QUARTERLY STATEMENT

OF THE

Volunteer State Health Plan, Inc.

of

Chattanooga

in the state of

Tennessee

2011

TO THE

Insurance Department

OF THE STATE OF

Tennessee

FOR THE QUARTER ENDED
June 30, 2011

HEALTH

2011

14046201120100102 2011 Document Code: 201

QUARTERLY STATEMENT

AS OF June 30, 2011

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 Dana Elaine Hull (Name) (423)535-7919 (Area Code)(Telephone Number)(Extension)
Dana_Hull@BCBST.com (E-Mail Address) (423)535-8331 (Fax Number)

CORPORATE OFFICERS

Name	Title	
Jason David Hickey	President & CEO	#
Shelia Dian Clemons	Secretary	
Katharine Anne Laurance	Assistant Secretary	
Daniel Paul Timblin	Treasurer	
Alaine Marie Zachary	Assistant Treasurer	

ADMINISTRATIVE OFFICERS

Steven Edward Kerr, Chief Financial Officer & VP of Finance #
David Matthew Moroney MD, VP & Chief Medical Officer
Amber Jeanine Cambron, Interim 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)
Jason David Hickey	Shelia Dian Clemons	Steven Edward Kerr
(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 11th day of August, 2011

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

Cynthia L. Oliver
(Notary Public Signature)

My Commission Expires:
January 8, 2014

CYNTHIA L. OLIVER STATE OF TENNESSEE NOTARY PUBLIC HAMILTON COUNTY

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Statement of Actuarial Opinion

ACTUARIAL OPINION

TABLE of KEY INDICATORS

This Opinion is: ☒ Unqualified ☐ Qualified ☐ Adverse ☐ Inconclusive

IDENTIFICATION SECTION

☒ Prescribed Wording Only ☐ Prescribed Wording with Additional Wording ☐ Revised Wording

SCOPE SECTION

☒ Prescribed Wording Only ☐ Prescribed Wording with Additional Wording ☐ Revised Wording

RELIANCE SECTION

☒ Prescribed Wording Only ☐ Prescribed Wording with Additional Wording ☐ Revised Wording

OPINION SECTION

☐ Prescribed Wording Only ☐ Prescribed Wording with Additional Wording ☒ Revised Wording

RELEVANT COMMENTS

☒ Revised Wording

☐ The Actuarial Memorandum includes "Deviation from Standard" wording regarding conformity with an Actuarial Standard of Practice

IDENTIFICATION

I, James Howard Srite, FSA, MAAA, am an employee of Blue Cross and Blue Shield of Tennessee (BCBST), holding company for Volunteer State Health Plan, and a member of the American Academy of Actuaries. I was appointed on October 15, 2009 in accordance with the requirements of the annual statement instructions. I meet the Academy qualification standards for rendering the opinion.

SCOPE

I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities and related items listed below, as shown in the 2nd quarter statement of Volunteer State Health Plan as prepared for filing with state regulatory officials, as of June 30, 2011.

A. Claims unpaid (Page 3, Line 1);	$ 181,660,817
B. Accrued medical incentive pool and bonus payments (Page 3, Line 2);	$841,896
C. Unpaid claims adjustment expenses (Page 3, Line 3);	$ 8,523,437
D. Aggregate health policy reserves (Page 3, Line 4) including unearned premium reserves and additional policy reserves from the Underwriting and Investment Exhibit – Part 2D;	$0
E. Aggregate life policy reserves (Page 3, Line 5);	$0
F. Property/casualty unearned premium reserves (Page 3, Line 6);	$0
G. Aggregate health claim reserves (Page 3, Line 7); and	$0
H. Any actuarial reserves or liabilities not included in the items above.	$0
I. Specified actuarial items presented as assets in the annual statement	$0

RELIANCE

In forming my opinion on loss reserves, I relied upon data prepared by Norman John Zwitter, FSA, MAAA, Valuation Actuary, by Dana Elaine Hull, Manager of Subsidiary Accounting, by Kimberly Greene, Director of Financial Reporting, and by John Timothy Morgan, Senior Manager Information Management Finance as certified in the attached statements. I evaluated that data for reasonableness and consistency. I also reconciled that data to the Underwriting and Investment Exhibit - Part 2B of the company's current annual statement. In other respects, my examination included review of the actuarial assumptions and actuarial methods used and tests of the calculations I considered necessary.

OPINION

In my opinion, the amounts carried in the balance sheet on account of the items identified above:

A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles,

B. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared,

C. Meet the requirements of the Insurance Laws and regulations of the State of Tennessee and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed,

D. Make good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements,

E. Are computed on the basis of assumptions and methods consistent with those used in computing the corresponding items in the annual statement of the preceding year-end,

F. Include appropriate provision for all actuarial items that ought to be established.

The Underwriting and Investment Exhibit – Part 2B was reviewed for reasonableness and consistency with the applicable Actuarial Standards of Practice.

Actuarial methods, considerations, and analyses used in forming my opinion conform to the relevant Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

RELEVANT COMMENTS

This opinion has been prepared solely for the Board and the management of the Company, for filing with insurance regulatory agencies of states in which the Company is licensed, and for the Blue Cross and Blue Shield Association and is not intended for any other purpose.

James Howard Srite 8-10-11

James Howard Srite, FSA, MAAA Date

1 Cameron Hill Circle CH 1.3
Chattanooga, Tennessee 37402
423-535-8200

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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	166,661,387		166,661,387	160,847,485
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 $.....0 encumbrances)				
5. Cash ($.....13,029,454), cash equivalents ($.....0) and short-term investments ($.....267,837,188)	280,866,642		280,866,642	281,543,823
6. Contract loans (including $.....0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities	1,827,814		1,827,814	27,250
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	449,355,843		449,355,843	442,418,558
13. Title plants less $.....0 charged off (for Title insurers only)				
14. Investment income due and accrued	1,252,261		1,252,261	1,062,666
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	70,965,127		70,965,127	21,730,921
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	83,326		83,326	2,545,614
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	13,794,837	797,411	12,997,426	8,206,480
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets ($.....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	515,251	515,251		14,553,687
25. Aggregate write-ins for other than invested assets	69,250	69,250		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	536,035,895	1,381,912	534,653,983	490,517,926
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	536,035,895	1,381,912	534,653,983	490,517,926
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	69,250	69,250		
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)	69,250	69,250		

LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less $.....0 reinsurance ceded)	181,660,817		181,660,817	184,368,783
2.	Accrued medical incentive pool and bonus amounts	841,896		841,896	1,185,192
3.	Unpaid claims adjustment expenses	8,523,437		8,523,437	10,899,048
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserve				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	123,436,932		123,436,932	121,229,464
9.	General expenses due or accrued	104,519		104,519	424,449
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	7,082,003		7,082,003	5,038,647
13.	Remittances and items not allocated	940,339		940,339	503,746
14.	Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates	19,647,858		19,647,858	34,521,500
16.	Derivatives				
17.	Payable for securities	3,244,519		3,244,519	
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties with ($.....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	5,423,821		5,423,821	853,199
23.	Aggregate write-ins for other liabilities (including $.....0 current)	39,707,563		39,707,563	26,572,338
24.	Total liabilities (Lines 1 to 23)	390,613,704		390,613,704	385,596,366
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	34,651,682	34,651,682
31.	Unassigned funds (surplus)	XXX	XXX	(62,911,403)	(102,030,122)
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	144,040,279	104,921,560
34.	Total Liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	534,653,983	490,517,926
DETAILS OF WRITE-INS					
2301.	Insured Premium Tax Payable	26,589,274		26,589,274	26,486,362
2302.	Liquidated Damages Accrual	13,061,100		13,061,100	44,600
2303.	Pending Escheatment to State	57,189		57,189	41,376
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	39,707,563		39,707,563	26,572,338
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	34,651,682	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	34,651,682	34,651,682

STATEMENT OF REVENUE AND EXPENSES

		Current Year To Date		Prior Year To Date	Prior Year Ended December 31
		1 Uncovered	2 Total	3 Total	4 Total
1.	Member Months	XXX	2,471,442	2,519,221	5,025,561
2.	Net premium income (including $.....0 non-health premium income)	XXX	851,247,238	591,766,344	1,416,266,552
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	851,247,238	591,766,344	1,416,266,552
Hospital and Medical:					
9.	Hospital/medical benefits		534,042,490	405,383,124	931,456,239
10.	Other professional services		117,204,827	113,063,509	236,551,605
11.	Outside referrals				
12.	Emergency room and out-of-area		22,071,755	22,911,810	47,043,003
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)		673,319,072	541,358,443	1,215,050,847
Less:					
17.	Net reinsurance recoveries				
18.	Total hospital and medical (Lines 16 minus 17)		673,319,072	541,358,443	1,215,050,847
19.	Non-health claims (net)				
20.	Claims adjustment expenses, including $.....35,168,134 cost containment expenses		60,521,905	49,548,916	93,657,151
21.	General administrative expenses		68,084,253	51,825,742	130,639,008
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)		801,925,230	642,733,101	1,439,347,006
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	49,322,008	(50,966,757)	(23,080,454)
25.	Net investment income earned		1,690,590	1,617,120	2,361,224
26.	Net realized capital gains (losses) less capital gains tax of $.....0		324,036	141,812	1,437,527
27.	Net investment gains or (losses) (Lines 25 plus 26)		2,014,626	1,758,932	3,798,751
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	51,336,634	(49,207,825)	(19,281,703)
31.	Federal and foreign income taxes incurred	XXX	17,728,747	(17,242,926)	2,693,121
32.	Net income (loss) (Lines 30 minus 31)	XXX	33,607,887	(31,964,899)	(21,974,824)
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)				

Report #2A: TennCare Select Only			
	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
Member Months	133,440	265,970	536,631
Estimated Revenues:			
1. TennCare Capitation	93,611,969	180,405,219	390,627,663
2. Investment	-	-	-
3. Other Revenues	-	-	-
4. **Total Estimated Revenues** (Lines 1 to 3)	93,611,969	180,405,219	390,627,663
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	269,951	532,813	1,041,103
6. Fee-for Service Physician Services	10,309,600	19,901,110	43,691,997
7. Inpatient Hospital Services	20,888,515	39,413,021	86,289,390
8. Outpatient Hospital Services	7,958,347	14,687,954	32,993,558
9. Emergency Room Services	1,202,745	2,300,855	4,942,984
10. Dental Services	11	11	347
11. Vision Services	67,467	132,677	298,167
12. Pharmacy Services	-	-	-
13. Home Health Services	24,621,181	46,919,602	105,669,729
14. Chiropractic Services	-	-	-
15. Radiology Services	302,048	610,881	1,462,501
16. Laboratory Services	360,746	680,791	1,540,476
17. Durable Medical Equipment Services	3,785,371	6,515,129	19,560,669
18. Transportation Services	985,716	1,788,190	4,630,421
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	101,689	322,050	358,061
23. HCBS Services	-	904	437
24. Other Medical and Hospital Services - Write-Ins	1,879,188	2,827,022	6,135,008
25. **Subtotal Medical and Hospital** (Lines 5 to 24)	72,732,575	136,633,010	308,614,848
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	1,386,445	2,479,068	4,557,683
27. Inpatient Substance Abuse Treatment and Detox	11,960	16,621	43,236
28. Outpatient Mental Health Services	3,400,170	7,371,228	8,551,034
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	1,424,939	3,148,177	10,525,832
31. Specialized Crisis Services	246,198	511,481	1,762,769
32. Psychiatric Rehab and Support Services	291,429	1,138,509	867,974
33. Case Management	2,277,384	4,464,504	4,194,598
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	21,516	42,001	122,775
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,290,129	3,036,549	7,914,587
42. PCP and Specialist Servcies	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. **Subtotal MH & SAS** (Lines 26 to 43)	10,350,170	22,208,138	38,540,488
45. **Subtotal Hospital, Medical, MH&SAS** (Lines 25 and 44)	83,082,745	158,841,148	347,155,336
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	(547)	(1,495)	10,766
48. Subrogation and Coordination of Benefits	183,590	279,814	846,543
49. **Subtotal Reinsurance, Copay, Subrogation** (Lines 46 to 48)	183,043	278,319	857,309
50. **Total Hospital, Medical, MH&SAS** (Lines 45 and 49)	82,899,702	158,562,829	346,298,027
Administation:			
51. Compensation	2,519,315	5,863,724	13,807,207
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	5,148,659	9,922,287	21,476,129
55. Occupancy, Depreciation, and Amortization	206,069	479,629	1,129,375
56. Other Administration - Write-Ins	1,318,527	3,068,887	7,226,256
57. **Total Administration Expenses** (Lines 51 to 56)	9,192,570	19,334,527	43,638,967
58. **Total Expenses** (Lines 50 and 57)	92,092,272	177,897,356	389,936,994
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	790,808	866,073	(96,467)
61. **Net Income (Loss)** (Line 4 Less Lines 58, 59 and 60)	728,889	1,641,790	787,136
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.	1,787,998	3,240,666	6,364,879
2202. Out of Area Claims Expense	(1,565)	(4,692)	19,932
2203. Bad Debt Expense	92,755	(408,952)	(249,803)
2299. Total Other Medical and Hospital	1,879,188	2,827,022	6,135,008
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Equipment Rental	467,843	1,088,911	2,564,039
5602. Outsourced Services	383,861	893,440	2,103,767
5603. Auditing, Actuarial, and Other Consulting	181,604	422,685	995,288
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	157,282	366,078	862,000
5605. Postage/Telephone	89,182	207,571	488,764
5606. Printing and Stationary	38,755	90,202	212,398
5699. Total Other Administration	1,318,527	3,068,887	7,226,256

Report #2A: BlueCare West Only			
	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
Member Months	547,904	1,096,350	2,224,406
Estimated Revenues:			
1. TennCare Capitation	180,326,641	368,660,994	604,258,424
2. Investment	523,430	911,395	1,710,005
3. Other Revenues	-	-	343,028
4. **Total Estimated Revenues** (Lines 1 to 3)	180,850,071	369,572,389	606,311,457
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	5,729	10,749	21,871
6. Fee-for Service Physician Services	29,897,848	60,872,718	129,694,820
7. Inpatient Hospital Services	24,596,599	51,090,752	112,568,969
8. Outpatient Hospital Services	19,885,707	35,553,771	73,230,219
9. Emergency Room Services	7,639,028	13,296,178	26,791,996
10. Dental Services	-	3,176	(8,046)
11. Vision Services	96,159	201,229	472,102
12. Pharmacy Services	-	-	-
13. Home Health Services	5,987,511	11,673,230	24,400,185
14. Chiropractic Services	-	-	-
15. Radiology Services	1,531,616	3,452,665	6,500,919
16. Laboratory Services	2,314,831	4,960,849	9,788,827
17. Durable Medical Equipment Services	2,521,992	3,738,062	8,307,485
18. Transportation Services	3,486,793	7,096,132	15,072,213
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	28,269,609	70,823,855	57,644,081
23. HCBS Services	5,990,302	6,435,973	10,041,164
24. Other Medical and Hospital Services - Write-Ins	2,030,145	4,005,981	9,189,814
25. **Subtotal Medical and Hospital** (Lines 5 to 24)	134,253,869	273,215,320	483,716,619
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	52,469	1,305,828	6,743,006
27. Inpatient Substance Abuse Treatment and Detox	6,890	80,195	249,555
28. Outpatient Mental Health Services	(547,545)	1,560,728	3,990,707
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	653,084	1,170,088	2,833,824
31. Specialized Crisis Services	770,821	1,538,934	2,935,223
32. Psychiatric Rehab and Support Services	223,146	466,252	259,942
33. Case Management	3,192,756	5,947,568	9,166,188
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	26,879	55,075	164,912
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,519,071	3,240,813	6,197,984
42. PCP and Specialist Servcies	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. **Subtotal MH & SAS** (Lines 26 to 43)	5,897,571	15,365,481	32,541,341
45. **Subtotal Hospital, Medical, MH&SAS** (Lines 25 and 44)	140,151,440	288,580,801	516,257,960
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	14,437	25,859	918,980
48. Subrogation and Coordination of Benefits	1,723	-	(54)
49. **Subtotal Reinsurance, Copay, Subrogation** (Lines 46 to 48)	16,160	25,859	918,926
50. **Total Hospital, Medical, MH&SAS,** (Lines 45 and 49)	140,135,280	288,554,942	515,339,034
Administation:			
51. Compensation	12,814,974	23,265,629	39,669,938
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	9,917,966	20,276,355	33,253,080
55. Occupancy, Depreciation, and Amortization	1,048,213	1,903,035	3,244,843
56. Other Administration - Write-Ins	6,706,953	12,176,494	20,761,983
57. **Total Administration Expenses** (Lines 51 to 56)	30,488,106	57,621,513	96,929,844
58. **Total Expenses** (Lines 50 and 57)	170,623,386	346,176,455	612,268,878
59. Extraordinary Item	-		
60. Provision for Income Tax	7,076,571	8,079,622	832,087
61. **Net Income (Loss)** (Line 4 Less Lines 58, 59 and 60)	3,150,114	15,316,312	(6,789,508)
Write-Ins for Other Expense			
Detail of Other Revenues			
0301. Pay-for-Performance Bonus	-	-	343,028
0399. Total Other Revenues	-	-	343,028
Detail of Other Medical and Hospital:			
2201. PT/OT/ST, Supplies, Prosthetics, etc.	1,909,324	3,874,067	9,192,939
2202. Bad Debt Expense	121,083	132,141	-
2203. Out of Area Claims Expense	(262)	(227)	(3,125)
2299. Total Other Medical and Hospital	2,030,145	4,005,981	9,189,814
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Equipment Rental	2,379,779	4,320,496	7,366,822
5602. Outsourced Services	1,952,583	3,544,920	6,044,396
5603. Auditing, Actuarial, and Other Consulting	923,764	1,677,096	2,859,594
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	800,052	1,452,499	2,476,639
5605. Postage/Telephone	453,640	823,585	1,404,285
5606. Printing and Stationary	197,135	357,898	610,247
5699. Total Other Administration	6,706,953	12,176,494	20,761,983

Report #2A: BlueCare East Only			
	Current Year		Previous Year
	Current Period	Year-to-Date Total	Total
Member Months	685,186	1,375,093	2,801,156
Estimated Revenues:			
1. TennCare Capitation	235,793,128	482,603,425	811,747,843
2. Investment	656,706	1,150,480	2,174,608
3. Other Revenues	-	-	-
4. **Total Estimated Revenues** (Lines 1 to 3)	236,449,834	483,753,905	813,922,451
Estimated Expenses:			
Hospital and Medical (w/o Mental Health)			
5. Capitated Physician Services	70,379	146,652	319,822
6. Fee-for Service Physician Services	50,966,825	98,433,287	202,026,046
7. Inpatient Hospital Services	28,820,125	64,772,430	144,074,723
8. Outpatient Hospital Services	22,209,264	38,274,174	83,352,253
9. Emergency Room Services	4,499,462	8,720,827	20,378,475
10. Dental Services	4,132	4,907	9,881
11. Vision Services	160,987	286,640	627,515
12. Pharmacy Services	-	-	-
13. Home Health Services	8,237,474	15,634,820	34,001,063
14. Chiropractic Services	-	-	-
15. Radiology Services	2,188,345	4,167,284	9,022,722
16. Laboratory Services	2,772,540	5,916,525	12,384,721
17. Durable Medical Equipment Services	5,195,439	7,971,714	20,377,557
18. Transportation Services	5,141,308	10,205,134	21,754,082
19. Outside Referrals	-	-	-
20. Medical Incentive Pool and Withhold Adj	-	-	-
21. Occupancy, Depreciation and Amortization	-	-	-
22. Nursing Facility Care	40,842,252	97,014,801	76,721,828
23. HCBS Services	6,954,866	7,657,208	13,558,495
24. Other Medical and Hospital Services - Write-Ins	2,581,210	4,861,471	9,373,459
25. **Subtotal Medical and Hospital** (Lines 5 to 24)	180,644,608	364,067,874	647,982,642
Mental Health and Substance Abuse Services			
26. Inpatient Psychiatric Facility Services	(294,081)	1,026,967	7,508,980
27. Inpatient Substance Abuse Treatment and Detox	(35,001)	(74,230)	1,141,770
28. Outpatient Mental Health Services	(901,189)	4,323,979	7,998,041
29. Outpatient Substance Abuse Treatment and Detox	-	-	-
30. Housing/Residential Treatment	1,004,933	1,669,317	6,540,898
31. Specialized Crisis Services	1,999,310	4,258,798	10,531,491
32. Psychiatric Rehab and Support Services	742,427	1,573,104	301,107
33. Case Management	3,198,891	5,112,237	5,646,137
34. Forensics	-	-	-
35. Other Judicial	-	-	-
36. Pharmacy	-	-	-
37. Lab Services	37,923	68,434	340,278
38. Transportation	-	-	-
39. Medical Incentive Pool and Withhold Adjustments	-	-	-
40. Occupancy, Depreciation and Amortization	-	-	-
41. Other Mental Health and Substance Abuse Services	1,311,025	2,732,044	12,245,008
42. PCP and Specialist Servcies	-	-	-
43. Other Mental Health Services - Write-Ins	-	-	-
44. **Subtotal MH & SAS** (Lines 26 to 43)	7,064,238	20,690,650	52,253,710
45. **Subtotal Hospital, Medical, MH&SAS** (Lines 25 and 44)	187,708,846	384,758,524	700,236,352
LESS:			
46. Net Reinsurance Recoveries Incurred	-	-	-
47. Copayments	33,297	63,187	842,106
48. Subrogation and Coordination of Benefits	736	(53)	101
49. **Subtotal Reinsurance, Copay, Subrogation** (Lines 46 to 48)	34,033	63,134	842,207
50. **Total Hospital, Medical, MH&SAS,** (Lines 45 and 49)	187,674,813	384,695,390	699,394,145
Administation:			
51. Compensation	15,471,306	29,083,075	51,793,691
52. Marketing	-	-	-
53. Interest Expense	-	-	-
54. Premium Tax Expense	12,968,622	26,543,188	44,646,131
55. Occupancy, Depreciation, and Amortization	1,265,491	2,378,880	4,236,519
56. Other Administration - Write-Ins	8,097,191	15,221,157	27,107,173
57. **Total Administration Expenses** (Lines 51 to 56)	37,802,610	73,226,300	127,783,514
58. **Total Expenses** (Lines 50 and 57)	225,477,423	457,921,690	827,177,659
59. Extraordinary Item	-	-	-
60. Provision for Income Tax	7,789,161	8,920,975	1,851,386
61. **Net Income (Loss)** (Line 4 Less Lines 58, 59 and 60)	3,183,250	16,911,240	(15,106,594)
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.	2,369,949	4,636,251	9,372,968
2202. Bad Debt Expense	153,953	168,027	-
2203. Out of Area Claims Expense	57,308	57,193	491
2299. Total Other Medical and Hospital	2,581,210	4,861,471	9,373,459
Detail of Other MH & SAS:			
4101.	-	-	-
4102.	-	-	-
4103.	-	-	-
4199. Total Other MH & SAS	-	-	-
Detail of Other Administration:			
5601. Equipment Rental	2,873,067	5,400,812	9,618,239
5602. Outsourced Services	2,357,321	4,431,308	7,891,660
5603. Auditing, Actuarial, and Other Consulting	1,115,244	2,096,444	3,733,532
5604. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	965,890	1,815,688	3,233,539
5605. Postage/Telephone	547,672	1,029,518	1,833,456
5606. Printing and Stationary	237,997	447,387	796,747
5699. Total Other Administration	8,097,191	15,221,157	27,107,173

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
	CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	104,921,560	86,912,408	86,912,408
34.	Net income or (loss) from Line 32	33,607,887	(31,964,899)	(21,974,824)
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	4,374	(150,833)	(5,151)
37.	Change in net unrealized foreign exchange capital gain or (loss)			
38.	Change in net deferred income tax	(738,757)	(36,567)	9,532,046
39.	Change in nonadmitted assets	6,245,209	127,994	(5,542,915)
40.	Change in unauthorized reinsurance			
41.	Change in treasury stock			
42.	Change in surplus notes			17,000,000
43.	Cumulative effect of changes in accounting principles			
44.	Capital Changes:			
	44.1 Paid in			
	44.2 Transferred from surplus (Stock Dividend)			
	44.3 Transferred to surplus			
45.	Surplus adjustments:			
	45.1 Paid in		31,000,000	19,000,000
	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	6		(4)
48.	Net change in capital and surplus (Lines 34 to 47)	39,118,719	(1,024,305)	18,009,152
49.	Capital and surplus end of reporting period (Line 33 plus 48)	144,040,279	85,888,103	104,921,560
DETAILS OF WRITE-INS				
4701.	Rounding	6		(4)
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)	6		(4)

CASH FLOW

		1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
	Cash from Operations			
1.	Premiums collected net of reinsurance	804,220,500	607,363,873	1,550,145,442
2.	Net investment income	2,513,431	1,813,043	4,126,216
3.	Miscellaneous income			
4.	Total (Lines 1 to 3)	806,733,931	609,176,916	1,554,271,658
5.	Benefit and loss related payments	676,370,334	540,543,298	1,173,461,605
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7.	Commissions, expenses paid and aggregate write-ins for deductions	124,313,389	101,520,449	226,693,522
8.	Dividends paid to policyholders			
9.	Federal and foreign income taxes paid (recovered) net of $.....0 tax on capital gains (losses)	17,728,747	(17,242,926)	2,693,121
10.	Total (Lines 5 through 9)	818,412,470	624,820,821	1,402,848,248
11.	Net cash from operations (Line 4 minus Line 10)	(11,678,539)	(15,643,905)	151,423,410
	Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:			
	12.1 Bonds	77,097,008	35,446,430	110,385,920
	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			(88,156)
	12.7 Miscellaneous proceeds	1,446,199		96,668
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	78,543,207	35,446,430	110,394,432
13.	Cost of investments acquired (long-term only):			
	13.1 Bonds	83,596,835	96,264,881	178,824,377
	13.2 Stocks			
	13.3 Mortgage loans			
	13.4 Real estate			
	13.5 Other invested assets			
	13.6 Miscellaneous applications	345	16,966	25,056
	13.7 Total investments acquired (Lines 13.1 to 13.6)	83,597,180	96,281,847	178,849,433
14.	Net increase (or decrease) in contract loans and premium notes			
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	(5,053,973)	(60,835,417)	(68,455,001)
	Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):			
	16.1 Surplus notes, capital notes			17,000,000
	16.2 Capital and paid in surplus, less treasury stock		31,000,000	19,000,000
	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)	16,055,331	50,652,559	75,183,239
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	16,055,331	81,652,559	111,183,239
	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)	(677,181)	5,173,237	194,151,648
19.	Cash, cash equivalents and short-term investments:			
	19.1 Beginning of year	281,543,823	87,392,175	87,392,175
	19.2 End of period (Line 18 plus Line 19.1)	280,866,642	92,565,412	281,543,823

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	415,198								415,198	
2. First Quarter	411,759								411,759	
3. Second Quarter	410,234								410,234	
4. Third Quarter										
5. Current Year										
6. Current Year Member Months	2,471,442								2,471,442	
Total Member Ambulatory Encounters for Period:										
7. Physician	2,451,602								2,451,602	
8. Non-Physician	213,183								213,183	
9. Total	2,664,785								2,664,785	
10. Hospital Patient Days Incurred	149,634								149,634	
11. Number of Inpatient Admissions	22,855								22,855	
12. Health Premiums Written (a)	851,247,238								851,247,238	
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	851,247,238								851,247,238	
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	676,027,038								676,027,038	
18. Amount Incurred for Provision of Health Care Services	673,319,072								673,319,072	

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

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

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 days	6 Over 120 Days	7 Total
0199999 Individually Listed Claims Unpaid						
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered	24,669,539	712,110	50,865			25,432,514
0499999 Subtotals	24,669,539	712,110	50,865			25,432,514
0599999 Unreported claims and other claim reserves						156,228,303
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						181,660,817
0899999 Accrued Medical Incentive Pool And Bonus Amounts						841,896

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1+3)	Estimated Claim Reserve and Claim Liability 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	147,040,794	527,571,872	10,360,853	171,299,964	157,401,647	184,368,783
8. Other health						
9. Health subtotal (Lines 1 to 8)	147,040,794	527,571,872	10,360,853	171,299,964	157,401,647	184,368,783
10. Healthcare receivables (a)	(171,048)	(613,708)			(171,048)	
11. Other non-health						
12. Medical incentive pools and bonus amounts	814,808	158,104		841,896	814,808	1,185,192
13. Totals (Lines 9 - 10 + 11 + 12)	148,026,650	528,343,684	10,360,853	172,141,860	158,387,503	185,553,975

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

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Notes to Financial Statement

1. **Summary of Significant Accounting Policies**

A. Accounting Practices

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

The TDCI recognizes only statutory accounting practices prescribed or 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 or permitted practices by the State of Tennessee. The Commissioner of Insurance has the right to permit specific practices that deviate from prescribed practices.

The TDCI, TennCare Oversight Division, 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, TennCare Oversight Division, the Company does not report the receivables and associated payables to the State of Tennessee for ASO premium taxes. 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.

A reconciliation of the Company's net income and capital and surplus between the NAIC AP&P and practices prescribed and permitted by the State of Tennessee is shown below:

NET INCOME	State of Domicile	June 30, 2011	December 31, 2010
(1) Net Income (Loss) State Statutory Basis	TN	$ 33,607,887	$ (21,974,824)
(2) State Prescribed Practices that increase (decrease) NAIC SAP	TN	0	0
(3) State Permitted Practices that increase (decrease) NAIC SAP	TN	0	0
(4) Net Income (Loss) NAIC Statutory Basis	TN	$ 33,607,887	$ (21,974,824)
SURPLUS			
(5) Surplus State Statutory Basis	TN	$ 144,040,279	$ 104,921,560
(6) State Prescribed Practices that increase (decrease) NAIC SAP:			
Admission of Health Care Receivables < 91 Days	TN	0	(14,553,687)
(7) Tennessee Permitted Practices that increase (decrease) NAIC SAP	TN	0	0
(8) Surplus NAIC Statutory Basis	TN	$ 144,040,279	$ 90,367,873

5. **Investments**

During the first six months of 2011, the Company did not recognize any other-than-temporary impairments (OTTI) on bond or equity holdings.

D. Loan-Backed Securities

(1) Prepayment assumptions are consistent with current market and economic conditions and were 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 amounts of other-than-temporary-impairments (OTTI) recognized on loan-backed securities during the six months ended June 30, 2011, are as follows:

	Amortized Cost Basis Before OTTI	OTTI Recognized in Loss	Fair Value
OTTI recognized 1st Quarter:			
Intent to Sell	$ 0	$ 0	$ 0
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	$ 0	$ 0	$ 0

Notes to Financial Statement

	Amortized Cost Basis Before OTTI	OTTI Recognized in Loss	Fair Value
OTTI recognized 2nd Quarter:			
Intent to Sell	$ 0	$ 0	$ 0
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 2nd Quarter	$ 0	$ 0	$ 0
Total	$ 0	$ 0	$ 0

(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.

CUSIP	Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized OTTI	Amortized Cost After OTTI	Fair Value at time of OTTI	Date of Financial Statement Where Reported
None	$ 0	$ 0	$ 0	$ 0	$ 0	None

(4) The aggregate amortized cost and fair value of loan-backed securities where fair value was less than amortized cost at June 30, 2011 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	$ 6,130,092	$ 0	$ 6,130,092
Fair Value	6,083,089	0	6,083,089
Unrealized Loss	$ 47,003	$ 0	$ 47,003

(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.

9. **Income Taxes**

A. The components of the net DTA recognized in the Company's balance sheet as of June 30, 2011 are:

	Ordinary	Capital	Total
Total of gross DTA, admitted and nonadmitted	$ 13,763,790	$ 31,047	$ 13,794,837
Statutory valuation allowance	-	-	-
Adjusted gross DTA, admitted and nonadmitted	$ 13,763,790	$ 31,047	$ 13,794,837
Total DTL	-	-	-
Net DTA before admissibility test	$ 13,763,790	$ 31,047	$ 13,794,837

Notes to Financial Statement

The amount of admitted adjusted gross DTA under each component of SSAP No. 10R as of June 30, 2011 is:

	Ordinary	Capital	Total
Admitted pursuant to paragraph 10(a)	$ 12,997,426	$ -	$ 12,997,426
Admitted pursuant to paragraph 10(b)	-	-	-
Admitted pursuant to paragraph 10(c)	-	-	-
Total Admitted DTA	$ 12,997,426	$ -	$ 12,997,426
Total DTL	-	-	-
Net admitted DTA	$ 12,997,426	$ -	$ 12,997,426
Nonadmitted DTA	$ 766,364	$ 31,047	$ 797,411

The components of the net DTA recognized in the Company's balance sheet as of December 31, 2010 are:

	Ordinary	Capital	Total
Total of gross DTA, admitted and nonadmitted	$ 14,502,547	$ 31,047	$ 14,533,594
Statutory valuation allowance	-	-	-
Adjusted gross DTA, admitted and nonadmitted	14,502,547	31,047	14,533,594
Total DTL	-	-	-
Net DTA before admissibility test	$ 14,502,547	$ 31,047	$ 14,533,594

The amount of admitted adjusted gross DTA under each component of SSAP No. 10R as of December 31, 2010 is:

	Ordinary	Capital	Total
Admitted pursuant to paragraph 10(a)	$ -	$ -	$ -
Admitted pursuant to paragraph 10(b)	8,206,480	-	8,206,480
Admitted pursuant to paragraph 10(c)	-	-	-
Total Admitted DTA	8,206,480	-	8,206,480
Total DTL	-	-	-
Net admitted DTA	$ 8,206,480	$ -	$ 8,206,480
Nonadmitted DTA	$ 6,296,067	$ 31,047	$ 6,327,114

The changes during 2011 in the components of the net DTA recognized in the Company's balance sheet are:

	Ordinary	Capital	Total
Total of gross DTA, admitted and nonadmitted	$ (738,757)	$ -	(738.757)
Statutory valuation allowance	-	-	-
Adjusted gross DTA, admitted and nonadmitted	$ (738,757)	$ -	$ (738,757)
Total DTL	-	-	-
Net DTA before admissibility test	$ (738,757)	$ -	$ (738,757)

The changes during 2011 in the amount of admitted adjusted gross DTA under each component of SSAP No. 10R are:

	Ordinary	Capital	Total
Admitted pursuant to paragraph 10(a)	$ 12,997,426	-	$ 12,997,426
Admitted pursuant to paragraph 10(b)	(8,206,480)	-	(8,206,480)
Admitted pursuant to paragraph 10(c)	-	-	-
Total Admitted DTA	4,790,946	-	4,790,946
Total DTL	-	-	-
Net admitted DTA	$ 4,790,946	$ -	$ 4,790,946
Nonadmitted DTA	$ (5,529,703)	$ -	$ (5,529,703)

The Company did not qualify to elect to admit the increased amount of DTA under SSAP No. 10R in 2011 or 2010.

C. The provisions for incurred income taxes on earnings for the periods ended June 30, 2011 and December 31, 2010 are:

Notes to Financial Statement

	June 30, 2011	December 31, 2010
Federal	$ 17,728,747	$ 2,693,121
Foreign	-	-
	17,728,747	2,693,121
Federal income tax on capital gains	-	-
Utilization of capital loss carryforwards	-	-
Federal and foreign income taxes incurred	$ 17,728,747	$ 2,693,121

The change in net deferred income taxes is comprised of the following:

	June 30, 2011	December 31, 2010	Change
Adjusted gross DTAs, admitted and nonadmitted	$ 13,794,837	$ 14,533,594	$ (738,757)
Total DTLs	-	-	-
Adjusted gross DTAs, less DTLs	$ 13,794,837	$ 14,533,594	$ (738,757)
Tax effect of nonadmitted assets			499,682
Change in net deferred income tax			$ (239,075)

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

	June 30, 2011	Effective Tax Rate
Provision computed at statutory rate	$ 17,967,822	35.0%
Change in net deferred income taxes	(239,075)	(0.5%)
Federal and foreign income taxes incurred	$ 17,728,747	34.5%

10. Information Concerning Parent, Subsidiaries and Affiliates

A. The Company is a wholly owned subsidiary of Southern Diversified Business Services, Inc. (SDBS), which is a wholly owned subsidiary of BlueCross BlueShield of Tennessee, Inc. (BCBST or the Parent).

The members of BCBST's holding company group have not changed since December 31, 2010 (see Schedule Y on page Q15).

BCBST transferred $450,000 during the first six months of 2011 and $79,000,000 in 2010 to SDBS (SDBS) as additional capital contributions. The capital contributions for 2010 were passed through SDBS to VSHP.

C. The Company has administrative service contracts under which BCBST provides certain administrative services to the Company and the Company provides certain services to BCBST. The Company reimburses BCBST for both direct and allocated expenses paid by BCBST on behalf of the Company and BCBST reimburses the Company for both direct and allocated expenses incurred by the Company on behalf of BCBST. Net amounts transferred between BCBST and the Company for the six months ended June 30 were $33,430,017 and $13,025,708 in 2011 and 2010, respectively.

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

C. The Company has no wash sales involving transactions for securities with an NAIC designation of 3 or below, or unrated (SSAP No. 91).

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

A. ASO Plans:

TennCare Select and the Stabilization Plan are Administrative Services Only (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 Company has an Emergency Room Diversion Grant (ERDG) contract with the State of Tennessee Department of Finance and Administration. Under this contract, the Company is fully reimbursed for costs related to the administration of the grant. The contract ended on April 15, 2011.

Notes to Financial Statement

The gain from operations from ASO plans and the uninsured portion of partially insured plans are as follows during 2011:

	(1)	(2)	(3)
	ASO Uninsured Plans	Uninsured Portion of Partially - Insured Plans	Total ASO Plans
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ 2,236,668	0	$ 2,236,668
b. Total net other income or (expenses) (including interest paid to or received from plans)	(1,950)	0	(1,950)
c. Net gain from operations	$ 2,238,618	0	$ 2,238,618
d. Total claims payment volume	$ 158,361,802	0	$ 158,361,802

20. **Fair Value Measurement**

The Company holds only investment grade bonds in its investment portfolio, which are reported at amortized cost. Due to this fact, and in accordance with the provisions of Statement of Statutory Accounting Principles (SSAP) No. 100, *Fair Value Measurements*, the Company is not required to categorize these assets within the fair value hierarchy. At June 30, 2011, the Company held investment grade commercial mortgage-backed securities and investment grade asset-backed securities with a fair value of $9,227,012 and $9,010,446, respectively. At June 30, 2011, the average credit rating of the Company's entire 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 June 30, 2011.

Fair values of bonds 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 reasonable estimates of exit prices. For securities not actively traded, the third party pricing services may use quoted market prices of similar 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 the 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, 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.

21. **Other Items**

C. Other Disclosures

1) As of June 30, 2011, assets in the amount of $35,127,827 were on deposit with government authorities or trustees. This amount exceeds the deposit amount required by the State of Tennessee of $34,651,682.

2) Expenses are shown on the Statement of Revenue and Expenses net of administrative fees from ASO contracts. The increase in claims adjustment and general administrative expense for the six months ended June 30, 2011 compared to the same period in the prior year is primarily attributable to the addition of the Select Community and Choices programs, which began June 1, 2010 and August 8, 2010, respectively, and $13,061,100 in liquidated damages assessed by the State of Tennessee primarily attributable to the Choices program, partially offset by reductions in claims adjustment and general administrative expenses on non-Choices programs.

Notes to Financial Statement

The following provides a comparison of expense excluding ASO administrative fees and premium tax:

Line#	Administrative Expenses:	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	% Change
20	Claims adjustment expense	$60,521,905	$49,548,916	
21	General administrative expense	68,084,253	51,825,742	
	Total Expense	128,606,158	101,374,658	
	Less: ASO administrative fees	22,363,950	21,790,029	
	Less: Premium tax	(56,730,385)	(43,364,299)	
	Expenses before ASO admin fees and excluding premium tax	$94,239,723	$ 79,800,388	18.1%

22. **Events Subsequent**

Type I – Recognized Subsequent Events:

Subsequent events have been considered through August 9, 2011 for the statutory statement issued on August 15, 2011. The risk and ASO contracts include provisions for liquidated damages related primarily to operational performance measures. The State of Tennessee monitors performance and determines any damages to be assessed. On July 13, 2011, the Company was notified of $13,050,000 in liquidated damages related to the Choices program. The assessment relates to periods prior to June 30, 2011, and the Company accrued this amount as of June 30, 2011. The amount is reported on page Q3, line 23 in the category labeled Aggregate write-ins for other liabilities and on page Q4, line 21 in the category labeled General administrative expenses.

Type II – Non-recognized Subsequent Events:

Subsequent events have been considered through August 9, 2011 for the statutory statement issued on August 15, 2011. As noted on Supplemental Exhibit 2 – Accident and Health Premiums Due and Unpaid, the State of Tennessee withheld $75,789,229 in premiums due as of June 30, 2011. Subsequent to June 30, 2011, the State of Tennessee withheld an additional $28,760,987. In August 2011, the State of Tennessee returned previously withheld amounts totaling $89,886,353. As of August 9, 2011, premiums withheld by the State totaled $14,663,863. The Company has no other required disclosures of Type II events (SSAP No. 9).

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

As of December 31, 2010, a reserve for unpaid insured claims and claim adjustment expenses, net of gross healthcare receivables, amounted to $196,453,023. Through June 30, 2011, $156,685,622 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 2010 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 $27,200,286. The reserve remaining for prior year amounts to $12,567,115 as of June 30, 2011.

Other Notes

There have been no significant changes during the first six months of 2011 in notes not presented herein.

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[X] No[ ]
2.2 If yes, date of change: 03/15/2011

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 Name of Entity	2 NAIC Company Code	3 State of Domicile

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

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008
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 Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
		Yes[ ] No[X]	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[X] No[ ]
9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
The VSHP Code of Business Conduct (Code) is applicable to all employees, officers, contractors, and members of the Board of Directors. According to the Code of Conduct Annual Review Policy, it is the responsibility of the Corporate Compliance Department to perform an annual review and revision of the Code in order to maintain a current, accurate, and applicable Code for VSHP. This annual review process was completed during the first quarter of 2011 with Board approval and acceptance of the revised Code occurring in April 2011. The only changes made to the Code this year included minor wording revisions and the addition of a new corporate purpose and values page. The primary content and standards of the Code were unchanged.
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:

GENERAL INTERROGATORIES (Continued)

INVESTMENT

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:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted 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 3, III Conducting Examinations, F - 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 Name of Custodian(s)	2 Custodian Address
US Bank	2204 Lakeshore Drive, Ste 302 Birmingham, AL 35209
Bank of NY 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 Name(s)	2 Location(s)	3 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[X] No[ ]
16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Regions Morgan Keegan Trust	US Bank	05/11/2011	Credit Rating of Regions

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 Central Registration Depository	2 Name(s)	3 Address
Exempt	BlackRock Financial Management	40 East 52nd Street, NY, NY 10022
4161	Morgan Keegan	50 Front St., Memphis, TN 38103

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 83.200%
   1.2 A&H cost containment percent 4.100%
   1.3 A&H expense percent excluding cost containment expenses 11.000%

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

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Domiciliary Jurisdiction	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (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			851,247,238				851,247,238	
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			851,247,238				851,247,238	
60. Reporting entity contributions for Employee Benefit Plans	XXX								
61. Total (Direct Business)	(a) 1			851,247,238				851,247,238	
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								

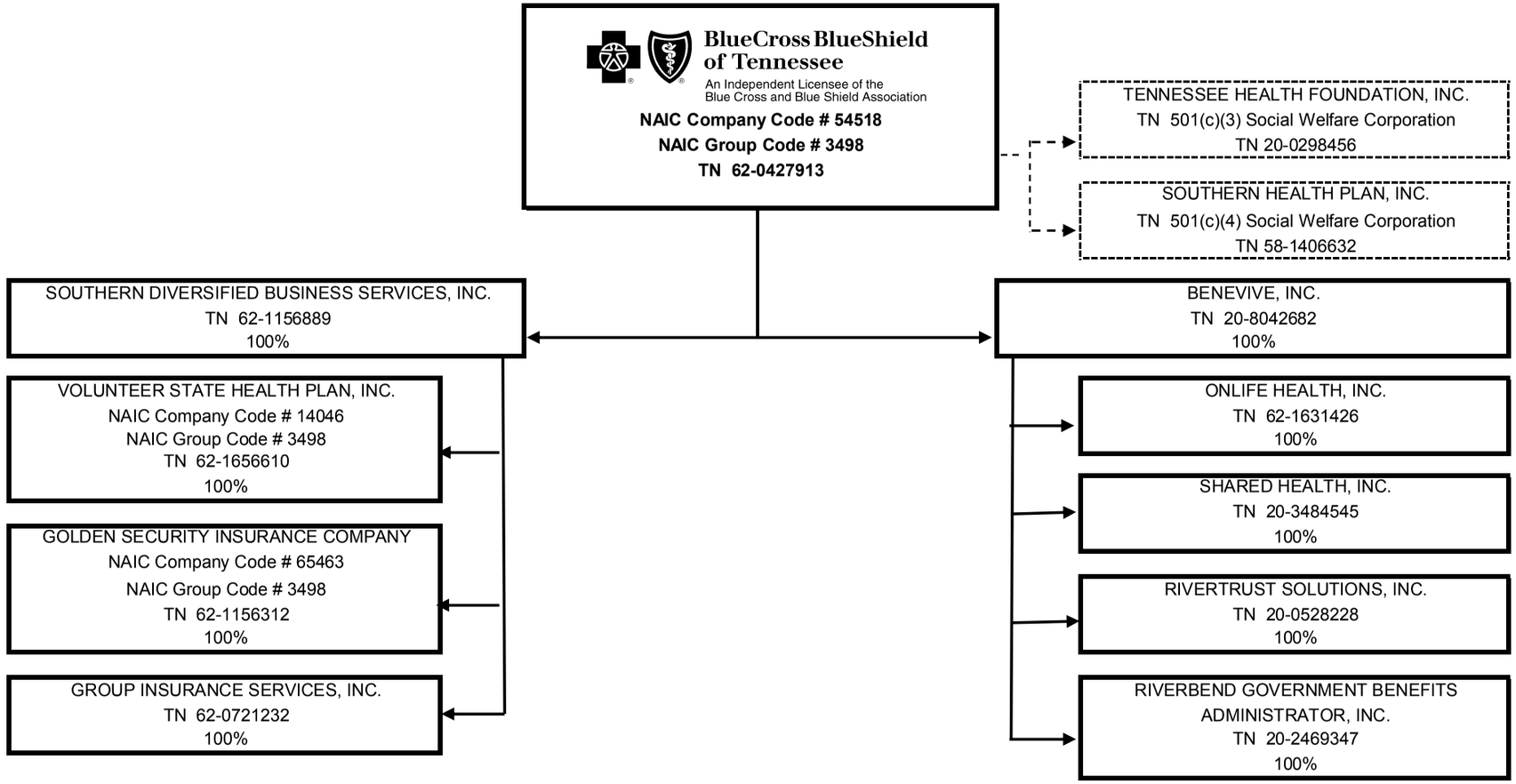
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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



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

14046201136500002 2011 Document Code: 365

OVERFLOW PAGE FOR WRITE-INS

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2304.				
2305.				
2397. Summary of remaining write-ins for Line 23 (Lines 2304 through 2396)				

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 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			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year To Date	2 Prior Year To Date	3 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 Year To Date	2 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 Year To Date	2 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 Year To Date	2 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 Year To Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value of bonds and stocks, December 31 of prior year	160,847,485	93,191,585
2.	Cost of bonds and stocks acquired	83,596,835	178,824,377
3.	Accrual of discount	29,522	41,434
4.	Unrealized valuation increase (decrease)	2,130	(7,964)
5.	Total gain (loss) on disposals	324,381	1,525,683
6.	Deduct consideration for bonds and stocks disposed of	77,097,008	110,385,920
7.	Deduct amortization of premium	1,041,958	2,253,006
8.	Total foreign exchange change in book/adjusted carrying value		
9.	Deduct current year's other than temporary impairment recognized		88,704
10.	Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	166,661,387	160,847,485
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)	166,661,387	160,847,485

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	301,721,580	602,714,588	469,432,487	(505,106)	301,721,580	434,498,575		438,414,874
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	301,721,580	602,714,588	469,432,487	(505,106)	301,721,580	434,498,575		438,414,874
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	301,721,580	602,714,588	469,432,487	(505,106)	301,721,580	434,498,575		438,414,874

(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 $.....0; NAIC 2 $.....0; NAIC 3 $.....0; NAIC 4 $.....0; NAIC 5 $.....0; NAIC 6 $.....0

SCHEDULE DA - PART 1

Short - Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals	267,837,188	X X X	267,836,966	71,959	

SCHEDULE DA - Verification

Short-Term Investments

		1 Year To Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year	277,567,425	80,553,492
2.	Cost of short-term investments acquired	847,854,081	531,222,171
3.	Accrual of discount	568	
4.	Unrealized valuation increase (decrease)		
5.	Total gain (loss) on disposals	(345)	599
6.	Deduct consideration received on disposals	857,584,269	334,189,683
7.	Deduct amortization of premium	272	19,154
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)	267,837,188	277,567,425
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)	267,837,188	277,567,425

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 minus				
	3.22 Section 1, Column 17, prior year				
Change in amount recognized					
	3.23 Section 1, Column 16, current year 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 Number of Positions	2 Total Replication (Synthetic Asset) Transactions Statement Value	3 Number of Positions	4 Total Replication (Synthetic Asset) Transactions Statement Value	5 Number of Positions	6 Total Replication (Synthetic Asset) Transactions Statement Value	7 Number of Positions	8 Total Replication (Synthetic Asset) Transactions Statement Value	9 Number of Positions	10 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 , 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 Year To Date	2 Prior Year Ended December 31
1.	Book/adjusted carrying value, December 31 of prior year		
2.	Cost of cash equivalents acquired		1,999,527
3.	Accrual of discount		
4.	Unrealized valuation increase (decrease)		
5.	Total gain (loss) on disposals		(52)
6.	Deduct consideration received on disposals		1,999,475
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)		
11.	Deduct total nonadmitted amounts		
12.	Statement value at end of current period (Line 10 minus Line 11)		

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 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments									
912828QS2	U S TREASURY NOTE		06/27/2011	VARIOUS	X X X	1,605,601	1,600,000.00	492	1
0599999 Subtotal - Bonds - U.S. Governments					X X X	1,605,601	1,600,000.00	492	X X X
Bonds - U.S. Special Revenue, Special Assessment									
31398AYY2	FEDERAL NATL MTG ASSN		06/27/2011	Credit Suisse	X X X	1,703,288	1,600,000.00	13,600	1FE
3128CUTB2	FHLMC POOL #G3-0546		05/10/2011	Morgan Stanley	X X X	1,332,563	1,200,000.00	3,200	1FE
3128PVBS8	FHLMC POOL #J1-5449		06/01/2011	VARIOUS	X X X	4,154,900	3,992,096.92	6,653	1FE
38374C3K5	GNMA REMIC P/T 03-85 CL VB		04/26/2011	Credit Suisse	X X X	1,430,051	1,350,000.00	4,725	1FE
78442GQP4	SLM STUDENT LOAN TRUST 8 A3		06/13/2011	First Tennessee	X X X	1,276,438	1,300,000.00	721	1FE
3199999 Subtotal - Bonds - U.S. Special Revenue, Special Assessment					X X X	9,897,240	9,442,096.92	28,899	X X X
Bonds - Industrial and Miscellaneous (Unaffiliated)									
00440EAG2	ACE INA HOLDINGS INC		06/23/2011	Wells Fargo Securities LL	X X X	731,510	650,000.00	1,379	1FE
02005VAC6	ALLY AUTO RECEIVABLES TRU 2 A3		04/27/2011	Citibank NY	X X X	1,349,997	1,350,000.00		1Z*
06051GDY2	BANK OF AMERICA CORP		04/12/2011	Barclays Capital	X X X	652,683	575,000.00	17,669	1FE
05531FAH6	BB&T CORPORATION		04/25/2011	Deutsche Bank Secs	X X X	1,474,322	1,475,000.00		1FE
92344SAP5	CELLCO PARTNERSHIP / VERIZON W		06/09/2011	FTN Financial Secs	X X X	720,181	650,000.00	13,328	1FE
172967EY3	CITIGROUP INC		04/12/2011	MLPFS INC/Fixed Income	X X X	982,686	885,000.00	9,873	1FE
22544QAB5	CREDIT SUISSE MORTGAGE C C3 A2		05/03/2011	Deutsche Bank Secs	X X X	2,420,679	2,360,918.38	724	1Z*
235851AK8	DANAHER CORP		06/27/2011	Credit Suisse	X X X	1,610,528	1,600,000.00	404	1FE
24702RAP6	DELL INC		06/23/2011	Non Broker Trade	X X X	2,290,948	2,200,000.00	16,671	1FE
313371J49	FEDERAL HOME LN BK CONS BD		04/14/2011	Mizuho Secs	X X X	1,378,034	1,400,000.00	6,067	1FE
3133XLJP9	FEDERAL HOME LN BK CONS BD		05/03/2011	Morgan Stanley	X X X	1,703,580	1,500,000.00	18,563	1FE
3133XWE70	FEDERAL HOME LN BK CONS BD		05/10/2011	First Tennessee	X X X	1,498,910	1,440,000.00	14,800	1FE
3134A4UU6	FEDERAL HOME LN MTG CORP		05/03/2011	BNP Paribas Securites	X X X	1,786,907	1,600,000.00	24,222	1FE
3134G12L7	FEDERAL HOME LN MTG CORP		05/18/2011	Added by SunGard	X X X	1,505,025	1,500,000.00	3,577	1FE
34528QAH7	FORD CREDIT FLOORPLAN MAST 2 A		06/02/2011	JPMorgan Securities Inc,	X X X	740,522	730,000.00	780	1Z*
36967HAV9	GENERAL ELECTRIC CAPITAL CORP		04/25/2011	Morgan Stanley	X X X	1,435,500	1,400,000.00	10,495	1FE
372917AQ7	GENZYME CORP		06/28/2011	Credit Suisse	X X X	506,246	475,000.00	765	1FE
38141EA74	GOLDMAN SACHS GROUP INC		04/08/2011	Goldman Sachs NY	X X X	189,931	188,000.00	1,391	1FE
38141GEA8	GOLDMAN SACHS GROUP INC SR NT		04/12/2011	VARIOUS	X X X	913,439	852,000.00	10,797	1FE
428236BK8	HEWLETT-PACKARD CO		05/25/2011	JPMorgan Securities Inc,	X X X	684,801	685,000.00		1FE
61747YDC6	MORGAN STANLEY		04/26/2011	Morgan Stanley	X X X	1,000,000	1,000,000.00		1FE
617451AF6	MORGAN STANLEY CAPITA IQ10 A4A		05/24/2011	Citibank NY	X X X	272,930	250,000.00	908	1Z*
61745MT45	MORGAN STANLEY CAPITAL HQ4 A7		04/11/2011	Wells Fargo Secs	X X X	514,500	490,000.00	879	1FE
61746WD49	MORGAN STANLEY DEAN WIT HQ2 A2		06/15/2011	Citadel Secs	X X X	743,919	710,000.00	1,844	1Z*
69373UAA5	PACCAR INC MEDIUM TERM NTS		04/14/2011	Merrill Lynch	X X X	359,349	315,000.00	3,850	1FE
718172AB5	PHILIP MORRIS INTERNATIONAL IN		06/29/2011	JPMorgan Securities Inc,	X X X	696,800	650,000.00	4,313	1FE
742718DQ9	PROCTER & GAMBLE CO/THE		06/29/2011	Morgan Stanley	X X X	659,219	625,000.00	6,781	1FE
842400ER0	SOUTHERN CALIFORNIA EDISON CO		06/30/2011	FTN Financial Secs	X X X	1,341,302	1,225,000.00	29,094	1FE
882508AQ7	TEXAS INSTRUMENT INC		05/16/2011	Morgan Stanley	X X X	1,168,538	1,170,000.00		1FE
90520EAC5	UNION BANK NA		06/01/2011	Morgan Stanley	X X X	648,265	650,000.00		1FE
931142DA8	WAL-MART STORES INC		04/11/2011	Citigroup GBL	X X X	648,245	650,000.00		1FE
3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					X X X	32,629,496	31,250,918.38	199,174	X X X
8399997 Subtotal - Bonds - Part 3					X X X	44,132,337	42,293,015.30	228,565	X X X

SCHEDULE D - PART 3

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
8399998 Summary Item from Part 5 for Bonds (N/A to Quarterly)					XXX	XXX	XXX	XXX	XXX
8399999 Subtotal - Bonds					XXX	44,132,337	42,293,015.30	228,565	XXX
8999998 Summary Item from Part 5 for Preferred Stocks (N/A to Quarterly)					XXX	XXX	XXX	XXX	XXX
9799998 Summary Item from Part 5 for Common Stocks (N/A to Quarterly)					XXX	XXX	XXX	XXX	XXX
9899999 Subtotal - Preferred and Common Stocks					XXX		XXX		XXX
9999999 Total - Bonds, Preferred and Common Stocks					XXX	44,132,337	XXX	228,565	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	Maturity Date	NAIC Designation or Market Indicator (a)
Bonds - U.S. Governments																					
912828NQ9	U S TREASURY NOTE		06/23/2011	Alex Brown & Sons	XXX	1,406,284	1,400,000.00	1,402,848			(498)		(498)		1,402,351		3,934	3,934	3,481	07/31/2012	1
912828PZ7	U S TREASURY NOTE		06/22/2011	First Boston Corp	XXX	4,032,252	4,000,000.00	4,001,156			117		117		4,001,273		30,979	30,979	8,628	03/15/2014	1
912828QS2	U S TREASURY NOTE		06/29/2011	VARIOUS	XXX	1,599,432	1,600,000.00	1,605,601			(8)		(8)		1,605,593		(6,161)	(6,161)	607	06/15/2014	1
0599999 Subtotal - Bonds - U.S. Governments					XXX	7,037,968	7,000,000.00	7,009,605			(389)		(389)		7,009,217		28,752	28,752	12,716	XXX	XXX
Bonds - U.S. Special Revenue, Special Assessment																					
3133XRY46	FEDERAL HOME LN BK CONS BD		06/23/2011	SBC Capital Mkts	XXX	503,810	500,000.00	523,495	508,007		(5,542)		(5,542)		502,466		1,344	1,344	14,844	09/09/2011	1FE
3133XUKB8	FEDERAL HOME LN BK CONS BD		05/18/2011	BNP Paribas Securites	XXX	526,570	525,000.00	527,546	525,835		(519)		(519)		525,316		1,254	1,254	5,574	08/11/2011	1FE
3133XXWU7	FEDERAL HOME LN BK CONS BD		06/23/2011	BNP Paribas Securites	XXX	1,420,021	1,420,000.00	1,419,134	1,419,563		273		273		1,419,836		185	185	2,439	10/06/2011	1FE
3133XF5T9	FEDERAL HOME LN BKS CONS BD		06/23/2011	SBC Capital Mkts	XXX	429,344	425,000.00	456,004	435,577		(7,321)		(7,321)		428,256		1,087	1,087	16,823	09/09/2011	1FE
3133XTXS0	FEDERAL HOME LOAN BANK CONS		06/24/2011	CALLED @ 100.0000000	XXX	2,200,000	2,200,000.00	2,246,970	2,229,048		(29,048)		(29,048)		2,200,000				38,500	06/24/2014	1FE
3128X8XS6	FEDERAL HOME LOAN MORTGAGE COMPANY		04/27/2011	CALLED @ 100.0000000	XXX	400,000	400,000.00	399,800	399,910		22		22		399,932		68	68	4,000	04/27/2012	1FE
31398AWQ1	FEDERAL NATL MTG ASSN		04/28/2011	MATURITY	XXX	375,000	375,000.00	374,096	374,855		145		145		375,000				2,578	04/28/2011	1FE
31342A5L9	FHLMC POOL #78-0851		06/01/2011	PRINCIPAL RECEIPT	XXX	3,591	3,591.14	3,708	3,705		(114)		(114)		3,591				34	09/01/2033	1FE
3128CUTB2	FHLMC POOL #G3-0546		06/01/2011	PRINCIPAL RECEIPT	XXX	20,929	20,928.61	23,241			(2,312)		(2,312)		20,929					03/01/2026	1FE
3128PVBS8	FHLMC POOL #J1-5449		06/01/2011	VARIOUS	XXX	2,081,563	2,000,000.00	2,081,563			531		531		2,082,094		(531)	(531)	3,333	05/01/2026	1FE
31394YR63	FHLMC MULTICLASS CTFS 2802 VE		06/15/2011	PRINCIPAL RECEIPT	XXX	12,411	12,410.97	13,191	13,046		(635)		(635)		12,411				268	04/15/2015	1FE
31393RRD4	FHLMC MULTICLASS MTG		06/15/2011	PRINCIPAL RECEIPT	XXX	42,840	42,839.52	45,022	44,767		(1,927)		(1,927)		42,840				760	01/15/2018	1FE
31393JPM4	FHLMC MULTICLASS MTG 2557 WD		06/15/2011	PRINCIPAL RECEIPT	XXX	83,916	83,915.60	87,692	86,696		(2,781)		(2,781)		83,916				1,683	08/15/2016	1FE
31394NAB4	FHLMC MULTICLASS MTG 2723 EA		06/15/2011	PRINCIPAL RECEIPT	XXX	65,315	65,315.12	68,397	67,693		(2,378)		(2,378)		65,315				1,284	01/15/2018	1FE
31397CYB9	FHLMC MULTICLASS MTG 3253 A		06/15/2011	PRINCIPAL RECEIPT	XXX	42,222	42,221.65	44,570	44,348		(2,127)		(2,127)		42,222				849	08/15/2020	1FE
31397FXX5	FHLMC MULTICLASS MTG 3291 NA		06/15/2011	PRINCIPAL RECEIPT	XXX	39,287	39,287.47	40,669	40,555		(1,268)		(1,268)		39,287				1,046	10/15/2027	1FE
31342AZE2	FHLMC POOL #78-0741		06/01/2011	PRINCIPAL RECEIPT	XXX	13,588	13,587.54	14,019	14,008		(421)		(421)		13,588				128	07/01/2033	1FE
31395LAD3	FHLMC REMIC SERIES 2924		06/15/2011	PRINCIPAL RECEIPT	XXX	44,295	44,294.56	46,371	46,245		(1,950)		(1,950)		44,295				785	02/15/2019	1FE
31402C5E8	FNMA POOL #0725445		06/27/2011	PRINCIPAL RECEIPT	XXX	42,106	42,106.20	44,455	44,287		(2,181)		(2,181)		42,106				674	05/01/2019	1FE
31402RF87	FNMA POOL #0735591		06/27/2011	PRINCIPAL RECEIPT	XXX	40,516	40,516.14	41,903	41,893		(1,377)		(1,377)		40,516				723	06/01/2035	1FE
31403CVJ7	FNMA POOL #0745017		06/27/2011	PRINCIPAL RECEIPT	XXX	76,998	76,997.64	81,293	81,029		(4,031)		(4,031)		76,998				1,227	07/01/2020	1FE
31404P5U1	FNMA POOL #0774959		06/27/2011	PRINCIPAL RECEIPT	XXX	90,451	90,450.92	95,496	95,131		(4,680)		(4,680)		90,451				1,297	04/01/2019	1FE
31404WTV8	FNMA POOL #0780964		06/27/2011	PRINCIPAL RECEIPT	XXX	49,029	49,028.58	51,763	51,568		(2,539)		(2,539)		49,029				797	05/01/2019	1FE
31410K6W9	FNMA POOL #0890185		06/27/2011	PRINCIPAL RECEIPT	XXX	54,821	54,820.79	58,059	57,883		(3,062)		(3,062)		54,821				1,046	10/01/2021	1FE
31410K6Y5	FNMA POOL #0890187		06/27/2011	PRINCIPAL RECEIPT	XXX	43,458	43,457.81	46,133	45,973		(2,515)		(2,515)		43,458				791	12/01/2020	1FE
31416B4M7	FNMA POOL #0995528		06/27/2011	PRINCIPAL RECEIPT	XXX	20,086	20,086.05	20,868	20,831		(745)		(745)		20,086				369	12/01/2021	1FE
31416B4P0	FNMA POOL #0995530		06/27/2011	PRINCIPAL RECEIPT	XXX	23,312	23,311.83	24,310	24,278		(967)		(967)		23,312				454	12/01/2021	1FE
31418M4X7	FNMA POOL #0AD0837		06/27/2011	PRINCIPAL RECEIPT	XXX	67,279	67,278.71	71,016	70,847		(3,569)		(3,569)		67,279				1,092	03/01/2023	1FE
31394CPN6	FNMA GTD REMIC P/T 05-10 AJ		06/27/2011	PRINCIPAL RECEIPT	XXX	25,524	25,523.76	26,457	26,267		(743)		(743)		25,524				461	01/25/2023	1FE
31397N3Q6	FNMA GTD REMIC P/T 09-43 GJ		06/27/2011	PRINCIPAL RECEIPT	XXX	44,384	44,383.54	46,214	45,658		(1,275)		(1,275)		44,384				641	06/25/2024	1FE
31396QZW2	FNMA GTD REMIC P/T 09-70 NT		06/27/2011	PRINCIPAL RECEIPT	XXX	54,078	54,077.63	56,199	55,768		(1,690)		(1,690)		54,078				791	08/25/2019	1FE
31416BRE0	FNMA POOL #0995185		06/27/2011	PRINCIPAL RECEIPT	XXX	50,378	50,377.69	52,706	52,559		(2,181)		(2,181)		50,378				906	12/01/2023	1FE
36211V6Q8	GNMA POOL #0524779		06/15/2011	PRINCIPAL RECEIPT	XXX	32,399	32,398.53	33,831	33,723		(1,325)		(1,325)		32,399				565	01/15/2024	1FE
36295P4L3	GNMA POOL #0676827		06/15/2011	PRINCIPAL RECEIPT	XXX	7,948	7,948.27	8,305	8,319		(371)		(371)		7,948				141	05/15/2023	1FE
36296E5H5	GNMA POOL #0689448		06/15/2011	PRINCIPAL RECEIPT	XXX	18,799	18,799.43	19,631	19,565		(766)		(766)		18,799				323	07/15/2023	1FE
36297A3K7	GNMA POOL #0706502		06/15/2011	PRINCIPAL RECEIPT	XXX	1,977	1,976.86	2,064	2,058		(81)		(81)		1,977				39	01/15/2024	1FE
36297B4P3	GNMA POOL #0707430		06/15/2011	PRINCIPAL RECEIPT	XXX	3,833	3,833.29	4,003	3,990		(157)		(157)		3,833				76	01/15/2024	1FE
36297CVT3	GNMA POOL #0708126		06/15/2011	PRINCIPAL RECEIPT	XXX	2,662	2,662.08	2,783	2,774		(112)		(112)		2,662				51	01/15/2024	1FE
38374J6Y7	GNMA GTD REMIC P/T 04-103 CD		06/16/2011	PRINCIPAL RECEIPT	XXX	199,145	199,144.53	208,915			(9,771)		(9,771)		199,145				1,658	12/16/2031	1FE
36225EVZ2	GNMA II POOL #0082431		06/20/2011	PRINCIPAL RECEIPT	XXX	11,029	11,029.26	11,195	11,191		(162)		(162)		11,029				132	12/20/2039	1FE
36210B4N2	GNMA POOL #0487829		06/15/2011	PRINCIPAL RECEIPT	XXX	9,793	9,792.85	10,136	10,124		(331)		(331)		9,793				206	04/15/2024	1FE
36210B4R3	GNMA POOL #0487832		06/15/2011	PRINCIPAL RECEIPT	XXX	13,714	13,713.61	14,331	14,285		(571)		(571)		13,714				289	04/15/2024	1FE
784422AA5	SLC STUDENT LN 07 2 CL A-1		05/16/2011	PRINCIPAL RECEIPT	XXX	16,104	16,104.04	15,621	15,881		223		223		16,104				41	05/15/2018	1FE
83149EAC1	SLM STUDENT LN 06 5 CL A3		04/25/2011	PRINCIPAL RECEIPT	XXX	57,187	57,186.92	55,212	55,293		1,894		1,894		57,187				55	10/25/2019	1FE
78442GHP4	SLM STUDENT LN TR 03-8 CL A-4		06/15/2011	PRINCIPAL RECEIPT	XXX	9,560	9,559.67	9,207	9,214		346		346		9,560				25	03/15/2019	1FE
78442GMK9	SLMA 2004-7 A5		04/25/2011	PRINCIPAL RECEIPT	XXX	62,953	62,952.86	62,363	62,467		486		486		62,953				74	01/27/2020	1FE
3199999 Subtotal - Bonds - U.S. Special Revenue, Special Assessment					XXX	9,434,225	9,342,911.67	9,589,957	7,216,714		(99,625)		(99,625)		9,430,817		3,407	3,407	109,872	XXX	XXX
Bonds - Industrial and Miscellaneous (Unaffiliated)																					
055451AD0	BHP BILLITON FIN USA LTD GTD	R	06/22/2011	Merrill Lynch	XXX	517,900	500,000.00	528,895	527,433		(10,441)		(10,441)		516,991		909	909	19,076	03/29/2012	1FE
6325C0BE0	NATIONAL AUSTRALIA BANK 144A	F	06/22/2011	Salomon Brothers	XXX	523,215	500,000.00	534,290	532,908		(3,606)		(3,606)		529,302		(6,087)	(6,087)	15,365	03/02/2015	1FE
02005HAB9	ALLYA 2010-1 A3		06/23/2011	VARIOUS	XXX	1,259,082	1,250,000.00	1,249,908	1,249,936		16		16		1,249,952		9,130	9,130	9,717	05/15/2014	1FE
03064AAC8	AMCAR 2009-1 A3		06/15/2011	PRINCIPAL RECEIPT	XXX	51,683	51,682.81	52,329	51,991		(308)		(308)		51,683				659	10/15/2013	1FE
05947UXN3	BANC OF AMERICA COMMERCIA 5 A3		06/10/2011	PRINCIPAL RECEIPT	XXX	7,846	7,846.41	7,957			(110)		(110)		7,846				99	11/10/2041	1Z*
06050BAG6	BANK AMER CORP MTN SER L		06/06/2011	BNP Paribas Securites	XXX	254,133	250,000.00	248,255	249,264		236		236		249,500		4,633	4,633	3,194	04/30/2012	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	Maturity Date	NAIC Designation or Market Indicator (a)
060505BM5	BANK AMER CORP NT		06/27/2011	Montgomery Secs	XXX	483,017	450,000.00	482,117			(3,844)		(3,844)		478,273		4,744	4,744	13,102	06/15/2014	1FE
06051GDY2	BANK OF AMERICA CORP		06/27/2011	SBC Capital Mkts	XXX	1,518,332	1,350,000.00	1,509,098	149,407		(15,557)		(15,557)		1,493,781		24,551	24,551	62,227	05/15/2014	1FE
06051GEB1	BANK OF AMERICA CORP		06/22/2011	BNP Paribas Securites	XXX	156,893	150,000.00	156,123			(539)		(539)		155,584		1,308	1,308	4,913	04/01/2015	1FE
06051GED7	BANK OF AMERICA CORP		06/10/2011	Montgomery Secs	XXX	314,185	310,000.00	310,381			(30)		(30)		310,352		3,833	3,833	9,335	09/01/2015	1FE
084664BK6	BERKSHIRE HATHAWAY FINANCE COR		05/25/2011	First Boston Corp	XXX	206,158	200,000.00	199,534	199,796		62		62		199,858		6,300	6,300	4,911	04/15/2012	1FE
09657CAC4	BMWLT 2009-1 A3		06/15/2011	PRINCIPAL RECEIPT	XXX	278,523	278,523.29	283,963	280,252		(1,729)		(1,729)		278,523				3,592	03/15/2012	1FE
14312WAD5	CARMAX AUTO OWNER 09-1 CL A-3		06/15/2011	PRINCIPAL RECEIPT	XXX	94,029	94,029.12	95,669	95,669		(1,640)		(1,640)		94,029				1,660	03/15/2013	1FE
161571CW2	CHASE ISSUACNE TR 08-9 CL A		05/16/2011	PRINCIPAL RECEIPT	XXX	750,000	750,000.00	760,320	760,320		(10,320)		(10,320)		750,000				13,313	05/15/2013	1FE
17314AAF9	CITIGROUP FUNDING INC		06/23/2011	Chemical Securities	XXX	912,096	900,000.00	905,419	902,940		(1,120)		(1,120)		901,820		10,276	10,276	13,200	03/30/2012	1FE
172967EY3	CITIGROUP INC		06/27/2011	Chemical Securities	XXX	249,001	225,000.00	250,904			(3,010)		(3,010)		247,894		1,106	1,106	12,670	08/12/2014	1FE
172967EZ0	CITIGROUP INC		06/27/2011	VENDOR CODE BRO NOT IN TA	XXX	949,358	875,000.00	946,654			(7,352)		(7,352)		939,301		10,056	10,056	34,089	10/15/2014	1FE
191216AL4	COCA COLA CO NT		05/17/2011	Stifel Nicolaus	XXX	106,506	100,000.00	99,545	99,700		33		33		99,734		6,772	6,772	2,467	03/15/2014	1FE
22541LAC7	CREDIT SUISSE FB USA INC NT		04/11/2011	First Boston Corp	XXX	156,834	150,000.00	152,637	151,012		(263)		(263)		150,748		6,086	6,086	7,231	01/15/2012	1FE
22544QAB5	CREDIT SUISSE MORTGAGE C C3 A2		06/17/2011	VARIOUS	XXX	1,642,614	1,602,760.57	1,643,330			(751)		(751)		1,642,579		35	35	2,480	06/15/2039	1Z*
34528CAE5	FORD CR AUTO 06-C CL A4A		05/15/2011	PRINCIPAL RECEIPT	XXX	14,542	14,542.46	14,447	14,426		117		117		14,542				327	02/15/2012	1FE
34529FAC1	FORDO 2009-C A3		06/23/2011	VARIOUS	XXX	987,626	979,583.85	993,102	993,102		(2,371)		(2,371)		990,732		(3,106)	(3,106)	13,819	11/15/2013	1FE
36158YDD8	GE CAP COML MTG 01-3 CL A 2		06/10/2011	PRINCIPAL RECEIPT	XXX	124,633	124,633.34	127,977	127,977		(3,344)		(3,344)		124,633				3,480	06/10/2038	1Z*
36158YBA6	GE CAP COML MTG CORP 01-1 A 2		04/15/2011	PRINCIPAL RECEIPT	XXX	23,781	23,780.53	23,824	23,824		(44)		(44)		23,781				1,234	05/15/2033	1Z*
36967HAW7	GENERAL ELECTRIC CAP CORP		06/06/2011	Chemical Securities	XXX	500,100	500,000.00	499,999	500,000						500,000		100	100	722	05/08/2012	1FE
38141GDK7	GOLDMAN SACHS GROUP		06/20/2011	VARIOUS	XXX	132,366	125,000.00	132,956			(1,390)		(1,390)		131,566		800	800	5,552	07/15/2013	1FE
38141EA74	GOLDMAN SACHS GROUP INC		06/22/2011	First Boston Corp	XXX	728,928	713,000.00	720,239			(587)		(587)		719,652		9,277	9,277	20,573	08/01/2015	1FE
38141GEA8	GOLDMAN SACHS GROUP INC SR NT		06/22/2011	Goldman Sachs NY	XXX	915,346	852,000.00	913,439			(3,072)		(3,072)		910,367		4,979	4,979	19,649	01/15/2015	1FE
41283JAB6	HDMOT 2009-4 A2		06/15/2011	PRINCIPAL RECEIPT	XXX	109,883	109,882.92	109,876	109,882		1		1		109,883				550	10/15/2012	1FE
428236AG8	HEWLETT PACKARD CO GLOBAL NT		05/26/2011	Goldman Sachs NY	XXX	515,407	484,000.00	539,965	520,312		(9,668)		(9,668)		510,644		4,763	4,763	28,489	07/01/2012	1FE
59022HCP5	MERRILL LYNCH MORTGAGE KEY1 A3		06/13/2011	PRINCIPAL RECEIPT	XXX	28,208	28,207.60	29,265			(1,058)		(1,058)		28,208				464	11/12/2035	1FE
59217GAA7	MET LIFE GLOB FUNDING I 144A		05/23/2011	Montgomery Secs	XXX	2,470,215	2,420,000.00	2,444,282	2,441,262		(4,084)		(4,084)		2,437,177		33,038	33,038	52,938	01/11/2013	1FE
61747YCF0	MORGAN STANLEY		06/22/2011	Morgan Stanley	XXX	1,286,519	1,175,000.00	1,276,956			(13,266)		(13,266)		1,263,690		22,830	22,830	43,083	05/13/2014	1FE
64952WAS2	NEW YORK LIFE GLOBAL FDG		05/24/2011	Lehman Bros Inc	XXX	511,175	500,000.00	498,590	499,119		176		176		499,295		11,880	11,880	5,031	12/14/2012	1FE
80705TAA4	SCHOLAR FUNDING TRUST 2011-A A		05/01/2011	PRINCIPAL RECEIPT	XXX	426	426.14	418			8		8		426					04/28/2036	1FE
846042AA7	SOVEREIGN BANK		06/06/2011	SBC Capital Mkts	XXX	253,928	250,000.00	255,908	252,259		(925)		(925)		251,334		2,594	2,594	6,149	01/17/2012	1FE
85744RAB8	STATE STR BK & TR CO FDIC GTD		06/06/2011	SBC Capital Mkts	XXX	400,324	400,000.00	400,000	400,000						400,000		324	324	988	09/15/2011	1FE
857477AE3	STATE STREET CORP		05/23/2011	Merrill Lynch	XXX	694,671	645,000.00	683,689	677,716		(3,633)		(3,633)		674,083		20,589	20,589	13,559	05/30/2014	1FE
87244EAG7	TIAA GLOBAL MKTS MTN 144A 3C7		05/23/2011	First Union Cap Mkts	XXX	643,368	595,000.00	648,383	635,805		(6,188)		(6,188)		629,617		13,751	13,751	25,444	07/15/2013	1FE
90520EAC5	UNION BANK NA		06/22/2011	Mitsubishi UFJ Secs	XXX	652,932	650,000.00	648,265			19		19		648,283		4,648	4,648	1,138	06/06/2016	1FE
90327MAD0	USAA AUTO OWNER TR 08-1 A4		06/15/2011	PRINCIPAL RECEIPT	XXX	195,101	195,101.49	199,554	199,554		(4,452)		(4,452)		195,101				3,744	10/15/2013	1FE
92343VBA1	VERIZON COMMUNICATIONS		05/23/2011	First Union Cap Mkts	XXX	1,042,558	1,025,000.00	1,023,637			73		73		1,023,710		18,848	18,848	3,220	03/28/2014	1FE
3899999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					XXX	22,663,442	21,805,000.53	22,602,099	12,645,866		(113,961)		(113,961)		22,434,474		228,967	228,967	483,453	XXX	XXX
8399997 Subtotal - Bonds - Part 4					XXX	39,135,635	38,147,912.20	39,201,661	19,862,580		(213,975)		(213,975)		38,874,508		261,126	261,126	606,041	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	39,135,635	38,147,912.20	39,201,661	19,862,580		(213,975)		(213,975)		38,874,508		261,126	261,126	606,041	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	39,135,635	XXX	39,201,661	19,862,580		(213,975)		(213,975)		38,874,508		261,126	261,126	606,041	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 Description	2 Description of Items Hedged or Used for Income Generation	3 Schedule/ Exhibit Identifier	4 Type(s) of Risk(s)	5 Exchange or Counterparty	6 Trade Date	7 Date of Maturity or Expiration	8 Number of Contracts	9 Notional Amount	10 Strike Price, Rate of Indexed Received (Paid)	11 Prior Year Initial Cost of Premium (Received) Paid	12 Current Year Initial Cost of Premium (Received) Paid	13 Current Year Income	14 Book/ Adjusted Carrying Value	15 Code	16 Fair Value	17 Unrealized Valuation Increase/ (Decrease)	18 Total Foreign Exchange Change in B./A.C.V.	19 Current Year's (Amortization) Accretion	20 Adjustment to Carrying Value of Hedged Item	21 Potential Exposure	22 Credit Quality of Reference Entity	23 Hedge Effectiveness at Inception and at Quarter end (a)
1449999 Totals														XXX							XXX	XXX

(a)

1 Code	NONE Hedge
0000	

SCHEDULE DB - PART B - SECTION 1

Futures Contracts Open as of the Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	Change in Valuation 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 Adjusted Basis of Hedged Item	Deferred	Potential Exposure	Hedge Effectiveness at Inception and at Quarter -end (a)
1449999 Totals																			XXX

1 Broker Name	2 Net Cash Deposits
NONE	
9999999 Total - Net Cash Deposits	

(a)

1 Code	2 Financial or Economic Impact of the Hedge at the End of the Reporting Period
0000	

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 CUSIP Identification	2 Description	3 NAIC Designation Market Indicator	4 Fair Value	5 Book/Adjusted Carrying Value	6 Maturity Dates
9999999 Grand Totals					X X X

N O N E

General Interrogatory:
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 CUSIP Identification	2 Description	3 NAIC Designation / Market Indicator	4 Fair Value	5 Book/Adjusted Carrying Value	6 Maturity Dates
9999999 Grand Totals					XXX

NONE

General Interrogatory:
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						11,868,621	4,901,387	11,597,043	X X X
US Bank	150 4th Avenue North, Nashville, TN 37219						3,229,815	3,229,612	2,536,333	X X X
Regions Bank	601 Market Street, Chattanooga, TN 37402						1,079,280	1,100,770	1,101,135	X X X
US Bank	150 4th Avenue North, Nashville, TN 37219						(250,364,398)	(17,096,614)	(2,472,998)	X X X
										X X X
										X X X
										X X X
										X X X
										X X X
										X X X
0199998 Deposits in .....5 depositories that do not exceed the allowable limit in any one depository - open depositories			X X X	X X X			244,556,716	(3,086,894)	267,941	X X X
0199999 Totals - Open Depositories			X X X	X X X			10,370,034	(10,951,739)	13,029,454	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			10,370,034	(10,951,739)	13,029,454	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			10,370,034	(10,951,739)	13,029,454	X X X

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
NONE							
8699999 Total - Cash Equivalents							

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MEDICARE PART D COVERAGE SUPPLEMENT

Net of Reinsurance

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

	Individual Coverage		Group Coverage		5
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	Total 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 Name of debtor	2 1 - 30 days	3 31 - 60 days	4 61 - 90 days	5 Over 90 days	6 Nonadmitted	7 Admitted
0199999 Total Individuals	.....	.....	.....	.....	.....	.....
0299999 Total group	.....	.....	.....	.....	.....	.....
0399999 Premiums due and unpaid from Medicare entities	.....	.....	.....	.....	.....	.....
Medicaid Entities:						
.....	.....	.....	.....	.....	.....	.....
State of Tennessee Premium Withhold Receivable	14,299,701	14,610,566	18,483,395	28,395,567	.....	75,789,229
Premium Accrual	282,998	(942,494)	(940,983)	(3,223,623)	.....	(4,824,102)
0499997 Subtotal - Medicaid Entities:	14,582,699	13,668,072	17,542,412	25,171,944	-	70,965,127
0499999 Premiums due and unpaid from Medicaid entities	-	-	-	-	-	-
0599999 Accident and health premiums due and unpaid (Page 2, Line 13)	14,582,699	13,668,072	17,542,412	25,171,944	-	70,965,127

EXHIBIT 3 - HEALTH CARE RECEIVABLES

1 Name of debtor	2 1 - 30 days	3 31 - 60 days	4 61 - 90 days	5 Over 90 days	6 Nonadmitted	7 Admitted
0199998 Pharmaceutical Rebate Receivables - Not Individually Listed						
0199999 Subtotal - Pharmaceutical Rebate Receivables						
Provider Receivables	-	-	-	515,251	515,251	-
0299998 Claim Overpayment Receivables - Not Individually Listed	-	-	-	515,251	515,251	-
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 Provider receivables						-
0699998 Other Receivables - Not Individually Listed						
0699999 Subtotal - Other Receivables	-	-	-	-	-	-
0799999 Gross health care receivables	-	-	-	515,251	515,251	-

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 Description	3 Amount	4 Current	5 Non-Current
BlueCross BlueShield of Tennessee	Administrative Expense offset and Federal Income Tax Expense	19,647,858	19,647,858	-
0199999 Total - Individually listed payables	……XXX……	19,647,858	19,647,858	-
0299999 Payables not individually listed	……XXX……	……	……	……
0399999 Total gross payables	……XXX……	19,647,858	19,647,858	-