A: TennCare Select Only | | | |
|---|---|---|---|
| | Current Year | | Previous Year |
| | Current Period | Year-to-Date Total | Total |
| **Member Months** | 137,769 | 137,769 | 538,990 |
| **Estimated Revenues:** | | | |
| 1. TennCare Capitation | 106,368,010 | 106,368,010 | 365,372,932 |
| 2. Investment | - | - | - |
| 3. Other Revenues | - | - | - |
| 4. **Total Estimated Revenues** (Lines 1 to 3) | 106,368,010 | 106,368,010 | 365,372,932 |
| **Estimated Expenses:** | | | |
| **Hospital and Medical (w/o Mental Health)** | | | |
| 5. Capitated Physician Services | 282,222 | 282,222 | 1,090,389 |
| 6. Fee-for Service Physician Services | 11,700,685 | 11,700,685 | 40,263,944 |
| 7. Inpatient Hospital Services | 23,105,353 | 23,105,353 | 76,799,881 |
| 8. Outpatient Hospital Services | 8,816,642 | 8,816,642 | 30,746,261 |
| 9. Emergency Room Services | 1,186,160 | 1,186,160 | 4,491,571 |
| 10. Dental Services | 335 | 335 | 308 |
| 11. Vision Services | 88,927 | 88,927 | 283,460 |
| 12. Pharmacy Services | - | - | (1,194) |
| 13. Home Health Services | 27,473,315 | 27,473,315 | 96,110,319 |
| 14. Chiropractic Services | - | - | - |
| 15. Radiology Services | 309,365 | 309,365 | 1,211,898 |
| 16. Laboratory Services | 408,065 | 408,065 | 1,460,182 |
| 17. Durable Medical Equipment Services | 5,130,487 | 5,130,487 | 14,538,794 |
| 18. Transportation Services | 850,992 | 850,992 | 3,738,243 |
| 19. Outside Referrals | - | - | - |
| 20. Medical Incentive Pool and Withhold Adj | - | - | - |
| 21. Occupancy, Depreciation and Amortization | - | - | - |
| 22. Nursing Facility Care | 54,577 | 54,577 | 420,112 |
| 23. HCBS Services | 932 | 932 | 2,882 |
| 24. Other Medical and Hospital Services - Write-Ins | 2,167,855 | 2,167,855 | 6,295,145 |
| 25. **Subtotal Medical and Hospital** (Lines 5 to 24) | 81,575,912 | 81,575,912 | 277,452,195 |
| **Mental Health and Substance Abuse Services** | | | |
| 26. Inpatient Psychiatric Facility Services | 1,095,068 | 1,095,068 | 4,942,226 |
| 27. Inpatient Substance Abuse Treatment and Detox | 6,000 | 6,000 | 21,598 |
| 28. Outpatient Mental Health Services | 3,938,370 | 3,938,370 | 13,837,283 |
| 29. Outpatient Substance Abuse Treatment and Detox | - | - | - |
| 30. Housing/Residential Treatment | 1,959,088 | 1,959,088 | 6,880,297 |
| 31. Specialized Crisis Services | 284,004 | 284,004 | 1,054,391 |
| 32. Psychiatric Rehab and Support Services | 149,787 | 149,787 | 1,410,762 |
| 33. Case Management | 2,415,528 | 2,415,528 | 8,729,140 |
| 34. Forensics | - | - | - |
| 35. Other Judicial | - | - | - |
| 36. Pharmacy | - | - | - |
| 37. Lab Services | 23,580 | 23,580 | 78,909 |
| 38. Transportation | - | - | - |
| 39. Medical Incentive Pool and Withhold Adjustments | - | - | - |
| 40. Occupancy, Depreciation and Amortization | - | - | - |
| 41. Other Mental Health and Substance Abuse Services | 1,884,289 | 1,884,289 | 6,540,689 |
| 42. PCP and Specialist Servcies | - | - | - |
| 43. Other Mental Health Services - Write-Ins | - | - | - |
| 44. **Subtotal MH & SAS** (Lines 26 to 43) | 11,755,714 | 11,755,714 | 43,495,295 |
| 45. **Subtotal Hospital, Medical, MH&SAS** (Lines 25 and 44) | 93,331,626 | 93,331,626 | 320,947,490 |
| **LESS:** | | | |
| 46. Net Reinsurance Recoveries Incurred | - | - | - |
| 47. Copayments | 320 | 320 | (786) |
| 48. Subrogation and Coordination of Benefits | 214,275 | 214,275 | 502,350 |
| 49. **Subtotal Reinsurance, Copay, Subrogation** (Lines 46 to 48) | 214,595 | 214,595 | 501,564 |
| 50. **Total Hospital, Medical, MH&SAS** (Lines 45 and 49) | 93,117,031 | 93,117,031 | 320,445,926 |
| **Administation:** | | | |
| 51. Compensation | 4,150,484 | 4,150,484 | 13,140,965 |
| 52. Marketing | - | - | - |
| 53. Interest Expense | - | - | - |
| 54. Premium Tax Expense | 5,850,241 | 5,850,241 | 20,095,511 |
| 55. Occupancy, Depreciation, and Amortization | 355,312 | 355,312 | 1,124,962 |
| 56. Other Administration - Write-Ins | 2,135,061 | 2,135,061 | 6,759,870 |
| 57. **Total Administration Expenses** (Lines 51 to 56) | 12,491,098 | 12,491,098 | 41,121,308 |
| 58. **Total Expenses** (Lines 50 and 57) | 105,608,129 | 105,608,129 | 361,567,234 |
| 59. Extraordinary Item | - | - | - |
| 60. Provision for Income Tax | 264,804 | 264,804 | 971,994 |
| 61. **Net Income (Loss)** (Line 4 Less Lines 58, 59 and 60) | 495,077 | 495,077 | 2,833,704 |
| **Write-Ins for Other Expense** | | | |
| Detail of Other Revenues | | | |
| 0301. | - | - | - |
| 0399. Total Other Revenues | - | - | - |
| Detail of Other Medical and Hospital: | | | |
| 2201. PT/OT/ST, Supplies, Prosthetics, etc. | 2,098,911 | 2,098,911 | 6,804,084 |
| 2202. Out of Area Claims Expense | - | - | (4,692) |
| 2203. Bad Debt Expense | 68,944 | 68,944 | (504,247) |
| 2299. Total Other Medical and Hospital | 2,167,855 | 2,167,855 | 6,295,145 |
| Detail of Other MH & SAS: | | | |
| 4101. | - | - | - |
| 4102. | - | - | - |
| 4103. | - | - | - |
| 4199. Total Other MH & SAS | - | - | - |
| Detail of Other Administration: | | | |
| 5601. Equipment Rental | 755,258 | 755,258 | 2,391,241 |
| 5602. Outsourced Services | 636,872 | 636,872 | 2,016,416 |
| 5603. Auditing, Actuarial, and Other Consulting | 268,725 | 268,725 | 850,818 |
| 5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc. | 259,817 | 259,817 | 822,613 |
| 5605. Postage/Telephone | 160,516 | 160,516 | 508,213 |
| 5606. Printing and Stationary | 53,873 | 53,873 | 170,569 |
| 5699. Total Other Administration | 2,135,061 | 2,135,061 | 6,759,870 |

| Report #2A: BlueCare West Only | | | |
|---|---|---|---|
| | Current Year | | Previous Year |
| | Current Period | Year-to-Date Total | Total |
| **Member Months** | 539,415 | 539,415 | 2,185,691 |
| **Estimated Revenues:** | | | |
| 1. TennCare Capitation | 184,329,878 | 184,329,878 | 741,600,132 |
| 2. Investment | 363,539 | 363,539 | 1,695,885 |
| 3. Other Revenues | 25,000 | 25,000 | 67,712 |
| 4. **Total Estimated Revenues** (Lines 1 to 3) | 184,718,417 | 184,718,417 | 743,363,729 |
| **Estimated Expenses:** | | | |
| **Hospital and Medical (w/o Mental Health)** | | | |
| 5. Capitated Physician Services | 3,445 | 3,445 | 17,970 |
| 6. Fee-for Service Physician Services | 32,865,466 | 32,865,466 | 124,392,604 |
| 7. Inpatient Hospital Services | 24,999,243 | 24,999,243 | 101,548,192 |
| 8. Outpatient Hospital Services | 16,461,639 | 16,461,639 | 69,289,254 |
| 9. Emergency Room Services | 5,947,813 | 5,947,813 | 25,005,773 |
| 10. Dental Services | - | - | 3,176 |
| 11. Vision Services | 110,557 | 110,557 | 432,083 |
| 12. Pharmacy Services | - | - | - |
| 13. Home Health Services | 5,622,900 | 5,622,900 | 22,320,774 |
| 14. Chiropractic Services | - | - | - |
| 15. Radiology Services | 1,540,271 | 1,540,271 | 6,265,336 |
| 16. Laboratory Services | 2,514,272 | 2,514,272 | 9,644,988 |
| 17. Durable Medical Equipment Services | 2,716,096 | 2,716,096 | 8,269,805 |
| 18. Transportation Services | 3,156,463 | 3,156,463 | 13,907,103 |
| 19. Outside Referrals | - | - | - |
| 20. Medical Incentive Pool and Withhold Adj | - | - | - |
| 21. Occupancy, Depreciation and Amortization | - | - | - |
| 22. Nursing Facility Care | 30,978,879 | 30,978,879 | 134,345,774 |
| 23. HCBS Services | 9,116,225 | 9,116,225 | 20,828,843 |
| 24. Other Medical and Hospital Services - Write-Ins | 2,607,291 | 2,607,291 | 9,043,589 |
| 25. **Subtotal Medical and Hospital** (Lines 5 to 24) | 138,640,560 | 138,640,560 | 545,315,264 |
| **Mental Health and Substance Abuse Services** | | | |
| 26. Inpatient Psychiatric Facility Services | 1,813,635 | 1,813,635 | 4,938,436 |
| 27. Inpatient Substance Abuse Treatment and Detox | 99,120 | 99,120 | 243,258 |
| 28. Outpatient Mental Health Services | 1,379,394 | 1,379,394 | 4,114,838 |
| 29. Outpatient Substance Abuse Treatment and Detox | - | - | 609 |
| 30. Housing/Residential Treatment | 846,844 | 846,844 | 2,432,211 |
| 31. Specialized Crisis Services | 822,265 | 822,265 | 3,113,205 |
| 32. Psychiatric Rehab and Support Services | 314,895 | 314,895 | 967,660 |
| 33. Case Management | 3,135,814 | 3,135,814 | 12,286,032 |
| 34. Forensics | - | - | - |
| 35. Other Judicial | - | - | - |
| 36. Pharmacy | - | - | - |
| 37. Lab Services | 29,355 | 29,355 | 114,128 |
| 38. Transportation | - | - | - |
| 39. Medical Incentive Pool and Withhold Adjustments | - | - | - |
| 40. Occupancy, Depreciation and Amortization | - | - | - |
| 41. Other Mental Health and Substance Abuse Services | 1,110,458 | 1,110,458 | 6,408,556 |
| 42. PCP and Specialist Servcies | - | - | - |
| 43. Other Mental Health Services - Write-Ins | - | - | - |
| 44. **Subtotal MH & SAS** (Lines 26 to 43) | 9,551,780 | 9,551,780 | 34,618,933 |
| 45. **Subtotal Hospital, Medical, MH&SAS** (Lines 25 and 44) | 148,192,340 | 148,192,340 | 579,934,197 |
| **LESS:** | | | |
| 46. Net Reinsurance Recoveries Incurred | - | - | - |
| 47. Copayments | 13,928 | 13,928 | 52,274 |
| 48. Subrogation and Coordination of Benefits | - | - | - |
| 49. **Subtotal Reinsurance, Copay, Subrogation** (Lines 46 to 48) | 13,928 | 13,928 | 52,274 |
| 50. **Total Hospital, Medical, MH&SAS,** (Lines 45 and 49) | 148,178,412 | 148,178,412 | 579,881,923 |
| **Administation:** | | | |
| 51. Compensation | 10,694,011 | 10,694,011 | 43,471,825 |
| 52. Marketing | - | - | - |
| 53. Interest Expense | - | - | - |
| 54. Premium Tax Expense | 10,139,518 | 10,139,518 | 40,791,731 |
| 55. Occupancy, Depreciation, and Amortization | 915,485 | 915,485 | 3,721,503 |
| 56. Other Administration - Write-Ins | 5,501,132 | 5,501,132 | 22,362,441 |
| 57. **Total Administration Expenses** (Lines 51 to 56) | 27,250,146 | 27,250,146 | 110,347,500 |
| 58. **Total Expenses** (Lines 50 and 57) | 175,428,558 | 175,428,558 | 690,229,423 |
| 59. Extraordinary Item | - | | |
| 60. Provision for Income Tax | 3,237,343 | 3,237,343 | 13,570,756 |
| 61. **Net Income (Loss)** (Line 4 Less Lines 58, 59 and 60) | 6,052,516 | 6,052,516 | 39,563,550 |
| **Write-Ins for Other Expense** | | | |
| Detail of Other Revenues | | | |
| 0301. Pay-for-Performance Bonus | 25,000 | 25,000 | 67,712 |
| 0399. Total Other Revenues | 25,000 | 25,000 | 67,712 |
| Detail of Other Medical and Hospital: | | | |
| 2201. PT/OT/ST, Supplies, Prosthetics, etc. | 2,517,269 | 2,517,269 | 8,763,942 |
| 2202. Bad Debt Expense | 90,040 | 90,040 | 279,874 |
| 2203. Out of Area Claims Expense | (18) | (18) | (227) |
| 2299. Total Other Medical and Hospital | 2,607,291 | 2,607,291 | 9,043,589 |
| Detail of Other MH & SAS: | | | |
| 4101. | - | - | - |
| 4102. | - | - | - |
| 4103. | - | - | - |
| 4199. Total Other MH & SAS | - | - | - |
| Detail of Other Administration: | | | |
| 5601. Equipment Rental | 1,945,973 | 1,945,973 | 7,910,503 |
| 5602. Outsourced Services | 1,640,944 | 1,640,944 | 6,670,541 |
| 5603. Auditing, Actuarial, and Other Consulting | 692,390 | 692,390 | 2,814,608 |
| 5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc. | 669,437 | 669,437 | 2,721,299 |
| 5605. Postage/Telephone | 413,580 | 413,580 | 1,681,228 |
| 5606. Printing and Stationary | 138,808 | 138,808 | 564,262 |
| 5699. Total Other Administration | 5,501,132 | 5,501,132 | 22,362,441 |

| Report #2A: BlueCare East Only | | | |
|---|---|---|---|
| | Current Year | | Previous Year |
| | Current Period | Year-to-Date Total | Total |
| **Member Months** | 662,671 | 662,671 | 2,725,444 |
| **Estimated Revenues:** | | | |
| 1. TennCare Capitation | 231,049,037 | 231,049,037 | 954,333,664 |
| 2. Investment | 444,363 | 444,363 | 2,109,301 |
| 3. Other Revenues | 15,000 | 15,000 | - |
| 4. **Total Estimated Revenues** (Lines 1 to 3) | 231,508,400 | 231,508,400 | 956,442,965 |
| **Estimated Expenses:** | | | |
| **Hospital and Medical (w/o Mental Health)** | | | |
| 5. Capitated Physician Services | 68,420 | 68,420 | 285,335 |
| 6. Fee-for Service Physician Services | 51,477,397 | 51,477,397 | 195,242,804 |
| 7. Inpatient Hospital Services | 39,392,951 | 39,392,951 | 134,874,373 |
| 8. Outpatient Hospital Services | 18,693,000 | 18,693,000 | 73,375,772 |
| 9. Emergency Room Services | 4,325,027 | 4,325,027 | 17,333,899 |
| 10. Dental Services | 2,144 | 2,144 | 8,861 |
| 11. Vision Services | 181,950 | 181,950 | 604,829 |
| 12. Pharmacy Services | - | - | - |
| 13. Home Health Services | 7,236,506 | 7,236,506 | 29,885,303 |
| 14. Chiropractic Services | - | - | - |
| 15. Radiology Services | 2,006,050 | 2,006,050 | 8,056,167 |
| 16. Laboratory Services | 2,765,326 | 2,765,326 | 11,309,294 |
| 17. Durable Medical Equipment Services | 5,059,441 | 5,059,441 | 17,211,368 |
| 18. Transportation Services | 3,937,745 | 3,937,745 | 19,809,689 |
| 19. Outside Referrals | - | - | - |
| 20. Medical Incentive Pool and Withhold Adj | - | - | - |
| 21. Occupancy, Depreciation and Amortization | - | - | - |
| 22. Nursing Facility Care | 39,859,660 | 39,859,660 | 181,835,964 |
| 23. HCBS Services | 7,622,183 | 7,622,183 | 23,735,901 |
| 24. Other Medical and Hospital Services - Write-Ins | 2,869,132 | 2,869,132 | 9,977,410 |
| 25. **Subtotal Medical and Hospital** (Lines 5 to 24) | 185,496,932 | 185,496,932 | 723,546,969 |
| **Mental Health and Substance Abuse Services** | | | |
| 26. Inpatient Psychiatric Facility Services | 1,142,295 | 1,142,295 | 4,750,333 |
| 27. Inpatient Substance Abuse Treatment and Detox | 113,026 | 113,026 | 252,856 |
| 28. Outpatient Mental Health Services | 3,314,784 | 3,314,784 | 11,262,597 |
| 29. Outpatient Substance Abuse Treatment and Detox | - | - | - |
| 30. Housing/Residential Treatment | 944,925 | 944,925 | 3,785,300 |
| 31. Specialized Crisis Services | 790,784 | 790,784 | 5,871,564 |
| 32. Psychiatric Rehab and Support Services | 791,227 | 791,227 | 3,438,101 |
| 33. Case Management | 3,572,230 | 3,572,230 | 12,226,192 |
| 34. Forensics | - | - | - |
| 35. Other Judicial | - | - | - |
| 36. Pharmacy | - | - | - |
| 37. Lab Services | 45,433 | 45,433 | 156,576 |
| 38. Transportation | - | - | - |
| 39. Medical Incentive Pool and Withhold Adjustments | - | - | - |
| 40. Occupancy, Depreciation and Amortization | - | - | - |
| 41. Other Mental Health and Substance Abuse Services | 1,920,548 | 1,920,548 | 6,579,215 |
| 42. PCP and Specialist Servcies | - | - | - |
| 43. Other Mental Health Services - Write-Ins | - | - | - |
| 44. **Subtotal MH & SAS** (Lines 26 to 43) | 12,635,252 | 12,635,252 | 48,322,734 |
| 45. **Subtotal Hospital, Medical, MH&SAS** (Lines 25 and 44) | 198,132,184 | 198,132,184 | 771,869,703 |
| **LESS:** | | | |
| 46. Net Reinsurance Recoveries Incurred | - | - | - |
| 47. Copayments | 33,819 | 33,819 | 129,784 |
| 48. Subrogation and Coordination of Benefits | - | - | 381 |
| 49. **Subtotal Reinsurance, Copay, Subrogation** (Lines 46 to 48) | 33,819 | 33,819 | 130,165 |
| 50. **Total Hospital, Medical, MH&SAS,** (Lines 45 and 49) | 198,098,365 | 198,098,365 | 771,739,538 |
| **Administation:** | | | |
| 51. Compensation | 14,162,079 | 14,162,079 | 56,075,779 |
| 52. Marketing | - | - | - |
| 53. Interest Expense | - | - | - |
| 54. Premium Tax Expense | 12,708,522 | 12,708,522 | 52,488,352 |
| 55. Occupancy, Depreciation, and Amortization | 1,212,377 | 1,212,377 | 4,800,493 |
| 56. Other Administration - Write-Ins | 7,285,147 | 7,285,147 | 28,846,069 |
| 57. **Total Administration Expenses** (Lines 51 to 56) | 35,368,125 | 35,368,125 | 142,210,693 |
| 58. **Total Expenses** (Lines 50 and 57) | 233,466,490 | 233,466,490 | 913,950,231 |
| 59. Extraordinary Item | - | - | - |
| 60. Provision for Income Tax | (682,358) | (682,358) | 10,852,848 |
| 61. **Net Income (Loss)** (Line 4 Less Lines 58, 59 and 60) | (1,275,732) | (1,275,732) | 31,639,886 |
| **Write-Ins for Other Expense** | | | |
| Detail of Other Revenues | | | |
| 0301. Pay-for-Performance Bonus | 15,000 | 15,000 | - |
| 0399. Total Other Revenues | 15,000 | 15,000 | - |
| Detail of Other Medical and Hospital: | | | |
| 2201. PT/OT/ST, Supplies, Prosthetics, etc. | 2,759,083 | 2,759,083 | 9,571,627 |
| 2202. Bad Debt Expense | 110,049 | 110,049 | 348,590 |
| 2203. Out of Area Claims Expense | - | - | 57,193 |
| 2299. Total Other Medical and Hospital | 2,869,132 | 2,869,132 | 9,977,410 |
| Detail of Other MH & SAS: | | | |
| 4101. | - | - | - |
| 4102. | - | - | - |
| 4103. | - | - | - |
| 4199. Total Other MH & SAS | - | - | - |
| Detail of Other Administration: | | | |
| 5601. Equipment Rental | 2,577,052 | 2,577,052 | 10,204,025 |
| 5602. Outsourced Services | 2,173,102 | 2,173,102 | 8,604,556 |
| 5603. Auditing, Actuarial, and Other Consulting | 916,932 | 916,932 | 3,630,658 |
| 5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc. | 886,534 | 886,534 | 3,510,296 |
| 5605. Postage/Telephone | 547,704 | 547,704 | 2,168,674 |
| 5606. Printing and Stationary | 183,823 | 183,823 | 727,860 |
| 5699. Total Other Administration | 7,285,147 | 7,285,147 | 28,846,069 |

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# CASH FLOW

| | | 1<br>Current<br>Year<br>To Date | 2<br>Prior<br>Year<br>To Date | 3<br>Prior<br>Year Ended<br>December 31 |
|---|---|---|---|---|
| | **Cash from Operations** | | | |
| 1. | Premiums collected net of reinsurance | 432,234,352 | 269,573,760 | 1,579,668,663 |
| 2. | Net investment income | 1,326,514 | 1,293,783 | 5,201,202 |
| 3. | Miscellaneous income | | | |
| 4. | Total (Lines 1 to 3) | 433,560,866 | 270,867,543 | 1,584,869,865 |
| 5. | Benefit and loss related payments | 341,750,036 | 328,440,541 | 1,376,697,004 |
| 6. | Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | |
| 7. | Commissions, expenses paid and aggregate write-ins for deductions | 62,020,544 | 51,026,931 | 250,119,152 |
| 8. | Dividends paid to policyholders | | | |
| 9. | Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses) | 2,761,407 | 2,199,361 | 25,211,047 |
| 10. | Total (Lines 5 through 9) | 406,531,987 | 381,666,833 | 1,652,027,203 |
| 11. | Net cash from operations (Line 4 minus Line 10) | 27,028,879 | (110,799,290) | (67,157,338) |
| | **Cash from Investments** | | | |
| 12. | Proceeds from investments sold, matured or repaid: | | | |
| | 12.1 Bonds | 32,036,665 | 37,961,380 | 169,827,029 |
| | 12.2 Stocks | | | |
| | 12.3 Mortgage loans | | | |
| | 12.4 Real estate | | | |
| | 12.5 Other invested assets | | | |
| | 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | | | |
| | 12.7 Miscellaneous proceeds | 811,996 | 26,149 | 35,289 |
| | 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 32,848,661 | 37,987,529 | 169,862,318 |
| 13. | Cost of investments acquired (long-term only): | | | |
| | 13.1 Bonds | 36,579,067 | 39,464,502 | 195,561,830 |
| | 13.2 Stocks | | | |
| | 13.3 Mortgage loans | | | |
| | 13.4 Real estate | | | |
| | 13.5 Other invested assets | | | |
| | 13.6 Miscellaneous applications | 19,242 | | 796,685 |
| | 13.7 Total investments acquired (Lines 13.1 to 13.6) | 36,598,309 | 39,464,502 | 196,358,515 |
| 14. | Net increase (or decrease) in contract loans and premium notes | | | |
| 15. | Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) | (3,749,648) | (1,476,973) | (26,496,197) |
| | **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 | | | |
| | 16.6 Other cash provided (applied) | 12,266,198 | (12,513,156) | (3,370,903) |
| 17. | Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6) | 12,266,198 | (12,513,156) | (3,370,903) |
| | **RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS** | | | |
| 18. | Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) | 35,545,429 | (124,789,419) | (97,024,438) |
| 19. | Cash, cash equivalents and short-term investments: | | | |
| | 19.1 Beginning of year | 184,519,385 | 281,543,823 | 281,543,823 |
| | 19.2 End of period (Line 18 plus Line 19.1) | 220,064,814 | 156,754,404 | 184,519,385 |

**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 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2 | 3 | | | | | | | |
| | Total | Individual | 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 | 403,278 | | | | | | | | 403,278 | |
| 2. First Quarter | 399,694 | | | | | | | | 399,694 | |
| 3. Second Quarter | | | | | | | | | | |
| 4. Third Quarter | | | | | | | | | | |
| 5. Current Year | | | | | | | | | | |
| 6. Current Year Member Months | 1,202,086 | | | | | | | | 1,202,086 | |
| Total Member Ambulatory Encounters for Period: | | | | | | | | | | |
| 7. Physician | 1,177,287 | | | | | | | | 1,177,287 | |
| 8. Non-Physician | 102,373 | | | | | | | | 102,373 | |
| 9. Total | 1,279,660 | | | | | | | | 1,279,660 | |
| 10. Hospital Patient Days Incurred | 78,512 | | | | | | | | 78,512 | |
| 11. Number of Inpatient Admissions | 11,494 | | | | | | | | 11,494 | |
| 12. Health Premiums Written (a) | 415,418,914 | | | | | | | | 415,418,914 | |
| 13. Life Premiums Direct | | | | | | | | | | |
| 14. Property/Casualty Premiums Written | | | | | | | | | | |
| 15. Health Premiums Earned | 415,418,914 | | | | | | | | 415,418,914 | |
| 16. Property/Casualty Premiums Earned | | | | | | | | | | |
| 17. Amount Paid for Provision of Health Care Services | 342,824,791 | | | | | | | | 342,824,791 | |
| 18. Amount Incurred for Provision of Health Care Services | 346,271,058 | | | | | | | | 346,271,058 | |

(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<br>Account | 2<br>1 - 30 Days | 3<br>31 - 60 Days | 4<br>61 - 90 Days | 5<br>91 - 120 days | 6<br>Over 120 Days | 7<br>Total |
|---|---|---|---|---|---|---|
| 0199999 Individually Listed Claims Unpaid | | | | | | |
| 0299999 Aggregate Accounts Not Individually Listed - Uncovered | | | | | | |
| 0399999 Aggregate Accounts Not Individually Listed - Covered | 32,714,709 | 944,342 | 67,453 | | | 33,726,504 |
| 0499999 Subtotals | 32,714,709 | 944,342 | 67,453 | | | 33,726,504 |
| 0599999 Unreported claims and other claim reserves | | | | | | 129,994,388 |
| 0699999 Total Amounts Withheld | | | | | | |
| 0799999 Total Claims Unpaid | | | | | | 163,720,892 |
| 0899999 Accrued Medical Incentive Pool And Bonus Amounts | | | | | | 1,278,588 |

# 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<br>On Claims Incurred Prior to January 1 of Current Year | 2<br>On Claims Incurred During the Year | 3<br>On Claims Unpaid Dec 31 of Prior Year | 4<br>On Claims Incurred During the Year | Claims Incurred in Prior Years (Columns 1+3) | Estimated Claim Reserve and Claim Liability Dec 31 of Prior Year |
| 1. Comprehensive (hospital & medical) | | | | | | |
| 2. Medicare Supplement | | | | | | |
| 3. Dental only | | | | | | |
| 4. Vision only | | | | | | |
| 5. Federal Employees Health Benefits Plan | | | | | | |
| 6. Title XVIII - Medicare | | | | | | |
| 7. Title XIX - Medicaid | 132,731,712 | 210,020,750 | 19,638,542 | 144,082,350 | 152,370,254 | 159,627,541 |
| 8. Other health | | | | | | |
| 9. Health subtotal (Lines 1 to 8) | 132,731,712 | 210,020,750 | 19,638,542 | 144,082,350 | 152,370,254 | 159,627,541 |
| 10. Healthcare receivables (a) | 414,419 | 660,336 | | | 414,419 | |
| 11. Other non-health | | | | | | |
| 12. Medical incentive pools and bonus amounts | | 72,329 | 850,917 | 427,671 | 850,917 | 850,917 |
| 13. Totals (Lines 9 - 10 + 11 + 12) | 132,317,293 | 209,432,743 | 20,489,459 | 144,510,021 | 152,806,752 | 160,478,458 |

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

# Notes to Financial Statement

## 1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Volunteer State Health Plan, Inc. (the Company) are presented on the basis of accounting practices prescribed and permitted by the Tennessee Department of Commerce and Insurance (TDCI).

The TDCI recognizes only statutory accounting practices prescribed and permitted by the State of Tennessee for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the State of Tennessee's insurance law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC AP&P) has been adopted as a component of prescribed and permitted practices by the State of Tennessee. Prescribed accounting practices are those practices which are incorporated directly or by reference to state laws, regulations and general administrative rules applicable to all insurance enterprises domiciled in Tennessee. Permitted accounting practices include deviations from NAIC Statutory Accounting Principles (SAP) specifically requested by an insurer and granted by the TDCI. These statements have no deviations from NAIC SAP other than as described in the following paragraphs.

The Company has accepted the risk for uninsured claims overpayments for which the Company determined the State was not responsible. At the direction of the TDCI, the Company records the uninsured claims overpayments as claims expense instead of reporting the net gain or loss on the general administrative expense line as required by NAIC SAP.

At the request of the TDCI, the Company does not report the receivables and associated payables related to premiums taxes for Administrative Services Only (ASO) business. The rationale behind the exclusion of these assets and liabilities is that they have no economic impact on the Company. The exclusion of premium taxes for ASO plans became effective in 2003.

The TDCI allows a prescribed practice of admitting the most current 90 days of health care receivables per Tennessee Code Annotated § 56-32-112(a)(5)(D). This prescribed practice differs from the NAIC AP&P, which requires non-admission of health care receivables related to claim overpayments.

At the request of the TDCI, the Company reports gross transactions with the affiliates listed on Schedule Y of the Annual Statement.

There are no differences between NAIC SAP and practices prescribed and permitted by the State of Tennessee with regards to the Company's net income or capital and surplus for the three months ended March 31, 2012 or December 31, 2011.

## 5. Investments

During the first three months of 2012, the Company recognized $19,201 of other-than-temporary impairments (OTTI) on bond holdings.

D. Loan-Backed Securities

(1) Prepayment assumptions are consistent with current market and economic conditions and are obtained from Bloomberg, bond portfolio managers and custodians. Fair values are obtained from custodians using actual market quotes, if available, or matrix pricing of securities with similar terms.

(2) The amount of OTTI recognized on loan-backed securities during the three months ended March 31, 2012, is as follows:

| | Amortized Cost Basis Before OTTI | OTTI Recognized in Loss | Fair Value |
|---|---|---|---|
| OTTI recognized 1st Quarter: | | | |
| Intent to Sell | $ 1,447,092 | $ 19,201 | $ 1,427,891 |
| Inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost | 0 | 0 | 0 |
| Total 1st Quarter | $ 1,447,092 | $ 19,201 | $ 1,427,891 |

(3) The Company recognizes in income the difference between the amortized cost and fair value of loan-backed securities deemed to be subject to other-than-temporary declines in value due to management's intent to sell. The Company has not recognized OTTI solely because the present value of expected cash flows is less than amortized cost.

# Notes to Financial Statement

(4) The aggregate amortized cost and fair value of loan-backed securities where fair value was less than amortized cost at March 31, 2012 and for which OTTI has not been recognized is as follows:

| | At a Loss Less Than 12 Months | At a Loss 12 Months Or Longer | Total |
|---|---|---|---|
| Amortized Cost | $ 8,757,441 | $ 0 | $ 8,757,441 |
| Fair Value | 8,694,196 | 0 | 8,694,196 |
| Unrealized Loss | $ 63,245 | $ 0 | $ 63,245 |

(5) The Company uses a variety of methods and procedures, both quantitative and qualitative, to review and analyze the Company's investment portfolio to identify, on a quarterly basis, securities that management believes to be other-than-temporarily impaired.

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

A. The Company is a subsidiary of Southern Diversified Business Services, Inc. (SDBS). BlueCross BlueShield of Tennessee, Inc. (BCBST) owns 100% of SDBS.

The members of BCBST's holding company group have not changed since December 31, 2011 (see Schedule Y on page Q15).

B&C. The Company paid BCBST for services performed under administrative services and tax sharing agreements. For the three months ended March 31, the Company paid $30,909,845 and $45,062,756 in 2012 and 2011, respectively. Payments are net of reimbursements to the Parent for Cover Tennessee and other operations.

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

C. For the three months ended March 31, 2012, the Company has no wash sales involving transactions for securities with an unrated NAIC designation or a designation of 3 or below (Statement of Statutory Accounting Principles (SSAP) No. 91, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*).

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

A. ASO Plans:

TennCare Select and the Stabilization Plan are ASO arrangements with the State of Tennessee, effective July 1, 2001 and July 1, 2002, respectively. Cash and invested assets related to TennCare Select and the Stabilization Plan are reported in the appropriate categories on the Assets statement. Premium tax receivable from the State of Tennessee is netted against premium tax payable to the State of Tennessee for premium taxes related to ASO plans. Other assets and liabilities related to TennCare Select and the Stabilization Plan are netted and reported either on page 2, line 17 in the category labeled Amounts receivable relating to uninsured plans or on page 3, line 22 in the category labeled Liability for amounts held under uninsured plans.

The gain from operations from ASO plans and the uninsured portion of partially insured plans is as follows during 2012:

| | (1) ASO Uninsured Plans | (2) Uninsured Portion of Partially - Insured Plans | (3) Total ASO Plans |
|---|---|---|---|
| a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses | $ 572,603 | $ 0 | $ 572,603 |
| b. Total net other income (including interest paid to or received from plans) | 0 | 0 | 0 |
| c. Net gain from operations | $ 572,603 | $ 0 | $ 572,603 |
| | | | |
| d. Total claims payment volume | $ 87,197,777 | $ 0 | $ 87,197,777 |

# Notes to Financial Statement

## 20. Fair Value Measurement

A&B. The Company holds only investment grade bonds in its investment portfolio, which are reported at amortized cost in accordance with SSAP No. 26, *Bonds, Excluding Loan-backed and Structured Securities*. The Company is not required to report any of its assets or liabilities at fair value under SSAP No. 100, *Fair Value Measurements*. At March 31, 2012, the average credit rating of the Company's fixed income portfolio was AA. The Company held no equity securities, mutual fund investments, mortgage loans, non-agency residential mortgage-backed securities, Alt-A securities or auction rate securities at March 31, 2012.

C. The Company has categorized its assets and liabilities measured at fair value into the three level hierarchy based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Classification of the assets or liabilities within the fair value hierarchy is based on the lowest level of significant input to its valuation. The guidance defines the input levels as follows:

**Level 1**: Unadjusted quoted prices in active markets for identical assets or liabilities.

**Level 2**: Quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be derived principally from, or corroborated with, observable market data for substantially the full term of the asset or liability.

**Level 3**: Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the asset or liability. Unobservable inputs reflect the reporting entity's own opinions about the assumptions market participants would use in pricing the asset or liability. Level 3 assets include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Transfers between levels, if any, are reflected as of the beginning of the reporting period of the transfer. There were no transfers between levels during the first quarter of 2012.

Fair values are based on quoted market prices when available. In instances where there is little or no market activity for the same or similar instruments, management estimates fair value using methods, models and assumptions a hypothetical market participant would use to determine a current transaction price. These valuation techniques involve estimation and judgment, which could become significant with increasingly complex instruments or pricing models. The degree of judgment utilized in measuring fair value generally correlates to the level of pricing observability. Pricing observability is generally impacted by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and overall market conditions. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

Valuation techniques for estimating fair value are generally categorized into three types. The market approach uses prices and other relevant information from market transactions involving identical or comparable assets or liabilities. The income approach converts future amounts, such as cash flows or earnings, to a single present value. The cost approach is based on the amount that would be required to replace the asset or the service capacity of the asset. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is reasonably available. The Company applied valuation techniques on a consistent basis to similar assets and liabilities at March 31, 2012 and December 31, 2011.

The following tables provide information about the fair value of the Company's financial assets for the period ended March 31, 2012 and December 31, 2011:

| | March 31, 2012 | | | | |
|---|---|---|---|---|---|
| | Aggregate Fair Value | Admitted Assets | Level 1 | Level 2 | Level 3 |
| Bonds issued by U.S. government and government agencies and authorities | $ 50,956,850 | $ 50,779,815 | $ 12,616,597 | $ 38,340,253 | $ 0 |
| Bonds issued by foreign governments | 5,286,955 | 5,277,394 | 0 | 5,286,955 | 0 |
| Agency mortgage-backed securities | 18,102,247 | 17,792,237 | 0 | 18,102,247 | 0 |
| Commercial and non-agency mortgage-backed securities | 6,068,824 | 5,976,078 | 0 | 6,068,824 | 0 |
| Asset-backed securities | 21,540,555 | 21,488,717 | 0 | 21,540,555 | 0 |
| Investment grade corporate bonds | 88,901,004 | 87,733,358 | 0 | 88,901,004 | 0 |
| Total assets at fair value | $190,856,435 | $189,047,599 | $ 12,616,597 | $178,239,838 | $ 0 |

# Notes to Financial Statement

| | December 31, 2011 | | | | |
|---|---|---|---|---|---|
| | Aggregate Fair Value | Admitted Assets | Level 1 | Level 2 | Level 3 |
| Bonds issued by U.S. government and government agencies and authorities | $ 64,650,761 | $ 64,413,653 | $19,794,669 | $ 44,856,092 | $ 0 |
| Bonds issued by foreign governments | 5,262,762 | 5,293,910 | 0 | 5,262,762 | 0 |
| Agency mortgage-backed securities | 12,389,334 | 12,144,622 | 0 | 12,389,334 | 0 |
| Commercial and non-agency mortgage-backed securities | 6,496,177 | 6,426,727 | 0 | 6,496,177 | 0 |
| Asset-backed securities | 23,269,438 | 23,240,778 | 0 | 23,269,438 | 0 |
| Investment grade corporate bonds | 73,811,059 | 73,468,696 | 0 | 73,811,059 | 0 |
| Total assets at fair value | $185,879,531 | $184,988,386 | $19,794,669 | $166,084,862 | $ 0 |

***Level 1 Financial Assets – $12,616,597 and $19,794,669 at March 31, 2012 and December 31, 2011, respectively***

Level 1 financial assets include certain actively-traded short-term investments and bonds. Unadjusted quoted prices for these securities are provided to the Company by independent pricing services.

***Level 2 Financial Assets – $178,239,838 and $166,084,862 at March 31, 2012 and December 31, 2011, respectively***

Level 2 financial assets include certain bonds. Fair values of the bonds reported in this category are provided by independent pricing services. The Company has obtained an understanding of the methods, models and inputs used and has controls in place to validate that amounts provided represent current exit prices. For securities not actively traded, the third party pricing services may use quoted market prices of comparable instruments or models, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds. Management periodically reviews securities in the portfolio with the Company's investment managers and investment consultant. If unusual fluctuations in pricing or variances in pricing from different sources are noted during these reviews, management may obtain additional information from other pricing services, or request an investigation into the evaluation of the security by the pricing service to validate the quoted price. There were no material adjustments to quoted market prices obtained from third party pricing services during the periods ended March 31, 2012 and December 31, 2011.

At March 31, 2012, the Company held commercial mortgage-backed securities with a fair value of $6,068,824 and an average credit rating of AAA and asset-backed securities with a fair value of $21,540,555 and an average credit rating of AAA.

The portfolio of investment-grade commercial mortgaged-backed securities had the following characteristics at March 31, 2012:

- Approximately 16% of the underlying assets were guaranteed or had other credit enhancements and all of the securities were senior-level priority tranches.
- The weighted average maturity of the underlying loans was approximately 2.5 years and the weighted average duration of the securities was approximately 1.9 years.
- The underlying loans were geographically diversified.

The portfolio of investment-grade asset-backed securities had the following characteristics at March 31, 2012:

- Approximately 16% of the underlying assets were guaranteed or had other credit enhancements.
- The weighted average stated maturity of the underlying loans was approximately 4.8 years and the weighted average duration of the securities was approximately 1.3 years.
- The absolute prepayment speed applied to approximately 61% of the asset-backed securities in the portfolio. The estimated weighted average absolute prepayment speed of these securities was approximately 1.3%.

***Level 3 Financial Assets***

The Company held no level 3 financial assets at March 31, 2012 or December 31, 2011.

D. The Company held no financial assets or liabilities for which it was not practicable to estimate the fair value at March 31, 2012 or December 31, 2011.

# Notes to Financial Statement

**21. Other Items**

C. Other Disclosures

1) As of March 31, 2012, assets in the amount of $35,167,385 were on deposit with government authorities or trustees. This amount exceeds the deposit amount required by the State of Tennessee of $34,850,000.

2) Expenses are shown on the Statement of Revenue and Expenses net of administrative fees from ASO contracts. The following provides a comparison of expenses excluding ASO administrative fees and premium tax for the three months ended March 31, 2012 and 2011:

| Line# | Administrative Expenses: | Three Months Ended March 31, 2012 | Three Months Ended March 31, 2011 | % Change |
|---|---|---|---|---|
| 20 | Claims adjustment expense | $ 24,792,809 | $ 27,920,465 | |
| 21 | General administrative expense | 37,252,856 | 33,743,105 | |
| | Total expense | 62,045,665 | 61,663,570 | |
| | Exclude: ASO administrative fees | 13,321,586 | 11,315,152 | |
| | Exclude: Premium tax | (28,355,055) | (28,628,183) | |
| | Expenses before ASO admin fees and excluding premium tax | $ 47,012,196 | $ 44,350,539 | 6.0% |

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

As of December 31, 2011, a reserve for unpaid insured claims and claim adjustment expenses, net of gross health care receivables, amounted to $168,898,036. Through March 31, 2012, $139,259,382 has been paid for expenses attributable to insured events of prior years. The re-estimation of reserves for unpaid insured claims and claim adjustment expenses for 2011 and prior based on the latest information known regarding individual claims, as well as the ongoing analysis of recent loss development trends, resulted in a favorable prior year development of $7,671,706. The reserve related to prior years is $21,966,948 as of March 31, 2012.

**Other Notes**

There have been no significant changes during the first three months of 2012 in notes not presented herein.

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# GENERAL INTERROGATORIES

## 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[ ] N/A[X]

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 the 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<br>Name of Entity | 2<br>NAIC Company Code | 3<br>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[ ] N/A[X]
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. 12/31/2011
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. 12/31/2008
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). 02/23/2011
6.4 By what department or departments?
Tennessee Department of Commerce and Insurance
6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes[ ] No[ ] N/A[X]
6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[ ] N/A[ ]

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 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 Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

| 1<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---|---|---|---|---|---|
| | | Yes[ ] No[X] | Yes[ ] No[X] | Yes[ ] No[X] | Yes[ ] No[X] |

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).

### FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes[ ] No[X]
10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 0

### INVESTMENT

11.1 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]
11.2 If yes, give full and complete information relating thereto:

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

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

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes[ ] No[X]
14.2 If yes, please complete the following:

# GENERAL INTERROGATORIES (Continued)

| | | 1<br>Prior Year-End<br>Book/Adjusted<br>Carrying Value | 2<br>Current Quarter<br>Book/Adjusted<br>Carrying Value |
|---|---|---|---|
| 14.21 | Bonds | | |
| 14.22 | Preferred Stock | | |
| 14.23 | Common Stock | | |
| 14.24 | Short-Term Investments | | |
| 14.25 | Mortgages Loans on Real Estate | | |
| 14.26 | All Other | | |
| 14.27 | Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) | | |
| 14.28 | Total Investment in Parent included in Lines 14.21 to 14.26 above | | |

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes[ ] No[X]
15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[ ] No[ ] N/A[X]
If no, attach a description with this statement.

16. Excluding items in Schedule E - Part 3 - Special Deposits, 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 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No[ ]
16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

| 1<br>Name of Custodian(s) | 2<br>Custodian Address |
|---|---|
| Bank of New York Mellon | One Mellon Center, Pittsburgh, PA 15258 |

16.2 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<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|---|---|---|
| | | |

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes[ ] No[X]
16.4 If yes, give full and complete information relating thereto:

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date<br>of Change | 4<br>Reason |
|---|---|---|---|
| | | | |

16.5 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<br>Central Registration<br>Depository | 2<br>Name(s) | 3<br>Address |
|---|---|---|
| Exempt | BlackRock Financial Management | 40 East 52nd Street, New York, NY 10022 |
| 4161 | Morgan Keegan | 50 Front Street, Memphis, TN 38103 |
| 113972 | Standish Asset Management BNY Mellon Center | 201 Washington Street, Boston, MA 02108 |

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[ ]
17.2 If no, list exceptions:

# GENERAL INTERROGATORIES

## PART 2 - HEALTH

1. Operating Percentages:
   1.1 A&H loss percent ..... 86.600%
   1.2 A&H cost containment percent ..... 3.300%
   1.3 A&H expense percent excluding cost containment expenses ..... 11.700%

2.1 Do you act as a custodian for health savings accounts? Yes[ ] No[X]
2.2 If yes, please provide the amount of custodial funds held as of the reporting date. $..... 0
2.3 Do you act as an administrator for health savings accounts? Yes[ ] No[X]
2.4 If yes, please provide the balance of the funds administered as of the reporting date. $..... 0

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# SCHEDULE S - CEDED REINSURANCE

## Showing All New Reinsurance Treaties - Current Year to Date

| 1<br>NAIC<br>Company<br>Code | 2<br>Federal<br>ID<br>Number | 3<br>Effective<br>Date | 4<br>Name of Reinsurer | 5<br>Domiciliary<br>Jurisdiction | 6<br>Type of<br>Reinsurance<br>Ceded | 7<br>Is Insurer<br>Authorized?<br>(Yes or No) |
|---|---|---|---|---|---|---|
| | | | NONE | | | |
| | | | | | | |

# SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

## Current Year to Date - Allocated by States and Territories

| | | | Direct Business Only | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | State, Etc. | Active Status | 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) | N | | | | | | | | |
| 2. | Alaska (AK) | N | | | | | | | | |
| 3. | Arizona (AZ) | N | | | | | | | | |
| 4. | Arkansas (AR) | N | | | | | | | | |
| 5. | California (CA) | N | | | | | | | | |
| 6. | Colorado (CO) | N | | | | | | | | |
| 7. | Connecticut (CT) | N | | | | | | | | |
| 8. | Delaware (DE) | N | | | | | | | | |
| 9. | District of Columbia (DC) | N | | | | | | | | |
| 10. | Florida (FL) | N | | | | | | | | |
| 11. | Georgia (GA) | N | | | | | | | | |
| 12. | Hawaii (HI) | N | | | | | | | | |
| 13. | Idaho (ID) | N | | | | | | | | |
| 14. | Illinois (IL) | N | | | | | | | | |
| 15. | Indiana (IN) | N | | | | | | | | |
| 16. | Iowa (IA) | N | | | | | | | | |
| 17. | Kansas (KS) | N | | | | | | | | |
| 18. | Kentucky (KY) | N | | | | | | | | |
| 19. | Louisiana (LA) | N | | | | | | | | |
| 20. | Maine (ME) | N | | | | | | | | |
| 21. | Maryland (MD) | N | | | | | | | | |
| 22. | Massachusetts (MA) | N | | | | | | | | |
| 23. | Michigan (MI) | N | | | | | | | | |
| 24. | Minnesota (MN) | N | | | | | | | | |
| 25. | Mississippi (MS) | N | | | | | | | | |
| 26. | Missouri (MO) | N | | | | | | | | |
| 27. | Montana (MT) | N | | | | | | | | |
| 28. | Nebraska (NE) | N | | | | | | | | |
| 29. | Nevada (NV) | N | | | | | | | | |
| 30. | New Hampshire (NH) | N | | | | | | | | |
| 31. | New Jersey (NJ) | N | | | | | | | | |
| 32. | New Mexico (NM) | N | | | | | | | | |
| 33. | New York (NY) | N | | | | | | | | |
| 34. | North Carolina (NC) | N | | | | | | | | |
| 35. | North Dakota (ND) | N | | | | | | | | |
| 36. | Ohio (OH) | N | | | | | | | | |
| 37. | Oklahoma (OK) | N | | | | | | | | |
| 38. | Oregon (OR) | N | | | | | | | | |
| 39. | Pennsylvania (PA) | N | | | | | | | | |
| 40. | Rhode Island (RI) | N | | | | | | | | |
| 41. | South Carolina (SC) | N | | | | | | | | |
| 42. | South Dakota (SD) | N | | | | | | | | |
| 43. | Tennessee (TN) | L | | | 415,418,914 | | | | 415,418,914 | |
| 44. | Texas (TX) | N | | | | | | | | |
| 45. | Utah (UT) | N | | | | | | | | |
| 46. | Vermont (VT) | N | | | | | | | | |
| 47. | Virginia (VA) | N | | | | | | | | |
| 48. | Washington (WA) | N | | | | | | | | |
| 49. | West Virginia (WV) | N | | | | | | | | |
| 50. | Wisconsin (WI) | N | | | | | | | | |
| 51. | Wyoming (WY) | N | | | | | | | | |
| 52. | American Samoa (AS) | N | | | | | | | | |
| 53. | Guam (GU) | N | | | | | | | | |
| 54. | Puerto Rico (PR) | N | | | | | | | | |
| 55. | U.S. Virgin Islands (VI) | N | | | | | | | | |
| 56. | Northern Mariana Islands (MP) | N | | | | | | | | |
| 57. | Canada (CN) | N | | | | | | | | |
| 58. | Aggregate other alien (OT) | XXX | | | | | | | | |
| 59. | Subtotal | XXX | | | 415,418,914 | | | | 415,418,914 | |
| 60. | Reporting entity contributions for Employee Benefit Plans | XXX | | | | | | | | |
| 61. | Total (Direct Business) | (a) 1 | | | 415,418,914 | | | | 415,418,914 | |
| **DETAILS OF WRITE-INS** | | | | | | | | | | |
| 5801. | | XXX | | | | | | | | |
| 5802. | | XXX | | | | | | | | |
| 5803. | | XXX | | | | | | | | |
| 5898. | Summary of remaining write-ins for Line 58 from overflow page | XXX | | | | | | | | |
| 5899. | TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above) | XXX | | | | | | | | |

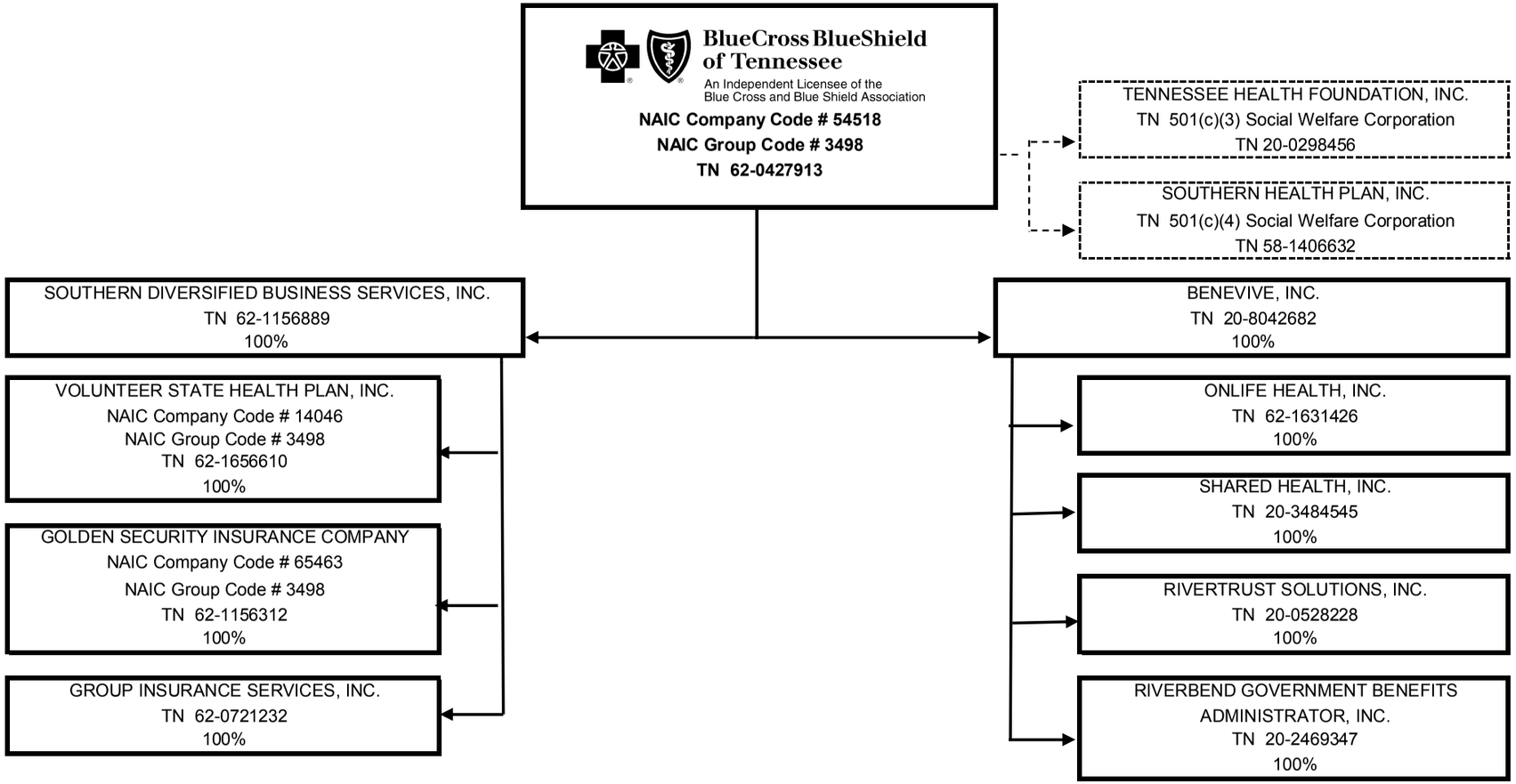
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

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

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

## MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 - ORGANIZATIONAL CHART



# SCHEDULE Y

## PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1<br>Group Code | 2<br>Group Name | 3<br>NAIC Company Code | 4<br>Federal ID Number | 5<br>FEDERAL RSSD | 6<br>CIK | 7<br>Name of Securities Exchange if Publicly Traded (U.S. or International) | 8<br>Name of Parent Subsidiaries or Affiliates | 9<br>Domiciliary Location | 10<br>Relationship to Reporting Entity | 11<br>Directly Controlled by (Name of Entity / Person) | 12<br>Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other) | 13<br>If Control is Ownership Provide Percentage | 14<br>Ultimate Controlling Entity(ies) / Person(s) | 15<br>* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3498 | BlueCross BlueShield of Tennessee | 54518 | 62-0427913 | | | | BlueCross BlueShield of Tennessee, Inc. | TN | UIP | | | | | |
| 3498 | BlueCross BlueShield of Tennessee | 14046 | 62-1656610 | | | | Volunteer State Heatlh Plan, Inc. | TN | | Southern Diversified Business Services, Inc. | Ownership | 100.0 | BlueCross BlueShield of Tennessee, Inc. | |
| | | 00000 | 20-0298456 | | | | Tennessee Health Foundation, Inc. | TN | OTH | BlueCross BlueShield of Tennessee, Inc. | Board of Directors | | BlueCross BlueShield of Tennessee, Inc. | 1 |
| | | 00000 | 58-1406632 | | | | Southern Health Plan | TN | OTH | BlueCross BlueShield of Tennessee, Inc. | Board of Directors | | BlueCross BlueShield of Tennessee, Inc. | 2 |
| | | 00000 | 62-1156889 | | | | Southern Diversified Business Services, Inc. | TN | UDP | BlueCross BlueShield of Tennessee, Inc. | Ownership | 100.0 | BlueCross BlueShield of Tennessee, Inc. | |
| | | 00000 | 62-0721232 | | | | Group Insurance Services | TN | IA | Southern Diversified Business Services, Inc. | Ownership | 100.0 | BlueCross BlueShield of Tennessee, Inc. | |
| 3498 | BlueCross BlueShield of Tennessee | 65463 | 62-1156312 | | | | Golden Security Insurance Company | TN | IA | Southern Diversified Business Services, Inc. | Ownership | 100.0 | BlueCross BlueShield of Tennessee, Inc. | |
| | | 00000 | 20-8042682 | | | | BeneVive, Inc. | TN | NIA | BlueCross BlueShield of Tennessee, Inc. | Ownership | 100.0 | BlueCross BlueShield of Tennessee, Inc. | |
| | | 00000 | 20-3484545 | | | | Shared Heatlh, Inc. | TN | NIA | BeneVive, Inc. | Ownership | 100.0 | BlueCross BlueShield of Tennessee, Inc. | |
| | | 00000 | 20-0528228 | | | | RiverTrust Solutions, Inc. | TN | NIA | BeneVive, Inc. | Ownership | 100.0 | BlueCross BlueShield of Tennessee, Inc. | |
| | | 00000 | 20-2469347 | | | | Riverbend Government Benefits Administrator, Inc. | TN | NIA | BeneVive, Inc. | Ownership | 100.0 | BlueCross BlueShield of Tennessee, Inc. | |
| | | 00000 | 62-1631426 | | | | Onlife Health, Inc. | TN | NIA | BeneVive, Inc. | Ownership | 100.0 | BlueCross BlueShield of Tennessee, Inc. | |

| Asterisk | Explanation |
|---|---|
| 0000001 | BlueCross BlueShield of Tennessee, Inc. appoints the Board of Tennessee Health Foundation, Inc. |
| 0000002 | BlueCross BlueShield of Tennessee, Inc. appoints the Board of Southern Health Plan, Inc. doing business as BlueCross BlueShield of Tennessee Community Trust |

# 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? | No |

Explanations:

Bar Codes:

Medicare Part D Coverage Supplement

14046201236500001 2012 Document Code: 365

## OVERFLOW PAGE FOR WRITE-INS

# LIABILITIES, CAPITAL AND SURPLUS

| | Current Period | | | Prior Year |
|---|---|---|---|---|
| | 1<br>Covered | 2<br>Uncovered | 3<br>Total | 4<br>Total |
| 2304. Liquidated Damages Accrual | 16,850 | | 16,850 | 29,700 |
| 2305. Due State of Tennessee | | | | 3,473 |
| 2306. | | | | |
| 2397. Summary of remaining write-ins for Line 23 (Lines 2304 through 2396) | 16,850 | | 16,850 | 33,173 |

# STATEMENT OF REVENUE AND EXPENSES

| | Current Year To Date | | Prior Year To Date | Prior Year Ended December 31 |
|---|---|---|---|---|
| | 1<br>Uncovered | 2<br>Total | 3<br>Total | 4<br>Total |
| 0604. | XXX | | | |
| 0605. | XXX | | | |
| 0606. | XXX | | | |
| 0607. | XXX | | | |
| 0608. | XXX | | | |
| 0609. | XXX | | | |
| 0610. | XXX | | | |
| 0611. | XXX | | | |
| 0612. | XXX | | | |
| 0613. | XXX | | | |
| 0614. | XXX | | | |
| 0615. | XXX | | | |
| 0616. | XXX | | | |
| 0617. | XXX | | | |
| 0618. | XXX | | | |
| 0619. | XXX | | | |
| 0697. Summary of remaining write-ins for Line 6 (Lines 0604 through 0696) | XXX | | | |
| 1404. | | | | |
| 1497. Summary of remaining write-ins for Line 14 (Lines 1404 through 1496) | | | | |

# STATEMENT OF REVENUE AND EXPENSES (Continued)

| | 1<br>Current Year To Date | 2<br>Prior Year To Date | 3<br>Prior Year Ended December 31 |
|---|---|---|---|
| 4704. | | | |
| 4705. | | | |
| 4706. | | | |
| 4707. | | | |
| 4708. | | | |
| 4709. | | | |
| 4710. | | | |
| 4711. | | | |
| 4712. | | | |
| 4713. | | | |
| 4714. | | | |
| 4715. | | | |
| 4716. | | | |
| 4717. | | | |
| 4718. | | | |
| 4797. Summary of remaining write-ins for Line 47 (Lines 4704 through 4796) | | | |

# SCHEDULE A - VERIFICATION

**Real Estate**

NONE

| | | 1<br>Year To Date | 2<br>Prior Year Ended December 31 |
|---|---|---|---|
| 1. | Book/adjusted carrying value, December 31 of prior year | | |
| 2. | Cost of acquired | | |
| | 2.1 Actual cost at time of acquisition | | |
| | 2.2 Additional investment made after acquisition | | |
| 3. | Current year change in encumbrances | | |
| 4. | Total gain (loss) on disposals | | |
| 5. | Deduct amounts received on disposals | | |
| 6. | Total foreign exchange change in book/adjusted carrying va | | |
| 7. | Deduct current year's other than temporary impairment recognized | | |
| 8. | Deduct current year's depreciation | | |
| 9. | Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8 ) | | |
| 10. | Deduct total nonadmitted amounts | | |
| 11. | Statement value at end of current period (Line 9 minus Line 10) | | |

# SCHEDULE B - VERIFICATION

**Mortgage Loans**

NONE

| | | 1<br>Year To Date | 2<br>Prior Year Ended December 31 |
|---|---|---|---|
| 1. | Book value/recorded investment excluding accrued interest, December 31 of prior year | | |
| 2. | Cost of acquired: | | |
| | 2.1 Actual cost at time of acquisition | | |
| | 2.2 Additional investment made after acquisition | | |
| 3. | Capitalized deferred interest and other | | |
| 4. | Accrual of discount | | |
| 5. | Unrealized valuation increase (decrease) | | |
| 6. | Total gain (loss) on disposals | | |
| 7. | Deduct amounts received on disposals | | |
| 8. | Deduct amortization of premium and mortgage interest poin | | |
| 9. | Total foreign exchange change in book value/recorded inve | | |
| 10. | Deduct current year's other than temporary impairment recognized | | |
| 11. | Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) | | |
| 12. | Total valuation allowance | | |
| 13. | Subtotal (Line 11 plus Line 12) | | |
| 14. | Deduct total nonadmitted amounts | | |
| 15. | Statement value at end of current period (Line 13 minus Line 14) | | |

# SCHEDULE BA - VERIFICATION

**Other Long-Term Invested Assets**

NONE

| | | 1<br>Year To Date | 2<br>Prior Year Ended December 31 |
|---|---|---|---|
| 1. | Book/adjusted carrying value, December 31 of prior year | | |
| 2. | Cost of acquired: | | |
| | 2.1 Actual cost at time of acquisition | | |
| | 2.2 Additional investment made after acquisition | | |
| 3. | Capitalized deferred interest and other | | |
| 4. | Accrual of discount | | |
| 5. | Unrealized valuation increase (decrease) | | |
| 6. | Total gain (loss) on disposals | | |
| 7. | Deduct amounts received on disposals | | |
| 8. | Deduct amortization of premium and depreciation | | |
| 9. | Total foreign exchange change in book/adjusted carrying value | | |
| 10. | Deduct current year's other than temporary impairment recognized | | |
| 11. | Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) | | |
| 12. | Deduct total nonadmitted amounts | | |
| 13. | Statement value at end of current period (Line 11 minus Line 12) | | |

# SCHEDULE D - VERIFICATION

**Bonds and Stocks**

| | | 1<br>Year To Date | 2<br>Prior Year Ended December 31 |
|---|---|---|---|
| 1. | Book/adjusted carrying value of bonds and stocks, December 31 of prior year | 184,988,386 | 160,847,485 |
| 2. | Cost of bonds and stocks acquired | 36,579,067 | 195,561,830 |
| 3. | Accrual of discount | 9,490 | 59,130 |
| 4. | Unrealized valuation increase (decrease) | 32,139 | (12,684) |
| 5. | Total gain (loss) on disposals | 56,119 | 605,250 |
| 6. | Deduct consideration for bonds and stocks disposed of | 32,036,665 | 169,827,029 |
| 7. | Deduct amortization of premium | 561,736 | 2,225,633 |
| 8. | Total foreign exchange change in book/adjusted carrying value | | |
| 9. | Deduct current year's other than temporary impairment recognized | 19,201 | 19,963 |
| 10. | Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) | 189,047,599 | 184,988,386 |
| 11. | Deduct total nonadmitted amounts | | |
| 12. | Statement value at end of current period (Line 10 minus Line 11) | 189,047,599 | 184,988,386 |

# 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<br>Book/Adjusted Carrying Value Beginning of Current Quarter | 2<br>Acquisitions During Current Quarter | 3<br>Dispositions During Current Quarter | 4<br>Non-Trading Activity During Current Quarter | 5<br>Book/Adjusted Carrying Value End of First Quarter | 6<br>Book/Adjusted Carrying Value End of Second Quarter | 7<br>Book/Adjusted Carrying Value End of Third Quarter | 8<br>Book/Adjusted Carrying Value December 31 Prior Year |
|---|---|---|---|---|---|---|---|---|
| **BONDS** | | | | | | | | |
| 1. Class 1 (a) | 306,705,800 | 936,259,865 | 895,264,499 | (560,042) | 347,141,124 | | | 306,705,800 |
| 2. Class 2 (a) | | | | | | | | |
| 3. Class 3 (a) | | | | | | | | |
| 4. Class 4 (a) | | | | | | | | |
| 5. Class 5 (a) | | | | | | | | |
| 6. Class 6 (a) | | | | | | | | |
| 7. Total Bonds | 306,705,800 | 936,259,865 | 895,264,499 | (560,042) | 347,141,124 | | | 306,705,800 |
| **PREFERRED STOCK** | | | | | | | | |
| 8. Class 1 | | | | | | | | |
| 9. Class 2 | | | | | | | | |
| 10. Class 3 | | | | | | | | |
| 11. Class 4 | | | | | | | | |
| 12. Class 5 | | | | | | | | |
| 13. Class 6 | | | | | | | | |
| 14. Total Preferred Stock | | | | | | | | |
| 15. Total Bonds & Preferred Stock | 306,705,800 | 936,259,865 | 895,264,499 | (560,042) | 347,141,124 | | | 306,705,800 |

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 $.....50,165,341; NAIC 2 $.....0; NAIC 3 $.....0; NAIC 4 $.....0; NAIC 5 $.....0; NAIC 6 $.....0

# SCHEDULE DA - PART 1

**Short - Term Investments**

| | 1<br>Book/Adjusted Carrying Value | 2<br>Par Value | 3<br>Actual Cost | 4<br>Interest Collected Year To Date | 5<br>Paid for Accrued Interest Year To Date |
|---|---|---|---|---|---|
| 9199999. Totals | 115,891,513 | X X X | 115,930,450 | 48,378 | 8,309 |

# SCHEDULE DA - Verification

**Short-Term Investments**

| | | 1<br>Year To Date | 2<br>Prior Year Ended December 31 |
|---|---|---|---|
| 1. | Book/adjusted carrying value, December 31 of prior year | 86,557,761 | 277,567,425 |
| 2. | Cost of short-term investments acquired | 466,682,816 | 1,837,898,507 |
| 3. | Accrual of discount | | |
| 4. | Unrealized valuation increase (decrease) | | |
| 5. | Total gain (loss) on disposals | (41) | |
| 6. | Deduct consideration received on disposals | 437,328,287 | 2,028,889,700 |
| 7. | Deduct amortization of premium | 20,736 | 18,471 |
| 8. | Total foreign exchange change in book/adjusted carrying value | | |
| 9. | Deduct current year's other than temporary impairment recognized | | |
| 10. | Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) | 115,891,513 | 86,557,761 |
| 11. | Deduct total nonadmitted amounts | | |
| 12. | Statement value at end of current period (Line 10 minus Line 11) | 115,891,513 | 86,557,761 |

# SCHEDULE DB - PART A - VERIFICATION

**Options, Caps, Floors, Collars, Swaps and Forwards**

| | | |
|---|---|---|
| 1. | Book Adjusted Carrying Value, December 31, prior year (Line 9, prior year) | |
| 2. | Cost Paid/(Consideration Received) on additions | |
| 3. | Unrealized Valuation increase/(decrease) | |
| 4. | Total gain (loss) on termination recognized | |
| 5. | Considerations received/(paid) on terminations | |
| 6. | Amortization | |
| 7. | Adjustment to the Book/Adjusted Carrying Value of hed | |
| 8. | Total foreign exchange change in Book/Adjusted Carrying value | |
| 9. | Book/Adjusted Carrying Value at End of Current Period (Lines 1 + 2 + 3 + 4 - 5 + 6 + 7 + 8) | |
| 10. | Deduct nonadmitted assets | |
| 11. | Statement value at end of current period (Line 9 minus Line 10) | |

NONE

# SCHEDULE DB - PART B - VERIFICATION

**Futures Contracts**

| | | | | | |
|---|---|---|---|---|---|
| 1. | Book/Adjusted Carrying Value, December 31 of prior year | | | | |
| 2. | Net Cash Deposits (Section 1, Broker Name/Net Cash Deposits Footnote) | | | | |
| 3.1 | Change in variation margin on open contracts | | | | |
| 3.2 | Add: | | | | |
| Change in adjustment to basis of hedged item | | | | | |
| | 3.21 Section 1, Column 17, current year to date minus | | | | |
| | 3.22 Section 1, Column 17, prior year | | | | |
| Change in amount recognized | | | | | |
| | 3.23 Section 1, Column 16, current year to date minus | | | | |
| | 3.24 Section 1, Column 16, prior year | | | | |
| 3.3 | Subtotal (Line 3.1 minus Line 3.2) | | | | |
| 4.1 | Variation Margin on terminated contracts during the ye | | | | |
| 4.2 | Less: | | | | |
| | 4.21 Amount used to adjust basis of hedged item | | | | |
| | 4.22 Amount recognized | | | | |
| 4.3 | Subtotal (Line 4.1 minus Line 4.2) | | | | |
| 5. | Dispositions gains (losses) on contracts terminated in prior year: | | | | |
| | 5.1 Recognized | | | | |
| | 5.2 Used to adjust basis of hedged items | | | | |
| 6. | Book/Adjusted Carrying Value at end of current period (Lines 1 + 2 + 3.3 - 4.3 - 5.1 - 5.2) | | | | |
| 7. | Deduct total nonadmitted amounts | | | | |
| 8. | Statement value at end of current period (Line 6 minus Line 7) | | | | |

NONE

# SCHEDULE DB - PART C - SECTION 1

## Replication (Synthetic Asset) Transactions Open as of Current Statement Date

| Replication (Synthetic Asset) Transactions | | | | | | | | Components of the Replication (Synthetic Asset) Transactions | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Derivative Instrument(s) Open | | | Cash Instrument(s) Held | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| Number | Description | NAIC Designation or Other Description | Notional Amount | Book/Adjusted Carrying Value | Fair Value | Effective Date | Maturity Date | Description | Book/Adjusted Carrying Value | Fair Value | CUSIP | Description | NAIC Designation or Other Description | Book/Adjusted Carrying Value | Fair Value |
| NONE | | | | | | | | | | | | | | | |
| 9999999 Totals | | | | | | XXX | XXX | XXX | | | XXX | XXX | XXX | | |

# SCHEDULE DB - PART C - SECTION 2

## Replication (Synthetic Asset) Transactions Open

| | First Quarter | | Second Quarter | | Third Quarter | | Fourth Quarter | | Year-To-Date | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1<br>Number of Positions | 2<br>Total Replication (Synthetic Asset) Transactions Statement Value | 3<br>Number of Positions | 4<br>Total Replication (Synthetic Asset) Transactions Statement Value | 5<br>Number of Positions | 6<br>Total Replication (Synthetic Asset) Transactions Statement Value | 7<br>Number of Positions | 8<br>Total Replication (Synthetic Asset) Transactions Statement Value | 9<br>Number of Positions | 10<br>Total Replication (Synthetic Asset) Transactions Statement Value |
| 1. Beginning Inventory | | | | | | | | | | |
| 2. Add: Opened or Acquired Transactions | | | | | | | | | | |
| 3. Add: Increases in Replication (Synthetic Asset) Transactions Statement Value | XXX | | XXX | | XXX | | XXX | | XXX | |
| 4. Less: Closed or Disposed of Transactions | | | | | | | | | | |
| 5. Less: Positions Disposed of for Failing Effectiveness Criteria | | | | | | | | | | |
| 6. Less: Decreases in Replication (Synthetic Asset) Transactions Statement Value | XXX | | XXX | | XXX | | XXX | | XXX | |
| 7. Ending Inventory | | | | | | | | | | |

NONE

# SCHEDULE DB - VERIFICATION

**Verification of Book/Adjusted Carrying Value, Fair Value and Potential Exposure of all Open Derivative Contracts**

| | Book/Adjusted Carrying Value Check | |
|---|---|---|
| 1. Part A, Section 1, Column 14 | | |
| 2. Part B, Section 1, Column 14 | | |
| 3. Total (Line 1 plus Line 2) | | |
| 4. Part D, Column 5 | | |
| 5. Part D, Column 6 | | |
| 6. Total (Line 3 minus Line 4 minus Line 5) | | |

| | Fair Value Check | |
|---|---|---|
| 7. Part A, Section 1, Column 16 | | |
| 8. Part B, Section 1, Column 13 | | |
| 9. Total (Line 7 plus Line 8) | | |
| 10. Part D, Column 8 | | |
| 11. Part D, Column 9 | | |
| 12. Total (Line 9 minus Line 10 minus Line 11) | | |

**N O N E**

| | Potential Exposure Check | |
|---|---|---|
| 13. Part A, Section 1, Column 21 | | |
| 14. Part B, Section 1, Column 19 | | |
| 15. Part D, Column 11 | | |
| 16. Total (Line 13 plus Line 14 minus Line 15) | | |

# SCHEDULE E - Verification

**(Cash Equivalents)**

| | | 1<br>Year To Date | 2<br>Prior Year Ended December 31 |
|---|---|---|---|
| 1. | Book/adjusted carrying value, December 31 of prior year | 35,159,655 | |
| 2. | Cost of cash equivalents acquired | 432,997,982 | 73,186,787 |
| 3. | Accrual of discount | | |
| 4. | Unrealized valuation increase (decrease) | | |
| 5. | Total gain (loss) on disposals | | |
| 6. | Deduct consideration received on disposals | 425,955,625 | 38,027,132 |
| 7. | Deduct amortization of premium | | |
| 8. | Total foreign exchange change in book/adjusted carrying value | | |
| 9. | Deduct current year's other than temporary impairment recognized | | |
| 10. | Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) | 42,202,012 | 35,159,655 |
| 11. | Deduct total nonadmitted amounts | | |
| 12. | Statement value at end of current period (Line 10 minus Line 11) | 42,202,012 | 35,159,655 |

# SCHEDULE A - PART 2

## Showing all Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter

| 1 | Location | | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|
| | 2 | 3 | | | | | | |
| Description of Property | City | State | Date Acquired | Name of Vendor | Actual Cost at Time of Acquisition | Amount of Encumbrances | Book/Adjusted Carrying Value Less Encumbrances | Additional Investment Made After Acquisition |
| NONE | | | | | | | | |
| 0399999 Totals | | | | | | | | |

# SCHEDULE A - PART 3

## Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract"

| 1 | Location | | 4 | 5 | 6 | 7 | 8 | Change in Book/Adjusted Carrying Value Less Encumbrances | | | | | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2 | 3 | | | | | | 9 | 10 | 11 | 12 | 13 | | | | | | | |
| Description of Property | City | State | Disposal Date | Name of Purchaser | Actual Cost | Expended for Additions, Permanent Improvements and Changes in Encumbrances | Book/Adjusted Carrying Value Less Encumbrances Prior Year | Current Year's Depreciation | Current Year's Other Than Temporary Impairment Recognized | Current Year's Change in Encumbrances | Total Change in B/A C.V. (11 - 9 - 10) | Total Foreign Exchange Change in B/A C.V. | Book/Adjusted Carrying Value Less Encumbrances on Disposal | Amounts Received During Year | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Gross Income Earned Less Interest Incurred on Encumbrances | Taxes, Repairs and Expenses Incurred |
| NONE | | | | | | | | | | | | | | | | | | | |
| 0399999 Totals | | | | | | | | | | | | | | | | | | | |

# SCHEDULE B - PART 2

## Showing All Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Quarter

| 1 | Location | | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|
| | 2 | 3 | | | | | | |
| Loan Number | City | State | Loan Type | Date Acquired | Rate of Interest | Actual Cost at Time of Acquisition | Additional Investment Made After Acquisition | Value of Land and Buildings |
| NONE | | | | | | | | |
| 3399999 Total Mortgages (sum of Lines 0899999, 1699999, 2499999 and 3299999) | | | | | | | | |

# SCHEDULE B - PART 3

## Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

| 1 | Location | | 4 | 5 | 6 | 7 | Change in Book Value/Recorded Investment | | | | | | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2 | 3 | | | | | 8 | 9 | 10 | 11 | 12 | 13 | | | | | |
| Loan Number | City | State | Loan Type | Date Acquired | Disposal Date | Book Value/Recorded Investment Excluding Accrued Interest Prior Year | Unrealized Valuation Increase (Decrease) | Current Year's (Amortization)/ Accretion | Current Year's Other Than Temporary Impairment Recognized | Capitalized Deferred Interest and Other | Total Change in Book Value (8+9-10+11) | Total Foreign Exchange Change in Book Value | Book Value/Recorded Investment Excluding Accrued Interest on Disposal | Consider-ation | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal |
| NONE | | | | | | | | | | | | | | | | | |
| 0599999 Totals | | | | | | | | | | | | | | | | | |

# SCHEDULE BA - PART 2

## Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

| 1 | 2 | Location | | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 3 | 4 | | | | | | | | | |
| CUSIP Identification | Name or Description | City | State | Name of Vendor or General Partner | NAIC Designation | Date Originally Acquired | Type and Strategy | Actual Cost at Time of Acquisition | Additional Investment Made After Acquisition | Amount of Encumbrances | Commitment for Additional Investment | Percentage of Ownership |
| NONE | | | | | | | | | | | | |
| 4199999 TOTALS | | | | | | | | | | | | XXX |

# SCHEDULE BA - PART 3

## Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

| 1 | 2 | Location | | 5 | 6 | 7 | 8 | Change in Book/Adjusted Carrying Value | | | | | | 15 | 16 | 17 | 18 | 19 | 20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 3 | 4 | | | | | 9 | 10 | 11 | 12 | 13 | 14 | | | | | | |
| CUSIP Identification | Name or Description | City | State | Name of Purchaser or Nature of Disposal | Date Originally Acquired | Disposal Date | Book/Adjusted Carrying Value Less Encumbrances, Prior Year | Unrealized Valuation Increase (Decrease) | Current Year's (Depreciation) or (Amortization)/ Accretion | Current Year's Other Than Temporary Impairment Recognized | Capitalized Deferred Interest and Other | Total Change in B./A.C.V. (9 + 10 - 11 + 12) | Total Foreign Exchange Change in B./A.C.V. | Book/Adjusted Carrying Value Less Encumbrances on Disposal | Consideration | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Investment Income |
| NONE | | | | | | | | | | | | | | | | | | | |
| 4199999 TOTALS | | | | | | | | | | | | | | | | | | | |

# SCHEDULE D - PART 3

## Show All Long-Term Bonds and Stock Acquired During the Current Quarter

| 1<br>CUSIP Identification | 2<br>Description | 3<br>Foreign | 4<br>Date Acquired | 5<br>Name of Vendor | 6<br>Number of Shares of Stock | 7<br>Actual Cost | 8<br>Par Value | 9<br>Paid for Accrued Interest and Dividends | 10<br>NAIC Designation or Market Indicator (a) |
|---|---|---|---|---|---|---|---|---|---|
| **Bonds - U.S. Governments** | | | | | | | | | |
| 912828KF6 | U S TREASURY NOTE | | 02/14/2012 | RBS SECURITIES INC, GREEN | X X X | 2,012,010 | 1,950,000.00 | 16,875 | 1 |
| 912828NL0 | U S TREASURY NOTE | | 03/09/2012 | Goldman Sachs NY | X X X | 1,670,943 | 1,600,000.00 | 5,934 | 1 |
| 912828SB7 | U S TREASURY NOTE | | 03/01/2012 | Morgan Stanley | X X X | 1,358,730 | 1,360,000.00 | 290 | 1 |
| 912828NP1 | UNITED STATES TREASURY NOTE | | 02/17/2012 | Morgan Stanley | X X X | 1,354,290 | 1,300,000.00 | 1,313 | 1 |
| 0599999 Subtotal - Bonds - U.S. Governments | | | | | X X X | 6,395,973 | 6,210,000.00 | 24,412 | X X X |
| **Bonds - U.S. Special Revenue, Special Assessment** | | | | | | | | | |
| 3136FT4N6 | FEDERAL NATL MTG ASSN | | 03/22/2012 | VSHP - Pledged Assets | X X X | 2,994,375 | 3,000,000.00 | | 1 |
| 3137A0MF9 | FHLMC MULTICLASS MTG 3688 CA | | 03/21/2012 | Deutsche Bank Secs | X X X | 920,436 | 891,733.32 | 2,167 | 1 |
| 3199999 Subtotal - Bonds - U.S. Special Revenue, Special Assessment | | | | | X X X | 3,914,811 | 3,891,733.32 | 2,167 | X X X |
| **Bonds - Industrial and Miscellaneous (Unaffiliated)** | | | | | | | | | |
| 00206RBB7 | AT&T INC | | 02/08/2012 | Credit Suisse | X X X | 1,998,580 | 2,000,000.00 | | 1FE |
| 06406HBN8 | BANK OF NEW YORK MELLON | | 03/01/2012 | Barclays Capital | X X X | 526,970 | 500,000.00 | 2,196 | 1FE |
| 111320AB3 | BROADCOM CORP | | 01/11/2012 | Keybanc Capital Mkts | X X X | 1,011,280 | 1,000,000.00 | 3,167 | 1FE |
| 14313GAB3 | CARMAX AUTO OWNER TRUST 1 A2 | | 02/07/2012 | JPMorgan Securities Inc, | X X X | 699,952 | 700,000.00 | | 1FE |
| 15200WAA3 | CENTERPOINT ENERGY TRANSI 1 A1 | | 01/11/2012 | Goldman Sachs NY | X X X | 1,139,999 | 1,140,000.00 | | 1FE |
| 172967FH9 | CITIBANK INC | | 01/27/2012 | Morgan Stanley | X X X | 422,236 | 400,000.00 | 2,344 | 1FE |
| 172967FS5 | CITIGROUP INC | | 01/31/2012 | JPMorgan Securities Inc, | X X X | 1,028,910 | 1,000,000.00 | 5,271 | 1FE |
| 191216AW0 | COCA-COLA CO/THE | | 03/09/2012 | Deutsche Bank Secs | X X X | 800,000 | 800,000.00 | | 1FE |
| 264399EM4 | DUKE ENERGY CAROLINAS LLC | | 02/29/2012 | Keybanc Capital Mkts | X X X | 575,980 | 500,000.00 | 11,336 | 1FE |
| 36962G5M2 | GENERAL ELEC CAP CORP | | 02/03/2012 | VARIOUS | X X X | 2,531,239 | 2,500,000.00 | 2,252 | 1FE |
| 38141EA74 | GOLDMAN SACHS GROUP INC | | 01/25/2012 | Goldman Sachs NY | X X X | 655,447 | 650,000.00 | 11,958 | 1FE |
| 38141GEA8 | GOLDMAN SACHS GROUP INC SR NT | | 01/19/2012 | Goldman Sachs NY | X X X | 1,423,510 | 1,375,000.00 | 1,762 | 1FE |
| 47787BAB1 | JOHN DEERE OWNER TRUST A A2 | | 02/22/2012 | JPMorgan Securities Inc, | X X X | 984,987 | 985,000.00 | | 1FE |
| 46625HCE8 | JPMORGAN CHASE & CO | | 02/02/2012 | VARIOUS | X X X | 3,267,750 | 3,000,000.00 | 61,750 | 1FE |
| 46625HHR4 | JPMORGAN CHASE & CO | | 01/25/2012 | JPMorgan Securities Inc, | X X X | 489,821 | 471,000.00 | 1,601 | 1FE |
| 59156RAW8 | METLIFE INC | | 01/31/2012 | Stifel Nicolaus | X X X | 669,065 | 650,000.00 | 7,590 | 1FE |
| 61747YCT0 | MORGAN STANLEY | | 02/01/2012 | Morgan Stanley | X X X | 1,203,722 | 1,225,000.00 | 11,035 | 1FE |
| 64952WBE2 | NEW YORK LIFE GLOBAL FDG | | 01/09/2012 | Credit Suisse | X X X | 1,523,353 | 1,525,000.00 | | 1FE |
| 65475UAB8 | NISSAN AUTO RECEIVABLES O A A2 | | 02/15/2012 | JPMorgan Securities Inc, | X X X | 749,931 | 750,000.00 | | 1FE |
| 693476BG7 | PNC FUNDING CORP | | 01/19/2012 | Keybanc Capital Mkts | X X X | 500,131 | 458,000.00 | 6,651 | 1FE |
| 693476BH5 | PNC FUNDING CORP | | 01/26/2012 | Keybanc Capital Mkts | X X X | 799,135 | 750,000.00 | 13,015 | 1FE |
| 74254PYF3 | PRINCIPAL LIFE INCOME FUNDING | | 03/07/2012 | Goldman Sachs NY | X X X | 555,510 | 500,000.00 | 10,406 | 1FE |
| 742718DX4 | PROCTER & GAMBLE CO/THE | | 02/01/2012 | Goldman Sachs NY | X X X | 600,000 | 600,000.00 | | 1FE |
| 755111BV2 | RAYTHEON COMPANY | | 03/01/2012 | U S Bancorp | X X X | 612,402 | 600,000.00 | 2,100 | 1FE |
| 959802AJ8 | WESTERN UNION CO/THE | | 03/20/2012 | VARIOUS | X X X | 1,498,375 | 1,359,000.00 | 4,120 | 1FE |
| 3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated) | | | | | X X X | 26,268,285 | 25,438,000.00 | 158,554 | X X X |
| 8399997 Subtotal - Bonds - Part 3 | | | | | X X X | 36,579,069 | 35,539,733.32 | 185,133 | X X X |
| 8399998 Summary Item from Part 5 for Bonds (N/A to Quarterly) | | | | | X X X | X X X | X X X | X X X | X X X |
| 8399999 Subtotal - Bonds | | | | | X X X | 36,579,069 | 35,539,733.32 | 185,133 | X X X |
| 8999998 Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly) | | | | | X X X | X X X | X X X | X X X | X X X |
| 9799998 Summary Item from Part 5 for Common Stocks (N/A to Quarterly) | | | | | X X X | X X X | X X X | X X X | X X X |
| 9899999 Subtotal - Preferred and Common Stocks | | | | | X X X | | X X X | | X X X |

# SCHEDULE D - PART 3

**Show All Long-Term Bonds and Stock Acquired During the Current Quarter**

| 1<br>CUSIP Identification | 2<br>Description | 3<br>Foreign | 4<br>Date Acquired | 5<br>Name of Vendor | 6<br>Number of Shares of Stock | 7<br>Actual Cost | 8<br>Par Value | 9<br>Paid for Accrued Interest and Dividends | 10<br>NAIC Designation or Market Indicator (a) |
|---|---|---|---|---|---|---|---|---|---|
| 9999999 Total - Bonds, Preferred and Common Stocks | | | | | XXX | 36,579,069 | XXX | 185,133 | 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 Stocks Sold, Redeemed or Otherwise Disposed of 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 | Stated Contractual Maturity Date | NAIC Designation or Market Indicator (a) |
| **Bonds - U.S. Governments** | | | | | | | | | | | | | | | | | | | | | |
| 313375BT3 | FEDERAL HOME LN BK CONS BD | | 02/28/2012 | CALLED @ 100.0000000 | XXX | 2,500,000 | 2,500,000.00 | 2,500,000 | 2,500,000 | | | | | | 2,500,000 | | | | 1,750 | 09/07/2012 | 1 |
| 3133XXBJ5 | FEDERAL HOME LN BK CONS BD | | 03/09/2012 | CALLED @ 100.0000000 | XXX | 3,000,000 | 3,000,000.00 | 3,026,190 | 3,002,510 | | (2,510) | | (2,510) | | 3,000,000 | | | | 42,750 | 03/09/2015 | 1 |
| 36211V6Q8 | GNMA POOL #0524779 | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 45,652 | 45,652.32 | 47,671 | 47,433 | | (1,781) | | (1,781) | | 45,652 | | | | 560 | 01/15/2024 | 1 |
| 36295P4L3 | GNMA POOL #0676827 | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 1,758 | 1,758.26 | 1,837 | 1,836 | | (78) | | (78) | | 1,758 | | | | 15 | 05/15/2023 | 1 |
| 36296E5H5 | GNMA POOL #0689448 | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 2,844 | 2,844.03 | 2,970 | 2,954 | | (110) | | (110) | | 2,844 | | | | 23 | 07/15/2023 | 1 |
| 36297A3K7 | GNMA POOL #0706502 | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 1,584 | 1,584.18 | 1,654 | 1,646 | | (62) | | (62) | | 1,584 | | | | 13 | 01/15/2024 | 1 |
| 36297B4P3 | GNMA POOL #0707430 | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 4,496 | 4,495.95 | 4,695 | 4,671 | | (175) | | (175) | | 4,496 | | | | 37 | 01/15/2024 | 1 |
| 36297CVT3 | GNMA POOL #0708126 | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 2,317 | 2,317.14 | 2,422 | 2,410 | | (93) | | (93) | | 2,317 | | | | 19 | 01/15/2024 | 1 |
| 38374J6Y7 | GNMA GTD REMIC P/T 04-103 CD | | 03/16/2012 | PRINCIPAL RECEIPT | XXX | 97,472 | 97,471.60 | 102,254 | 102,103 | | (4,631) | | (4,631) | | 97,472 | | | | 443 | 12/16/2031 | 1 |
| 36225EVZ2 | GNMA II POOL #0082431 | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 24,067 | 24,066.99 | 24,428 | 24,414 | | (347) | | (347) | | 24,067 | | | | 102 | 12/20/2039 | 1 |
| 36210B4N2 | GNMA POOL #0487829 | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 33,854 | 33,854.34 | 35,039 | 34,979 | | (1,125) | | (1,125) | | 33,854 | | | | 294 | 04/15/2024 | 1 |
| 36210B4R3 | GNMA POOL #0487832 | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 2,917 | 2,917.43 | 3,049 | 3,033 | | (116) | | (116) | | 2,917 | | | | 24 | 04/15/2024 | 1 |
| 38374C3K5 | GNMA REMIC P/T 03-85 CL VB | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 197,966 | 197,965.63 | 209,704 | 208,812 | | (10,846) | | (10,846) | | 197,966 | | | | 1,006 | 07/20/2024 | 1 |
| 912828KF6 | U S TREASURY NOTE | | 03/05/2012 | Goldman Sachs NY | XXX | 979,536 | 950,000.00 | 980,210 | | | (860) | | (860) | | 979,351 | | 185 | 185 | 9,197 | 02/28/2014 | 1 |
| 912828NU0 | U S TREASURY NOTE | | 01/31/2012 | Goldman Sachs NY | XXX | 1,623,956 | 1,610,000.00 | 1,623,024 | 1,621,472 | | (575) | | (575) | | 1,620,896 | | 3,060 | 3,060 | 5,545 | 08/15/2013 | 1 |
| 912828RN2 | U S TREASURY NOTE | | 01/31/2012 | Goldman Sachs NY | XXX | 900,806 | 900,000.00 | 900,108 | 900,100 | | (5) | | (5) | | 900,096 | | 710 | 710 | 575 | 10/31/2013 | 1 |
| 912828RQ5 | U S TREASURY NOTE | | 01/19/2012 | Salomon Brothers | XXX | 1,376,177 | 1,375,000.00 | 1,373,125 | 1,373,195 | | 31 | | 31 | | 1,373,226 | | 2,951 | 2,951 | 935 | 11/15/2014 | 1 |
| 912828RV4 | U S TREASURY NOTE | | 02/08/2012 | Goldman Sachs NY | XXX | 1,794,938 | 1,800,000.00 | 1,794,451 | 1,794,517 | | 192 | | 192 | | 1,794,709 | | 229 | 229 | 689 | 12/15/2014 | 1 |
| 912828SB7 | U S TREASURY NOTE | | 03/12/2012 | VARIOUS | XXX | 224,784 | 225,000.00 | 224,790 | | | 3 | | 3 | | 224,793 | | (8) | (8) | 63 | 01/31/2014 | 1 |
| 912828LZ1 | U S TREASURY NOTES | | 02/01/2012 | SBC Capital Mkts | XXX | 1,156,586 | 1,100,000.00 | 1,160,762 | 1,154,558 | | (1,577) | | (1,577) | | 1,152,982 | | 3,605 | 3,605 | 4,087 | 11/30/2014 | 1 |
| 912828RB8 | U S TREASURY NOTES | | 03/21/2012 | Deutsche Bank Secs | XXX | 675,604 | 675,000.00 | 678,562 | 678,161 | | (262) | | (262) | | 677,899 | | (2,294) | (2,294) | 2,031 | 08/15/2014 | 1 |
| 912828RS1 | U S TREASURY NT | | 02/03/2012 | Goldman Sachs NY | XXX | 3,651,841 | 3,650,000.00 | 3,650,225 | 3,650,227 | | (11) | | (11) | | 3,650,216 | | 1,625 | 1,625 | 1,695 | 11/30/2013 | 1 |
| 912828RL6 | U.S. TREASURY NOTE | | 02/07/2012 | Goldman Sachs NY | XXX | 1,155,701 | 1,150,000.00 | 1,153,795 | 1,153,602 | | (130) | | (130) | | 1,153,472 | | 2,229 | 2,229 | 1,822 | 10/15/2014 | 1 |
| 0599999 Subtotal - Bonds - U.S. Governments | | | | | XXX | 19,454,856 | 19,349,927.87 | 19,500,965 | 18,262,633 | | (25,068) | | (25,068) | | 19,442,567 | | 12,292 | 12,292 | 73,675 | XXX | XXX |
| **Bonds - U.S. Special Revenue, Special Assessment** | | | | | | | | | | | | | | | | | | | | | |
| 31342A5L9 | FHLMC POOL #78-0851 | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 21,086 | 21,085.93 | 21,771 | 21,740 | | (654) | | (654) | | 21,086 | | | | 55 | 09/01/2033 | 1 |
| 3128CUTB2 | FHLMC POOL #G3-0546 | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 61,894 | 61,894.25 | 68,732 | 68,542 | | (6,648) | | (6,648) | | 61,894 | | | | 421 | 03/01/2026 | 1 |
| 3128PVBS8 | FHLMC POOL #J1-5449 | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 132,877 | 132,877.02 | 138,296 | 138,148 | | (5,271) | | (5,271) | | 132,877 | | | | 461 | 05/01/2026 | 1 |
| 31394YR63 | FHLMC MULTICLASS CTFS 2802 VE | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 12,932 | 12,932.41 | 13,745 | 13,442 | | (510) | | (510) | | 12,932 | | | | 119 | 04/15/2015 | 1 |
| 31395LXB2 | FHLMC MULTICLASS CTFS 2916 YG | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 298,251 | 298,250.53 | 303,688 | 303,688 | | (5,437) | | (5,437) | | 298,251 | | | | 2,655 | 07/15/2030 | 1 |
| 31393RRD4 | FHLMC MULTICLASS MTG | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 48,193 | 48,192.93 | 50,648 | 50,087 | | (1,894) | | (1,894) | | 48,193 | | | | 363 | 01/15/2018 | 1 |
| 31393JPM4 | FHLMC MULTICLASS MTG 2557 WD | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 71,600 | 71,599.71 | 74,822 | 73,113 | | (1,513) | | (1,513) | | 71,600 | | | | 593 | 08/15/2016 | 1 |
| 31394NAB4 | FHLMC MULTICLASS MTG 2723 EA | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 65,995 | 65,995.20 | 67,033 | 67,033 | | (1,037) | | (1,037) | | 65,995 | | | | 524 | 01/15/2018 | 1 |
| 31397CYB9 | FHLMC MULTICLASS MTG 3253 A | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 42,250 | 42,250.29 | 44,600 | 44,122 | | (1,872) | | (1,872) | | 42,250 | | | | 347 | 08/15/2020 | 1 |
| 31342AZE2 | FHLMC POOL #78-0741 | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 19,233 | 19,232.96 | 19,843 | 19,813 | | (580) | | (580) | | 19,233 | | | | 24 | 07/01/2033 | 1 |
| 31395LAD3 | FHLMC REMIC SERIES 2924 | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 48,987 | 48,987.26 | 51,284 | 50,974 | | (1,987) | | (1,987) | | 48,987 | | | | 382 | 02/15/2019 | 1 |
| 31402C5E8 | FNMA POOL #0725445 | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 36,643 | 36,642.86 | 38,687 | 38,347 | | (1,704) | | (1,704) | | 36,643 | | | | 187 | 05/01/2019 | 1 |
| 31402Q6K2 | FNMA POOL #0735374 | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 103,846 | 103,845.66 | 111,180 | 110,949 | | (7,104) | | (7,104) | | 103,846 | | | | 536 | 04/01/2020 | 1 |
| 31403CVJ7 | FNMA POOL #0745017 | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 64,121 | 64,120.77 | 67,698 | 67,190 | | (3,070) | | (3,070) | | 64,121 | | | | 323 | 07/01/2020 | 1 |
| 31404P5U1 | FNMA POOL #0774959 | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 46,091 | 46,090.99 | 48,662 | 48,233 | | (2,142) | | (2,142) | | 46,091 | | | | 200 | 04/01/2019 | 1 |
| 31404WTV8 | FNMA POOL #0780964 | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 43,604 | 43,603.87 | 46,036 | 45,634 | | (2,031) | | (2,031) | | 43,604 | | | | 215 | 05/01/2019 | 1 |
| 31410K6W9 | FNMA POOL #0890185 | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 49,965 | 49,965.16 | 52,916 | 52,553 | | (2,588) | | (2,588) | | 49,965 | | | | 285 | 10/01/2021 | 1 |
| 31410K6Y5 | FNMA POOL #0890187 | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 34,232 | 34,232.36 | 36,340 | 36,053 | | (1,821) | | (1,821) | | 34,232 | | | | 193 | 12/01/2020 | 1 |
| 31416B4M7 | FNMA POOL #0995528 | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 24,139 | 24,138.87 | 25,078 | 25,012 | | (873) | | (873) | | 24,139 | | | | 147 | 12/01/2021 | 1 |
| 31416B4P0 | FNMA POOL #0995530 | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 20,571 | 20,571.31 | 21,452 | 21,403 | | (832) | | (832) | | 20,571 | | | | 127 | 12/01/2021 | 1 |
| 31418M4X7 | FNMA POOL #0AD0837 | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 67,445 | 67,445.14 | 71,192 | 70,800 | | (3,355) | | (3,355) | | 67,445 | | | | 341 | 03/01/2023 | 1 |
| 31394CPN6 | FNMA GTD REMIC P/T 05-10 AJ | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 25,103 | 25,103.17 | 25,428 | 25,428 | | (325) | | (325) | | 25,103 | | | | 150 | 01/25/2023 | 1 |
| 31397N3Q6 | FNMA GTD REMIC P/T 09-43 GJ | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 40,403 | 40,402.79 | 42,069 | 41,118 | | (715) | | (715) | | 40,403 | | | | 178 | 06/25/2024 | 1 |
| 31396QZW2 | FNMA GTD REMIC P/T 09-70 NT | | 03/25/2012 | PRINCIPAL RECEIPT | XXX | 49,207 | 49,206.78 | 51,146 | 50,480 | | (1,273) | | (1,273) | | 49,207 | | | | 219 | 08/25/2019 | 1 |
| 31416BRE0 | FNMA POOL #0995185 | | 03/01/2012 | PRINCIPAL RECEIPT | XXX | 40,590 | 40,589.69 | 42,465 | 42,251 | | (1,661) | | (1,661) | | 40,590 | | | | 224 | 12/01/2023 | 1 |
| 784422AA5 | SLC STUDENT LN 07 2 CL A-1 | | 02/15/2012 | PRINCIPAL RECEIPT | XXX | 11,941 | 11,941.00 | 11,583 | 11,885 | | 56 | | 56 | | 11,941 | | | | 20 | 05/15/2018 | 1 |
| 83149EAC1 | SLM STUDENT LN 06 5 CL A3 | | 01/25/2012 | PRINCIPAL RECEIPT | XXX | 51,031 | 51,030.73 | 49,269 | 50,776 | | 255 | | 255 | | 51,031 | | | | 58 | 10/25/2019 | 1 |
| 78442GHP4 | SLM STUDENT LN TR 03-8 CL A-4 | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 7,662 | 7,661.81 | 7,379 | 7,415 | | 247 | | 247 | | 7,662 | | | | 14 | 03/15/2019 | 1 |
| 78442GMK9 | SLMA 2004-7 A5 | | 01/25/2012 | PRINCIPAL RECEIPT | XXX | 56,539 | 56,538.70 | 56,009 | 56,145 | | 394 | | 394 | | 56,539 | | | | 85 | 01/27/2020 | 1 |
| 3199999 Subtotal - Bonds - U.S. Special Revenue, Special Assessment | | | | | XXX | 1,596,431 | 1,596,430.15 | 1,659,051 | 1,652,374 | | (55,945) | | (55,945) | | 1,596,431 | | | | 9,446 | XXX | XXX |
| **Bonds - Industrial and Miscellaneous (Unaffiliated)** | | | | | | | | | | | | | | | | | | | | | |
| 03064AAC8 | AMCAR 2009-1 A3 | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 43,720 | 43,719.89 | 44,266 | 43,960 | | (240) | | (240) | | 43,720 | | | | 223 | 10/15/2013 | 1FE |
| 00206RAF9 | AT & T INC GLOBAL NT | | 02/08/2012 | BNP Paribas Securites | XXX | 312,270 | 300,000.00 | 323,505 | 311,655 | | (1,146) | | (1,146) | | 310,509 | | 1,761 | 1,761 | 8,580 | 01/15/2013 | 1FE |
| 05947UXN3 | BANC OF AMERICA COMMERCIA 5 A3 | | 03/12/2012 | VARIOUS | XXX | 13,481 | 13,480.81 | 13,670 | 13,476 | 191 | (2) | | 189 | | 13,665 | | (184) | (184) | 153 | 11/10/2041 | 1Z* |
| 06406HBE8 | BANK OF NEW YORK MELLON TERM | | 03/01/2012 | Bank of America | XXX | 205,888 | 200,000.00 | 200,946 | 200,231 | | (45) | | (45) | | 200,186 | | 5,702 | 5,702 | 3,438 | 11/01/2012 | 1FE |

# SCHEDULE D - PART 4

## Show All Long-Term Bonds and Stocks Sold, Redeemed or Otherwise Disposed of 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 | Stated Contractual Maturity Date | NAIC Designation or Market Indicator (a) |
| 14312WAD5 | CARMAX AUTO OWNER 09-1 CL A-3 | | 02/15/2012 | VARIOUS | XXX | 34,190 | 34,190.35 | 34,787 | 34,785 | | (433) | | (433) | | 34,352 | | (162) | (162) | 150 | 03/15/2013 | 1FE |
| 172967FH9 | CITIBANK INC | | 03/06/2012 | Morgan Stanley | XXX | 421,064 | 400,000.00 | 422,236 | | | (584) | | (584) | | 421,652 | | (588) | (588) | 4,281 | 12/15/2015 | 1FE |
| 17308BAH1 | CITIBANK OMNI MASTER TRU A8 A8 | | 01/12/2012 | Morgan Stanley | XXX | 704,211 | 700,000.00 | 708,750 | 701,413 | | (211) | | (211) | | 701,201 | | 3,010 | 3,010 | 1,341 | 05/15/2016 | 1FE |
| 172967EZ0 | CITIGROUP INC | | 02/16/2012 | Nomura Secs NY | XXX | 856,152 | 800,000.00 | 848,208 | 845,383 | | (1,946) | | (1,946) | | 843,437 | | 12,715 | 12,715 | 15,522 | 10/15/2014 | 1FE |
| 172967FS5 | CITIGROUP INC | | 03/07/2012 | First Boston Corp | XXX | 1,036,050 | 1,000,000.00 | 1,028,910 | | | (615) | | (615) | | 1,028,295 | | 7,755 | 7,755 | 9,553 | 06/15/2016 | 1FE |
| 22544QAB5 | CREDIT SUISSE MORTGAGE C C3 A2 | | 03/16/2012 | PRINCIPAL RECEIPT | XXX | 339,712 | 339,711.55 | 348,311 | 347,848 | | (8,137) | | (8,137) | | 339,712 | | | | 4,820 | 06/15/2039 | 1AM |
| 34529EAC4 | FORDO 2009-B A3 | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 94,580 | 94,580.48 | 95,246 | 95,311 | | (730) | | (730) | | 94,580 | | | | 437 | 08/15/2013 | 1FE |
| 34529GAF2 | FORDO 2009-D A3 | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 214,315 | 214,315.15 | 215,722 | 215,769 | | (1,454) | | (1,454) | | 214,315 | | | | 773 | 10/15/2013 | 1FE |
| 43812UAD3 | HAROT 2009-2 A4 | | 02/08/2012 | Chemical Securities | XXX | 662,213 | 650,000.00 | 694,891 | 654,464 | | (846) | | (846) | | 653,619 | | 8,594 | 8,594 | 4,319 | 01/15/2013 | 1FE |
| 43813TAB9 | HONDA AUTO RECEIVABLES OW 1 A2 | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 307,864 | 307,864.25 | 308,081 | 308,000 | | (136) | | (136) | | 307,864 | | | | 334 | 06/17/2013 | 1FE |
| 43813BAC6 | HONDA AUTO RECEIVABLES OW 3 A3 | | 03/21/2012 | PRINCIPAL RECEIPT | XXX | 29,403 | 29,403.07 | 29,401 | 29,400 | | 3 | | 3 | | 29,403 | | | | 51 | 04/21/2014 | 1FE |
| 57629WBH2 | MASSMUTUAL GLOBAL FUNDIN | | 01/12/2012 | First Boston Corp | XXX | 1,268,825 | 1,250,000.00 | 1,288,372 | 1,264,628 | | (825) | | (825) | | 1,263,803 | | 5,022 | 5,022 | 22,405 | 07/16/2012 | 1FE |
| 59022HCP5 | MERRILL LYNCH MORTGAGE KEY1 A3 | | 03/12/2012 | PRINCIPAL RECEIPT | XXX | 76,807 | 76,806.69 | 79,010 | 79,010 | | (2,204) | | (2,204) | | 76,807 | | | | 946 | 11/12/2035 | 1FE |
| 61747YCT0 | MORGAN STANLEY | | 03/07/2012 | VARIOUS | XXX | 1,194,428 | 1,225,000.00 | 1,203,722 | | | 481 | | 481 | | 1,204,203 | | (9,775) | (9,775) | 14,886 | 11/02/2015 | 1FE |
| 64953BAP3 | NEW YORK LIFE GLOBAL FDG 144A | | 01/09/2012 | Bank of America | XXX | 403,549 | 385,000.00 | 411,973 | 396,992 | | (193) | | (193) | | 396,799 | | 6,750 | 6,750 | 3,133 | 05/09/2013 | 1FE |
| 743315AK9 | PROGRESSIVE CORP/THE | | 01/15/2012 | MATURITY | XXX | 1,500,000 | 1,500,000.00 | 1,581,435 | 1,503,230 | | (3,230) | | (3,230) | | 1,500,000 | | | | 47,813 | 01/15/2012 | 1FE |
| 80705TAA4 | SCHOLAR FUNDING TRUST 2011-A A | | 01/28/2012 | PRINCIPAL RECEIPT | XXX | 17,920 | 17,920.13 | 17,566 | 17,897 | | 23 | | 23 | | 17,920 | | | | | 04/28/2036 | 1FE |
| 88166BAB6 | TEVA PHARMA FIN III LLC | | 02/07/2012 | Merrill Lynch | XXX | 953,059 | 950,000.00 | 949,069 | 949,785 | | 47 | | 47 | | 949,832 | | 3,227 | 3,227 | 2,098 | 06/15/2012 | 1FE |
| 92867DAB6 | VOLKSWAGEN AUTO LOAN ENHA 1 A2 | | 03/20/2012 | PRINCIPAL RECEIPT | XXX | 163,993 | 163,992.57 | 164,127 | 164,122 | | (130) | | (130) | | 163,993 | | | | 174 | 12/20/2013 | 1FE |
| 98158NAB9 | WORLD OMNI AUTOMOBILE LE A A2 | | 03/15/2012 | PRINCIPAL RECEIPT | XXX | 131,683 | 131,683.48 | 131,822 | 131,800 | | (117) | | (117) | | 131,683 | | | | 178 | 10/15/2013 | 1FE |
| 3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated) | | | | | XXX | 10,985,377 | 10,827,668.42 | 11,144,026 | 8,309,159 | 191 | (22,670) | | (22,479) | | 10,941,550 | | 43,827 | 43,827 | 145,608 | XXX | XXX |
| 8399997 Subtotal - Bonds - Part 4 | | | | | XXX | 32,036,664 | 31,774,026.44 | 32,304,042 | 28,224,166 | 191 | (103,683) | | (103,492) | | 31,980,548 | | 56,119 | 56,119 | 228,729 | XXX | XXX |
| 8399998 Summary Item from Part 5 for Bonds (N/A to Quarterly) | | | | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| 8399999 Subtotal - Bonds | | | | | XXX | 32,036,664 | 31,774,026.44 | 32,304,042 | 28,224,166 | 191 | (103,683) | | (103,492) | | 31,980,548 | | 56,119 | 56,119 | 228,729 | XXX | XXX |
| 8999998 Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly) | | | | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| 9799998 Summary Item from Part 5 for Common Stocks (N/A to Quarterly) | | | | | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| 9899999 Subtotal - Preferred and Common Stocks | | | | | XXX | | XXX | | | | | | | | | | | | | XXX | XXX |
| 9999999 Total - Bonds, Preferred and Common Stocks | | | | | XXX | 32,036,664 | XXX | 32,304,042 | 28,224,166 | 191 | (103,683) | | (103,492) | | 31,980,548 | | 56,119 | 56,119 | 228,729 | XXX | XXX |

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

# SCHEDULE DB - PART A - SECTION 1

**Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of Current Statement Date**

| 1<br>Description | 2<br>Description of Items Hedged or Used for Income Generation | 3<br>Schedule/ Exhibit Identifier | 4<br>Type(s) of Risk(s) | 5<br>Exchange or Counterparty | 6<br>Trade Date | 7<br>Date of Maturity or Expiration | 8<br>Number of Contracts | 9<br>Notional Amount | 10<br>Strike Price, Rate of Indexed Received (Paid) | 11<br>Prior Year Initial Cost of Premium (Received) Paid | 12<br>Current Year Initial Cost of Premium (Received) Paid | 13<br>Current Year Income | 14<br>Book/ Adjusted Carrying Value | 15<br>Code | 16<br>Fair Value | 17<br>Unrealized Valuation Increase/ (Decrease) | 18<br>Total Foreign Exchange Change in B./A.C.V. | 19<br>Current Year's (Amortization) Accretion | 20<br>Adjustment to Carrying Value of Hedged Item | 21<br>Potential Exposure | 22<br>Credit Quality of Reference Entity | 23<br>Hedge Effectiveness at Inception and at Quarter end (a) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1449999 Totals | | | | | | | | | | | | | | XXX | | | | | | | XXX | XXX |

(a)

| 1<br>Code | NONE Hedge |
|---|---|
| | |
| 0000 | |

# SCHEDULE DB - PART B - SECTION 1

## Future Contracts Open as of the Current Statement Date

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | Change in Variation Margin | | | | 19 | 20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | 15 | 16 | 17 | 18 | | |
| Ticker Symbol | Number of Contracts | Notional Amount | Description | Description of Hedged Item(s) | Schedule/ Exhibit Identifier | Type(s) of Risk(s) | Date of Maturity or Expiration | Exchange | Trade Date | Transaction Price | Reporting Date Price | Fair Value | Book/ Adjusted Carrying Value | Cumulative | Gain (Loss) Recognized in Current Year | Gain (Loss) Used to Adjust Basis of Hedged Item | Deferred | Potential Exposure | Hedge Effectiveness at Inception and at Quarter -end (a) |
| 1449999 Totals | | | | | | | | | | | | | | | | | | | XXX |

| 1<br>Broker Name | 2<br>Net Cash Deposits |
|---|---|
| NONE | |
| 9999999 Total - Net Cash Deposits | |

(a)

| 1<br>Code | 2<br>Financial or Economic Impact of the Hedge at the End of the Reporting Period |
|---|---|
| | |
| 0000 | |

QE07

# SCHEDULE DB - PART D

**Counterparty Exposure for Derivative Instruments Open as of Current Statement Date**

| 1 | 2 | 3 | 4 | Book/Adjusted Carrying Value | | | Fair Value | | | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 5 | 6 | 7 | 8 | 9 | 10 | | |
| Description Counterparty or Exchange Traded | Master Agreement (Y or N) | Credit Support Annex (Y or N) | Fair Value of Acceptable Collateral | Contracts With Book/ Adjusted Carrying Value > 0 | Contracts With Book/ Adjusted Carrying Value < 0 | Exposure net of Collateral | Contracts With Fair Value > 0 | Contracts With Fair Value < 0 | Exposure Net of Collateral | Potential Exposure | Off-Balance Sheet Exposure |
| | | | | NONE | | | | | | | |
| 0899999 Total | | | | | | | | | | | |

# SCHEDULE DL - PART 1
# SECURITIES LENDING COLLATERAL ASSETS

**Reinvested Collateral Assets Owned Current Statement Date**

| 1<br>CUSIP Identification | 2<br>Description | 3<br>Code | 4<br>NAIC Designation / Market Indicator | 5<br>Fair Value | 6<br>Book/Adjusted Carrying Value | 7<br>Maturity Dates |
|---|---|---|---|---|---|---|
| | | | | | | |
| 9999999 Grand Totals | | | | | | X X X |

**N O N E**

General Interrogatories:

1. Total activity for the year to date Fair Value $.....0 Book/Adjusted Carrying Value $.....0
2. Average balance for the year to date Fair Value $.....0 Book/Adjusted Carrying Value $.....0
3. Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation: NAIC 1 $.....0, NAIC 2 $.....0; NAIC 3 $.....0; NAIC 4 $.....0; NAIC 5 $.....0; NAIC 6 $.....0

# SCHEDULE DL - PART 2
# SECURITIES LENDING COLLATERAL ASSETS

**Reinvested Collateral Assets Owned Current Statement Date**

| 1<br>CUSIP Identification | 2<br>Description | 3<br>Code | 4<br>NAIC Designation / Market Indicator | 5<br>Fair Value | 6<br>Book/Adjusted Carrying Value | 7<br>Maturity Dates |
|---|---|---|---|---|---|---|
| | NONE | | | | | |
| 9999999 Grand Totals | | | | | | XXX |

General Interrogatories:
1. Total activity for the year to date Fair Value $.....0 Book/Adjusted Carrying Value $.....0
2. Average balance for the year to date Fair Value $.....0 Book/Adjusted Carrying Value $.....0
3. Grand Total Schedule DL Part 1 and Part 2 Fair Value $.....0 Book/Adjusted Carrying Value $.....0

# 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** | | | | | | | | | | |
| US Bank | 150 4th Avenue North, Nashville, TN 37219 | | | | | | 52,350,010 | 59,582,951 | 58,833,826 | X X X |
| US Bank | 150 4th Avenue North, Nashville, TN 37219 | | | | | | 10,547,879 | 6,127,334 | 5,800,078 | X X X |
| US Bank | 150 4th Avenue North, Nashville, TN 37219 | | | | | | 2,309,706 | 2,318,360 | 2,256,736 | X X X |
| Regions Bank | 601 Market Street, Chattanooga, TN 37402 | | | | | | 1,023,846 | 1,027,197 | 1,033,710 | X X X |
| US Bank | 150 4th Avenue North, Nashville, TN 37219 | | | | | | (4,161,732) | (3,020,729) | (6,171,707) | X X X |
| 0199998 Deposits in .....135 depositories that do not exceed the allowable limit in any one depository - open depositories | | | X X X | X X X | 135 | | 1,398,698 | 307,878 | 218,646 | X X X |
| 0199999 Totals - Open Depositories | | | X X X | X X X | 135 | | 63,468,407 | 66,342,991 | 61,971,289 | X X X |
| 0299998 Deposits in .....0 depositories that do not exceed the allowable limit in any one depository - suspended depositories | | | X X X | X X X | | | | | | X X X |
| 0299999 Totals - Suspended Depositories | | | X X X | X X X | | | | | | X X X |
| 0399999 Total Cash On Deposit | | | X X X | X X X | 135 | | 63,468,407 | 66,342,991 | 61,971,289 | X X X |
| 0499999 Cash in Company's Office | | | X X X | X X X | X X X | X X X | | | | X X X |
| 0599999 Total Cash | | | X X X | X X X | 135 | | 63,468,407 | 66,342,991 | 61,971,289 | X X X |

# SCHEDULE E - PART 2 - CASH EQUIVALENTS

**Show Investments Owned End of Current Quarter**

| 1<br>Description | 2<br>Code | 3<br>Date Acquired | 4<br>Rate of Interest | 5<br>Maturity Date | 6<br>Book/Adjusted Carrying Value | 7<br>Amount of Interest Due & Accrued | 8<br>Amount Received During Year |
|---|---|---|---|---|---|---|---|
| **U.S. Governments - Issuer Obligations** | | | | | | | |
| FEDERAL HOME LN BK CONS DISC | | 10/11/2011 | 0.000 | 10/04/2012 | 1,996,410 | 1,727 | |
| FEDERAL HOME LN BK CONS DISC | | 11/16/2011 | 0.000 | 05/16/2012 | 4,998,231 | 1,327 | |
| FEDERAL HOME LN BK CONS DISC | | 10/13/2011 | 0.000 | 06/01/2012 | 7,645,070 | 3,632 | |
| FEDERAL NATL MTG ASSN DISC NT | | 01/20/2012 | 0.000 | 06/18/2012 | 2,299,329 | 322 | |
| 0199999 Subtotals - U.S. Governments - Issuer Obligations | | | | | 16,939,040 | 7,008 | |
| 0599999 Subtotals - U.S. Governments | | | | | 16,939,040 | 7,008 | |
| **U.S. Special Revenue, Special Assessment - Issuer Obligations** | | | | | | | |
| FEDERAL HOME LN BK CONS DISC | | 03/30/2012 | 0.000 | 04/02/2012 | 4,110,473 | | |
| 2599999 Subtotals - U.S. Special Revenue, Special Assessment - Issuer Obligations | | | | | 4,110,473 | | |
| 3199999 Subtotals - U.S. Special Revenue, Special Assessment | | | | | 4,110,473 | | |
| **Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations** | | | | | | | |
| CRC FDG LLC DISC | | 01/25/2012 | 0.000 | 04/24/2012 | 2,997,975 | 1,501 | |
| CROWN POINT CAP DISC | | 03/05/2012 | 0.000 | 05/09/2012 | 2,298,090 | 776 | |
| GOVCO LLC DISC | | 01/06/2012 | 0.000 | 04/09/2012 | 2,298,258 | 1,592 | |
| MARKET STREET FDG DISC | | 01/05/2012 | 0.000 | 04/18/2012 | 2,298,472 | 1,276 | |
| METLIFE SHORT DISC | | 02/08/2012 | 0.000 | 06/05/2012 | 2,297,663 | 1,058 | |
| PNC BANK N A DISC | | 01/26/2012 | 0.000 | 04/26/2012 | 2,298,678 | 955 | |
| PROCTOR & GAMBLE DISC | | 02/03/2012 | 0.000 | 05/21/2012 | 2,019,411 | 316 | |
| TORONTO DOM HLDGS DISC | | 09/29/2011 | 0.000 | 04/04/2012 | 998,160 | 1,810 | |
| SALI CAT 1 REPO | | 03/30/2012 | 0.070 | 04/02/2012 | 3,645,792 | 14 | |
| 3299999 Subtotals - Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations | | | | | 21,152,499 | 9,298 | |
| 3899999 Subtotals - Industrial & Miscellaneous (Unaffiliated) | | | | | 21,152,499 | 9,298 | |
| 5599999 Subtotals - Parent, Subsidiaries and Affiliates Bonds | | | | | | | |
| 7799999 Subtotals - Issuer Obligations | | | | | 42,202,012 | 16,306 | |
| 8399999 Subtotals - Bonds | | | | | 42,202,012 | 16,306 | |
| 8499999 Sweep Accounts | | | | | | | |
| 8599999 Other Cash Equivalents | | | | | | | |
| 8699999 Total - Cash Equivalents | | | | | 42,202,012 | 16,306 | |

14046201236500001 2012 Document Code: 365

# MEDICARE PART D COVERAGE SUPPLEMENT

## Net of Reinsurance

**NAIC Group Code: 3498** **NAIC Company Code: 14046**

| | Individual Coverage | | Group Coverage | | 5 |
|---|---|---|---|---|---|
| | 1<br>Insured | 2<br>Uninsured | 3<br>Insured | 4<br>Uninsured | Total<br>Cash |
| 1. Premiums Collected | | XXX | | XXX | |
| 2. Earned Premiums | | XXX | | XXX | XXX |
| 3. Claims Paid | | XXX | | XXX | |
| 4. Claims Incurred | | XXX | | XXX | XXX |
| 5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a) | | | XXX | | |
| 6. Aggregate Policy Reserves - change | | | | XXX | XXX |
| 7. Expenses Paid | | | | XXX | |
| 8. Expenses Incurred | | XXX | | XXX | XXX |
| 9. Underwriting Gain or Loss | | XXX | | XXX | XXX |
| 10. Cash Flow Results | XXX | XXX | XXX | XXX | |

**NONE**

(a) Uninsured Receivable/Payable with CMS at End of Quarter: $.....0 due from CMS or $.....0 due to CMS

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# EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

| 1<br>Name of debtor | 2<br>1 - 30 days | 3<br>31 - 60 days | 4<br>61 - 90 days | 5<br>Over 90 days | 6<br>Nonadmitted | 7<br>Admitted |
|---|---|---|---|---|---|---|
| 0199999 Total Individuals | | | | | | |
| 0299999 Total group | | | | | | |
| 0399999 Premiums due and unpaid from Medicare entities | | | | | | |
| Medicaid Entities: | NONE | | | | | |
| 0499997 Subtotal - Medicaid Entities: | - | - | - | - | - | - |
| 0499999 Premiums due and unpaid from Medicaid entities | - | - | - | - | - | - |
| 0599999 Accident and health premiums due and unpaid (Page 2, Line 13) | - | - | - | - | - | - |

# EXHIBIT 3 - HEALTH CARE RECEIVABLES

| 1<br>Name of debtor | 2<br>1 - 30 days | 3<br>31 - 60 days | 4<br>61 - 90 days | 5<br>Over 90 days | 6<br>Nonadmitted | 7<br>Admitted |
|---|---|---|---|---|---|---|
| 0199998 Pharmaceutical Rebate Receivables - Not Individually Listed | | | | | | |
| 0199999 Subtotal - Pharmaceutical Rebate Receivables | | | | | | |
| Provider Receivables | - | - | - | 1,074,755 | 1,074,755 | - |
| 0299998 Claim Overpayment Receivables - Not Individually Listed | - | - | - | 1,074,755 | 1,074,755 | - |
| 0299999 Subtotal - Claim Overpayment Receivables | | | | | | |
| Loans and Advances to Providers | | | | | | |
| 0399998 Loans and Advances to Providers - Not Individually Listed | | | | | | - |
| 0399999 Subtotal - Loans and Advances to Providers | | | | | - | - |
| 0499998 Capitation Arrangement Receivables - Not Individually Listed | | | | | | |
| 0499999 Subtotal - Capitation Arrangement Receivables | | | | | | |
| 0599998 Risk Sharing Receivables - Not Individually Listed | | | | | | |
| 0599999 Subtotal - Risk Sharing Receivables | | | | | | |
| Other Receivables<br>Provider receivables | | | | | | - |
| 0699998 Other Receivables - Not Individually Listed | | | | | | |
| 0699999 Subtotal - Other Receivables | - | - | - | - | - | - |
| 0799999 Gross health care receivables | - | - | - | 1,074,755 | 1,074,755 | - |

# EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

| 1 | 2 | 3 | 4 | 5 | 6 | Admitted | |
|---|---|---|---|---|---|---|---|
| | | | | | | 7 | 8 |
| Name of Affiliate | 1 - 30 Days | 31 - 60 Days | 61 - 90 Days | Over 90 Days | Nonadmitted | Current | Non-Current |
| Individually listed receivables | | | | | | | |
| | NONE | | | | | | |
| 0199999 Total - individually listed receivables | | | | | | | |
| 0299999 Receivables not individually listed | | | | | | | |
| 0399999 Total gross amounts receivable | | | | | | | |

# EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

| Affiliate | 2<br>Description | 3<br>Amount | 4<br>Current | 5<br>Non-Current |
|---|---|---|---|---|
| BlueCross BlueShield of Tennessee | Administrative Expense offset and Federal Income Tax Expense | 15,777,482 | 15,777,482 | - |
| 0199999 Total - Individually listed payables | ……XXX…… | 15,777,482 | 15,777,482 | - |
| 0299999 Payables not individually listed | ……XXX…… | …… | …… | …… |
| 0399999 Total gross payables | ……XXX…… | 15,777,482 | 15,777,482 | - |

VSHP Volunteer State Health Plan

1 Cameron Hill Circle
Chattanooga, TN 37402-2555
BCBST.com

BlueCare TennCareSelect
a state of Tennessee program

Via FedEx USA Airbill # 8770 6186 8301

May 15, 2012

Ms. Lisa Jordan
Department of Commerce and Insurance
TennCare[SM] Division
500 James Robertson Parkway - Suite 750
Nashville, TN 37243-1169

RE: NAIC 1st Quarter 2012 Statement for Volunteer State Health Plan, Inc. (VSHP)

Dear Ms. Jordan:

Enclosed is the NAIC 1st Quarter 2012 Statement for Volunteer State Health Plan, Inc. This report is a combination of all of the VSHP insured TennCare business. TennCare Select and the Stabilization Plan have been treated as ASO business throughout the report. Supplemental statements of revenues and expenses for TennCare Select, BlueCare West, and BlueCare East appear on pages 5.1, 5.2, and 5.3, respectively.

Enclosed are reconciliations of the Statement of Revenue and Expense to current contract supplemental exhibits.

Please feel free to call me (423-535-6773) if you have any questions.

Sincerely,

Ann Tate

Ann Tate
Coordinator, Subsidiary Accounting

Volunteer State Health Plan, Inc. (VSHP), BlueCross BlueShield of Tennessee, Inc. (BCBST) and BlueCare are independent licensees of the BlueCross BlueShield Association. VSHP is a licensed HMO affiliate of BCBST.

## VSHP March 2012 YTD

| | TennCare Select Supplement 5.1 | BlueCare West Supplement 5.2 | BlueCare East Supplement 5.3 | Other* | Total |
|---|---|---|---|---|---|
| **TennCare Revenue** | $ 106,368,010 | $ 184,329,878 | $ 231,049,037 | $ (120,212) | $ 521,626,713 |
| **Investment Income** | | 363,539 | 444,363 | 14,023 | 821,925 |
| **Other Revenues** | | 25,000 | 15,000 | | 40,000 |
| **Total Revenues** | 106,368,010 | 184,718,417 | 231,508,400 | (106,189) | 522,488,638 |
| **Claims Expenses** | 93,117,031 | 148,178,412 | 198,098,365 | (119,320) | 439,274,488 |
| **Administrative Expenses** | 12,491,098 | 27,250,146 | 35,368,125 | 180,664 | 75,290,033 |
| **Pre-Tax Gain/(Loss)** | 759,881 | 9,289,859 | (1,958,090) | (167,533) | 7,924,117 |
| **Federal Income Tax** | 264,804 | 3,237,343 | (682,358) | (58,382) | 2,761,407 |
| **Net Gain/(Loss)** | $ 495,077 | $ 6,052,516 | $ (1,275,732) | $ (109,151) | $ 5,162,710 |

*Reflects activity for contracts that have ended

00742

01000

**FedEx Express** NEW Package US Airbill

FedEx Tracking Number: 8770 6186 8301

MUR4

No. or ID No.: 0215

Sender's Copy

**1 From** *Please print and press hard.*

Date 5-15-12 Sender's FedEx Account Number 0374-0057-2

Sender's Name Jared Inman ~~CINDY CAPELHART~~ Phone ( 423) 535-~~4032~~ 6403

Company BLUECROSS BLUESHIELD OF TN

Address 1 CAMERON HILL CIR Dept./Floor/Suite/Room

City CHATTANOOGA State TN ZIP 37402-0002

**2 Your Internal Billing Reference** First 24 characters will appear on invoice. OPTIONAL CC760

**3 To** Recipient's Name Ms. Lisa Jordan Phone ( )

Company Dept of Commerce + Insurance

Address TennCare Division We cannot deliver to P.O. boxes or P.O. ZIP codes. Dept./Floor/Suite/Rm.

☐ HOLD Weekday FedEx location address REQUIRED. Not available for FedEx First Overnight.

Address 500 James Robertson Pkwy Ste 750 Use this line for the HOLD location address or for continuation of your shipping address.

☐ HOLD Saturday FedEx location address REQUIRED. Not available for FedEx First Overnight, FedEx 2Day to select locations.

City Nashville State TN ZIP 37243-1169

1st Qtr DOI

0442618201

**The FedEx US Airbill has changed. See Section 4.**
For shipments over 150 lbs., order the new FedEx Express Freight US Airbill.

**4 Express Package Service** * To most locations.

NOW Service order has changed. Please select carefully.

*Packages up to 150 lbs.* For packages over 150 lbs., use the new FedEx Express Freight US Airbill.

**Next Business Day**

- ☐ FedEx First Overnight — Earliest next business morning delivery to select locations. Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
- ☐ FedEx Priority Overnight — Next business morning.* Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
- ☑ FedEx Standard Overnight — Next business afternoon.* Saturday Delivery NOT available.

**2 or 3 Business Days**

- ☐ NEW FedEx 2Day A.M. — Second business morning.* Saturday Delivery NOT available.
- ☐ FedEx 2Day — Second business afternoon.* Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
- ☐ FedEx Express Saver — Third business day.* Saturday Delivery NOT available.

**5 Packaging** * Declared value limit $500.

☐ FedEx Envelope* ☑ FedEx Pak* ☐ FedEx Box ☐ FedEx Tube ☐ Other

**6 Special Handling and Delivery Signature Options**

☐ SATURDAY Delivery NOW available for FedEx Standard Overnight, FedEx 2Day A.M., or FedEx Express Saver.

☑ No Signature Required — Package may be left without obtaining a signature for delivery.

☐ Direct Signature — Someone at recipient's address may sign for delivery. Fee applies.

☐ Indirect Signature — If no one is available at recipient's address, someone at a neighboring address may sign for delivery. For residential deliveries only. Fee applies.

**Does this shipment contain dangerous goods?**

One box must be checked.

☑ No ☐ Yes As per attached Shipper's Declaration ☐ Yes Shipper's Declaration not required ☐ Dry Ice Dry Ice, X, UN 1845 ____ x ____ kg

Dangerous goods (including dry ice) cannot be shipped in FedEx packaging unless proved in a FedEx Express Drop Box.

☐ Cargo Aircraft Only

**7 Payment** *Bill to:*

Enter FedEx Acct. No. or Credit Card No. below.

☑ Sender Acct. No. in Section 1 will be billed. ☐ Recipient ☐ Third Party ☐ Credit Card ☐ Cash/Check

FedEx Acct. No. Credit Card No. Exp. Date

Total Packages ____ Total Weight ____ lbs. Total Declared Value* $ ____ .00

*Our liability is limited to $100 unless you declare a higher value. See back for details. By using this Airbill you agree to the service conditions on the back of this Airbill and in the current FedEx Service Guide, including terms that limit our liability.

611

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