

ANNUAL STATEMENT

OF THE

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

of PROVIDENCE COUNTY

in the state of RHODE ISLAND

TO THE

Insurance Department

OF THE

RHODE ISLAND

FOR THE YEAR ENDED

December 31, 2009

HEALTH

2009



53473200920100100

HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2009
OF THE CONDITION AND AFFAIRS OF THE

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

NAIC Group Code 0000 (Current Period) 0000 (Prior Period) NAIC Company Code 53473 Employer's ID Number 05-0158952

Organized under the Laws of UNITED STATES, State of Domicile or Port of Entry RHODE ISLAND

Country of Domicile UNITED STATES

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

Incorporated/Organized: February 27, 1939 Commenced Business: September 1, 1939

Statutory Home Office: 500 EXCHANGE STREET, PROVIDENCE, RI 02903
 (Street and Number) (City or Town, State and Zip Code)

Main Administrative Office: 500 EXCHANGE STREET
 (Street and Number)
PROVIDENCE, RI 02903 401-459-1000
 (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address: 500 EXCHANGE STREET, PROVIDENCE, RI 02903
 (Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records: 500 EXCHANGE STREET PROVIDENCE, RI 02903 401-459-1000
 (Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address: WWW.BCBSRI.COM

Statutory Statement Contact: BRIAN M. O'MALLEY 401-459-1924
 (Name) (Area Code) (Telephone Number) (Extension)
BRIAN.O'MALLEY@BCBSRI.ORG 401-459-1198
 (E-Mail Address) (Fax Number)

OFFICERS

Name	Title
1. JAMES E. PURCELL	PRESIDENT & CEO
2. MICHELE B. LEDERBERG	EXEC V.P. & GENERAL COUNSEL
3. DOROTHY A. COLEMAN	EXEC V.P. & CFO

VICE-PRESIDENTS

Name	Title	Name	Title
THOMAS A. BOYD	V.P. - STAT., ACTUARIAL, UNDERWRIT.	THOMAS D. CAUTHORN	V.P. - SALES
RICHARD P. FARIAS	CHIEF OPERATING OFFICER	ERIC E. GASBARRO	V.P. - HUMAN RESOURCES
AUGUSTINE A. MANOCCHIA M.D.	V.P. & CHIEF MEDICAL OFFICER	SHANNA C. MARZILLI	V.P. - OPERATIONS & STRAT. PLAN.
LINDA H. NEWTON	V.P.- DIVERSITY & COMM. RELATIONS	BRIAN M. O'MALLEY #	V.P. - FINANCE
HAROLD A. PICKEN M.D.	V.P. - HEALTH OPERATIONS	MICHAEL H. SAMUELSON	SR. V.P. - HEALTH & WELLNESS
MARK D. WAGGONER	V.P. - PROVIDER CONTRACTING	WILLIAM K. WRAY	EXEC V.P. & CHIEF INFORM. OFFICER

DIRECTORS OR TRUSTEES

DENISE A. BARGE	FRANCIS X. BASILE JR. M.D.	FREDRIC V. CHRISTIAN M.D.	JUDGE EDWARD C. CLIFTON
MEREDITH CURREN	MICHAEL V. D'AMBRA	CHRISTINE C. FERGUSON	SAMUEL H. HAVENS
PETER C. HAYES	JUANA I. HORTON	DEBORAH R. JACOBSON	CHUCK LOCURTO
JOHN P. MAGUIRE	CAROL A. MUMFORD	ANNE E. POWERS	

State of RHODE ISLAND
 County of PROVIDENCE ss

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

_____ (Signature) JAMES E. PURCELL _____ (Printed Name) 1. PRESIDENT & CEO _____ (Title)	_____ (Signature) MICHELE B. LEDERBERG _____ (Printed Name) 2. EXEC V.P. & GENERAL COUNSEL _____ (Title)	_____ (Signature) DOROTHY A. COLEMAN _____ (Printed Name) 3. EXEC V.P. & CFO _____ (Title)
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Subscribed and sworn to before me this _____ day of _____, 2010

a. Is this an original filing? Yes No
 b. If no: 1. State the amendment number _____
 2. Date filed _____
 3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	410,013,638		410,013,638	472,371,240
2. Stocks (Schedule D):				
2.1 Preferred stocks	205,941		205,941	515,258
2.2 Common stocks	76,758,167		76,758,167	60,110,119
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 89,490,495 encumbrances)	30,820,444		30,820,444	
4.2 Properties held for the production of income (less \$ 0 encumbrances)				32,641,622
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 5,217,600, Schedule E - Part 1), cash equivalents (\$ 319,444, Schedule E - Part 2), and short-term investments (\$ 8,851,829, Schedule DA)	14,388,872		14,388,872	19,927,368
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)	5,169,448		5,169,448	3,956,436
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	537,356,510		537,356,510	589,522,043
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	3,825,923		3,825,923	4,421,278
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	49,317,599	533,595	48,784,004	45,666,574
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums	1,281,673	327,725	953,948	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	227,948		227,948	733,267
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans	17,790,157		17,790,157	26,234,199
16.1 Current federal and foreign income tax recoverable and interest thereon	6,869,569		6,869,569	6,690,329
16.2 Net deferred tax asset	19,604,715		19,604,715	5,875,559
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software	80,966,068	75,609,576	5,356,492	204,039
19. Furniture and equipment, including health care delivery assets (\$ 0)	10,306,411	10,306,411		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	302,775		302,775	462,652
22. Health care (\$ 16,080,658) and other amounts receivable	20,280,896	4,200,238	16,080,658	13,824,629
23. Aggregate write-ins for other than invested assets	82,778,360	61,119,270	21,659,090	16,707,731
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	830,908,604	152,096,815	678,811,789	710,342,300
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	830,908,604	152,096,815	678,811,789	710,342,300

DETAILS OF WRITE-IN LINES				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301. PREPAID EXPENSES	58,824,888	58,824,888		
2302. OTHER RECEIVABLES	16,281,412		16,281,412	10,096,832
2303. FEP UNPAID CLAIMS	4,988,000		4,988,000	6,186,000
2398. Summary of remaining write-ins for Line 23 from overflow page	2,684,060	2,294,382	389,678	424,899
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	82,778,360	61,119,270	21,659,090	16,707,731

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	122,846,590		122,846,590	131,757,388
2. Accrued medical incentive pool and bonus amounts	661,542		661,542	415,000
3. Unpaid claims adjustment expenses	26,682,473		26,682,473	37,680,531
4. Aggregate health policy reserves	101,600,000		101,600,000	
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves	1,188,000		1,188,000	1,395,000
8. Premiums received in advance	25,347,647		25,347,647	26,558,469
9. General expenses due or accrued	37,435,188		37,435,188	48,224,019
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	1,890,112		1,890,112	2,084,685
13. Remittances and items not allocated	917,565		917,565	180,797
14. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)				
15. Amounts due to parent, subsidiaries and affiliates	1,713,672		1,713,672	2,246,608
16. Payable for securities				32,948
17. Funds held under reinsurance treaties (with \$ 0 authorized reinsurers and \$ 0 unauthorized reinsurers)				
18. Reinsurance in unauthorized companies				
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Liability for amounts held under uninsured plans	21,967,813		21,967,813	23,635,456
21. Aggregate write-ins for other liabilities (including \$ 31,936,707 current)	37,839,826		37,839,826	23,813,630
22. Total liabilities (Lines 1 to 21)	380,090,428		380,090,428	298,024,531
23. Aggregate write-ins for special surplus funds	X X X	X X X		
24. Common capital stock	X X X	X X X		
25. Preferred capital stock	X X X	X X X		
26. Gross paid in and contributed surplus	X X X	X X X		
27. Surplus notes	X X X	X X X		
28. Aggregate write-ins for other than special surplus funds	X X X	X X X		
29. Unassigned funds (surplus)	X X X	X X X	298,721,361	412,317,769
30. Less treasury stock, at cost:				
30.1 0 shares common (value included in Line 24 \$ 0)	X X X	X X X		
30.2 0 shares preferred (value included in Line 25 \$ 0)	X X X	X X X		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	298,721,361	412,317,769
32. Total liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	678,811,789	710,342,300

DETAILS OF WRITE-IN LINES				
2101. OTHER ACCOUNTS PAYABLE	15,388,627		15,388,627	8,321,891
2102. ACCRUED CAPITAL EXPENSES	13,475,203		13,475,203	
2103. LIABILITY FOR DIRECT PAY PREMIUM ASSISTANCE PROGRAM	5,835,205		5,835,205	8,113,791
2198. Summary of remaining write-ins for Line 21 from overflow page	3,140,791		3,140,791	7,377,948
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	37,839,826		37,839,826	23,813,630
2301.	X X X	X X X		
2302.	X X X	X X X		
2303.	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801.	X X X	X X X		
2802.	X X X	X X X		
2803.	X X X	X X X		
2898. Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	4,649,054	5,979,122
2. Net premium income (including \$ 0 non-health premium income)	X X X	1,703,431,639	1,755,800,556
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$ 0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Lines 2 to 7)	X X X	1,703,431,639	1,755,800,556
Hospital and Medical:			
9. Hospital/medical benefits		1,052,434,475	1,065,866,570
10. Other professional services		26,880,014	26,398,127
11. Outside referrals			
12. Emergency room and out-of-area		141,880,039	128,411,316
13. Prescription drugs		196,644,185	202,251,613
14. Aggregate write-ins for other hospital and medical		50,634,829	52,633,894
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)		1,468,473,542	1,475,561,520
Less:			
17. Net reinsurance recoveries		354,396	816,184
18. Total hospital and medical (Lines 16 minus 17)		1,468,119,146	1,474,745,336
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 21,524,996 cost containment expenses		89,814,615	77,527,212
21. General administrative expenses		170,246,019	156,091,304
22. Increase in reserves for life and accident and health contracts (including \$ 0 increase in reserves for life only)		101,414,000	
23. Total underwriting deductions (Lines 18 through 22)		1,829,593,780	1,708,363,852
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(126,162,141)	47,436,704
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		20,582,194	24,712,879
26. Net realized capital gains (losses) less capital gains tax of \$ 0		(3,893,802)	(19,634,413)
27. Net investment gains (losses) (Lines 25 plus 26)		16,688,392	5,078,466
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		4,417,521	(2,300,080)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(105,056,228)	50,215,090
31. Federal and foreign income taxes incurred	X X X	(5,111,809)	6,676,498
32. Net income (loss) (Lines 30 minus 31)	X X X	(99,944,419)	43,538,592

DETAILS OF WRITE-IN LINES			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 06 from overflow page	X X X		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 07 from overflow page	X X X		
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 07 above)	X X X		
1401. MENTAL HEALTH		50,634,829	52,633,894
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)		50,634,829	52,633,894
2901. REALIZED GAIN ON SALE OF BUILDING		4,460,695	2,230,344
2902. INCOME FROM HISTORIC TAX CREDITS		1,884,540	
2903. OTHER INCOME (NOTE RECEIVABLE)		161,514	276,718
2998. Summary of remaining write-ins for Line 29 from overflow page		(2,089,228)	(4,807,142)
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		4,417,521	(2,300,080)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	412,317,769	428,810,355
34. Net income or (loss) from Line 32	(99,944,419)	43,538,592
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	21,634,554	(12,332,448)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	5,473,615	6,591,618
39. Change in nonadmitted assets	(34,208,578)	(52,697,449)
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	(6,551,580)	(1,592,899)
48. Net change in capital and surplus (Lines 34 to 47)	(113,596,408)	(16,492,586)
49. Capital and surplus end of reporting period (Line 33 plus 48)	298,721,361	412,317,769

DETAILS OF WRITE-IN LINES		
4701. CHANGE IN PENSION PLAN INTANGIBLE ASSET		(1,152,083)
4702. CHANGE IN UNRECOGNIZED PRIOR SERVICE COST	(6,551,580)	(440,816)
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	(6,551,580)	(1,592,899)

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	1,707,217,177	1,743,934,302
2. Net investment income	22,190,975	25,374,520
3. Miscellaneous income	2,138,935	(2,159,863)
4. Total (Lines 1 through 3)	1,731,547,087	1,767,148,959
5. Benefit and loss related payments	1,567,698,611	1,582,015,076
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	181,034,848	138,844,667
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	(4,759,844)	14,477,446
10. Total (Lines 5 through 9)	1,743,973,615	1,735,337,189
11. Net cash from operations (Line 4 minus Line 10)	(12,426,528)	31,811,770
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	178,496,480	187,396,373
12.2 Stocks	19,889,910	28,983,304
12.3 Mortgage loans		
12.4 Real estate		24,327,842
12.5 Other invested assets		
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	44,838,550	45,152,646
12.8 Total investment proceeds (Lines 12.1 to 12.7)	243,224,940	285,860,165
13. Cost of investments acquired (long-term only):		
13.1 Bonds	114,714,708	155,965,681
13.2 Stocks	20,836,398	50,634,924
13.3 Mortgage loans		
13.4 Real estate	43,805,184	68,850,449
13.5 Other invested assets	1,233,645	2,122,629
13.6 Miscellaneous applications	58,374,993	44,394,758
13.7 Total investments acquired (Lines 13.1 to 13.6)	238,964,928	321,968,441
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	4,260,012	(36,108,276)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	2,628,020	(1,533,246)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	2,628,020	(1,533,246)
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)	(5,538,496)	(5,829,752)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	19,927,368	25,757,120
19.2 End of year (Line 18 plus Line 19.1)	14,388,872	19,927,368

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

20.0001		
20.0002		
20.0003		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	1,703,431,639	1,025,508,203	49,154,787	30,611,482		98,433,348	440,831,358	43,878,613	15,013,848	
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$ 0 medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues										X X X
6. Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. Total revenues (Lines 1 to 6)	1,703,431,639	1,025,508,203	49,154,787	30,611,482		98,433,348	440,831,358	43,878,613	15,013,848	
8. Hospital/medical benefits	1,052,434,475	589,764,209	43,338,727			92,194,887	300,273,785	25,860,472	1,002,395	X X X
9. Other professional services	26,880,014			26,880,014						X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area	141,880,039	101,531,549					36,283,200	3,930,156	135,134	X X X
12. Prescription drugs	196,644,185	146,299,339					32,592,781	6,737,327	11,014,738	X X X
13. Aggregate write-ins for other hospital and medical	50,634,829	40,185,297					6,385,228	4,064,304		X X X
14. Incentive pool, withhold adjustments and bonus amounts										X X X
15. Subtotal (Lines 8 to 14)	1,468,473,542	877,780,394	43,338,727	26,880,014		92,194,887	375,534,994	40,592,259	12,152,267	X X X
16. Net reinsurance recoveries	354,396	439,674						(85,278)		X X X
17. Total hospital and medical (Lines 15 minus 16)	1,468,119,146	877,340,720	43,338,727	26,880,014		92,194,887	375,534,994	40,677,537	12,152,267	X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$ 21,524,996 cost containment expenses	89,814,615	66,380,856	2,621,162	1,003,538		2,721,805	14,304,459	2,433,408	349,387	
20. General administrative expenses	170,246,019	132,106,574	4,430,659	1,696,323		3,091,596	24,179,422	4,113,292	628,153	
21. Increase in reserves for accident and health contracts	101,414,000	92,100,000	3,200,000					6,114,000		X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. Total underwriting deductions (Lines 17 to 22)	1,829,593,780	1,167,928,150	53,590,548	29,579,875		98,008,288	414,018,875	53,338,237	13,129,807	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(126,162,141)	(142,419,947)	(4,435,761)	1,031,607		425,060	26,812,483	(9,459,624)	1,884,041	

DETAILS OF WRITE-IN LINES										
0501.										X X X
0502.										X X X
0503.										X X X
0598. Summary of remaining write-ins for Line 05 from overflow page										X X X
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)										X X X
0601.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 06 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301. MENTAL HEALTH	50,634,829	40,185,297					6,385,228	4,064,304		X X X
1302.										X X X
1303.										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	50,634,829	40,185,297					6,385,228	4,064,304		X X X

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	1,025,604,480		96,277	1,025,508,203
2. Medicare Supplement	49,154,787			49,154,787
3. Dental only	30,611,482			30,611,482
4. Vision only				
5. Federal Employees Health Benefits Plan	98,433,348			98,433,348
6. Title XVIII – Medicare	440,831,358			440,831,358
7. Title XIX – Medicaid	44,158,193		279,580	43,878,613
8. Other health	19,433,027		4,419,179	15,013,848
9. Health subtotal (Lines 1 through 8)	1,708,226,675		4,795,036	1,703,431,639
10. Life				
11. Property/casualty				
12. Totals (Lines 9 to 11)	1,708,226,675		4,795,036	1,703,431,639

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	1,477,591,340	877,045,954	44,559,727	27,226,015		93,879,128	382,039,978	40,567,470	12,273,068	
1.2 Reinsurance assumed	354,396	439,674						(85,278)		
1.3 Reinsurance ceded										
1.4 Net	1,477,945,736	877,485,628	44,559,727	27,226,015		93,879,128	382,039,978	40,482,192	12,273,068	
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	122,846,590	83,091,894	4,598,000	1,304,000		5,449,688	24,280,818	3,364,909	757,281	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	122,846,590	83,091,894	4,598,000	1,304,000		5,449,688	24,280,818	3,364,909	757,281	
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	1,188,000	1,188,000								
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	1,188,000	1,188,000								
5. Accrued medical incentive pools and bonuses, current year	661,542	444,842					215,700	1,000		
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year	227,948	111,719						116,229		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	131,757,388	82,160,314	5,819,000	1,650,000		7,133,929	30,785,802	3,340,120	868,223	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	131,757,388	82,160,314	5,819,000	1,650,000		7,133,929	30,785,802	3,340,120	868,223	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	1,395,000	1,395,000								
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net	1,395,000	1,395,000								
10. Accrued medical incentive pools and bonuses, prior year	415,000	208,000					207,000			
11. Amounts recoverable from reinsurers December 31, prior year	733,267	65,632						667,635		
12. Incurred benefits:										
12.1 Direct	1,468,473,542	877,770,534	43,338,727	26,880,015		92,194,887	375,534,994	40,592,259	12,162,126	
12.2 Reinsurance assumed	354,396	439,674						(85,278)		
12.3 Reinsurance ceded	(505,319)	46,087						(551,406)		
12.4 Net	1,469,333,257	878,164,121	43,338,727	26,880,015		92,194,887	375,534,994	41,058,387	12,162,126	
13. Incurred medical incentive pools and bonuses	246,542	236,842					8,700	1,000		

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	56,447,466	47,317,516	229,900	365,120		856,215	5,605,346	1,316,088	757,281	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	56,447,466	47,317,516	229,900	365,120		856,215	5,605,346	1,316,088	757,281	
2. Incurred but Unreported:										
2.1 Direct	66,399,124	35,774,378	4,368,100	938,880		4,593,473	18,675,472	2,048,821		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	66,399,124	35,774,378	4,368,100	938,880		4,593,473	18,675,472	2,048,821		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS:										
4.1 Direct	122,846,590	83,091,894	4,598,000	1,304,000		5,449,688	24,280,818	3,364,909	757,281	
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	122,846,590	83,091,894	4,598,000	1,304,000		5,449,688	24,280,818	3,364,909	757,281	

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B – ANALYSIS OF CLAIMS UNPAID – PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	72,125,211	804,481,069	454,158	83,825,736	72,579,369	83,555,314
2. Medicare Supplement	5,899,339	38,660,388	70,137	4,527,863	5,969,476	5,819,000
3. Dental only	1,885,466	25,340,549	10,368	1,293,632	1,895,834	1,650,000
4. Vision only						
5. Federal Employees Health Benefits Plan	6,331,590	87,547,538	24,314	5,425,374	6,355,904	7,133,929
6. Title XVIII – Medicare	25,613,778	356,426,200	73,284	24,207,534	25,687,062	30,785,802
7. Title XIX – Medicaid	2,763,572	37,889,176	(101,439)	3,466,348	2,662,133	3,340,120
8. Other health	923,976	11,349,092	13,839	743,442	937,815	868,223
9. Health subtotal (Lines 1 through 8)	115,542,932	1,361,694,012	544,661	123,489,929	116,087,593	133,152,388
10. Health care receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts			415,000	246,542	415,000	415,000
13. Totals (Lines 9 - 10 + 11 + 12)	115,542,932	1,361,694,012	959,661	123,736,471	116,502,593	133,567,388

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Hospital & Medical

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	917,126	917,249	916,808	916,788	916,738
2. 2005	785,611	851,126	850,666	850,530	850,391
3. 2006	X X X	849,007	911,836	911,500	911,506
4. 2007	X X X	X X X	854,995	937,610	936,983
5. 2008	X X X	X X X	X X X	831,316	884,862
6. 2009	X X X	X X X	X X X	X X X	802,429

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	917,126	917,249	916,808	916,788	916,738
2. 2005	785,611	851,126	850,666	850,530	850,391
3. 2006	X X X	849,007	911,836	911,500	911,506
4. 2007	X X X	X X X	854,995	937,610	936,983
5. 2008	X X X	X X X	X X X	831,316	885,731
6. 2009	X X X	X X X	X X X	X X X	886,255

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2005	1,015,326	850,391			850,391	83.755			850,391	83.755
2. 2006	1,074,800	911,506			911,506	84.807			911,506	84.807
3. 2007	1,108,196	936,983			936,983	84.550			936,983	84.550
4. 2008	1,079,152	884,862	30,344	3.429	915,206	84.808	869	165	916,240	84.904
5. 2009	1,025,508	802,429	30,344	3.782	832,773	81.206	84,073	15,942	932,788	90.959

12HM

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Medicare Supplement

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	49,995	50,025	50,020	50,057	50,054
2. 2005	35,885	40,846	41,175	40,290	40,290
3. 2006	X X X	33,581	40,140	40,595	39,568
4. 2007	X X X	X X X	35,435	39,552	39,997
5. 2008	X X X	X X X	X X X	34,758	40,210
6. 2009	X X X	X X X	X X X	X X X	38,660

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	49,995	50,025	50,020	50,057	50,054
2. 2005	35,885	40,846	41,175	40,290	40,290
3. 2006	X X X	33,581	40,140	40,595	39,568
4. 2007	X X X	X X X	35,435	39,552	39,997
5. 2008	X X X	X X X	X X X	34,758	40,280
6. 2009	X X X	X X X	X X X	X X X	43,188

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Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2005	42,306	40,290			40,290	95.235			40,290	95.235
2. 2006	45,091	39,568			39,568	87.751			39,568	87.751
3. 2007	46,978	39,997			39,997	85.140			39,997	85.140
4. 2008	47,615	40,210	1,361	3.385	41,571	87.307	70	11	41,652	87.477
5. 2009	49,155	38,660	1,361	3.520	40,021	81.418	4,528	712	45,261	92.078

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Dental Only

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	37,453	37,465	37,457	37,457	37,457
2. 2005	34,822	36,539	36,533	36,532	36,532
3. 2006	X X X	24,231	25,544	25,560	25,560
4. 2007	X X X	X X X	23,086	24,252	24,265
5. 2008	X X X	X X X	X X X	24,838	26,711
6. 2009	X X X	X X X	X X X	X X X	25,341

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	37,453	37,465	37,457	37,457	37,457
2. 2005	34,822	36,539	36,533	36,532	36,532
3. 2006	X X X	24,231	25,544	25,560	25,560
4. 2007	X X X	X X X	23,086	24,252	24,265
5. 2008	X X X	X X X	X X X	24,838	26,721
6. 2009	X X X	X X X	X X X	X X X	26,635

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2005	41,222	36,532			36,532	88.623			36,532	88.623
2. 2006	30,174	25,560			25,560	84.709			25,560	84.709
3. 2007	29,142	24,265			24,265	83.265			24,265	83.265
4. 2008	31,058	26,711	896	3.354	27,607	88.889	10	4	27,621	88.934
5. 2009	30,611	25,341	896	3.536	26,237	85.711	1,294	472	28,003	91.480

12D0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (000 Omitted)
 Vision Only

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX	NONE			
4. 2007	XXX				
5. 2008	XXX		XXX		
6. 2009	XXX		XXX	XXX	
					XXX

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	XXX	NONE			
4. 2007	XXX				
5. 2008	XXX		XXX		
6. 2009	XXX		XXX	XXX	
					XXX

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2005										
2. 2006										
3. 2007				NONE						
4. 2008										
5. 2009										

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

Federal Employee Health Benefits Plan

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	57,462	57,483	57,470	57,456	57,451
2. 2005	73,907	79,108	79,109	79,087	79,082
3. 2006	X X X	76,659	82,706	82,797	82,779
4. 2007	X X X	X X X	83,633	91,798	91,710
5. 2008	X X X	X X X	X X X	84,294	90,734
6. 2009	X X X	X X X	X X X	X X X	87,548

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	57,462	57,483	57,470	57,456	57,451
2. 2005	73,907	79,108	79,109	79,087	79,082
3. 2006	X X X	76,659	82,706	82,797	82,779
4. 2007	X X X	X X X	83,633	91,798	91,710
5. 2008	X X X	X X X	X X X	84,294	90,758
6. 2009	X X X	X X X	X X X	X X X	92,973

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2005	86,914	79,082			79,082	90.989			79,082	90.989
2. 2006	87,317	82,779			82,779	94.803			82,779	94.803
3. 2007	98,531	91,710			91,710	93.077			91,710	93.077
4. 2008	97,943	90,734	3,187	3.512	93,921	95.894	24	7	93,952	95.925
5. 2009	98,433	87,548	3,187	3.640	90,735	92.179	5,425	1,684	97,844	99.402

12FE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Title XVIII - Medicare

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	305,501	305,697	305,569	305,574	305,573
2. 2005	269,790	295,739	290,984	291,061	291,037
3. 2006	X X X	324,778	351,033	352,706	352,674
4. 2007	X X X	X X X	332,349	359,635	359,729
5. 2008	X X X	X X X	X X X	342,566	365,858
6. 2009	X X X	X X X	X X X	X X X	354,675

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	305,501	305,697	305,569	305,574	305,573
2. 2005	269,790	295,739	290,984	291,061	291,037
3. 2006	X X X	324,778	351,033	352,706	352,674
4. 2007	X X X	X X X	332,349	359,635	359,729
5. 2008	X X X	X X X	X X X	342,566	365,931
6. 2009	X X X	X X X	X X X	X X X	378,883

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2005	337,644	291,037			291,037	86.196			291,037	86.196
2. 2006	365,451	352,674			352,674	96.504			352,674	96.504
3. 2007	411,897	359,729			359,729	87.335			359,729	87.335
4. 2008	445,822	365,858	12,821	3.504	378,679	84.940	73	20	378,772	84.960
5. 2009	440,831	354,675	12,821	3.615	367,496	83.364	24,208	6,785	398,489	90.395

12XV

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Title XIX - Medicaid

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	24,079	24,092	24,084	24,080	24,074
2. 2005	24,421	26,730	26,725	26,680	26,675
3. 2006	X X X	32,072	34,869	34,838	34,832
4. 2007	X X X	X X X	27,609	30,528	30,435
5. 2008	X X X	X X X	X X X	34,322	36,632
6. 2009	X X X	X X X	X X X	X X X	37,979

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior	24,079	24,092	24,084	24,080	24,074
2. 2005	24,421	26,730	26,725	26,680	26,675
3. 2006	X X X	32,072	34,869	34,838	34,832
4. 2007	X X X	X X X	27,609	30,528	30,435
5. 2008	X X X	X X X	X X X	34,322	36,531
6. 2009	X X X	X X X	X X X	X X X	41,445

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2005	35,092	26,675			26,675	76.014			26,675	76.014
2. 2006	37,168	34,832			34,832	93.715			34,832	93.715
3. 2007	36,850	30,435			30,435	82.592			30,435	82.592
4. 2008	41,221	36,632	1,280	3.494	37,912	91.973	(101)	(20)	37,791	91.679
5. 2009	43,879	37,979	1,280	3.370	39,259	89.471	3,466	700	43,425	98.965

12 XI

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

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	X X X	7,843	8,808	8,808	8,808
4. 2007	X X X	X X X	10,459	11,269	11,269
5. 2008	X X X	X X X	X X X	9,577	10,501
6. 2009	X X X	X X X	X X X	X X X	11,349

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2005	2 2006	3 2007	4 2008	5 2009
1. Prior					
2. 2005					
3. 2006	X X X	7,843	8,808	8,808	8,808
4. 2007	X X X	X X X	10,459	11,274	11,269
5. 2008	X X X	X X X	X X X	10,445	10,515
6. 2009	X X X	X X X	X X X	X X X	12,092

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2005										
2. 2006	10,306	8,808			8,808	85.465			8,808	85.465
3. 2007	13,929	11,269			11,269	80.903			11,269	80.903
4. 2008	12,991	10,501	377	3.590	10,878	83.735	14	4	10,896	83.873
5. 2009	15,014	11,349	377	3.322	11,726	78.100	743	197	12,666	84.361

120T

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Grand Total

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid					
	1 2005	2 2006	3 2007	4 2008	5 2009	
1. Prior		1,391,616	1,392,011	1,391,408	1,391,412	1,391,347
2. 2005		1,224,436	1,330,088	1,325,192	1,324,180	1,324,007
3. 2006	X X X		1,348,171	1,454,936	1,456,804	1,455,727
4. 2007	X X X		X X X	1,367,566	1,494,644	1,494,388
5. 2008	X X X		X X X		1,361,671	1,455,508
6. 2009	X X X		X X X		X X X	1,357,981

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year					
	1 2005	2 2006	3 2007	4 2008	5 2009	
1. Prior		1,391,616	1,392,011	1,391,408	1,391,412	1,391,347
2. 2005		1,224,436	1,330,088	1,325,192	1,324,180	1,324,007
3. 2006	X X X		1,348,171	1,454,936	1,456,804	1,455,727
4. 2007	X X X		X X X	1,367,566	1,494,649	1,494,388
5. 2008	X X X		X X X		1,362,539	1,456,467
6. 2009	X X X		X X X		X X X	1,481,471

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2005	1,558,504	1,324,007			1,324,007	84.954			1,324,007	84.954
2. 2006	1,650,307	1,455,727			1,455,727	88.209			1,455,727	88.209
3. 2007	1,745,523	1,494,388			1,494,388	85.613			1,494,388	85.613
4. 2008	1,755,802	1,455,508	50,266	3.454	1,505,774	85.760	959	191	1,506,924	85.825
5. 2009	1,703,431	1,357,981	50,266	3.702	1,408,247	82.671	123,737	26,492	1,558,476	91.490

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UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)	101,600,000	92,100,000	3,200,000					6,300,000	
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$ 0) for investment income									
5. Aggregate write-ins for other policy reserves	450,000	450,000							
6. Totals (gross)	102,050,000	92,550,000	3,200,000					6,300,000	
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)	102,050,000	92,550,000	3,200,000					6,300,000	
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits	450,000	450,000							
11. Aggregate write-ins for other claim reserves	738,000	738,000							
12. Totals (gross)	1,188,000	1,188,000							
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 7)	1,188,000	1,188,000							

13

DETAILS OF WRITE-IN LINES									
0501. Extension of Benefits	450,000	450,000							
0502.									
0503.									
0598. Summary of remaining write-ins for Line 05 from overflow page									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)	450,000	450,000							
1101. Maternity	738,000	738,000							
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)	738,000	738,000							

(a) Includes \$ 101,600,000 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 – ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ 2,264,648 for occupancy of own building)		3,550,255	10,168,983		13,719,238
2. Salaries, wages and other benefits	21,748,923	384,037	69,207,189		91,340,149
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)			15,329,308		15,329,308
4. Legal fees and expenses			791,743		791,743
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	1,961,686	19,972,129	19,373,623		41,307,438
7. Traveling expenses	115,343	257,950	1,130,426		1,503,719
8. Marketing and advertising			2,754,375		2,754,375
9. Postage, express and telephone	811,144	831,667	5,250,984		6,893,795
10. Printing and office supplies	212,949	233,340	1,442,451		1,888,740
11. Occupancy, depreciation and amortization	127,224	856,834	2,864,219		3,848,277
12. Equipment					
13. Cost or depreciation of EDP equipment and software	1,321,268	4,393,884	8,908,364		14,623,516
14. Outsourced services including EDP, claims, and other services	1,437,282	54,293,677	29,595,194		85,326,153
15. Boards, bureaus and association fees		1,228	2,340,922		2,342,150
16. Insurance, except on real estate		235,635	775,651		1,011,286
17. Collection and bank service charges		7,942	26,144		34,086
18. Group service and administration fees			4,292,189		4,292,189
19. Reimbursements by uninsured plans	(4,288,514)	(13,844,285)	(30,687,949)		(48,820,748)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses				715,712	715,712
22. Real estate taxes				898,218	898,218
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes			22,927,415		22,927,415
23.3 Regulatory authority licenses and fees	18,830	28,529	155,892		203,251
23.4 Payroll taxes	1,277,744	111,032	4,206,107		5,594,883
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses	(3,218,883)	(3,024,234)	(607,211)	972,027	(5,878,301)
26. Total expenses incurred (Lines 1 to 25)	21,524,996	68,289,620	170,246,019	2,585,957	(a) 262,646,592
27. Less expenses unpaid December 31, current year	6,310,562	20,371,911	37,435,188		64,117,661
28. Add expenses unpaid December 31, prior year	9,140,435	28,540,097	48,224,018		85,904,550
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	24,354,869	76,457,806	181,034,849	2,585,957	284,433,481

DETAILS OF WRITE-IN LINES					
2501. ADMINISTRATIVE ALLOWANCES	229,418	732,205	(327,645)		633,978
2502. MISCELLANEOUS	47,794	70,413	388,939		507,146
2503. HOME PLAN SERVICE CHARGE		8,815,529			8,815,529
2598. Summary of remaining write-ins for Line 25 from overflow page	(3,496,095)	(12,642,381)	(668,505)	972,027	(15,834,954)
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(3,218,883)	(3,024,234)	(607,211)	972,027	(5,878,301)

(a) Includes management fees of \$ 0 to affiliates and \$ 972,027 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 11,584,718	10,807,510
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 8,963,776	9,145,621
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates	1,343,856	1,343,856
3. Mortgage loans	(c)	
4. Real estate	(d) 2,401,744	2,401,744
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 296,581	296,581
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		(39,346)
10. Total gross investment income	24,590,675	23,955,966
11. Investment expenses		(g) 2,585,958
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i) 787,814
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		3,373,772
17. Net investment income (Line 10 minus Line 16)		20,582,194

DETAILS OF WRITE-IN LINES		
0901. INCOME FROM PARKING LOT		24,838
0902. PROMPT PAY INTEREST		(64,184)
0903.		
0998. Summary of remaining write-ins for Line 09 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)		(39,346)
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		

- (a) Includes \$ 505,744 accrual of discount less \$ 1,450,719 amortization of premium and less \$ 452,253 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 2,401,744 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 2,585,958 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 787,814 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	3,275,017		3,275,017	11,495	
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	(917,367)		(917,367)		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)				285,742	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	372,134	(6,623,586)	(6,251,452)	21,357,950	
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets				(20,633)	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	2,729,784	(6,623,586)	(3,893,802)	21,634,554	

DETAILS OF WRITE-IN LINES					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)					

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	533,595	287,016	(246,579)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums	327,725		(327,725)
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset		8,255,541	8,255,541
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software	75,609,576	39,230,167	(36,379,409)
19. Furniture and equipment, including health care delivery assets	10,306,411	2,010,003	(8,296,408)
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable	4,200,238	2,182,371	(2,017,867)
23. Aggregate write-ins for other than invested assets	61,119,270	65,923,139	4,803,869
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	152,096,815	117,888,237	(34,208,578)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	152,096,815	117,888,237	(34,208,578)

DETAILS OF WRITE-IN LINES			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. PREPAID EXPENSES	58,840,404	60,625,790	1,785,386
2302. NOTE RECEIVABLE - PEROT SYSTEMS & OTHER	2,225,257	5,122,512	2,897,255
2303. LEASEHOLD IMPROVEMENTS	53,609	174,837	121,228
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	61,119,270	65,923,139	4,803,869

EXHIBIT 1 – ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations	324,322	303,894	302,466	299,296	297,917	3,622,939
4. Point of Service						
5. Indemnity Only	7,124	6,621	6,528	6,325	6,158	77,574
6. Aggregate write-ins for other lines of business	167,705	79,429	79,926	78,883	79,089	948,541
7. Total	499,151	389,944	388,920	384,504	383,164	4,649,054

DETAILS OF WRITE-IN LINES						
0601. DENTAL ONLY	28,551	27,771	28,290	26,848	27,093	326,256
0602. MEDICARE SUPPLEMENT	25,337	25,219	25,126	25,117	25,060	302,041
0603. STOP LOSS	113,817	18,003	17,865	18,112	18,020	216,244
0698. Summary of remaining write-ins for Line 06 from overflow page		8,436	8,645	8,806	8,916	104,000
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	167,705	79,429	79,926	78,883	79,089	948,541

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

- (1) The annual statement has been completed in accordance with the NAIC Accounting Practices and Procedures manual.
- (2) The Plan's 2009 annual statement excludes Administrative Service Contract (ASC) business from revenue, and medical and hospital claims. The ASC reimbursement has been classified as a reduction to claims adjustment and general administrative expenses.
- (3) Effective for 2006, the Plan obtained a permitted practice to recognize a liability for premium assistance for direct pay subscribers in addressing healthcare affordability. The liability at December 31, 2009 and 2008 was \$5,835,205 and \$8,113,791, respectively. The Plan, working with the Office of the Health Insurance Commissioner to address affordability, has committed \$0 and \$2,000,000 in 2009 and 2008, respectively to premium assistance for Direct Pay subscribers and has recorded a charge for this amount in other expenses in the statutory statement of operations. Also, effective for 2009, the Plan obtained a permitted practice to depreciate blue-transit software over 15 years instead of the prescribed 5 years. If the software were depreciated over 5 years surplus reserves would be decreased by \$2,771,526 for year ended December 31, 2009. Additionally, the net loss would be increased by \$2,771,526.
- (4) Non-Applicable.

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

The preparation of the financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the effective interest rate method.
- (3) Common stocks at fair market value except that investments in stocks of uncombined subsidiaries and affiliates in which the Plan has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stock is stated at cost.
- (5) The Plan does not have mortgage loans on real estate.
- (6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The prospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative. Also for US Treasury Inflationary Bonds (TIPS) a retrospective method is used.
- (7) The Plan has an investment in a non-insurance wholly owned subsidiary, Health and Wellness Institute, LLC. The carrying value is on a GAAP basis of \$3,921,477 in accordance with SSAP 88.
- (8) The Plan does not have ownership interests in joint ventures.
- (9) The Plan does not own derivative investments.
- (10) The Plan does not anticipate investment income as a factor in premium deficiency calculation.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

NOTES TO FINANCIAL STATEMENTS

- (12) The Plan has not modified its capitalization policy from the prior period.
 (13) The Plan's pharmacy benefit manager provides estimated pharmacy rebates on a quarterly basis.

2. Accounting Changes and Correction of Errors

There were no Accounting Changes and Correction of Errors in 2009.

3. Business Combinations and Goodwill

There were no Business Combinations and resulting Goodwill in 2009.

4. Discontinued Operations

The Plan did not incur discontinued operations for 2009.

5. Investments

A. The Plan did not have any outstanding mortgage loans in 2009.

B. The Plan did not have any debt restructuring in 2009.

C. The Plan did not have any reverse mortgages in 2009.

D. Loan-Backed Securities

(1) The Plan utilizes the prospective method for loan backed securities.

(2) The Plan obtains the prepayment assumptions for mortgage-backed/asset-backed securities from the following hierarchy: Bloomberg median speed; if none, then 6 month historical CPR; if none, then YieldBook prepayment model that runs fixed rate MBS at 100% of the model and Hybrid Arms at 100% of MTB (Model to Balloon). CMBS are run at a 0% constant prepayment rate. If this information is not obtainable from one of these sources then analysts determine the cash flows to be used.

(3) The Plan utilizes the fair market value as published by the NAIC Valuation Securities Manual. If the rate is not published by the Securities Valuation Office (SVO), the security is carried at amortized value in accordance with NAIC guidelines.

(4) The Plan did not recognize any other-than-temporary impairment (OTTI) for loan-backed securities.

(5) The Plan did not recognize any OTTI for loan-backed securities.

(6) Loan-backed securities with unrealized losses as of December 31, 2009:

	<u>Less than 12 months</u>		<u>12 months or Greater</u>		<u>Total</u>	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Loan-Backed Securities	\$9,819,100	\$(92,338)	\$3,569,965	\$(391,658)	\$13,389,065	\$(483,996)

(7) The evaluation of impairments is a quantitative and qualitative process, which is subject to risks and uncertainties and is intended to determine whether declines in the fair value of investments should be recognized in the current period. The risks and uncertainties include changes in general economic conditions, the issuer's financial condition or near term recovery prospects, the effects of changes in interest rates or credit spreads and the recovery period. As of December 31, 2009, the Plan does not consider loan-backed securities in an unrealized loss position to be other-than-temporarily impaired as reported in the table above.

E. Repurchase Agreements

1) For repurchase agreements, the Plan ensures that the fair market value of the collateralized security is equal to or exceeds the amount under agreement to repurchase.

2) The Plan has investments pledged as collateral. The securities are US Treasury Bonds with a carrying value of \$22,584,200.

F. The Plan does not hold real estate for investment purposes.

G. The Plan does not have any low-income housing tax credits.

6. Joint Ventures, Partnerships and Limited Liability Companies

NOTES TO FINANCIAL STATEMENTS

The Plan does not have an investment interest in joint ventures, partnerships and limited liability companies that exceeds 10% of its admitted assets.

7. Investment Income

The Plan has not excluded from assigned funds (surplus) any investment income due and accrued.

8. Derivative Instruments

The Plan does not own any derivative instruments.

9. Income Taxes

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

(1)	2009			2008
	Ordinary	Capital	Total	Total
Gross deferred tax assets	\$169,139,962	\$2,289,001	\$171,428,963	\$138,091,816
Statutory valuation allowance	<u>(120,458,606)</u>	<u>(981,001)</u>	<u>(121,439,607)</u>	<u>0</u>
Adjusted gross deferred tax	\$ 48,681,356	\$1,308,000	\$ 49,989,356	\$138,091,816
Gross deferred tax liabilities	<u>(12,893)</u>	<u>0</u>	<u>(12,893)</u>	<u>0</u>
Net deferred tax asset(liability) before admissibility test	<u>\$ 48,668,463</u>	<u>\$1,308,000</u>	<u>\$ 49,976,463</u>	<u>\$138,091,816</u>
Admitted pursuant to Paragraph 10a.	\$18,817,042	\$787,673	\$19,604,715	\$5,875,559
Paragraph 10 b.i.	0	0	0	0
Paragraph 10 b.ii.	30,369,150	0	30,369,150	45,116,020
Admitted pursuant to Paragraph 10b (lesser of i. or ii.)	0	0	0	0
Admitted pursuant to Paragraph 10c.	\$12,893	0	\$12,893	0
Additional admitted pursuant to paragraph 10.e.i.	n/a	n/a	n/a	n/a
Paragraph 10.e.ii.a.	n/a	n/a	n/a	n/a
Paragraph 10.e.ii.b.	n/a	n/a	n/a	n/a
Additional admitted pursuant to Paragraph 10.e.ii. (lesser of a. or b.)	n/a	n/a	n/a	n/a
Additional admitted pursuant to Paragraph 10.e.iii.	n/a	n/a	n/a	n/a
Admitted deferred tax asset	\$18,829,935	\$787,673	\$19,617,608	\$5,875,559
Deferred tax liability	<u>(12,893)</u>	<u>0</u>	<u>(12,893)</u>	<u>0</u>
Net admitted DTA or DTL	<u>\$18,817,042</u>	<u>\$787,673</u>	<u>\$19,604,715</u>	<u>\$5,875,559</u>
Nonadmitted DTA	<u>\$150,310,027</u>	<u>\$1,501,328</u>	<u>\$151,811,355</u>	<u>\$132,216,257</u>

(2) The company has not elected to admit DTA's pursuant to paragraph 10.e.. Such election was not available in 2008.

(3) The change in the amount admitted adjusted gross deferred tax assets under each component SSAP 10R during 2009 is:

Gross deferred tax assets	\$ 33,337,147
Statutory valuation allowance	<u>(121,439,607)</u>
Adjusted gross deferred tax	(\$88,102,460)
Gross deferred tax liabilities	<u>(12,893)</u>
Net deferred tax asset/(liability) before admissibility test	<u>(\$88,115,353)</u>
Admitted pursuant to Paragraph 10a.	\$13,729,156
Paragraph 10 b.i.	0
Paragraph 10 b.ii.	(14,746,870)
Admitted pursuant to Paragraph 10b (lesser of i/ or ii.)	0
Admitted pursuant to Paragraph 10c.	\$12,893
Additional admitted pursuant to paragraph 10e.i.	n/a
Paragraph 10.e.ii.a.	n/a
Paragraph 10.e.ii.b.	n/a
Additional admitted pursuant to Paragraph 10.e.ii. (lesser of a. or b.)	n/a
Additional admitted pursuant to Paragraph 10.e.iii.	n/a
Admitted deferred tax asset	\$13,742,049
Deferred tax liability	(\$12,893)
Net admitted DTA or DTL	<u>\$13,729,156</u>
Nonadmitted DTA	<u>\$19,595,098</u>

(4) Description

NOTES TO FINANCIAL STATEMENTS

	With Paragraphs 10.a.-c.	With Paragraphs 10.e.	Difference
Admitted DTA's	\$19,604,715	n/a	n/a
Admitted assets	--	--	--
Statutory surplus	--	--	--
Total adjusted capital	--	--	--
RBC authorized control level	--	--	--

B. Non Applicable

C. Current income taxes incurred consist of the following major components:

	<u>2009</u>	<u>2008</u>
Net Gain/(Loss) Before Taxes	\$(36,728,459)	\$17,575,281
<u>Tax Adjustments:</u>		
Employee Benefits (Pension, Postretirement, Postemployment, Workers Compensation, etc.)	(1,034,187)	(12,061,061)
Claims Reserve Discounting	(149,613)	(29,950)
Allowance for Doubtful Accounts	(17,204)	(28,928)
Abandonment of Intangible Assets	(58,128)	(62,203)
Maternity Benefits	15,050	(98,000)
Investments (Unrealized, Sale, Maturity, Bond Discounting)	1,519,636	5,098,708
Interest	23,958	(262,712)
Nondeductible Expenses (Travel, Dues, Contributions, etc.)	256,449	180,143
Contributions Carryforward (net of Nondeductible contribution)	149,033	44,130
Direct Pay Premium Assistance	(797,505)	49,076
Lobbying	21,732	19,245
Contingent Reserve	(862,496)	0
Fixed Assets (Depreciation, Sales)	(9,239,176)	1,768,537
Dividends	50,755	55,540
Dividends Received Deduction	(338,368)	(370,265)
Salaries & Wages	1,109,399	0
Premium Deficiency Reserve	35,560,000	0
Special 3 Months Reserve Deduction	10,261,804	(11,877,542)
Claims Reserve	152,247	0
Property Taxes	100,058	0
Blue Int'l solutions	5,014	0
AMT Tax/ (Credit)	(5,743,378)	6,710,212
2005 Amended Return	(753,044)	0
2007/2008 IRS audit	891,402	0
Adjustment for 2008/2007 Taxes	<u>516,766</u>	<u>(33,713)</u>
Total	<u>\$ (5,088,255)</u>	<u>\$ 6,676,498</u>

The main components of the 2009 deferred tax amounts are as follows:

DTAs	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
Intangible Assets	\$ 0	\$28,071,448	\$28,071,448	\$9,825,008
Securities	486,977,746	493,517,750	6,540,005	2,289,002
Health Care Receivables	16,080,658	20,280,896	4,200,238	1,470,083
Other Receivables	15,766,279	15,766,279	0	0
Prepaid Expenses	0	4,436,024	4,436,024	1,552,608
Property, Plant and Equipment	125,667,431	190,030,013	64,362,582	22,526,904
Allowance for Doubtful Accounts	(2,769,880)	0	2,769,880	969,458
Discount of Reserves	(169,805,180)	(166,459,678)	3,345,502	1,170,926
Post Retire. & Post Employ Benefits	(29,541,898)	0	29,541,898	10,339,664
Pension	(5,672,524)	0	5,672,524	1,985,383
Maternity Benefits	(738,000)	0	738,000	258,300
Contingent Reserve	(273,023)	0	273,023	95,558
Direct Pay Premium Assistance	(5,835,205)	0	5,835,205	2,042,322

NOTES TO FINANCIAL STATEMENTS

Premium Deficiency Reserve	(101,600,000)	0	101,600,000	35,560,000
Salaries & Wages	(3,169,711)	0	3,169,711	1,109,399
Claims Reserve	(4,892,000)	0	4,892,000	1,712,200
Property Taxes	(285,881)	0	285,881	100,057
Contributions carryforward	(149,033)	0	149,033	149,033
AMT Credits	(78,273,058)	0	<u>78,273,058</u>	<u>78,273,058</u>

0299. Total DTAs			\$344,156,012	\$171,428,963
0399. Total DTAs nonadmitted			\$246,095,600	\$151,811,355

DTLs

Audit Contingency	36,836	0	<u>36,836</u>	<u>12,893</u>
0499. Total DTLs			\$36,836	\$12,893

The changes in main components of DTAs and DTLs are as follows:

DTAs resulting from book/tax differences in	<u>Dec. 31, 2009</u>	<u>Jan. 1, 2009</u>	<u>Change</u>
Deferred Gain on Sale of Building	\$0	\$1,561,244	\$(1,561,244)
Allowance for Doubtful Accounts	969,458	102,534	866,924
Health Care Receivable	1,470,083	764,591	705,492
Securities	2,289,002	8,348,683	(6,059,681)
Property, Plant and Equipment	22,526,904	14,532,463	7,994,441
Prepaid Expenses	1,552,608	1,091,902	460,706
Discount of Reserves	1,170,926	1,320,538	(149,612)
Post Retirement & Post Employment Benefits	10,339,664	10,103,715	235,949
Pension	1,985,383	1,599,740	385,643
Maternity Benefits	258,300	243,250	15,050
Tax Contingent	0	1,280,805	(1,280,805)
Intangible Assets	9,825,008	9,883,135	(58,127)
Direct Pay Premium Assistance	2,042,322	2,839,827	(797,505)
Contingent Reserve	95,558	926,228	(830,670)
Premium Deficiency Reserve	35,560,000	0	35,560,000
Salaries & Wages	1,109,399	0	1,109,399
Claims Reserve	1,712,200	0	1,712,200
Property Taxes	100,057	0	100,057
Contributions carryforward	149,033	0	149,033
0		0	0
AMT Credit	<u>78,273,058</u>	<u>83,493,162</u>	<u>(5,220,104)</u>
Total Deferred Tax Asset	\$171,428,963	\$138,091,817	\$33,337,146
Nonadmitted Deferred Tax Asset	<u>151,811,355</u>	<u>132,216,258</u>	<u>19,595,097</u>
Admitted Deferred Tax Asset	<u>\$ 19,617,608</u>	<u>\$ 5,875,559</u>	<u>\$13,742,048</u>

DTAs resulting from book/tax differences in

Audit Contingency	12,893	0	12,893
Bonds	<u>0</u>	<u>0</u>	<u>0</u>
Total Deferred Tax Liabilities	<u>\$ 12,893</u>	<u>\$ 0</u>	<u>\$ 12,893</u>
Net Admitted Deferred Tax Asset	<u>\$ 19,604,715</u>	<u>\$ 5,875,559</u>	<u>\$13,729,155</u>

<u>The change in net deferred income taxes is as follows:</u>	<u>Dec. 31, 2009</u>	<u>Jan. 1, 2009</u>	<u>Change</u>
Total Deferred Tax Assets	\$171,428,963	\$138,091,817	\$33,337,146
Total Deferred Tax Liabilities	<u>12,893</u>	<u>0</u>	<u>12,893</u>
Net Deferred Tax Asset	<u>\$171,416,070</u>	<u>\$138,091,817</u>	<u>\$33,324,253</u>
Tax Effect of Unrealized Gains			<u>0</u>
Change in Net Deferred Income Tax			<u>\$33,324,253</u>

NOTES TO FINANCIAL STATEMENTS

D. Nature of significant reconciling items for income taxes incurred and change in DTAs and DTLs

	<u>Dec. 31, 2009</u>	<u>Effective Tax Rate</u>
Net Gain/(Loss) Before Taxes	\$ (36,769,680)	-35.00%
<u>Tax Adjustments:</u>		
Provision to return to true-up	(853,123)	-0.81%
Nondeductible Expenses (Travel, Dues, Contributions, etc.)	278,181	0.26%
Special 3 Month Reserve Deduction	9,144,772	8.70%
Change in non-admitted assets	(10,816,435)	-10.30%
Other	<u>580,220</u>	<u>0.56%</u>
Total	<u>\$ (38,436,065)</u>	<u>-36.59%</u>
Federal Income Taxes Incurred	\$ (5,111,809)	-4.87%
Change in net deferred income taxes	<u>(33,324,256)</u>	<u>-31.72%</u>
Total statutory income taxes	<u>\$ (38,436,065)</u>	<u>-36.59%</u>

E. (1) At December 31, 2009, the Plan had no operating loss carryforwards. The Plan has available approximately \$78,273,058 of alternative minimum tax credit carryforwards that do not expire.

(2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

(a) 2008	\$ 7,444,279
(b) 2007	\$19,720,606
(c) 2006	\$12,183,597
(d) 2005	\$ 7,290,669
(e) 2004	\$ 4,009,110

F. The Plan's Federal Income Tax return is consolidated with the following entities:
Health & Wellness Institute, LLC

The consolidated Federal Income Tax Liability shall be apportioned among the companies in accordance with Section 1552 (a) (1) of the Internal Revenue Code and the provisions of Reg. 1.1502-33 (d) (2) (ii) (b) which entitles each of the consolidated entities to its allocable share of Federal Income Taxes calculated as the ratio each member of the consolidated entity having taxable income bears to the total consolidated taxable income. The taxable income of a member is determined under the provisions of Reg. 1-1552-1 (a) (1) (ii). If taxable income of a member results in an excess of deductions over gross income, then that member's taxable income shall be considered zero in the use of this calculation.

Any member who incurs a taxable loss will be paid for the use of their losses. This payment will be made at the time the loss is utilized on the consolidated Federal Income Tax return and will be based on the amount of taxes saved due to change in tax liability.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. The Plan did not make any cash contributions during 2009 to the Health & Wellness Institute, LLC (HWI). In 2008, the Plan contributed \$2,200,000 in cash to HWI.
- B. See "A" above
- C. See "A" above
- D. At December 31, 2009 the Plan reported \$302,775 as amounts due from HWI. The terms of the agreement require these amounts to be invoiced on a quarterly basis and shall be due and payable by HWI within 30 from receipt of invoice.
- E. Non-Applicable
- F. Non-Applicable
- G. Non-Applicable
- H. Non-Applicable
- I. Non-Applicable

NOTES TO FINANCIAL STATEMENTS

- J. Non-Applicable
 K. Non-Applicable
 L. The HWI is valued at \$3,921,477 based on GAAP equity method.

11. Debt

- (1) Date issued is January 14, 2008.
 (2) Bank construction loan for new corporate office building.
 (3) The maximum loan amount is \$90,000,000.
 (4) Carrying value of loan is \$89,490,495.
 (5) The rate at which interest accrues is 30-day LIBOR plus an agreed upon spread (basis points).
 (6) The effective interest rate is equivalent to the 30-day LIBOR plus an agreed upon spread (basis points).
 (7) Office building structure.
 (8) Interest paid year to date is \$662,251.
 (9) Loan to convert to fixed rate mortgage instrument.
 (10) Non-Applicable
 (11) Non-Applicable
 (12) Non-Applicable
 (13) Non-Applicable

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

Defined Benefit Plan

The Plan has a qualified defined benefit pension plan covering substantially all employees. Pension plan benefits are based on years of service and the employee's compensation during the highest three consecutive years of service.

The Plan's funding policy is to contribute amounts at least necessary to satisfy the requirements of the Pension Protection Act of 2006 (PPA). Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. Assets of the pension plan consist of insurance company group annuity contracts, which invest in a diversified portfolio of fixed income and equity securities.

Supplemental Executive Retirement Plans (SERP)

The Supplemental Executive Retirement Plans (SERP) are non-qualified defined benefit pension plans for certain executives as designated by the Board of Directors. Certain beneficiaries received distributions from SERP of \$544,000 and \$118,000 for the calendar years ending December 31, 2009 and 2008, respectively.

The Plan uses a September 30 measurement date.

The following tables set forth the funding status and amounts recognized in the Plan's Statutory Statements of Admitted Assets, Liabilities and Reserves at December 31, 2009 and 2008 for the Defined Benefit Plan and for the SERP:

	(In Thousands)			
	Defined Benefit		SERP	
	Plan			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Change in Projected Benefit Obligation:				
Projected benefit obligation				
at beginning of year	\$171,817	\$185,925	\$6,593	\$6,602
Service cost	5,322	6,256	331	381
Interest cost	12,300	11,399	488	396
Actuarial loss/(gain) due to assumptions	39,020	(24,150)	392	(424)

NOTES TO FINANCIAL STATEMENTS

Settlements	--	--	279	(244)
Benefit and administrative expenses paid	<u>(8,066)</u>	<u>(7,613)</u>	<u>(544)</u>	<u>(118)</u>
Projected benefit obligation at end of year	<u>\$220,393</u>	<u>\$171,817</u>	<u>\$7,539</u>	<u>\$6,593</u>

(In Thousands)

	Defined Benefit		SERP	
	Plan			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Funded Status:				
Projected benefit obligation	\$(220,393)	\$(171,817)	\$(7,539)	\$(6,593)
Plan assets at fair value	<u>209,134</u>	<u>172,171</u>	<u>--</u>	<u>--</u>
Plan assets in excess (shortfall)				
of projected benefit obligation	(11,259)	354	(7,539)	(6,593)
Unrecognized net actuarial loss/(gain)	71,489	32,391	1,503	1,170
Unrecognized prior service cost	--	--	279	488
Contributions after measurement date	1,500	25,000	285	6
Unrecognized net obligation at January 1, 2009 and 2008 being recognized over approximately 9 years	<u>421</u>	<u>459</u>	<u>2,064</u>	<u>2,252</u>
Prepaid (accrued) benefit cost	<u>\$ 62,151</u>	<u>\$ 58,204</u>	<u>\$(3,408)</u>	<u>\$(2,677)</u>

Change in Plan Assets:

Fair value of assets at beginning of year	\$172,171	\$190,473	\$ --	\$ --
Actual return on plan assets	17,029	(25,689)	--	--
Employer contributions	28,000	15,000	544	118
Benefit and administrative expenses paid	<u>(8,066)</u>	<u>(7,613)</u>	<u>(544)</u>	<u>(118)</u>
Fair value of assets at end of year	<u>\$209,134</u>	<u>\$172,171</u>	<u>\$ --</u>	<u>\$ --</u>

Net periodic pension cost for 2009 and 2008 included the following components:

(In Thousands)

	Defined Benefit		SERP	
	Plan			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Service cost	\$ 5,322	\$ 6,256	\$ 331	\$ 381
Interest cost	12,300	11,399	488	396
Expected return on plan assets	(17,107)	(14,599)	--	--
Net amortization and deferral	<u>38</u>	<u>655</u>	<u>456</u>	<u>515</u>
Net periodic pension cost	<u>\$ 553</u>	<u>\$ 3,711</u>	<u>\$ 1,275</u>	<u>\$ 1,292</u>

Actuarial assumptions used in the accounting at the measurement date were:

	Defined Benefit		SERP	
	Plan			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Weighted-average assumptions				
Discount Rate	5.75%	7.50%	5.75%	7.50%
Rate of compensation increase	3.50%	4.20%	3.50%	4.20%
Expected return on plan assets	8.00%	8.20%	-	-

Plan Assets

Asset Category	<u>2009</u>	<u>2007</u>
	Equity Securities	66.80%
Debt Securities	20.90%	34.10%
Other	<u>12.30%</u>	<u>23.40%</u>
Total	100.00%	100.00%

NOTES TO FINANCIAL STATEMENTS

The investment policy includes a periodic review of the pension plan's investment in the various asset classes. The current asset allocation target is 60% equities and 40% fixed income.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

<u>Year</u>	<u>Pension Benefits</u>	<u>Postretirement Benefits*</u>
2010	\$11,402,000	\$1,665,000
2011	8,854,000	1,735,000
2012	9,001,000	1,874,000
2013	9,752,000	1,830,000
2014	10,229,000	1,846,000
2015 - 2019	66,455,000	9,445,000

*excludes receivables for Medicare Part D subsidy

The Plan expects to contribute \$6,100,000 to its regular pension plan, \$3,269,000 to its SERP and \$1,665,000 to its postretirement benefits in 2010.

Employee Savings Plan

Participant contributions to the Plan are derived from voluntary salary reduction agreements with the employer. The participant may, subject to the Internal Revenue Service (IRS) compensation deferral limits, contribute from 1% to 60% of his or her plan compensation, as defined, as a pre-tax basic contribution. The participant may then contribute a supplemental pre-tax contribution which, when combined with the participant's basic contribution, shall not exceed 60% of the participant's plan compensation, as defined. In addition, after-tax contributions up to 8% of the participant's plan compensation, as defined, may be made as long as total contributions do not exceed IRS guidelines. The employer contributes an amount equal to 50% of the participant's basic salary deferral contribution subject to a maximum of 6% of compensation.

Upon enrollment in the Plan, a participant may direct participant and employer contributions in 1% increments with a minimum contribution of 1% in any of the investment options. Participants may change their investment options daily. Total employer contributions to the 401(k) savings plan in 2009 and 2008 were approximately \$1,638,000 and \$1,649,000, respectively.

Comprehensive Pension (Expense)/Income

The Plan recorded comprehensive pension (expense)/income of \$(6,551,580) and \$(1,592,899) at December 31, 2009 and 2008, respectively. The expense represents the excess of the accumulated benefit obligation exceeding the defined benefit plan assets. The income represents the pension assets exceeding the minimum accumulated net benefit obligation for its defined benefit plan and supplemental executive retirement plans. The net comprehensive pension (expense)/income is included as a separate component.

Postretirement Benefit Plans

Eligible employees hired prior to January 1, 1992, who retire on or after attaining normal retirement age and who have rendered specific years of service under the provisions of the Blue Cross & Blue Shield of Rhode Island Retirement Plan are entitled to certain postretirement health care, medical coverage and life insurance benefits. The Plan may amend or change the postretirement benefits periodically. Effective January 1, 1993, except for those employees who have an exemption based on circumstances previously existing, these benefits are now subject to copayment provisions and other limitations. The Plan's postretirement benefits other than pensions are not funded. Approximately \$2,275,000 and \$2,121,000 of postretirement benefits were paid in 2009 and 2008, respectively.

Summary information on the postretirement benefit plan is as follows:

	(In Thousands)	
	<u>2009</u>	<u>2008</u>
Change in Accumulated Postretirement Benefit Obligation:		

NOTES TO FINANCIAL STATEMENTS

Benefit obligation at beginning of year	\$32,822	\$35,267
Service cost	364	411
Interest cost	2,363	2,121
Amendments	(17,029)	--
Actuarial loss/(gain) due to assumption and other	5,889	(2,856)
Assumption change	829	--
Benefits paid	<u>(2,275)</u>	<u>(2,121)</u>
Benefit obligation at end of year	<u><u>\$22,963</u></u>	<u><u>\$32,822</u></u>
Change in Plan Assets:		
Fair value of assets at beginning of year	\$ --	\$ --
Actual return on plan assets	--	--
Employer contributions	2,275	2,121
Benefits paid	<u>(2,275)</u>	<u>(2,121)</u>
Fair value of assets at end of year	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>
Accumulated postretirement benefit obligation:		
Retirees and dependents	\$(20,872)	\$(30,785)
Fully eligible active participants	<u>(2,091)</u>	<u>(2,037)</u>
Total	\$(22,963)	\$(32,822)
Plan assets at fair value:	<u>--</u>	<u>--</u>
Accumulated postretirement benefit obligation in excess of plan assets	(22,963)	(32,822)
Unrecognized net gain from past experience different from that assumed and from changes in assumptions	10,119	3,624
Unrecognized prior service costs	(17,029)	--
Unrecognized transition obligation	947	1,262
Contributions after measurement date	<u>567</u>	<u>530</u>
Accrued postretirement benefit cost	<u><u>\$(28,359)</u></u>	<u><u>\$(27,406)</u></u>
Net periodic postretirement benefit cost for 2009 and 2008 included the following components:		
	(In Thousands)	
	<u>2009</u>	<u>2008</u>
Service cost	\$ 364	\$ 411
Interest cost	2,363	2,121
Amortization of net (gain)/loss	<u>538</u>	<u>753</u>
Net periodic postretirement benefit cost	<u><u>\$ 3,265</u></u>	<u><u>\$ 3,285</u></u>

The weighted average assumptions include a discount rate of 5.75% and 7.50%, respectively for the years ended December 31, 2009 and 2008.

The assumed annual rate of increase in the per capita cost of medical benefits is 15% in 2010 and 8.0% in 2011, and is assumed to decrease through years 2018 and remain level at 5% thereafter.

A one percentage point increase in the healthcare cost trend rate, holding all other assumptions constant, would result in an increase of \$1,743,100 at December 31, 2009 in the postretirement benefit obligation and an increase of \$194,300 for the year ended December 31, 2009 in the aggregate of the service and interest cost components of the net periodic postretirement benefit cost.

Postemployment Benefits

The Plan provides for certain postemployment benefits including disability benefits for eligible employees. The Plan has recorded a liability for these benefits of approximately \$551,000 and \$739,000 at December 31, 2009 and 2008, respectively.

Impact of Medicare Modernization Act on Postretirement Benefits

NOTES TO FINANCIAL STATEMENTS

(2) Effects of the subsidy in measuring the net postretirement benefit cost

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law in December of 2003. The Act includes the following two new features to Medicare Part D that could affect the measurement of the accumulated postretirement benefit obligation (APBO) and net periodic postretirement cost for the Plan:

* A federal subsidy (based on 28% of an individual beneficiary's annual prescription drug costs between \$250 and \$5,000), which is not taxable, to sponsors of retiree healthcare benefit plans that provide a prescription drug benefit that is at least actuarially equivalent to Medicare Part D; and

* The opportunity for a retiree to obtain a prescription drug benefit under Medicare.

The effect of the Act was a \$660,975 reduction in the Plan's net postretirement benefit cost for the subsidy related to benefits attributed to former employees. The Act also had the following effects on the net postretirement benefit cost; a \$257,306 decrease as a result of an actuarial gain; a decrease to the current period service cost \$61,179 due to the subsidy; and \$342,490 decrease to the interest cost.

(3) Disclosure of gross benefit payments

The Plan's gross benefit payments for 2009 were \$2,275,182 including the prescription drug benefit and estimates future payments to be \$1,766,000 annually. The Plan's subsidy related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 was \$133,973 for 2009 and estimates future subsidies to be \$135,000 annually.

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

- 1) The Plan does not have any capital stock.
- 2) The Plan does not have any preferred stock.
- 3) The Plan does not have any dividend restrictions.
- 4) The Plan does not have any ordinary dividends.
- 5) The Plan does not have any dividends.
- 6) The Plan does not have any restrictions on unassigned funds.
- 7) The Plan does not have any advances to surplus unpaid.
- 8) The Plan does not have any conversion of preferred stock, employee stock options and stock purchase warrants.
- 9) The Plan did not have any changes to the balances of any special surplus funds from the prior period.
- 10) The portion of unassigned funds (surplus) represented was reduced by each of the following item:
 - a) Nonadmitted assets - \$152,096,815
- 11) The Plan does not have any surplus notes.
- 12) The Plan did not have any quasi-reorganization in 2009.
- 13) The Plan did not have any quasi-reorganization in 2009.

14. Contingencies

A) Contingent Commitments

The Plan is a defendant in a number of legal proceedings arising in the normal course of business. While the Plan's ultimate liability in the disposition of these matters is presently difficult to estimate, it is management's belief that the outcome is not likely to have a material adverse effect on the Plan's financial position or results of operations, statutory reserves and risk based capital.

- B) The Plan does not have any assessments.
- C) The Plan does not have any gain contingencies.
- D) The Plan did not have any claims related extra contractual obligation and bad faith losses stemming from lawsuits.
- E) All other contingencies see "A" above.

NOTES TO FINANCIAL STATEMENTS

15. Leases

A) 1) The Plan leases office space and ground lease under operating leases. Rent expense for operating leases in 2009 and 2008 was approximately \$11,455,591 and \$7,830,453, respectively.

2) The Plan is committed, under long-term noncancelable operating leases and installment purchase agreements to minimum payments as follows:

	Leases	
	Operating	Capital
2010	\$ 1,444,174	\$ 79,777
2011	198,575	--
2012	228,060	--
2013	228,060	--
2014	228,060	--
Thereafter	110,288,445	--
Less Interest	--	(2,818)
Total minimum future payments	\$112,615,374	\$ 76,959

Certain rental commitments e.g. ground lease is a 97 year agreement through the year 2018 with two successive 75 year renewal options. Some of these renewals are subject to adjustments in future periods.

In June of 2003, the Plan entered into a long-term agreement with Perot Systems Healthcare Services Corporation (PSHS) whereby, PSHS agreed to provide claims processing, information technology, membership administrative and cash disbursement services at Plan facilities, under the direction of PSHS staff. Services include operational services for technology and claims operations and business project services.

The agreement which runs through 2013, calls for increasing annual minimum commitments of \$62.0 million for calendar year 2009, and is subject to adjustments for changes in service levels, cost management by the Plan and performance incentives for PSHS. The aggregate value of the contract is approximately \$572.0 million.

The contract provides for termination of the agreement between the parties based on events that may occur during the course of the contract. There are critical service levels that PSHS must meet on an ongoing basis. The Plan is obligated to reimburse PSHS for services performed in accordance with the contract. The financial penalties are based on a sliding scale relating to the applicable month in which such termination was effective, ranging from approximately \$13.0 million as of December 31, 2009 to \$0 as of May 31, 2013.

3) The Plan entered into a purchase and sales agreement on February 29, 2008 for real estate property. The Plan sold two properties for a selling price of \$26,700,000 on April 30, 2008.

The Plan subsequently lease backed the properties for a term not to extend beyond April 30, 2010. However, the Plan has an option to extend the term for an additional three months, upon twelve months prior written notice. The base rent for both properties is \$3,589,558 per year. In addition, the Plan must pay most operating expenses for the properties including a management fee on a monthly basis.

B) The Plan does not have any lessor leases.

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

Eleven U.S. Treasury Notes with a combined par value of \$21,325,000 are pledged to satisfy Blue Cross Blue Shield Association membership standards for out-of-area provider claim settlements.

NOTES TO FINANCIAL STATEMENTS

The Plan also has a \$500,000 par value U.S. Treasury Note that is on deposit with the Department of Labor as collateral for the Plan's run-out of the self-insured worker's compensation fund.

The Plan also has a \$582,000 par value U.S. Treasury Note that is on deposit with the Department of Human Services Office of Managed Care relating to the Plan's administration of the State of Rhode Island managed Medicaid program, RItE Care.

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

The Plan did not have a sale, transfer and servicing of financial assets and extinguishments of liabilities.

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

A) The Plan is not an ASO Administrator for uninsured A&H Plans and the uninsured portion of partially insured plans.

B) The Plan is an ASC Administrator for uninsured A&H Plans and the uninsured portion of partially insured plans.

The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans was as follows during 2009:

	<u>ASC</u> <u>Uninsured</u> <u>Plans</u>	<u>Uninsured</u> <u>Portion of</u> <u>Partially</u> <u>Insured Plans</u>	<u>Total</u> <u>ASC</u>
a. Gross reimbursement for medical cost incurred	\$805,310,075	--	\$805,310,075
b. Gross administrative fees accrued	48,820,748	--	48,820,748
c. Other income or expenses (including interest paid to or received from plans)	--	--	--
d. Gross expenses incurred (claims and administrative)	889,911,279	--	889,911,279
e. Total net gain or (loss) from operations	(35,780,456)	--	(35,780,456)

C) The Plan did not have a Medicare or similarly structured cost based reimbursement contract during 2009.

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

The Plan does not have direct premium written/produced by managing general agents/third party administrators.

20. Other Items

A) The Plan does not have any extraordinary items.

B) The Plan does not have any troubled debt restructuring.

C) The Plan completed construction of a new corporate office building. The certification of occupancy was granted on August 17, 2009. Occupancy of the building commenced October 2009. Total costs, net of debt and depreciation, as reported on page 2, line 4.2 is \$30,820,444. As of December 31, 2009 total construction costs have amounted to \$121,098,752, encumbrances are \$89,490,495 and depreciation of \$787,813.

NOTES TO FINANCIAL STATEMENTS

- D) The Plan has estimated uncollectible amounts for premium and retro contract balances of \$777,396 and \$579,969 at December 31, 2009 and 2008, respectively. The Plan has an estimated uncollectible amount for uninsured plans of \$327,725.
- E) The Plan did not have any business interruption insurance recoveries in 2009.
- F) The Plan does not have any state transferable tax credits.
- G) Subprime Mortgage Related Risk Exposure
- (1) The following is the Plan's narrative description of a subprime investment. A mortgage loan which has one or more of the following attributes: weak credit score (Fair Isaac Corporation), high debt-to-income-ratio, high loan-to-value ratio or undocumented income.
 - (2) Non-applicable
 - (3) Non-applicable
 - (4) Non-applicable

21. Events Subsequent

There are no subsequent events that occurred as of the March 1st 2010 filing date of the Plan's 2009 annual statement.

22. Reinsurance

A. Ceded Insurance Report

Section 1 – General Interrogatories

- (1) The Plan does not own or control any of the reinsurers listed on Schedule S.
- (2) There are no policies issued by the Plan that are reinsured with a company chartered in a country other than the United States that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business.

Section 2 – Ceded Reinsurance Report – Part A

- (1) The Plan does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit.
- (2) The Plan does not have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies.

Section 3 – Ceded Reinsurance Report – Part B

- (1) The estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, is not applicable to the Plan since it does not cede its reinsurance.
- (2) The Plan has not executed or amended any existing agreements, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement.

B) The Plan did not experience a write-off for uncollectible reinsurance.

C) The Plan did not experience a commutation of ceded reinsurance.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A) The Plan estimates accrued retrospective premium adjustments for its group health insurance business based on the Plan's underwriting policies, experience rating practices and claims reserve calculation.
- B) The Plan records accrued retrospective premium as an adjustment to earned premium.

NOTES TO FINANCIAL STATEMENTS

- C) The amount of net premiums written by the Plan at December 31, 2009 that are subject to retrospective rating features was \$55,474,000, that represented 3.26% of the total net premiums written. No other net premiums written by the Plan are subject to retrospective rating features.

24. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2008 were \$170,833,000. As of December 31, 2009, \$123,428,000 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$662,000 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Comprehensive and Medicare lines of insurance. Therefore, there has been an \$18,109,000 favorable prior-year development since December 31, 2008 to December 31, 2009. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. The Plan did not experience prior year claim development on retrospectively rated policies.

25. Intercompany Pooling Arrangements

The Plan is not part of any intercompany pooling arrangement.

26. Structured Settlements

Not Applicable for Health Insurance entities.

27. Health Care Receivables

A) Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
12/31/09	\$5,819,000	\$ --	\$ --	\$ --	\$ --
9/30/09	6,033,000	5,819,000	162,000	--	--
6/30/09	5,962,000	5,979,000	198,000	5,486,000	--
3/31/09	5,127,000	5,998,000	205,000	5,131,000	589,000
12/31/08	\$6,192,000	\$5,943,000	\$ 111,000	\$4,128,000	\$1,302,000
9/30/08	5,500,000	6,328,000	187,000	3,954,000	1,536,000
6/30/08	5,535,000	5,560,000	257,000	4,349,000	918,000
3/31/08	5,808,000	5,558,000	749,000	3,113,000	1,355,000
12/31/07	\$5,248,000	\$5,583,000	\$ 906,000	\$3,405,000	\$1,272,000
9/30/07	5,216,000	5,252,000	244,000	3,436,000	1,572,000
6/30/07	5,408,000	5,268,000	255,000	3,627,000	1,386,000
3/31/07	5,173,000	5,648,000	210,000	2,688,000	2,750,000

B) Risk Share Receivables

Actual Sharing Amounts Calendar Year Received Others	Evaluation Per Year- End	Risk Sharing	Risk Sharing	Risk Sharing Receivable Billed	Risk Sharing Not Yet Billed	Actual	Actual	Actual	Risk
		Receivable as Estimated in the Prior Year	Receivable as Estimated in the Current Year			Risk Sharing Receivable Billed	Risk Sharing Receivable Amounts Received in Year Billed	Risk Sharing Receivable Amounts Received First Year	
2009	2009	N/A	\$ 3,795,515	\$ 3,775,921	\$ 19,594	\$ 1,506,387	\$ 254,934		
	2010	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
2008	2008	N/A	\$ 3,136,395	\$ 2,223,371	\$ 913,024	\$ 2,223,371	\$ -		

NOTES TO FINANCIAL STATEMENTS

	2009	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
2007	2007	N/A	\$ 5,549,079	\$ 4,282,052	\$ 1,267,027	\$ 4,282,052	\$ 1,267,027		
	2008	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A

28. Participating Policies

Participating policies do not apply to the Plan.

29. Premium Deficiency Reserves

As of December 31, 2009, the Plan had liabilities of \$101,600,000 related to premium deficiency reserves of which \$92,100,000 relates to the comprehensive line of business, \$3,200,000 to Medicare supplement and \$6,300,000 for its Medicaid contract with the State of Rhode Island. This is an increase of \$101,414,000 compared to December 31, 2008. The Plan did not consider anticipated investment income when calculating its premium deficiency reserves.

30. Anticipated Salvage and Subrogation

The amount of undiscounted estimated salvage and subrogation recoverable, taken into account in determining the undiscounted unpaid losses as reported in the Underwriting and Investment Exhibit and Page 3 – Liabilities, Reserves and Special Funds, Line I for December 31, 2009 and 2008, was \$9,284,000 and \$10,419,000, respectively.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State Regulating? RHODE ISLAND
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change: 06/04/2009
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2005
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2005
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 03/29/2007
- 3.4 By what department or departments?
 RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION-INSURANCE DIVISION

- 3.5 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
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2 If yes,

7.21 State the percentage of foreign control.

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....
.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

PRICEWATERHOUSECOOPERS, LLP 185 ASYLUM STREET, SUITE 2400, HARTFORD, CT 06103

.....

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

JOHN LYNCH, 500 EXCHANGE STREET, PROVIDENCE, RI 02903. ACTUARY EMPLOYED BY BLUE CROSS AND BLUE SHIELD OF RHODE ISLAND

.....

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]

11.11 Name of real estate holding company

11.12 Number of parcels involved

11.13 Total book/adjusted carrying value

\$ _____

11.2 If yes, provide explanation:

.....

GENERAL INTERROGATORIES

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

.....

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No [X]

12.3 Have there been any changes made to any of the trust indentures during the year?

Yes [] No [X]

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] N/A [X]

13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

- 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.

Yes [X] No []

13.11 If the response to 13.1 is no, please explain:

.....

13.2 Has the code of ethics for senior managers been amended?

Yes [] No [X]

13.21 If the response to 13.2 is yes, provide information related to amendment(s).

.....

13.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]

13.31 If the response to 13.3 is yes, provide the nature of any waiver(s).

.....

BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [X] No []

15. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [X] No []

16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes [X] No []

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes [] No [X]

18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11 To directors or other officers	\$ _____
18.12 To stockholders not officers	\$ _____
18.13 Trustees, supreme or grand (Fraternal only)	\$ _____

GENERAL INTERROGATORIES

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

INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3) Yes [] No [X]
- 22.2 If no, give full and complete information relating thereto:
 THE SECURITIES ARE HELD BY THE REPORTING ENTITY'S CUSTODIAN BANK, STATE STREET BANK

- 22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provided)

- 22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]
- 22.5 If answer to 22.4 is yes, report amount of collateral. \$ _____
- 22.6 If answer to 22.4 is no, report amount of collateral. \$ _____
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3.) Yes [X] No []
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Subject to repurchase agreements \$ _____ 319,444
 - 23.22 Subject to reverse repurchase agreements \$ _____
 - 23.23 Subject to dollar repurchase agreements \$ _____
 - 23.24 Subject to reverse dollar repurchase agreements \$ _____
 - 23.25 Pledged as collateral \$ _____ 22,407,000
 - 23.26 Placed under option agreements \$ _____
 - 23.27 Letter stock or securities restricted as to sale \$ _____
 - 23.28 On deposit with state or other regulatory body \$ _____
 - 23.29 Other \$ _____

GENERAL INTERROGATORIES

23.3 For category (23.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

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

25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

25.2 If yes, state the amount thereof at December 31 of the current year. \$ _____

26. 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 []

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

1 Name of Custodian(s)	2 Custodian's Address
STATE STREET BANK	200 CLARENDON STREET BOSTON, MA 02111

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

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

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes [] No [X]

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

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

26.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name(s)	3 Address
107423	CONNING ASSET MANAGEMENT	ONE FINANCIAL PLAZA HARTFORD, CT 06103
108254	ADVISORY RESEARCH	TWO PRUDENTIAL PLAZA 180 N. STETSON
108254	ADVISORY RESEARCH	SUITE 5780, CHICAGO, IL 60601
145923	GLOBAL CURRENTS INVESTMENT	DELAWARE CORPORATE CENTER II
145923	GLOBAL CURRENTS INVESTMENT	2 RIGHTER PARKWAY
145923	GLOBAL CURRENTS INVESTMENT	WILMINGTON, DE 19803

27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D – Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [X] No []

GENERAL INTERROGATORIES

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
464287-61-4	ISHARES RUSSELL 1000 GROWTH	10,352,050
784924-9U-8	SSGA S&P 500 INDEX FUND	14,598,668
233203-82-7	DIMENSIONAL LARGE CAP VALUE	12,759,022
27.2999 TOTAL		37,709,740

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
ISHARES RUSSELL 1000 GRO	MICROSOFT CORPORATION	434,786	12/31/2009
SSGA S&P 500 INDEX FUND	EXXON MOBIL CORPORATIO	455,478	12/31/2009
DIMENSIONAL LARGE CAP V	JPMORGAN CHASE & CO	524,396	12/31/2009

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

1	2	3
Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	418,865,466	434,776,614
28.2 Preferred stocks	205,941	205,941
28.3 Totals	419,071,407	434,982,555

28.4 Describe the sources or methods utilized in determining the fair values:
 PROVIDED BY RATING SOURCES UTILIZED BY THE CUSTODIAN, STATE STREET BANK, PRICING SOURCES INCLUDE IDC
 AND FUNDWEB.

29.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []

29.2 If yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy)
 for all brokers or custodians used as a pricing source? Yes [X] No []

29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of
 fair value for Schedule D:

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

30.2 If no, list exceptions:

OTHER

31.1 Amount of payments to Trade associations, service organizations and statistical or Rating Bureaus, if any? \$ 3,169,240

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
BLUE CROSS BLUE SHIELD ASSOCIATION	2,254,692

32.1 Amount of payments for legal expenses, if any? \$ 677,632

32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
ROPES & GRAY	275,303

33.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 414,669

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

1 Name	2 Amount Paid
GENERAL TREASURER - STATE OF RHODE ISLAND	182,127

GENERAL INTERROGATORIES PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes No
- 1.2 If yes, indicate premium earned on U.S. business only. \$ 49,154,787
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ _____
- 1.31 Reason for excluding
.....
.....
.....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ _____
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ 43,338,727
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$ 15,298,824
- 1.62 Total incurred claims \$ 13,931,414
- 1.63 Number of covered lives 7,465
- All years prior to most current three years:
- 1.64 Total premium earned \$ 23,092,719
- 1.65 Total incurred claims \$ 21,028,692
- 1.66 Number of covered lives 11,268
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$ 4,807,480
- 1.72 Total incurred claims \$ 3,742,371
- 1.73 Number of covered lives 2,826
- All years prior to most current three years:
- 1.74 Total premium earned \$ 5,955,763
- 1.75 Total incurred claims \$ 4,636,249
- 1.76 Number of covered lives 3,501

2. Health Test:

	1 Current Year	2 Prior Year	
2.1 Premium Numerator	\$ 1,703,431,639	\$ 1,755,800,556	
2.2 Premium Denominator	\$ 1,703,431,639	\$ 1,755,800,556	
2.3 Premium Ratio (2.1 / 2.2)	<u>1.000</u>	<u>1.000</u>	
2.4 Reserve Numerator	\$ 124,696,132	\$ 133,567,388	
2.5 Reserve Denominator	\$ 226,296,132	\$ 133,567,388	
2.6 Reserve Ratio (2.4 / 2.5)	<u>0.551</u>	<u>1.000</u>	

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes No
- 3.2 If yes, give particulars:
.....
.....
.....
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes No
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes No
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes No
- 5.2 If no, explain:
.....
.....
.....

- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical \$ 750,000
- 5.32 Medical Only \$ _____
- 5.33 Medicare Supplement \$ 750,000
- 5.34 Dental and vision \$ 2,000
- 5.35 Other Limited Benefit Plan \$ _____
- 5.36 Other \$ _____

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
STATE INSURANCE LAW MANDATES THE PLAN HAVE TOTAL RESERVES SUFFICIENT TO PAY CLAIMS AND ADMINISTRATIVE EXPENSES FOR NOT LESS THAN ONE MONTH. ALSO, THE PLAN HAS HOLD HARMLESS PROVISIONS IN ITS CONTRACTS WITH PARTICIPATING HOSPITALS AND PROVIDERS.
.....
.....

GENERAL INTERROGATORIES PART 2 - HEALTH INTERROGATORIES

- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes No
- 7.2 If no, give details

8. Provide the following information regarding participating providers:
- | | |
|--|-------|
| 8.1 Number of providers at start of reporting year | 3,484 |
| 8.2 Number of providers at end of reporting year | 3,567 |
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes No
- 9.2 If yes, direct premium earned:
- | | |
|---|--|
| 9.21 Business with rate guarantees between 15-36 months | |
| 9.22 Business with rate guarantees over 36 months | |
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes No
- 10.2 If yes:
- | | |
|---|----------|
| 10.21 Maximum amount payable bonuses | \$ _____ |
| 10.22 Amount actually paid for year bonuses | \$ _____ |
| 10.23 Maximum amount payable withholds | \$ _____ |
| 10.24 Amount actually paid for year withholds | \$ _____ |
- 11.1 Is the reporting entity organized as:
- | | |
|---|---|
| 11.12 A Medical Group/Staff Model, | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| 11.13 An Individual Practice Association (IPA), or, | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| 11.14 A Mixed Model (combination of above)? | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes No
- 11.3 If yes, show the name of the state requiring such net worth.
 RHODE ISLAND

- 11.4 If yes, show the amount required. \$ 152,466,148
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes No
- 11.6 If the amount is calculated, show the calculation
 TOTAL UNDERWRITING DEDUCTIONS PAGE 4 LINE 23 \$1,829,593,780 DIVIDED BY TWELVE (12) MONTHS TO DERIVE THE
 MINIMUM NET WORTH OF \$152,466,148.

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

1	
Name of Service Area	
RHODE ISLAND	

- 13.1 Do you act as a custodian for health savings accounts? Yes No
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ _____
- 13.3 Do you act as an administrator for health savings accounts? Yes No
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ _____

FIVE – YEAR HISTORICAL DATA

	1	2	3	4	5
	2009	2008	2007	2006	2005
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	678,811,789	710,342,300	728,694,249	659,488,933	594,436,785
2. Total liabilities (Page 3, Line 22)	380,090,428	298,024,531	299,883,894	287,966,061	278,534,488
3. Statutory surplus	152,466,148	142,363,654	141,632,189	136,313,617	129,665,552
4. Total capital and surplus (Page 3, Line 31)	298,721,361	412,317,769	428,810,355	371,767,812	315,902,297
Income Statement (Page 4)					
5. Total revenues (Line 8)	1,703,431,639	1,755,800,556	1,768,935,383	1,696,753,816	1,586,311,420
6. Total medical and hospital expenses (Line 18)	1,468,119,146	1,474,745,336	1,498,983,234	1,451,550,780	1,388,829,608
7. Claims adjustment expenses (Line 20)	89,814,615	77,527,212	66,783,345	65,951,281	57,681,083
8. Total administrative expenses (Line 21)	170,246,019	156,091,304	133,819,685	118,261,346	109,475,928
9. Net underwriting gain (loss) (Line 24)	(126,162,141)	47,436,704	69,349,119	60,990,409	30,324,801
10. Net investment gain (loss) (Line 27)	16,688,392	5,078,466	25,806,020	23,744,065	18,727,589
11. Total other income (Lines 28 plus 29)	4,417,521	(2,300,079)	(19,602,956)	(20,865,438)	(11,096,601)
12. Net income or (loss) (Line 32)	(99,944,419)	43,538,592	61,314,298	49,979,879	31,054,531
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(12,426,528)	31,811,770	77,972,439	54,623,447	35,195,183
Risk-Based Capital Analysis					
14. Total adjusted capital	298,721,361	412,317,769	428,810,355	371,767,812	315,902,297
15. Authorized control level risk-based capital	56,298,644	55,857,112	56,252,134	54,258,491	51,455,218
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	383,164	499,151	512,798	465,262	443,447
17. Total members months (Column 6, Line 7)	4,649,054	5,979,122	6,137,377	5,188,278	5,305,000
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	86.2	84.0	84.7	85.5	87.6
20. Cost containment expenses	1.3	1.1	1.1	1.2	1.2
21. Other claims adjustment expenses	4.0	3.3	2.7	2.7	2.4
22. Total underwriting deductions (Line 23)	107.4	97.3	96.1	96.4	98.1
23. Total underwriting gain (loss) (Line 24)	(7.4)	2.7	3.9	3.6	1.9
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	116,502,593	129,572,186	124,113,125	108,982,185	171,835,852
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	133,567,388	147,316,108	135,959,416	137,053,161	195,294,592
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated	5,169,448	3,956,436	694,224		
32. Total of above Lines 26 to 31	5,169,448	3,956,436	694,224		

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No [X]

If no, please explain:

.....
.....
.....
.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1	Direct Business Only							
		2	3	4	5	6	7	8	9
	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & 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	L	1,123,167,911	440,680,284	44,158,194	98,433,348		1,706,439,737	
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
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	1,123,167,911	440,680,284	44,158,194	98,433,348			1,706,439,737	
60. Reporting entity contributions for Employee Benefit Plans	XXX	1,635,865	151,074					1,786,939	
61. Totals (Direct Business)	(a) 1	1,124,803,776	440,831,358	44,158,194	98,433,348			1,708,226,676	

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								

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

ALL PREMIUMS ARE ALLOCATED TO RHODE ISLAND

(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

NAIC Group Code	Group Name	NAIC Company Code	State of Domicile	Federal ID Number	Company Name
0000	BLUE CROSS & BLUE SHIELD OF RHODE ISLAN	53473	RI	05-0158952	BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
0000	HEALTH & WELLNESS INSTITUTE	00000	RI	20-4336322	HEALTH & WELLNESS INSTITUTE

OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR OTHER THAN INVESTED ASSETS				
2304. NOTE RECEIVABLE - PEROT SYSTEMS	2,225,257	2,225,257		
2305. COLLATERAL FUND HOME & HOST	384,287		384,287	424,899
2306. LEASEHOLD IMPROVEMENTS	53,609	53,609		
2307. PNS EQUIPMENT/BLUE CROSS MDSE INVENTORY	20,907	15,516	5,391	
2397. Totals (Lines 2301. through 2396.) (Page 2, Line 2398)	2,684,060	2,294,382	389,678	424,899

OVERFLOW PAGE FOR WRITE-INS**Page 3 - Continuation**

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
WRITE-INS AGGREGATED AT LINE 21 FOR OTHER LIABILITIES				
2104. PAYABLE FOR ANNUAL EXPERIENCE ACCOUNTING	1,210,971		1,210,971	869,707
2105. FEP & MISCELLANEOUS CLAIMS PAYABLES	1,115,645		1,115,645	957,248
2106. UNFUNDED BENEFIT OBLIG/OTHER CARRIER PAYABLES	737,215		737,215	934,999
2107. CAPITAL LEASES	76,960		76,960	155,299
2108. DEFERRED GAIN ON SALE OF BUILDING				4,460,695
2197. Totals (Lines 2101 through 2196) (Page 3, Line 21)	3,140,791		3,140,791	7,377,948

OVERFLOW PAGE FOR WRITE-INS

WRITE-INS AGGREGATED AT LINE 29 FOR STATEMENT OF REVENUE AND EXPENSES	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
2904. INTEREST INCOME (NET OF PENALTIES)		29,122	66,733
2905. STOP-LOSS COMMISSION FEES		28,370	28,786
2906. DIRECT PAY PREMIUM ASSISTANCE			(2,000,000)
2907. BAD DEBT LANDMARK HOSPITAL			(2,526,079)
2908. INTEREST ON SETTLEMENT FROM PBM			918,377
2909. OTHER INCOME FROM REFUNDS			79,668
2910. INTEREST IRS		(68,451)	949,144
2911. EMR GRANT PROGRAM		(198,707)	
2912. INVESTMENT EXPENSE (PREMIUM ASSISTANCE PROGRAM)		(307,222)	(330,370)
2913. BANK SERVICE CHARGES		(355,454)	(301,301)
2914. HEALTH INFORMATION EXCHANGE		(570,000)	(570,000)
2915. ELECTRONIC HEALTH RECORDS		(646,886)	(1,122,100)
2997. Totals (Lines 2901 through 2996) (Page 4, Line 2998)		(2,089,228)	(4,807,142)

OVERFLOW PAGE FOR WRITE-INS

Page 13 - Continuation

	1	2	3	4	5	6	7	8	9
WRITE-INS AGGREGATED AT LINE FOR UNDERWRITING AND INVESTMENT EXHIBIT	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title Title XVIII Medicare	Title Title XIX Medicaid	Other
0597. Totals (Lines 0501 through 0596) (Page 13, Line 0598)									

	1	2	3	4	5	6	7	8	9
WRITE-INS AGGREGATED AT LINE FOR UNDERWRITING AND INVESTMENT EXHIBIT	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title Title XVIII Medicare	Title Title XIX Medicaid	Other
1197. Totals (Lines 1101 through 1196) (Page 13, Line 1198)									

OVERFLOW PAGE FOR WRITE-INS

Page 14 - Continuation

	Claim Adjustment Expenses		3	4	5
	1	2			
WRITE-INS AGGREGATED AT LINE FOR UNDERWRITING AND INVESTMENT EXHIBIT	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
2504. AGENCY & PORTFOLIO MANAGEMENT FEES				972,027	972,027
2505. CLAIMS HANDLING EXPENSE		(1,356,200)			(1,356,200)
2506. HEALTH & WELLNESS PURCHASED SERVICES			(668,505)		(668,505)
2507. WORKER'S COMPENSATION CLMS PROCESSING FEES	(410,008)	(1,323,599)			(1,733,607)
2508. BLUECARD ADMIN FEE INCOME	(3,086,087)	(9,962,582)			(13,048,669)
2597. Totals (Lines 2501 through 2596) (Page 14, Line 2598)	(3,496,095)	(12,642,381)	(668,505)	972,027	(15,834,954)

OVERFLOW PAGE FOR WRITE-INS

Page 17 - Continuation

	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
WRITE-INS AGGREGATED AT LINE 06 FOR EXHIBIT 1						
0604. MEDICARE PRESCRIPTION DRUG PLAN		8,436	8,645	8,806	8,916	104,000
0697. Totals (Lines 0601 through 0697) (Page 17, Line 06)		8,436	8,645	8,806	8,916	104,000

ALPHABETICAL INDEX TO HEALTH ANNUAL STATEMENT

Exhibit of Nonadmitted Assets	16	Schedule DA – Verification Between Years	SI11
Analysis of Operations By Lines of Business	7	Schedule DB – Part A – Section 1	E18
Assets	2	Schedule DB – Part A – Section 2	E18
Cash Flow	6	Schedule DB – Part A – Section 3	E19
Exhibit 1 – Enrollment By Product Type for Health Business Only	17	Schedule DB – Part A – Verification Between Years	SI12
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18	Schedule DB – Part B – Section 1	E19
Exhibit 3 – Health Care Receivables	19	Schedule DB – Part B – Section 2	E20
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	20	Schedule DB – Part B – Section 3	E20
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	21	Schedule DB – Part B – Verification Between Years	SI12
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	22	Schedule DB – Part C – Section 1	E21
Exhibit 7 – Part 1 – Summary of Transactions With Providers	23	Schedule DB – Part C – Section 2	E21
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	23	Schedule DB – Part C – Section 3	E22
Exhibit 8 – Furniture, Equipment and Supplies Owned	24	Schedule DB – Part C – Verification Between Years	SI13
Exhibit of Capital Gains (Losses)	15	Schedule DB – Part D – Section 1	E22
Exhibit of Net Investment Income	15	Schedule DB – Part D – Section 2	E23
Exhibit of Premiums, Enrollment and Utilization (State Page)	29	Schedule DB – Part D – Section 3	E23
Five-Year Historical Data	28	Schedule DB – Part D – Verification Between Years	SI13
General Interrogatories	26	Schedule DB – Part E – Section 1	E24
Jurat Page	1	Schedule DB – Part E – Verification	SI13
Liabilities, Capital and Surplus	3	Schedule DB – Part F – Section 1	SI14
Notes To Financial Statements	25	Schedule DB – Part F – Section 2	SI15
Overflow Page For Write-ins	41	Schedule E – Part 1 – Cash	E25
Schedule A – Part 1	E01	Schedule E – Part 2 – Cash Equivalents	E26
Schedule A – Part 2	E02	Schedule E – Part 3 – Special Deposits	E27
Schedule A – Part 3	E03	Schedule E – Verification Between Years	SI16
Schedule A – Verification Between Years	SI02	Schedule S – Part 1 – Section 2	30
Schedule B – Part 1	E04	Schedule S – Part 2	31
Schedule B – Part 2	E05	Schedule S – Part 3 – Section 2	32
Schedule B – Part 3	E06	Schedule S – Part 4	33
Schedule B – Verification Between Years	SI02	Schedule S – Part 5	34
Schedule BA – Part 1	E07	Schedule S – Part 6	35
Schedule BA – Part 2	E08	Schedule T – Part 2 – Interstate Compact	37
Schedule BA – Part 3	E09	Schedule T – Premiums and Other Considerations	36
Schedule BA – Verification Between Years	SI03	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	38
Schedule D – Part 1	E10	Schedule Y - Part 2 – Summary of Insurer's Transactions With Any Affiliates	39
Schedule D – Part 1A – Section 1	SI05	Statement of Revenue and Expenses	4
Schedule D – Part 1A – Section 2	SI08	Summary Investment Schedule	SI01
Schedule D – Part 2 – Section 1	E11	Supplemental Exhibits and Schedules Interrogatories	40
Schedule D – Part 2 – Section 2	E12	Underwriting and Investment Exhibit – Part 1	8
Schedule D – Part 3	E13	Underwriting and Investment Exhibit – Part 2	9
Schedule D – Part 4	E14	Underwriting and Investment Exhibit – Part 2A	10
Schedule D – Part 5	E15	Underwriting and Investment Exhibit – Part 2B	11
Schedule D – Part 6 – Section 1	E16	Underwriting and Investment Exhibit – Part 2C	12
Schedule D – Part 6 – Section 2	E16	Underwriting and Investment Exhibit – Part 2D	13
Schedule D – Summary By Country	SI04	Underwriting and Investment Exhibit – Part 3	14
Schedule D – Verification Between Years	SI03		
Schedule DA – Part 1	E17		